

Tuesday, February 28, 1956

LOK SABHA DEBATES

(Part I—Questions and Answers)

VOLUME I, 1956

(17th February to 15th March 1956) .



TWELFTH SESSION, 1956

(Vol. I contains Nos. 1 to 20)

**LOK SABHA SECRETARIAT
NEW DELHI.**

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LOK SABHA DEBATES

(Part I—Questions and Answers)

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LOK SABHA

Tuesday, 28th February, 1956

The Lok Sabha met at Eleven of the Clock.

[MR. DEPUTY SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

CENTRAL ENACTMENTS

***285. Shri Shree Narayan Das :** Will the Minister of Law be pleased to state the number of cases decided by the courts of laws declaring the Central acts or any parts thereof as invalid during 1955?

The Minister of Law and Minority Affairs (Shri Biswas) : The information is being collected from the State Governments and will be laid on the Table of the Lok Sabha when received.

Shri Shree Narayan Das : May I know whether the hon. Minister is in a position to state the cases which have been decided by the Supreme Court here?

Shri Biswas : I have got some cases. We have been asked for information as to how many cases were decided in 1955. I can just give the names of some of these cases. I have got the list here. Possibly some of them relate to.....

Mr. Deputy-Speaker : So far as this question is concerned it is only for information. This must have been an unstarred question, but somehow it has got in here. The hon. Minister need not read out from the list.

Shri Shree Narayan Das : I only require the number, the total number, not the list.

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Mr. Deputy-Speaker : The total number he has not collected. He has a few of them.

Shri Biswas : The question did not ask for information only in respect of the Supreme Court, but of all courts. So I have to gather the information.

गोष्ठा से आयात निर्यात पर प्रतिबन्ध

***२८६. श्री एम० एस० द्विवेदी :** क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या सरकार का ध्यान इस बात की ओर गया है कि गोष्ठा, डामन और ड्यू से आयात-निर्यात पर प्रतिबन्ध होने पर भी शराब, फाउन्टन पेन, घड़ियाँ आदि अनेक प्रकार का सामान चोरी-छिपे भारत आ रहा है; और

(ख) सरकार इसे रोकने के लिये क्या कार्यवाही करेगी,

राजस्व और रक्षा व्यय मंत्री (श्री ए० सी० गुहा) : (क) तथा (ख). भारत स्थित पुर्तगाली अधिकृत क्षेत्रों में कम शुल्क और अधिक आसान आयात नीति होने के कारण उन क्षेत्रों से चौयानियन कई बरसों से चला आ रहा है। आशा है कि अब इन क्षेत्रों के साथ जो समुद्री और भूमि आमदोरफत हो रही है उस पर अधिकतर नियंत्रण लगाये जाने से विशेषकर इन क्षेत्रों के आस पास बहुत से कदम जो उठाये गये हैं, चौयानियन कम हो रहा है। अब गोष्ठा और भारत के बीच कोई समुद्री संचारण नहीं है, इस लिये समुद्र के रास्ते चौयानियन के अबसर कम हो गये हैं। चौयानियन के रोकने के लिये भूमि सीमा पर अधिक कठोर पहरा रखने के कदम उठाये गये हैं।

Mr. Deputy-Speaker : May I suggest to hon. Ministers that wherever they find it difficult or feel they can more easily express themselves and make a better impression on the House if they speak in English, they may do so. It is left to them. Here

we are more interested in seeing that all hon. Members understand what is passing on in the House, whereas the position is different in an examination Hall where one has to answer in English or in Hindi. I leave it to the hon. Ministers themselves. If they can express themselves freely, they can do so.

Shri A. C. Guha : The difficulty is about technical words. For instance, in regard to 'smuggling' or 'import' I do not think the word I might use will be easily understood.

The Minister of Defence Organisation (Shri Tyagi) : There is no word in Hindi 'smuggling' because there was no smuggling in India.

Mr. Deputy-Speaker : Wherever for technical expressions there are no corresponding expressions in Hindi, the English expressions may be used. There is no harm.

Shri M. L. Dwivedi : Is the hon. Minister aware of the fact that sometimes the border authorities also connive at the smuggling?

Shri A. C. Guha : There have been some allegations to that effect. I do not think it is generally true. There may be some cases. Some officers might also have been arrested and prosecuted for these and departmentally dealt with. We take steps whenever any such thing comes to notice.

Shri M. L. Dwivedi : The hon. Minister said that much tightening has been made in the border area and by sea also. There are small canoes and boats which are used for these purposes, and by land also a large quantity of wines, fountain pens and watches are being smuggled into India and *vice versa* over which there are large complaints in Bombay and elsewhere. You will find large quantities of these are coming. I want to know whether Government has enquired into the matter recently and, if not, whether they are going to do so, and also how long it will take to tighten the measures more strictly.

Shri A. C. Guha : All these things are taken into consideration and the matter is reviewed on every occasion. We know that some country craft are plying from Goa or other Portuguese possessions to other parts of India, particularly to Bombay, and a certain amount of smuggling is being carried on by these country craft. We have been taking all sorts of measures and we shall tighten our control, but whatever measures are taken I cannot give any assurance that smuggling will be completely stopped. That is almost a human impossibility.

INDIAN COMPANIES SHARES HELD BY PAKISTANIS

***287. Shri Radha Raman :** Will the Minister of Finance be pleased to state whether it is a fact that the Pakistan Government have prohibited export to India of shares in Indian Companies held by Pakistan residents without permission from the State Bank of Pakistan?

The Deputy Minister of Finance (Shri B. R. Bhagat) : Yes, Sir. The prohibition was notified on the 2nd January, 1956.

Shri Radha Raman : May I know the estimated amount which Pakistani residents have invested in these shares?

Shri B. R. Bhagat : I take it that the hon. Member is asking about the Pakistani investments in Indian companies. The only figure we have is the one collected in a survey by the Reserve Bank of India in December, 1953, and this gives the figure of the investment in Indian joint stock companies by persons resident in Pakistan. The total figure, including ordinary shares and preference shares, is Rs. 4,25,00,000.

Shri Radha Raman : May I know whether the Government of India had any negotiations with the Pakistan Government on this subject after the issue of this notification and, if so, what is the nature thereof?

Shri B. R. Bhagat : The notification was issued only on the 2nd January, 1956 and I do not understand

what negotiations could be conducted with the Pakistan Government. They have taken a unilateral decision.

Shri Shree Narayan Das : May I know whether any assessment has been made as to the amount that Indian citizens are holding in the shares of different companies in Pakistan ?

Shri B. R. Bhagat : Yes, Sir, the survey gives that figure also. That figure is Rs. 1,82,00,000.

Shri Kasliwal : May I know whether Government is in a position to state whether after partition any Pakistani nationals have invested any money in Indian shares ?

Shri B. R. Bhagat : I am not aware of that.

Shri Radha Raman : May I know what action Government propose to take in this connection to meet the situation ?

Shri B. R. Bhagat : No action is proposed to be taken, because it is an ordinary measure. Any country can enforce exchange restrictions on its payments outside. And, secondly, the notification says that they will freely grant permission for exchange of Pakistani shares with Indian shares of approximately equivalent value. So I do not anticipate any acute hardship as a result of this notification.

SECURITY POLICE

***288. Shri B. D. Pande :** Will the Minister of Home Affairs be pleased to state :

(a) when the Security Police was created in New Delhi ;

(b) whether it has been separated from regular Police ; and

(c) if so, the reasons therefor ?

The Minister in the Ministry of Home Affairs (Shri Datar) : (a) The Security Police Cadre was constituted in September, 1955.

(b) No ; It is a self contained unit in the Delhi Police.

(c) Does not arise.

Shri B. D. Pande : May I enquire if after the separation of these two wings some of the junior officers of the old cadre were made senior officers in the new cadre ?

Shri Datar : May I point out to the hon. Member that the very object of the institution of this separate cadre is to select officers not on the basis of seniority but on the basis of their suitability for this particular kind of work, and, therefore, it is quite likely that sometimes juniors will be selected in preference to seniors.

Shri M. L. Dwivedi : Will the hon. Minister be able to tell me whether it is a fact that in this Security Police, there are inefficient junior officers against whom there are definite complaints of corruption and inefficiency who are being promoted ?

Shri Datar : I may inform the hon. Member that I am not aware of any such thing. In fact, highest suitability is required. If there are any such instances, they will be looked into, and the officers will be punished.

Shri U. M. Trivedi : May I know if it is a fact that all these people who are recruited to the Security Police are from the Congress Seva Dal ?

Shri Datar : They are from the Delhi Police and from the adjoining States of U.P. and Punjab.

Shri N. R. Muniswamy : May I know whether there is co-ordination between this force and the regular police force ?

Shri Datar : It is part of Delhi Police, but it is a self-contained unit. The men are selected on the ground of fitness for work and not on the ground of seniority.

SCIENTIFIC CIVIL SERVICE

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

(a) whether it is a fact that the Government have decided to create a Scientific Civil Service ; and

(b) if so, the details of the scheme?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) and (b). The Council of Scientific and Industrial research have under their consideration a proposal for the creation of a 'Scientific Civil Service'. To begin with the Service may be confined to the Council of Scientific and Industrial Research and allied organisations.

Shri Gidwani: May I know whether any separate agency will be created for the selection and appointment of these officers or will it be made by the U.P.S.C.?

Shri K. D. Malaviya: There is no separate agency which is being contemplated for the Scientific personnel of the Council of Scientific and Industrial Research. All the matters are being considered and as soon as decisions are taken, I will inform the House.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): This Council, as the hon. Member might be aware, is not exactly a Governmental body. It is a semi-Governmental body; a number of others are there. Government, of course, gives it money and has a Financial Adviser who checks financial matters. In all the rest, it has considerable freedom—in allotment of funds for different purposes etc. How the Scientific Service might be constituted is a matter which is under consideration and it is difficult to give a reply. But, broadly speaking, the practice is being pursued now to have special boards with which the U.P.S.C. is being associated to pick out specialists, technicians, etc.

Shri Gidwani: May I know whether the salary scale to be fixed will be different from what it is for the I. A. S. officers?

Shri Jawaharlal Nehru: That is a matter which has to be considered. As a matter of fact, we are having rather considerable difficulties now in recruiting an adequate number of competent scientific people and technical people, because, if I may say

so, the demands are so great in other directions that they are pulled away from our service sometimes.

PROHIBITION IN DEFENCE SERVICES

***290. Shri Dabhi:** Will the Minister of Defence be pleased to state:

(a) whether Government propose to introduce gradual prohibition in the Defence Services, with a view to achieve complete prohibition in the Services by the 1st April, 1958 as recommended by the Prohibition Enquiry Committee; and

(b) if not, the reasons therefor?

The Deputy Minister of Defence (Sardar Majithia): (a) and (b). Government have not so far taken a final decision on the recommendations of the Prohibition Enquiry Committee. I may, however, add that the Defence Services will fall in line with the general policy of Government in this regard.

Shri Dabhi: How long will it take to come to a final decision in the matter?

The Minister of Defence (Dr. Katju): This is a matter in the jurisdiction of the States. They will have to be consulted and the decision may take a little time.

Shri U. M. Trivedi: Is any similar campaign being carried on to encourage prohibition in the Civil Services?

Dr. Katju: I do not know, but nobody had ever complained that those in the Civil Services are addicted to drinking at all.

श्री भक्त वरुण : क्या यह सत्य है कि हमारी सशस्त्र सेनाओं के अफसरों और सैनिकों में यह ग्राम धारणा बन गई है कि जब तक वे थोड़ी सी मात्रा में ही सही, मादक द्रव्यों का सेवन न करें, तब तक वे अपनी ड्यूटी को पूरी तरह निभा नहीं सकते हैं ? यदि हाँ तो सरकार इसके बारे में क्या कर रही है ?

डा० काटजू : यह बिल्कुल गलत है । मैं अपने तर्जुमे से कह सकता हूँ कि इसके बारे में कुछ गलतफहमी फैली हुई है । हमारी सेनाओं में इसका रिवाज बहुत कम है, कम होता जाता है और मेरे खयाल में इसे सब लोग जानते भी हैं ।

Shri Dabhi : May I know if it is a fact that even when prohibition was imposed in Bombay State, the Central Government did not want prohibition to be imposed there upon the Defence Services ?

Dr. Katju : I want notice of that question.

Shri A. M. Thomas : May I know whether the Defence Section intends to fall in line with the Delhi Government in this matter ?

Dr. Katju : Every Government, for that matter.

POPPY CULTIVATION

***291. Sardar Hukam Singh :** Will the Minister of Finance be pleased to state the decrease in the area under poppy cultivation during 1955 in pursuance of the recommendations of the International Convention on Opium ?

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha) :

The various international conventions on opium do not impose any area limitation on opium cultivation ; they only demand gradual curtailment in, and ultimate stoppage of, use of opium except for medical and scientific purposes. That obligation, India has been fulfilling scrupulously. We have been regulating acreage of opium according to our requirements for exports and internal consumption as permitted by the international conventions.

Sardar Hukam Singh : May I know whether the other countries which were a party to that international convention have also introduced measures to bring down their cultivation of opium ?

Shri A. C. Guha : I think the other countries which were a party to that convention must have taken similar measures. It is the obligation for the curtailment of internal non-medical use and also export of opium for illicit purposes.

Shrimati Khongmen : May I ask whether the Government is in a position to state whether public consumption of opium in the country is on the decrease with the restriction of opium cultivation ?

Shri A. C. Guha : Consumption of opium in the country is going down year by year and by 1959 we expect that the non-medicinal use of opium will be completely stopped. That is the programme according to which we are working.

Shrimati Ila Palchoudhury : If poppy seed is an exportable commodity, even if opium is not manufactured, could we not cultivate the seed, export it and earn currency.

Shri A. C. Guha : I have no idea about poppy seed being exported.

श्रीमती कमलेन्दुमति शाह : क्या सरकार को मालूम है कि कई ऐसे स्थान भी हैं कि जहाँ पर दाल या तरकारी न मिलने के कारण लोगों के पास अफीम दाना ही ऐसी चीज रह जाती है जिसको कि वे काम में ला सकते हैं ? क्या ऐसे स्थानों के लोग यदि यह गारंटी दे दें कि वे अफीम नहीं निकालेंगे, सरकार उनको पोपी सीड कल्टीवेट करने की इजाजत देगी ?

श्री ए० सी० गूहा : कई जिलों में जहाँ पोपी सीड अनाज के तौर पर इस्तेमाल होता है, स्टेट गवर्नमेंट्स इसे चास करने के लाइसेंस देती हैं ।

Shri Kasliwal : In reply to another question last year, the hon. Minister was pleased to say that last year the total area under opium cultivation was 40,000 acres. May I know what area is proposed to be placed under cultivation this year ?

Shri A. C. Guha : That will depend on our estimate of the requirements. We have also to keep some reserve stock and we have to meet the export demands. We always regulate our acreage according to the requirements.

Sardar Hukam Singh : The total production of opium has fallen by 40 per cent during 1954. Could that progress in the decline of production be maintained during 1955 as well ?

Shri A. C. Guha : As I have stated, production depends only on these two or rather three factors—the reserve stock, requirements of internal consumption mostly for medicinal purposes and export. Every year we prepare an estimate of these three items and then we regulate production accordingly.

Dr. Rama Rao : Instead of making efforts to reduce the production of opium, may I know what steps the Government are taking to divert this opium for the manufacture of medicinal products as recommended by the Pharmaceutical Enquiry Committee ?

Shri A. C. Guha : As far as possible, we utilise opium for medicinal purposes but that would depend on the demand. We keep sufficient stock of opium for medicinal and scientific purposes.

ANDAMAN ISLANDS

***292. Shri Ibrahim :** Will the Minister of Home Affairs be pleased to state the progress achieved so far in increasing the number of ships available for transport from the mainland to the different parts of the Andaman Islands ?

The Minister in the Ministry of Home Affairs (Shri Datar) : Government have decided to acquire a second vessel for the Andamans mainland Service. Efforts are being made to purchase a suitable vessel as early as possible for running this service with two vessels.

Shri S. C. Samanta : May I know whether the route will be changed, that is, whether from Calcutta to Port Blair and from Madras to Port Blair, there will be an intermediate station so that the Long Island and North Island people may be benefited ?

Shri Datar : That is the objective we have kept in view. At present, our services run about 12 trips from Calcutta to the mainland and 6 trips to Madras. There is a certain inconvenience felt by the passengers at Madras. Therefore, the Government are taking up this question and will solve it as early as possible.

Shri M. L. Dwivedi : Last year, the Minister was pleased to give an assurance to the effect that in addition to these ships, there shall be arrangements for air lift to passengers to Andamans. May I know whether that arrangement has come into effect ?

Shri Datar : That question is under consideration by the Ministry of Communications.

ESTATE DUTY

***293. Shri N. B. Chowdhury :** Will the Minister of Finance be pleased to state :

(a) the extent of assessable property owned by United Kingdom citizens in India under the scope of Estate Duty Act at present ; and

(b) the similar extent of assessable property owned by Indian citizens in the United Kingdom ?

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah) : (a) and (b). The information called for is not available.

Shri N. B. Chowdhury : May I know whether the Government have taken any steps to ascertain this information ?

Shri M. C. Shah : It is not possible to collect all this information regarding all the assets of the foreigners, movable and immovable. There are movables. We cannot get this information at a reasonable cost.

Shri N. B. Chowdhury : Am I to take it from the answer of the hon. Minister that on estate duty will be levied on the assets of foreigners in India ?

Shri M. C. Shah : The assets left by foreigners in India at the time of their demise will be assessable to estate duty : movable as well as immovable.

Dr. Rama Rao : The hon. Minister said that he has no information. Is it that the Government have entered into an agreement without proper information ?

Shri M. C. Shah : We are negotiating an agreement to avoid double taxation in estate duty, with the U.K.

Shri U. M. Trivedi : May I know if some big dignitaries in India have increased their assets in the U.K. during the last three years ?

Shri M. C. Shah : We have no information. But, those assets, even if they have increased there, will be liable to estate duty when they die.

१८५७ के स्वतंत्रता-संग्राम की शताब्दी

*२६४. **श्री भक्त दर्शन :** क्या गृह कार्य मंत्री २२ अगस्त १९५५ के तारांकित प्रश्न संख्या ६६२ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) क्या १८५७ के प्रथम स्वतंत्रता संग्राम की शताब्दी मनाने का तब से कोई निर्णय किया गया है; और

(ख) यदि हाँ, तो क्या उसके कार्यक्रम की एक प्रति सभा के टेबल पर रखी जायेगी ?

गृह कार्य मंत्रालय में मंत्री (श्री बातार) (क) और (ख) : चूंकि यह विषय अखिल भारतीय महत्व का है इसलिये राज्य सरकारों, सार्वजनिक संस्थाओं और संगठनों के साथ परामर्श करना आवश्यक है। इसमें समय लगेगा। अन्तिम निर्णय हो जाने पर कार्यक्रम की एक प्रति सभा पटल पर रख दी जायेगी।

श्री भक्त दर्शन : क्या मंत्री महोदय यह बताने की कृपा करेंगे कि यद्यपि अन्तिम निर्णय में अभी देर लगेगी लेकिन अभी तक इस सम्बन्ध में क्या कदम उठाये गये हैं और क्या प्रगति हुई है ?

श्री बातार : अभी राज्य सरकारों से परामर्श जारी है। पांच छः महीनों में इसका निर्णय होगा।

श्री भक्त दर्शन : क्या गवर्नमेंट ने इस सुझाव पर विचार किया है या कर रही है कि इस समारोह को मनाने का सबसे अच्छा ढंग यह होगा कि सन् १८५७ के स्वाधीनता आन्दोलन में हमारे जिन वीर पुरुष और स्त्रियों ने प्रमुख भाग लिया था उनकी मूर्तियों का अनावरण किया जाये और जिन्होंने अंग्रेजों की ओर से दमन किया था उनकी मूर्तियाँ हटायी जायें ?

श्री बातार : सरकार इस पर विचार करेगी।

डा० राम सुभग सिंह : क्या सरकार के सामने कोई ऐसा सुझाव है कि हमारी सेना की कुछ टुकड़ियों का नाम सन् १८५७ के स्वाधीनता संग्राम के वीरों के नामों पर रखा जाये ?

श्री बातार : इस बारे में मेरे पास सूचना नहीं है। इस पर विचार किया जायेगा।

Shrimati Renu Chakravarty : May I know whether a number of proposals have been forwarded to the State Governments by the Central Government or has it been entirely left to the State Governments to suggest items ?

Shri Datar : We have suggested a number of items for celebration. The State Governments are considering the various items of the programme.

Shri Shree Narayan Das : In view of the fact that the Government wants to celebrate in 1957, may I know whether the attention of the Government has been drawn to the prophecies made by astrologers and astronomers that this year is going to be an evil year, and may I know whether the Government has taken any steps to counteract this propaganda ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : The attention of the Government has not been particularly drawn to this. But, they are aware that there are a considerable number of people placing some reliance on these quacks. The sooner they are disabused of this, the better. Certainly, the Government does not fashion its policy because of the Sun, the moon and the stars.

Shri Kasliwal : I would remind the hon. Minister that in 1857, as a measure of retaliation, the then Government hanged several thousands of innocent people in Allahabad and Lucknow. May I know whether the Government is considering any proposal to erect a memorial to them ?

Shri Jawaharlal Nehru : No, Sir. I have not heard of any such proposal.

NATIONAL INCOME

*295. **Shri S. C. Singhal :** Will the Minister of Finance be pleased to state whether Government have taken any steps to know how the various classes of the population are benefited by the increase of national income in the first Five Year Plan ?

The Deputy Minister of Finance (Shri B. R. Bhagat) : No, Sir.

Shri S. C. Singhal : May I know the classes that have benefited by this increase in the national income ?

Shri B. R. Bhagat : As I said, in the national income estimate, it is not possible to know the increase in occupational groups or the various economic groups. It is based on the estimate of production and it is difficult to analyse or separate the different sources of income for each group.

Shrimati Renu Chakravartty : In view of the fact that very eminent economists have stated that the national income does not give a correct indication as to the rise in the living standards of the various categories of people in our country; how does the Government propose to find out how the national income has increased among the agricultural labourers, among the peasantry and among the working classes, etc. ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : By sample surveys.

Shrimati Renu Chakravartty : But, he says, No.

INDISCIPLINE AMONGST STUDENTS

***296. Shri C. D. Pande :** Will the Minister of Education be pleased to refer to the reply given to Starred Question No. 544 on the 4th March 1955 and state :

(a) whether Government have taken any further steps for preventing and removing unrest amongst the students; and

(b) if so, the nature thereof ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) and (b). A statement is laid on the Table of the Lok Sabha. [See Appendix II, annexure No. 16].

Shri C. D. Pande : In the statement, there is no mention of unemployment. This is the main cause of indiscipline among the students.

Dr. M. M. Das : The question of indiscipline of students has been considered by the Government of India. They have made certain suggestions to the State Governments and they themselves have proposed to take certain financial measures.

Shri A. M. Thomas : May I enquire while the statement discloses instruc-

tions in the matter of extra-curricular activities, moral codes, etc., whether the Government is not aware that one of the primary causes is the large number of students in each class and the large numbers entrusted to each teacher's care ? If so, is the Government taking any steps to relieve this overcrowding, consistent, with the plans for the expansion of education ?

Dr. M. M. Das : Certainly, the Government has got this point before it. The hon. Member will remember that so far as the Central Government is concerned, it has no administrative authority on the educational institutions. What it can do is to advise and try to persuade the State Governments to accept and carry out certain proposals.

श्री एम० एस० द्विवेदी : बयान में यह दिया हुआ है कि जो विद्यालयों में अनुशासनहीनता की रोकथाम के लिये कदम सुझाये गये थे उनको पांच साल तक अमल में नहीं लाया जा सका। मैं जानना चाहता हूँ कि क्या गवर्नमेंट इस काम को महत्वपूर्ण नहीं समझती और अगर समझती है तो इसे शीघ्रतः कार्यान्वित करने के लिये क्या कार्यवाही कर रही है।

Dr. M. M. Das : The proposals that have been made by the Government of India can be divided into two categories, those that involve some expenditure and those that do not. So far as proposals that involve no expenditure are concerned, suggestions have been made to the State Governments. Regarding enhancement of teachers' salaries etc., the Central Education Ministry made some proposals to be included in the Second Five Year Plan, but due to financial difficulties, it has not possible for the Planning Commission to accept all the proposals made.

Shri D. C. Sharma : May I know if the Central Government has studied and implemented the recommendations made by the Survey on this subject made by the Lucknow University as also those contained in the report on under-graduate living conditions sponsored by the Calcutta University ?

Dr. M. M. Das : The Central Government have studied all the recommendations that have come from dif-

ferent organisations in the country with regard to indiscipline, and they have formulated their own proposals

Shri Veeraswamy : May I know whether it is not desirable to take steps to see that the students are prevented from taking part in political party meetings and activities ?

Dr. M. M. Das : I want notice of this question.

Dr. Rama Rao : Among the suggestions made by the Central Government to the State Governments and Universities, is there any suggestion to consider the difficulties and demands of the students sympathetically in addition to giving sermons ?

Dr. M. M. Das : Yes, Sir. There is everything in the suggestions made to the State Governments. And regarding all these things we have sent certain suggestions to the State Governments to be carried out. It is up to the State Governments to carry out these proposals.

देवी आपत्तियों के लिये सहायता संगठन

*२६८. **श्री विभूति मिश्र :** क्या गृह कार्य मंत्री यह बताने की कृपा करेंगे कि :

(क) देवी आपत्तियों के समय सहायता करने के लिये सहायता संगठन स्थापित करने की योजना की मुख्य मुख्य बातें क्या हैं; और

(ख) वह कब कार्यान्वित की जायेगी ?

गृह कार्य मंत्रालय में मंत्री (श्री बातार) :

(क) आपत्तिक सहायता संगठन योजना की विस्तृत रूप रेखा की एक कापी सभा पटल पर रख दी गई है [देखिये परिशिष्ट २ अनुबन्ध संख्या १७]

(ख) योजना को अन्तिम रूप देने में लगभग छः महीने लगेंगे ।

श्री विभूति मिश्र : यह जो सरकार की तरफ से सहायता संगठन का मस्विदा पेश किया गया है, मैं जानना चाहता हूँ कि इसके संगठन में सरकार कितना खर्च करेगी और साथ ही देश में इस तरह की देवी आपत्ति के समय सहायता पहुँचाने के लिये बजट में क्या कोई एक अलग रकम रखने का विचार कर रही है ?

श्री बातार : सरकार ने इसके बारे में विचार किया है और इस सहायता कार्य के लिये एक अलग रकम रखी है

श्री विभूति मिश्र : मैं यह जानना चाहता हूँ यह जो सरकार ने अपना केन्द्रीय आपत्तिक संगठन बनाया है, तो इसमें स्टेट्स के प्रतिनिधियों को क्यों नहीं रखा है ? क्या सरकार ने इस बात पर विचार किया है कि स्टेट्स के प्रतिनिधियों का रहना बहुत उपयोगी सिद्ध होगा क्योंकि जिस स्टेट में यह देवी आपत्ति आयेगी उस स्टेट के प्रतिनिधि उसके सच्चे रूप को ठीक से बतला सकेंगे और ऐसी हालत में क्या सरकार ने स्टेट्स के प्रतिनिधियों को इस केन्द्रीय संगठन में रखने पर विचार किया है ?

श्री बातार : केन्द्रीय सरकार और राज्य सरकारों के बीच में इसके बारे में पत्र व्यवहार चला है । चूँकि यह केन्द्रीय संगठन है इसलिये इसमें राज्यों की सरकारों के प्रतिनिधि नहीं हैं ।

श्री विभूति मिश्र : क्या सरकार इस बात को सोच रही है कि जहाँ पर कोई आपत्ति आ जाती है वहाँ पर बहुत सी नान-आफिशियल आर्गेनाइजेशंस भी सहायता कार्य करती हैं, इसलिये ऐसी गैर सरकारी संस्थाओं और सरकारी सहायता संगठन दोनों को मिलाकर एक संयुक्त एजेंसी बनाने के लिये क्या सरकार विचार कर रही है ?

श्री बातार : इस विषय में सरकार ने सोचा है ।

ENGLISH IN UNIVERSITIES

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

(a) whether the committee appointed to recommend ways and means of securing an adequate proficiency in English at the University stage has submitted any report ; and

(b) if so, the nature of the report ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) No, Sir.

(b) Does not arise.

Shri D. C. Sharma : May I know if the Government has appointed any committee to stop the deterioration of standards in education in general ?

Dr. M. M. Das : Yes, Sir. So far as university education is concerned, the University Grants Commission has apponined a committee to examine the

problem of the medium of instruction at the university stage and recommend ways and means of securing an adequate proficiency in English at the university stage.

Shri D. C. Sharma : May I know who the members of that committee are and how many meetings of that committee have been held so far ?

Dr. M. M. Das : The committee consists of : Pandit Hriday Nath Kunzru (Chairman), Shri N. K. Sidhanta, Shri V. K. Ayyappan Pillai and Shri Samuel Matthai (Secretary). Uptill now only one meeting of that committee has been held.

Shri D. C. Sharma : Has any time table been fixed for this committee to formulate its report ? How long has this committee been in existence ?

Dr. M. M. Das : So far as the time-limit is concerned, the information is not at present at my disposal.

Shrimati Renu Chakravarty : May I know whether this committee is going to take into consideration the differing standards of teaching English in the secondary stage also ?

Dr. M. M. Das : Yes, Sir. The committee will go all over the country, and they will consult not only men connected with university education, but also men connected with secondary education.

Shrimati Jayashri : May I know whether the attention of the Minister has been drawn to a statement made by Shri B. G. Kher at Agra recently about securing proficiency in English, especially for students studying technical subjects ?

Dr. M. M. Das : The Government of India has to take note of all these recommendations of important persons.

Shri D. C. Sharma : May I know whether there are certain universities where a person can acquire a degree of Bachelor of Arts or Science without facing any examination in English ? Will the committee deal with such cases also ?

Dr. M. M. Das : So far as the universities which are established under Central or State Acts are concerned, I think English is compulsory at the university stage.

Shri D. C. Sharma : I have to submit the hon. Minister's information is not correct.

विदेशी पूंजी

* ३०० श्री अनिरुद्ध सिंह : क्या बिल मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५५ में भारतीयों को हस्तान्तरित की गई विदेशी कम्पनियों की संख्या कितनी है; और

(ख) देश के औद्योगिक विकास के लिये विदेशी पूंजी आकर्षित करने के लिये क्या कार्यवाही की जा रही है ?

राजस्व और अस्तानक व्यय मंत्री (श्री प्रेम. सी. शाह) : (क) दस ।

(ख) विदेशी पूंजी के निवेश के लिये कुछ प्रोत्साहन पहले ही विद्यमान हैं और भली भाँति ज्ञात हैं । कोई अतिरिक्त कार्यवाही विदेशी पूंजी को आकर्षित करने के लिये नहीं की जा रही है ।

श्री अनिरुद्ध सिंह : क्या यह बात सही है कि इस देश में व्यापार करने वाले विदेशी व्यापारियों की प्रवृत्ति अपना कारोबार बेच कर इस देश से चले जाने की है, यदि हाँ तो उसका क्या कारण है

Shri M. C. Shah : Some foreign concerns are being taken over, but at the same time there is foreign investment also in the country. If they think that it is profitable for them to sell out, they sell out.

श्री अनिरुद्ध सिंह : १९५५ के साल में विदेशी कम्पनियों के कारोबार को खरीदने के लिये इस देश के वासियों की कितनी रकम चुकानी पड़ी है तथा इसी अर्थ में कितनी नई विदेशी पूंजी देश में लगी है ?

...**Shri M. C. Shah :** In 1955 remittance was to the extent of Rs. 205.38 lakhs. Ten foreign establishments changed hands. During 1955 foreign investments were to the extent of Rs. 234 lakhs.

NATIONAL TECHNOLOGICAL INSTITUTES

***301. Shri M. L. Agrawal:** Will the Minister of Education be pleased to state :

(a) whether the Uttar Pradesh Government had approached the Central Government with the request to establish one of the three proposed National Technological Institutes at Kanpur; and

(b) if so, the result thereof ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) Yes, Sir.

(b) Government of India have accepted the proposal to locate the Institute in Kanpur as and when it is decided to start the Institute.

Shri M. L. Agrawal: May I know how many places are under the consideration of Government for the establishment of these institutions ?

Dr. M. M. Das: So far as the higher technical institution of the northern zone is concerned, Kanpur has been selected by the Government of India as the place where the institute would be established.

श्री भक्त दर्शन : क्या मैं जान सकता हूँ कि इस इन्स्टिट्यूट को स्थापित करने के लिये कितना रुपया खर्च किया जायेगा, और वह सब रुपया केंद्रीय सरकार देगी या राज्य सरकार से भी कुछ रुपया लिया जायेगा ?

Dr. M. M. Das: There are three institutions of this nature to be established all over the country during the Second Five Year Plan period. One is the Western Institute; another is the Northern Institute; and the third one is the Southern Institute. Rs. 7.5 crores have been earmarked for these three institutions during the Second Five Year Plan period.

Shri T. S. A. Chettiar: May I know whether the venue of the Southern Institute has been determined ?

Dr. M. M. Das: No; it has not yet been determined.

OIL TECHNOLOGY

***304. Shri S. C. Samanta:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether it is a fact that a plan has been prepared to train a batch of technicians in foreign countries in drilling of oil wells etc. ;

(b) if so, the number of technicians and places where they are proposed to be sent; and

(c) the total sum likely to be spent for training ?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) to (c). It is intended to depute a batch or batches of technicians for training in foreign countries in oil drilling and other techniques. The exact number and types of technicians to be sent out has not yet been finalised. It is probable that they will be sent to oil fields in Russia and Rumania and if necessary to other places. No estimate of expenditure can be given till the details have been finalised.

Shri S. C. Samanta: May I know whether there is any arrangement in any all-India technical institute for imparting training in oil prospecting and drilling ?

Shri K. D. Malaviya: Yes; in the Kharagpur Institute and some other institutes, there are some arrangements to impart preliminary theoretical training in geological and geophysical processes of not only oil but other mineral prospecting.

Shri S. C. Samanta: May I know how Government propose to carry on their work in the government-run directorates before the people who have gone for training come back ?

Shri K. D. Malaviya: The position in this connection is somewhat like this. We have very recently purchased some drilling equipment and geophysical equipment from the Industrial Exhibition. Under the agreements that are being finalised now, we have provided for getting technicians not only to instal but also to work all these equipments, especially the drilling rigs. As soon as these drilling rigs have arrived here, our people will

be trained; and when our people have been trained, these people from abroad will be sent back.

Shri S. C. Samanta : May I know whether any outside help from the U.N.O. etc., will be coming for the training of the people ?

Shri K. D. Malaviya : The position will be considered as and when we think it necessary to get people from the International technical assistance bodies

SODEPUR GLASS WORKS

***306. Shri S. V. Ramaswamy :** Will the Minister of Finance be pleased to state the present position of the Sodepur Glass Works Limited ?

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha) : The Industrial Finance Corporation has come to an agreement with a leading Japanese firm, Messrs. Asahi Glass Co. Ltd., for floating an Indian Company who will purchase and run the Sodepore Glass Works. The terms are being discussed for the formation of the Indian Company.

Shri S. V. Ramaswamy : May I know whether there have been any preliminary proposals with regard to the formation of this company, and if so, what they are ?

Shri A. C. Guha : The terms of the deed with the Asahi Glass Co. Ltd., are that they would take it over for a sum of Rs. 62 lakhs to be paid in seventeen years with interest at the rate of $3\frac{1}{2}$ per cent. Now, this Indian company is to be formed, and that Indian company will take over this liability. And now it is only a question of the terms being settled, such as those relating to remuneration, how the share capital will be distributed and so on.

Tentatively, it has been decided that out of Rs. 65 lakhs which will be the share capital of the new company, Rs. 30 lakhs will be floated in India, and Rs. 35 lakhs will be contributed by the Asahi Glass Works, and the entire amount will be treated as loan from the Industrial Finance Corporation.

Shri Jhunjhunwala : May I know how much money the corporation have lost on this transaction, that is to say, how much they have paid for it, and how much they will recover ?

Shri A. C. Guha : The payment made was to the tune of Rs. 1.12 or Rs. 1.13 crores. The corporation will get Rs. 62 lakhs with interest at the rate of $3\frac{1}{2}$ per cent. and the total loss will come to at least Rs. 50 lakhs or something like that.

Shri S. V. Ramaswamy : May I know the lines of production on which this company will launch, and what the prospects of this company being a success are ?

Shri A. C. Guha : Messrs. Asahi Glass Works Co. Ltd. are noted sheet glass manufacturers; they are noted not only in Japan but they have a reputation in the international market. This company will produce primarily sheet glass, and they will also produce other glasses as far as possible. But at first they will concentrate on sheet glass only.

Shri Bansal : May I know whether the manufacturing process in this factory is going on at present, or whether the concern stands closed ? May I know also whether this new company will be utilising the full capacity of the plant, or it will be working it only at part ?

Shri A. C. Guha : The company is not working at present. But there is no reason to doubt that the new company will not utilise the capacity to the extent possible. But as the hon. Member knows, it is hardly possible for any concern to utilise its fullest installed capacity. Practically speaking, this company will utilise first the sheet glass section as far as possible, and later on, the other two sections also.

Shri Bansal : May I know whether there were any suggestions by any Indian concerns to enable them to run this company, and if so, on what grounds those suggestions were turned down ?

Shri A. C. Guha : There was no question of any suggestions. The Industrial Finance Corporation first set up a negotiating committee for the disposal of this factory. But they could not come to any terms with anybody. There was hardly any offer from any Indian company which merited any serious consideration. Then, the Industrial Finance Corporation issued an advertisement calling for tenders from intending purchasers. I think the only tender that was worth considering was this Asahi Glass Works Company. Some Indian tenders were there, but they quoted abnormally and absurdly low figures.

Shri Kamath : I heard the Minister say that the entire amount would be treated as a loan by the corporation. I do not know whether I heard him aright. But if I did, what exactly did he mean when he said that the entire amount would be treated as a loan? Which amount will be treated as a loan?

Shri A. C. Guha : These Rs. 62 lakhs which will be due to the IFC will for the present be treated as a loan. Since the payment will be made in seventeen-year instalments, it apparently means that this will be treated as a loan till the whole amount is paid back.

Shri Kamath : In spite of what happened in the past?

Shri Jhunjhunwala : Was there any proposal at any stage, by the Bihar Government to take over this concern?

Shri A. C. Guha : No.

Mr. Deputy-Speaker : Next question. Q. No. 307.

The Deputy Minister of Finance (Shri B. R. Bhagat) : I think Q. No. 312 also may be taken up along with this, for that is also on the same subject.

Mr. Deputy-Speaker : Yes, they may be answered together.

IRON ORE

***307. Shri Shree Narayan Das :** Will the Minister of Finance be pleased to refer to the reply given to Starred Question No. 1131 on the 22nd December, 1955 and state :

(a) whether negotiations have been finalised between India and Japan with regard to a plan which envisages a large export of iron ore to Japan, the development of harbours on the East Coast of India and the laying down of new railway lines under which Japan will also invest; and

(b) if so, the important features of the plan or agreement?

The Deputy Minister of Finance (Shri B. R. Bhagat) : (a) No, Sir.

(b) Does not arise.

ECONOMIC COOPERATION WITH JAPAN

***312. Shri N. B. Chowdhury :** Will the Minister of Finance be pleased to state :

(a) whether it is fact that Government have decided to enter into economic co-operation with Japan during the Second Five Year Plan period; and

(b) if so, to what extent and in what spheres?

*** The Deputy Minister of Finance (Shri B. R. Bhagat) :** (a) and (b). The Government of India have not decided to enter into any economic co-operation with Japan during the Second Five Year Plan. However, the Government have under consideration a project for additional transport facilities which would enable export of larger quantities of iron ore to Japan. The detailed information in regard to this project has been given in reply to Starred Question No. 1131 on 22-12-55 and supplementaries thereon.

Shri Shree Narayan Das : May I know whether any indications have been given by Japan as to the extent of its participation in the project?

Shri B. R. Bhagat : Yes, under the schemes to which Japan is also a party, she has given her consent. Japan will provide 75 locomotives which will cost \$ 8 million.

Shri Shree Narayan Das : May I know whether these negotiations are being carried on at governmental level, or whether any private agency from Japan is negotiating this deal?

Shri B. R. Bhagat : It is carried on at governmental level.

Shri Bansal : The answer to part (a) of Q. No. 307 is 'No'. May I know whether such negotiations are proceeding at all with regard to iron ore and the laying down of additional lines?

Shri B. R. Bhagat : There are three parties to the negotiations, the Japanese Government, the Indian Government and the U. S. Government. So far as the Japanese Government and the Indian Government are concerned, they have agreed upon the plan; and the agreed plan has been forwarded through the TCM to the U. S. Government, and we are awaiting their approval.

Shri Bansal : I was referring not to question No. 312 but to question No. 307. In reply to (a) of question No. 307, he said, 'No'. I want to know whether some negotiations are going on at all.

Shri B. R. Bhagat : As regards question No. 307, it has not been finalised in the sense that the agreement arrived at between Japan and India has been forwarded to the United States Government through the TCM.

Shri N. B. Chowdhury : May I know in what way we are concerned with the U. S. President's regional fund for the development of South East Asia so far as this deal with Japan is concerned?

Shri B. R. Bhagat : This is a special allocation for the development of South and South East Asia over a project which concerns more than one country, and this is a project which will develop transport facilities in the

country. Also it will give iron ore to Japan. So this will benefit both India and Japan.

Shrimati Tarkeshwari Sinha : May I know whether Japan has at all been getting concessions in trade matters etc. from India, and if so, whether Japan is going to get that concessional treatment in future also?

Shri B. R. Bhagat : It is not a question of trade, and the question of concessional treatment does not arise. This is a question of allocation for regional development.

Shrimati Renu Chakravartty : May I know what is the total quantity of export of iron ore to Japan under question here, and what percentage will that be of the total export of iron ore from this country?

Shri B. R. Bhagat : The quantity of iron ore to be exported will be 2 million tons. As regards the second part, I am sorry I cannot give the percentage just now.

Shrimati Tarkeshwari Sinha : Just now the hon. Deputy Minister said that the question does not arise. May I infer that question No. 312 refers to economic co-operation in the Second Five Year Plan period, and is quite a wide question? May I have a specific answer to that?

Shri B. R. Bhagat : As regards economic co-operation with Japan, we are not thinking of any agreement or anything of that kind. That is why it does not arise.

COLLECTION OF STATISTICS REGARDING BOOKS

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

(a) whether it is a fact that an effort is being made to collect authentic statistics about books published in the country; and

(b) if so, the agency through which this data is sought to be collected?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) Yes, Sir.

(b) Through the National Archives of India from the Statistical data published by the State Governments.

Shri Radha Raman : May I know what is the probable time which will be required in order to have these statistics available ?

Dr. M. M. Das : The statistics have been available with the National Archives of India all these years. But unfortunately, the State Governments, who are responsible for sending the statistics of the books published in their respective States, are not sending their reports in time. Therefore, there may be some delay, if the hon. Member wants to have the report of last year. Otherwise, they are sending the reports.

Shri Radha Raman : In order to maintain the latest and certified figures, have Government been pressing on the State Governments to comply with their request for sending the information in time ?

Dr. M. M. Das : It is not a question of the request from the Government of India. The Press and Registration of Books Act of 1867 enjoins the State Governments to send these reports. We are taking up the matter. Our Director of Archives has been instructed to take up the matter with the defaulting Governments.

REPAIRS TO JAMA MASJID, DELHI

***309. Shri B. D. Pande :** Will the Minister of Education be pleased to state :

(a) the amount of money that has been sanctioned by the Union Government for repairs to the Jama Masjid in Delhi ;

(b) whether the repairs have been carried out ; and

(c) if so, by whom ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) Rs. 1,13,800.

(b) Not yet.

(c) The Department of Archaeology will carry out the work.

Shri B. D. Pande : I want to know as a matter of policy why a secular Government like ours give grant to a denominational institution of this nature.

Dr. M. M. Das : The hon. Member may kindly remember that the work will be carried out by the Archaeological Department of the Government of India in the Education Ministry. We are taking up this work not as a mosque but as a monument of national importance, as an archaeological specimen of which India is proud.

Shri B. D. Pande : Will this generosity be extended to other denominational institutions that exist in the country also ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : This generosity will be extended to other places which are artistically, aesthetically or archaeologically important.

Shri Kamath : Historically ?

Shri Jawaharlal Nehru : Even Historically also, not otherwise. In fact, if the hon. Member has any acquaintance with the past or even the present of India, he should realise that nearly all our monuments have some connection with some religion, fortunately or unfortunately. They are historical monuments. Whether is it Ajanta or Ellora or whether it is the Jama Masjid here or whether it is anything else, these are all great national monuments, regardless of the religion they belong to.

Shri Radha Raman : Near about the surroundings of Jama Masjid, which is a monument of historical importance, there are so many small shops which are very ugly, and their removal will only be improving the site of the Jama Masjid. May I know whether Government are doing anything to remove them ?

Mr. Deputy-Speaker : This question relates to repairs.

Shri Jawaharlal Nehru : The matter may be referred to the new authority created for Delhi.

PAY-SCALES OF TEACHERS

***310. Shri Dabhi :** Will the Minister of Education be pleased to state:

(a) whether there is a proposal for improving the salary scales of teachers during the Second Five Year Plan ;

(b) if so, the nature thereof ; and

(c) what will be Centre's contribution towards it ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) to (c). The question of improving the salary scales of primary school teachers has been approved in principle. The details are being worked out.

Shri Dabhi : May I know whether the improvement of the salary scales of both primary and secondary school teachers will be included in the proposal ?

Dr. M. M. Das : The original proposal of the Government of India in the Ministry of Education included all the teachers belonging to all the three categories—primary education, secondary education and University stage. But only the enhancement of the salary scales of primary school teachers has been accepted in principle.

Shri T. S. A. Chettiar : High Officials of the Education Ministry have more than once publicly proclaimed that that there will be increment of the teacher's salaries. May I know whether the mere approval of this in principle brings this into effect ?

Dr. M. M. Das : I may inform the hon. Member that so far as the question of the enhancement of the primary school teachers' salaries is concerned, it has been accepted by the Government in principle.

सेठ गोबिंद दास : क्या यह बात सही है कि भिन्न-भिन्न राज्यों में इन शिक्षकों की तनखाहें अलग अलग ढंग की हैं, कहीं अधिक हैं और कहीं कम हैं ? क्या इस बात पर भी विचार किया जा रहा है कि यह तनखाहें करीब करीब बराबर कर दी जायें ?

Dr. M. M. Das : It is a fact that there is a difference in the salary scales existing in the different States of India. That is the reason why the Government, while accepting this proposal, made certain recommendations. One of the recommendations is that different States should be considered separately in view of the different conditions prevailing there.

Shri H. G. Vaishnav : May I know in what State the salary of teachers is the highest and in what State it is the lowest ?

Dr. M. M. Das : I think and I am subject to correction the salary scales is the highest in Delhi State. As regards the lowest, I am sorry I have not got the information at present.

Shrimati Renu Chakravartty : May I know whether in recommending uniform scales of pay for primary school teachers those who are working in the basic schools, including craft teachers, will also be included.

Dr. M. M. Das : These things are being worked out now.

Shri Kamath : Is it a fact, as stated by the Education Minister a couple of years or so ago, that UP still holds the record so far as the pay of primary school teachers is concerned, being the lowest, Rs. 35 or Rs. 30 a month ?

Dr. M. M. Das : I have got no information about it.

Shri Kamath : His Minister said that.

ARCHAEOLOGICAL FINDS

***311. Shri Gidwani :** Will the Minister of Education be pleased to state:

(a) whether it is a fact that archaeological finds believed to be a portion of the famous Asoka Rock edicts have

been discovered in village Bhuigam, District Thana, Bombay State ;

(b) whether any investigations have been made there ; and

(c) if so, with what results ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) and (b) Yes, Sir.

(c) The inscription is incomplete and is a part of the IX Rock Edict of Asoka.

Shri Gidwani: May I know whether other stones with the Buddha's teachings inscribed on them have been found in the surrounding areas, and if so, whether those inscriptions have been deciphered? If they have been deciphered, what are those inscriptions?

Dr. M. M. Das: The Superintendent, Department of Archaeology, South Western Circle, has been requested to explore the area, in particular the mound which is the find-spot of this rock edict.

WRITTEN ANSWERS TO QUESTIONS

स्काईमास्टर हवाई जहाज

*२४६. श्री एम० एल० द्विवेदी : क्या संचार मंत्री यह बताने की कृपा करेंगे :

(क) क्या यह सच है कि कुछ मार्गों पर स्काईमास्टर हवाई जहाज के स्थान पर वाईकिंग अथवा अन्य प्रकार के हवाई जहाज चलाये जाने लगे हैं ;

(ख) यदि हाँ, तो इसके कारण क्या हैं ; और

(ग) उड़ाने में और वाणिज्यिक रूप से चलाने में वाईकिंग, डकोटा, और स्काई-मास्टरों के सापेक्ष लाभ और हानि क्या हैं ?

संचार मंत्रालय में मंत्री (श्री राज बहादुर) : (क) जी हाँ, केवल दो मार्गों पर वाईकिंग विमान चलाये जाने लगे हैं ।

(ख) एक स्थिति में सवारियों की इच्छा पूर्ति के लिये पुनः स्थापन किया गया, तथा दूसरी स्थिति में अल्प प्रत्युत्तर के कारण ऐसा करने की आवश्यकता हुई ।

(ग) एक विवरण, जिसमें अपेक्षित सूचना दी गई है लोकसभा के पटल पर प्रस्तुत किया जाता है । [दखिये परिशिष्ट २, अनुबन्ध संख्या १८]

ALLAHABAD RAILWAY STATION

*247. Shri Shree Narayan Das :

Will the Minister of Railways be pleased to state :

(a) whether the work of reconstructing Allahabad Railway Station is proceeding according to the plan ;

(b) if not, the causes of the slow progress.

(c) the progress so far made ; and

(d) whether there has been or is going to be any change in the plan and design of the work ?

The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shah Nawaz Khan): (a) to (c). Progress of the work has been slow due to no contractors tendering for the work in the first instance and fresh tenders being called for. Extensive soil exploration had also to be done. Soil exploration has been completed, the work has been let out and the construction work has already begun.

(d) No, Sir.

NATIONAL WATER SUPPLY SCHEME

*248. Shri Jhulan Sinha : Will the Minister of Health be pleased to state:

(a) the progress in respect of the proposal for a national water supply scheme ; and

(b) the States in which this Central Government Scheme has so far been taken up and the progress achieved therein ?

The Minister of Health (Rajkumari Amrit Kaur): (a) and (b). A statement giving the required information is laid on the Table of the Lok Sabha. [See Appendix II, annexure No. 19.]

DALMIA-JAIN AIRWAYS

***249. Shri Feroze Gandhi :** Will the Minister of Communications be pleased to state :

(a) the number of aircraft purchased by the Indian Airline Corporation at the time of its formation from the Dalmia-Jain Airways ;

(b) from which company were these aircraft purchased; and

(c) whether the Dalmia-Jain Airways had any pilots, operational, traffic or engineering staff, attached to their concern at the time they were operating the Delhi-Srinagar service?

The Minister in the Ministry of Communications (Shri Raj Bahadur) :
(a) *None, at time of formation of the Corporation, but one aircraft was purchased later in February, 1955.

(b) Does not arise.

(c) Yes, Sir.

कर्मचारी राज्य बीमा योजना

***२५० { श्री भागवत झा आझाद :
श्री जी० एल० चौधरी :**

क्या अम मंत्री यह बताने की कृपा करेंगे कि :

(क) कर्मचारी राज्य बीमा योजना से अभी तक कितने प्रतिशत कर्मचारियों को लाभ हुआ है; और

(ख) जिन व्यक्तियों का बीमा हुआ है, उनके परिवारों को चिकित्सा सहायता देने के बारे में क्या अभी तक कोई निर्णय किया गया है ?

अम उपमंत्री (श्री अबिद अली) : (क) कर्मचारी राज्य बीमा ऐक्ट, कारखानों में काम करने वाले लगभग बाईस लाख पचास हजार कर्मचारियों पर लागू होता है। अब तक इनमें से करीब आधे कर्मचारी योजना में लाये जा चुके हैं।

(ख) जी नहीं।

See note below cols. 427 an 428

COAL MINES PROVIDENT FUND SCHEME 1948

***251. Shri T. B. Vittal Rao :** Will the Minister of Labour be pleased to refer to the reply given to Starred question No. 369 on the 1st December, 1955 and state :

(a) whether any decision has since been arrived at regarding the liberalisation of the provisions relating to forfeiture of employers' contribution in favour of the employees under the Coal Mines Provident Fund Scheme, 1948; and

(b) if not, the reasons therefor?

The Deputy Minister of Labour (Shri Abid Ali) : (a) and (b). The matter is under active consideration and a decision is expected to be taken shortly.

FISHERIES

***252. Shri V. P. Nayar :** Will the Minister of Food and Agriculture be pleased to state :

(a) whether Government have surveyed the Wadge Bank off the coast of Travancore-Cochin State in detail with a view to assessing the possible yield of fish from the Bank by systematic exploitation ;

(b) whether Government have worked out the employment potential in the exploitation of Wadge Bank and the estimates of possible yield of fish; and

(c) if so, what are the details ?

The Minister of Food and Agriculture (Shri A. P. Jain) : (a) Not so far.

(b) No.

(c) Does not arise.

SHIPPING

***253. Shri Bansal :** Will the Minister of Transport be pleased to state:

(a) whether an officer on special duty was appointed to look into the allegations of discrimination in the shipping freight rates ;

(b) if so, whether the investigations have been completed ; and

(c) the results of the investigations?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Yes. An Officer of the Directorate General of Shipping has been entrusted with the special duty of looking into allegations of discrimination or disparity in shipping freight rates in the overseas trades.

(b) and (c). While investigations in regard to certain items have been completed, they are still in progress in regard to certain other items. As a result of these investigations, the Conferences concerned have suitably revised the freight rates in certain cases.

INDO-U.S. AIR AGREEMENT

*254. { **Shri Keshavaiengar :**
Shri M. S. Gurupadaswamy :
Shri D. C. Sharma :
Shri S. V. Ramaswamy :

Will the Minister of **Communications** be pleased to state the main terms of the Air Agreement signed recently between the Government of India and the Government of the United States?

The Minister in the Ministry of Communications (Shri Raj Bahadur): I place below a statement on the Table of the Lok Sabha giving the requisite information. [See Appendix II, annexure No. 20.]

PHARMACEUTICAL ENQUIRY COMMITTEE REPORT

*255. **Shri Gidwani :** Will the Minister of **Health** be pleased to refer to the reply given to Unstarred Question No. 111 on the 3rd March, 1955 and state the progress made in implementing the recommendations of the Pharmaceutical Enquiry Committee regarding centralisation of administration of drug control ?

The Minister of Health (Rajkumari Amrit Kaur): This particular recommendation of the Committee is still under consideration.

POSTAGE STAMP COMPETITION

*256. **Shri Dabhi :** Will the Minister of **Communications** be pleased to state :

(a) whether it is a fact that the rules, prescribed for the competition for the series of special postage stamps to commemorate the 2500th birth anniversary of the Buddha, debar artists from choosing any personal representation of the Buddha ; and

(b) if so, the reasons thereof ?

The Minister in the Ministry of Communications (Shri Raj Bahadur):

(a) Yes.

(b) Buddhist sentiment is generally against using the figure of Lord Buddha on Postage Stamps.

U. S. WHEAT OFFER

*257 { **Sardar Hukam Singh :**
Shri Eswara Reddi :

Will the Minister of **Food and Agriculture** be pleased to state :

(a) whether any offer of wheat made by the United States for the flood victims of Orissa was rejected recently by Government ; and

(b) whether any other offer of aid, in cash or in kind, from the United States or any other foreign country was rejected during 1955-56 ?

The Minister of Food and Agriculture (Shri A. P. Jain): (a) and (b). No, Sir.

AMRAVATI AND NAGARJUNAKONDA

*258. { **Dr. Rama Rao :**
Shri Mohana Rao :

Will the Minister of **Transport** be pleased to refer to the reply given to Starred Question No. 850 on the 17th August, 1955 and state :

(a) the steps so far taken by Government to improve tourist facilities at Amaravati and Nagarjunakonda in Andhra, ancient Buddhist centres of education ;

(b) what Government propose to do for these two historical sites in connection with the forthcoming Buddha Jayanti celebrations; and

(c) whether Government are preparing any illustrated booklet giving facts about the artistic, historical and educational importance of these two ancient centres?

The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shahnawaz Khan): (a) and (b). These places have not been included in the list of tourist centres to be developed in connection with the Buddha Jayanti celebrations. Proposals for developing them are however under consideration as part of the 2nd Five Year Plan.

(c) The Guide to South India (Madras & Andhra) brought out by the Ministry of Transport in March 1954, contains a paragraph on the importance of these two places.

AIR ROUTES TO FAR EAST

***259. Shri Krishnacharya Joshi:** Will the Minister of Communications be pleased state:

(a) whether it is proposed to open new routes to the Far East after inaugurating a second service to Tokyo by Air India International; and

(b) if so, when these will be opened?

The Minister in the Ministry of Communications (Shri Raj Bahadur): (a) and (b). Air-India International have duplicated their service to Tokyo with effect from 5th January 1956. They have a tentative proposal to extend their Bombay-Madras-Singapore service to Australia but it is not possible to say when this would materialise as the proposal is only under consideration still and has to be carefully examined from various points of view such as traffic potential, availability of aircraft and crew etc.

INLAND WATER TRANSPORT

***260. { Shri M. Islamuddin :
Shri S. C. Samanta :**

Will the Minister of Transport be pleased to state:

(a) whether it is a fact that the construction of crafts has not yet begun for the development of inland water transport on the Upper Ganga.

(b) if so, the reasons therefor; and

(c) by what time mechanically propelled navigation on the Ganga from Patna to Allahabad and on the Ghagra from Patna to Bharanghat will be introduced?

The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shahnawaz Khan): (a) and (b). No, Sir. The craft is already under construction and is expected to be ready in about a year's time.

(c) As soon as the craft becomes available.

R.M.S. HEADQUARTERS "C" DIVISION

***261. { Shri G. P. Sinha :
Shri K. K. Das :**

Will the Minister of Communications be pleased to state whether there is any proposal to shift R.M.S. "C" Division's headquarters from Calcutta to Gaya in Bihar?

The Minister in the Ministry of Communications (Shri Raj Bahadur): Yes.

RURAL MATERNITY CENTRE

***262. { Pandit D. N. Tiwary :
Shri Ibrahim :**

Will the Minister of Health be pleased to state whether any instruction has been sent to the States to open maternity centres at important rural areas where other medical facilities are very meagre?

The Minister of Health (Rajkumari Amrit Kaur): With a view to improving the existing maternity and child welfare services in rural areas it was suggested to the State Governments in 1954 that they should establish as large a number of Maternity and Child Welfare Centres in their backward areas as possible. Financial assistance by the Central Government was offered for the purpose.

अष्टाचार विरोधी विभाग

*२६३. श्री विभूति मिश्र : क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या भारतीय रेलों के विभिन्न खंडों में अष्टाचार विरोधी विभाग खोले गये हैं ;

(ख) यदि हां तो किन किन खण्डों में अष्टाचार विरोधी विभाग खोले गये हैं; और

(ग) इस कार्य को चलाने के लिये इन विभागों ने कौन सा तरीका अपनाया है ?

रेलवे तथा परिवहन उपमंत्री (श्री अलगंशन) :
(क) जी हां ।

(ख) बयान सभा-पटल पर रख दिया गया है [देखिये परिशिष्ट २, अनुबन्ध २१]

(ग) अष्टाचार के जो मामले इन संगठनों के नोटिस में आते हैं स्पेशल पुलिस इस्टैब्लिशमेंट (Special Police Establishment) के सहयोग से उनकी जांच की जाती है । इन संगठनों के कर्मचारी अष्टाचार के मामलों का पता लगाने के लिये अक्सर दौरा भी करते हैं । अष्टाचार की रोकथाम के लिये इन संगठनों को मजबूत किया जा रहा है, जिससे वे उन कामों का पता लगा सकें जिन में अष्टाचार की अधिक सम्भावना रहती है और उनकी कार्य-विधि की छान-बीन करके उसकी त्रुटियों को दूर कर सकें ताकि अनियमित काम करने का मौका कम मिले ।

MANUFACTURE OF WHITE SUGAR

*264. **Shri Bishwa Nath Roy :** Will the Minister of Food and Agriculture be pleased to state whether it is a fact that a new process for manufacture of white sugar without use of sulphur has been evolved in Uttar Pradesh?

The Minister of Food and Agriculture (Shri A. P. Jain): Yes. A new electrical process evolved by Professor D. N. Ghosh of the Patna University for sugar manufacture without the use of sulphur is being tried at present on a pilot plant scale at the Institute of Sugar Technology, Kanpur.

FLIES

*265. **Shri M. R. Krishna :** Will the Minister of Health be pleased to refer to the reply given to Starred Question No. 370 on the 1st December, 1955 and state how long it will take for Government to launch the Chinese Style campaign against flies in the city of Delhi as an experimental measure and what will be the cost of the programme?

The Minister of Health (Rajkumari Amrit Kaur): The local authorities feel that the Chinese method will not be quite feasible in Delhi. They are therefore not prepared to launch a trial campaign in Delhi.

SOIL CONSERVATION

*266. **Shri Hem Raj :** Will the Minister of Food and Agriculture be pleased to state :

(a) the main recommendations made by the Soil Conservation Society of India at its annual conference held last year; and

(b) which of them do Government propose to accept?

The Minister of Food and Agriculture (Shri A. P. Jain): (a) The recommendations have not yet been sent to the Government of India by the Society.

(b) Does not arise.

SHIPPING FREIGHTS

*267. **Shri P. C. Bose :** Will the Minister of Transport be pleased to state whether it is a fact that some shipping companies have decided to increase the rate of freight by 10 per cent from March 1956, and the causes thereof?

The Deputy Minister of Railways and Transport (Shri Alagesan): Yes. It is a fact that certain overseas shipping conferences have decided to increase the rates of freight charged by their constituents by 10% from March 1956. The causes are stated to be the increase in operating costs.

DIVISIONAL SYSTEM OF RAILWAY

*268 { **Shri Sivamurthi Swami :**
Shri Velayudhan :

Will the Minister of Railways be pleased to state :

(a) whether the Railway Board has decided to pursue the question of introducing the divisional system of administration on the Indian Railways; and

(b) if so, whether this system has been found to be conducive to greater efficiency and better co-ordination at all levels ?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a). Yes, Sir.

(b) This system particularly on large Railways is conducive to greater efficiency as it ensures co-ordination between various departments at the level at which the work is conducted.

MADRAS PORT

*269. **Shri C. R. Narasimhan :** Will the Minister of Transport be pleased to state :

(a) the progress made in the execution of the schemes adumbrated in the First Five Year Plan for the development of major ports ;

(b) whether it is a fact that the progress of development works in Madras Port is behind schedule ; and

(c) if so, the extent and the reasons therefor ?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a). A statement is laid on the Table of the Lok Sabha. [See Appendix II, annexure No. 22.]

(b) and (c). Work on the West Dock Scheme in the Madras Port is somewhat behind schedule. In the case of such large marine construction schemes, the preparation of designs and specifications and the award of a contract inevitably take time in view of the detailed investigations and studies which must precede their finalisation.

OWN YOUR OWN TELEPHONE

*270. **Shri U. M. Trivedi :** Will the Minister of Communications be pleased to state :

(a) the number of applicants under the "own your own telephone" scheme still awaiting connections in Ahmedabad.

(b) how long they have been waiting ; and

(c) whether Government intend paying them any compensation ?

The Minister in the Ministry of Communications (Shri Raj Bahadur):

(a) 63 applicants who have paid the deposits are awaiting the installation of telephone connections in Ahmedabad.

(b) Since less than six months.

(c) No. Interest is paid on the deposits if the connection is not given within six months of the payment.

IMPORT OF SUGAR

*271. **Shri Tulsidas :** Will the Minister of Food and Agriculture be pleased to state :

(a) the total foreign exchange that was required each year on account of import of sugar during the First Five-Year Plan ; and

(b) the total profits made by Government from the sale of sugar during each of these years ?

The Minister of Food and Agriculture (Shri A. P. Jain): (a) The total foreign exchange required each year

on account of import of sugar during the First Five Year Plan period is as follows :

1951-52.....	Nil
1952-53.....	Nil
1953-54.....	Rs. 5.76 crores
1954-55.....	Rs. 34.43 „
1955-56.....	Rs. 9.21 „

(b) Since the entire quantity purchased in a particular year could not be imported and sold in the same year, figures of profits have not been worked out separately for each year. About one lakh tons of imported sugar is still to be disposed of. The total profit on the entire quantity of sugar when disposed of may amount to something like Rs. 8 crores.

TELEPHONE INFORMATION SERVICE

***272. Shri Wodeyar :** Will the Minister of **Communications** be pleased to state :

(a) whether it is a fact that Government have under consideration a scheme for starting an Information Service in the telephone exchanges ; and

(b) if so, at what stage the matter is ?

The Minister in the Ministry of Communications (Shri Raj Bahadur) :
(a) Yes, in some large exchanges.

(b) The matter is still under consideration.

EFFICIENCY SQUADS ON RAILWAY

***273. { Shri Gadilingana Gowd :
Dr. Ram Subhag Singh :**

Will the Minister of **Railways** be pleased to state when the efficiency squads on various Railways will be started and the estimated cost thereof ?

The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shah Nawaz Khan) : The matter is under examination by individual Railways.

TUBEWELLS

***274. Sardar Iqbal Singh :** Will the Minister of **Food and Agriculture** be pleased to state :

(a) whether the Site Selection Committee for the exploratory tube-wells have visited the States of Punjab and PEPSU ; and

(b) if so, the sites selected for the purpose ?

The Minister of Food and Agriculture (Shri A. P. Jain) : (a) No, Sir.

(b) Does not arise.

बौद्ध यात्रियों को यात्रा सम्बन्धी सुविधायें

***२७५. श्री रघुनाथ सिंह :** क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि विदेशी बौद्ध यात्रियों को यहां दी जाने वाली यात्रा सम्बन्धी सुविधाओं का प्रचार करने के लिये सरकार द्वारा क्या कार्यवाही की जा रही है ताकि उन्हें इस प्रकार की सुविधाओं का पता चल जाये ?

रेलवे तथा परिवहन मंत्री के सभासचिव (श्री शाहनवाज खां) : जिन रियायतों के देने का फैसला किया गया है उनकी घोषणा कुछ दिन पहले एक प्रेस नोट द्वारा कर दी गयी थी। इस प्रेस नोट की प्रतियां दिल्ली में रहने वाले विदेशी प्रेस प्रतिनिधियों को दी गयी थी। इन में उन देशों के कुछ प्रेस-प्रतिनिधि भी शामिल हैं जहां बौद्ध अधिक संख्या में रहते हैं। दक्षिण-पूर्व एशिया के देशों में प्रचार के लिये इस प्रेस नोट की सूचना इन देशों के भारतीय दूतवास के सूचना केन्द्रों (Information Posts) को भी भेज दी गयी है।

HOWRAH BURDWAN ELECTRIFICATION SCHEME

***276. Shri T. B. Vittal Rao :** Will the Minister of **Railways** be pleased to refer to the reply given to Starred Question No. 320 on the 1st December, 1955 and state :

(a) the progress so far made in the work of electrification of Howrah-Mandal-Burdwan section ; and

(b) whether the Railway Board have considered the advisability of accelerating the pace of progress in view of the fact that collieries in the region

of Bihar/Bengal have to step up their production of coal considerably under the Second Five Year Plan?

The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shah Nawaz Khan): (a) Contracts for electric locomotives, electric coaches, substations, overhead equipments, transmission lines and structures have been placed. Foundation work in connection with overhead structures is on hand, about 3 miles of which is already completed.

(b) It is not possible to accelerate the progress as stock and equipment have to be imported and the best deliveries have been obtained.

COMMEMORATION POSTAGE STAMPS

***277. Shri Dabhi:** Will the Minister of Communications be pleased to state whether it is a fact that Government propose to issue special postal stamps bearing the figures of the 1857 heroes, such as the Rani of Jhansi and others, to commemorate the War of Independence of 1857?

The Minister in the Ministry of Communications (Shri Raj Bahadur): The matter is under consideration of Government.

FASTER TRAIN SERVICES

***278. Shri Krishnacharya Joshi:** Will the Minister of Railways be pleased to state:

(a) whether Government propose to introduce faster trains on certain trunk routes in near future; and

(b) which are the main trunk routes on which faster trains will be introduced?

The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shah Nawaz Khan): (a) Yes, Sir.

(b) The long term tentative plan is to introduce a fast service on each of the three main trunk routes viz., Delhi-Howrah, Delhi-Bombay and Delhi-Madras.

** See note below cols 427 and 428

DALMIA-JAIN AVIATION LTD.

***279. Shri Feroze Gandhi:** Will the Minister of Communications be pleased to state:

(a) how many aircraft were owned by the Dalmia-Jain Aviation Limited;

(b) the number of aircraft purchased by the Indian Airlines Corporation from the Dalmia-Jain Aviation Limited; and

(c) the air services, scheduled or non-scheduled, operated by the Dalmia-Jain Aviation Limited?

The Minister in the Ministry of Communications (Shri Raj Bahadur):

(a) **16 aircraft stood registered at one time in the name of this firm, but the number owned by them at the time of nationalization of this industry was 4.

(b) One.

(c) The company operated scheduled air services on the route Delhi-Srinagar in 1948-49. Most of the non-scheduled operations by this company were undertaken in Bengal-Assam area. In the latter part of 1947 and beginning of 1948 they undertook large scale operations to and from Jammu and Kashmir State, and also participated in evacuation operations in the post-partition period. The company did not operate any scheduled services after 30-6-1949 and non-scheduled services after the 18th February, 1952. Its licence for scheduled services expired on the 30-6-1949 and its permit for non-scheduled services on the 30-9-1952.

TELEGRAPH OFFICE IN BEGUN

***280. Shri U. M. Trivedi:** Will the Minister of Communications be pleased to state:

(a) whether promise to open telegraph office in Begun by October, 1954 has been fulfilled; and

(b) the number of new telegraph offices opened in Chittoargarh district between 1950-55?

The Minister in the Ministry of Communications (Shri Raj Bahadur):

(a) Not yet; the proposal had subsequently to be revised to provide for telephone facilities also.

(b) 2.

OILSEEDS

***281. Shri Tulsidas:** Will the Minister of Food and Agriculture be pleased to refer to the reply given to Starred Question No. 1108 on the 21st December, 1955 and state:

(a) whether the Oilseeds Crushing Industry Committee has since submitted its report; and

(b) if so, what are its recommendations?

The Minister of Food and Agriculture (Shri A. P. Jain): (a) No.

(b) Does not arise.

MEAT PRODUCTION

***282. { Shri T. B. Vittal Rao :
Shri Bibhuti Mishra :
Shri Wodeyar :**

Will the Minister of Food and Agriculture be pleased to state:

(a) whether the Government have received any report from the Directorate of Marketing and Inspection regarding meat production and marketing in the country; and

(b) whether a copy of the Report would be laid on the Table of the House?

The Minister of Food and Agriculture (Shri A. P. Jain): (a) Yes.

(b) Printed copies of the Report have already been placed in the library of the Lok Sabha, for use of the hon. Members.

TELE-COMMUNICATION RESEARCH CENTRE

***283. Shri Krishnacharya Joshi:** Will the Minister of Communications be pleased to state:

(a) whether the Tele-communication Research Centre has started functioning; and

(b) if so, the nature of research work to be done there?

The Minister in the Ministry of Communications (Shri Raj Bahadur):

(a) Yes.

(b) As the centre has opened only about a month ago, so far, only preliminary work, such as indenting equipment and determining the priority of problems to be tackled, has been undertaken.

TRAIN ACCIDENT

***284. { Shri U. M. Trivedi :
Shri D. C. Sharma :**

Will the Minister of Railways be pleased to state:

(a) whether any enquiry has been conducted into the causes of a head-on collision between two trains at Fatehabad-Chandrawatiganj; and

(b) if so, the results thereof?

The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shah Nawaz Khan): (a) An enquiry was held by the Government Inspector of Railways, Bombay, into the head-on collision between 448 Down Fast Passenger and 435 Up Passenger trains which occurred at Fatehabad-Chandrawatiganj station on 2-1-56 at about 18.33 hours.

(b) The Government Inspector's provisional finding is that the collision was due to the incorrect setting of the facing points for the reception of No. 435 Up i.e. for the same line on which No. 448 Down was already standing.

OIL PROSPECTING MACHINES

***297. Pandit D. N. Tiwary:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether it is a fact that the Government of India have purchased oil prospecting machineries which were on show at the U.S.S.R. Pavilion of the Indian Industries Fair, New Delhi; and

(b) if so, their nature and purpose?

The Minister of Natural Resources (Shri K. D. Malaviya) : (a) No, Sir. Purchase of one unit, viz. a seismic equipment is, however, under consideration.

(b) The equipment, if purchased, will be used for purposes of seismic exploration.

हिन्दी-उड़िया शब्दकोष

*३०२. श्री जी० भेल० चौधरी : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि उत्कल राष्ट्र भाषा प्रचार समिति द्वारा हिन्दी-उड़िया शब्दकोष बनाने के लिये भारत सरकार ने उड़िया सरकार को अभी तक कितनी सहायता दी है ?

शिक्षा मंत्री के सभासचिव (डा० एम० एम० दास) : राज्य सरकार को आर्थिक सहायता देने के प्रश्न विचाराधीन है।

BRANCHES OF INDIAN BANKS ABROAD

*303. **Shri Tulsidas :** Will the Minister of Finance be pleased to lay on the Table a statement showing :

(a) the number of branches opened by the Indian Banks in foreign countries since 1951 and the details thereof;

(b) the measure of direction and co-ordination work done by the Reserve Bank in this connection; and

(c) the nature of the facilities given by Government and the Reserve Bank for this purpose ?

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha) :

(a) A statement showing the number of branches opened by Indian Banks in foreign countries since 1951 is laid on the Table of the Lok Sabha [See Appendix II, annexure No. 23.]

(b) Permission for the opening of branches is given by the Reserve Bank after giving due consideration to the factors enumerated in Section 23 of the Banking Companies Act, 1949. Co-ordination is effected by the Reserve Bank of India satisfying itself that the public interest will be served by the opening of the branches. The Reserve

Bank of India does not, however, for obvious reasons, direct any bank to open a branch at any particular place.

(c) Government and the Reserve Bank of India are anxious to render all possible assistance but the nature of the facilities given depends naturally on the circumstances of each particular case.

राष्ट्रीय एटलस

*३१३ श्री भक्त दर्शन : क्या प्राकृतिक साधन और वैज्ञानिक गवेषणा मंत्री ३ सितम्बर १९५५ को दिये गये तारांकित प्रश्न संख्या १४०६ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) क्या राष्ट्रीय एटलस तैयार करने के लिये एक संगठन बनाने के बारे में कोई निर्णय किया गया है; और

(ख) यदि हां, तो इसके कार्यक्रम तथा कार्यप्रणाली के बारे में जानकारी देने वाला एक विवरण टेबल पर रखा जायेगा ?

प्राकृतिक संसाधन मंत्री (श्री के० डी० भालविय) : (क) तथा (ख). आवश्यक जानकारी विवरण पत्र के रूप में सभा पटल पर प्रस्तुत की जाती है [देखियें परिशिष्ट २, अनुबन्ध संख्या २४]

गावों का विकास

*३१४ श्री सी० डी० पांडे : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि सरकार विश्व-विद्यालयों के कुछ चुने हुये विद्यार्थियों तथा अध्यापकों को ग्रामविकास के लिये शिक्षात्मक वृत्ति (एपरिटिसशिप) देने की योजना बनाने का विचार कर रही है;

(ख) विभिन्न विश्वविद्यालयों के उप-कुलपतियों ने योजना के स्वरूप के बारे में क्या राय दी है; और

(ग) यह योजना कब कार्यान्वित की जायेगी?

शिक्षा मंत्री के सभासचिव (डा० एम० एम० दास) : (क) हां जी। योजना को अन्तिम रूप देकर विश्वविद्यालयों के पास भेजा जा चुका है।

(ख) विश्वविद्यालयों ने सामान्यतः इस योजना का स्वागत किया है।

(ग) १९५६ की गमियों की छुट्टियों में इस योजना को कार्यान्वित किया जायेगा।

GOLD PRICES

***315. Pandit D. N. Tiwary :** Will the Minister of **Finance** be pleased to state :

(a) whether it is a fact that in December last the prices of gold dropped considerably ; and

(b) If so, the reasons therefor ?

The Deputy Minister of Finance (Shri B. R. Bhagat) : (a) There was a rise of 3.6 per cent between October 21 and November 25 and a fall of 3.9 per cent between November 25 and December 13. It is a matter of opinion whether these differences are considerable or not.

(b) It is not possible to ascribe precise reasons for movements of prices on the Bombay bullion exchange.

GNAT JET AIRCRAFT

***317. Shri Radha Raman :** Will the Minister of **Defence** be pleased to state :

(a) whether Government are at present negotiating with an English Aircraft Factory for the purchase of Gnat jet aircrafts ;

(b) whether Government propose to send a Mission there to discuss the possibilities of manufacturing them in the country itself ; and

(c) if so, the stage which the negotiations have reached with the Aircraft Factory concerned ?

The Minister of Defence Organisation (Shri Tyagi) : (a) and (b). Yes, Government are negotiating for the purchase of Gnat aircraft and also for its manufacture under licence in due course.

(c) The draft contracts are being discussed.

U. P. ARMED CONSTABULARY

***318. Shri N. B. Chowdhury :** Will the Minister of **Home Affairs** be pleased to state :

(a) whether it is a fact that Government instructed the Uttar Pradesh Government to despatch its Armed Constabulary to Bombay in January, 1956 ; and

(b) if so, the purpose and the circumstances under which such instructions were issued ?

The Minister in the Ministry of Home Affairs (Shri Datar) : (a) Yes.

(b) To deal effectively with the serious law and order situation arising out of the proposed re-organisation of the State.

BHARAT ELECTRONICS FACTORY

***81. Shri Keshavaiengar :** Will the Minister of **Defence** be pleased to state :

(a) whether it is a fact that the construction of the buildings for the Bharat Electronics Factory, Bangalore was entrusted to the M.E.S. in the first instance ;

(b) whether any change has been made in it ; and

(c) if so, the reasons therefor ?

The Minister of Defence Organisation (Shri Tyagi) : (a) Yes.

(b) Certain items of work were withdrawn by Bharat Electronics Ltd. from the M.E.S., but the major part of the work is still being done by the M.E.S.

(c) Before the Bharat Electronics Limited was registered as a Company in April 1954, preliminary work in connection with the setting up of the Factory was being looked after by the Ministry of Defence who had entrusted the construction of buildings to the M.E.S. On the constitution of a Board of Director for the Company, the Board preferred to get a part of the work executed through its own engineering staff, as it thought that it would be

an advantage to have the work carried out under its own direct supervision, which would also result in saving of M.E.S. Departmental charges.

LIGHT HOUSES

109. Shri Ibrahim : Will the Minister of Transport be pleased to state :

(a) the progress made in the improvement and development of light houses in the country during the year 1955-56 ;

(b) the amount sanctioned for this purpose during the same period ;

(c) the amount spent out of this sum ;

(d) the total value of the lighthouse equipment for which orders have been placed abroad ; and

(e) by what time the equipment is expected to arrive ?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) Construction of twenty-five new light-houses has been completed and improvement to 8 existing lighthouses has been effected during 1955-56.

(b) Rs. 56.48 lakhs.

(c) Rs. 25.22 lakhs up to the end of January 1956.

(d) Rs. 19 lakhs.

(e) Machinery and equipment for 25 light and buoy stations have already been received and the delivery of the rest of the equipment is expected before the end of February 1957.

TELEGRAPH OFFICES

110. Shri Ibrahim : Will the Minister of Communications be pleased to state :

(a) the number of telegraph offices in India on the 31st December, 1955;

(b) the number of telegraph offices in Bihar on that date ; and

(c) whether Government propose to extend telegraph offices in towns having a population of more than five thousand ?

The Minister in the Ministry of Communications (Shri Raj Bahadur) :

(a) 5,008.

(b) 407.

(c) Yes, wherever the loss involved does not exceed Rs. 500 per annum subject to no other telegraph office existing within five miles ; where the loss is higher, the facility can be provided on a guarantee basis.

TELEPHONE LINES

111. Shri Sivamurthi Swami : Will the Minister of Communications be pleased to state :

(a) whether the Telephone Department is planning to remove the overhead telephone lines in various areas in the Madras city and replace them by under-ground cables ;

(b) if so, the reasons for this change over ; and

(c) whether Preventive Maintenance System has been introduced in the various exchanges of the city ?

The Minister in the Ministry of Communications (Shri Raj Bahadur) :

(a) The general aim of the Department is to provide the telephone connections in large cities and congested areas mostly by means of underground cables and with a minimum of overhead telephone lines.

(b) The main reason is that the cables are less liable to interruption and faults.

(c) The preventive maintenance system is not a new one to the Department. It has always been adopted in order to reduce the incidence of faults on telephone and telegraph circuits.

ROHTAK-GOHANA RAIL LINK

112. Shri R. K. Gupta : Will the Minister of Railways be pleased to state whether there is any proposal to restore the Rohtak-Gohana Rail link ?

The Deputy Minister of Railways and Transport (Shri Alagesan) : Yes, Sir.

FARM MECHANIZATION

113. Thakur Jugal Kishore Sinha : Will the Minister of Food and Agriculture be pleased to state :

(a) the details of the training held at the Technical Meeting and Training Centre on farm mechanization under the auspices of the F.A.O. at Amparai in Ceylon ;

(b) the names and particulars of the personnel who were selected for this training ; and

(c) the basis on which the selection of the personnel was made ?

The Minister of Food and Agriculture (Shri A. P. Jain) : (a) Training in the selection of equipment, techniques of operation, base and field workshops, service, maintenance, repair and economics of machinery for agriculture was imparted at the Centre.

(b) The following three officers were selected for this training :—

(1) Shri P. L. Goel, Director of Stores, Central Tractor Organisation, New Delhi.

(2) Major H. S. Sandhu, Deputy Director, Terai Farms, Rudrapur, U.P.

(3) Shri V. Subbaraju, Agricultural Engineer, Government of Hyderabad.

Major Sandhu could not participate as he was not released by the State Government.

(c) The candidates for this training were selected on the basis of qualifications prescribed by F.A.O. Certain State Governments and the Central Tractor Organisation who were likely to be interested in the type of training offered were requested to nominate candidates having the requisite qualifications.

MALARIA CONTROL

114. Thakur Jugal Kishore Sinha : Will the Minister of Health be pleased to state :

(a) the annual cost for running each National Malaria Control unit; and

(b) what check is being exercised to prevent leakage of the D.D.T. stock to the market ?

The Minister of Health (Rajkumari Amrit Kaur) : (a) The average annual cost is Rs. 4-67 lakhs.

(b) So far no report of leakage of D.D.T. stock to the market has been received.

INDIAN CROP CALENDAR

115. Thakur Jugal Kishore Sinha : Will the Minister of Food and Agriculture be pleased to state :

(a) the purpose of the publication of Indian Crop Calendar ; and

(b) the proposal, if any, to popularise the calendar ?

The Minister of Food and Agriculture (Shri A. P. Jain) : (a) The Publication is intended to bring the information relating to agricultural operations in progress in the different States with appropriate background information relating to soil, rainfall, sowing and harvesting seasons in respect of principal crops in India, crop diseases, climatic conditions etc. to the knowledge of public.

(b) English as well as Hindi Editions of the Crop Calendar have been published and these are brought to the notice of the public through 'Press Notes' and advertisements in leading newspapers, as in case of other priced publications.

JAIPUR STATION

116. Shri Radha Raman : Will the Minister of Railways be pleased to state :

(a) whether it is a fact that Jaipur Railway Station is proposed to be remodelled ; and

(b) if so, what fresh amenities will be provided there ?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) Yes, Sir.

(b) (i) Spacious waiting room and waiting hall along with modern sanitary conveniences as well as waiting facilities.

(ii) Better facilities for booking of passengers, reservation of accommodation and for enquiries.

(iii) Retiring Room for the tourists.

(iv) Cloak Room facilities.

(v) Increased Parcel and Luggage facilities.

(vi) Refreshment stalls.

P. AND T. STAFF

117. Shri Eswara Reddi : Will the Minister of Communications be pleased to state :

(a) the number of Extra-Departmental Staff discharged or ousted all over India as a result of raising the level of Extra-Departmental Offices to Departmental Offices since 1947 ; and

(b) the number of such staff retained or re-absorbed in service ?

The Minister in the Ministry of Communications (Shri Raj Bahadur) :

(a) 942.

(b) 116.

ROADS

118. Sardar Hukam Singh : Will the Minister of Transport be pleased to state the amount of grants made to the State Governments during 1955-56 for improvement of roads ?

The Deputy Minister of Railways and Transport (Shri Alagesan) :
Rs. 69.11 lakhs.

RAILWAY ACCIDENTS

**119. { Chaudhuri Muhammed Shafiee :
Shri D. S. Sharma :
Shri C. R. Iyyunni :
Shri M. L. Agrawal :
Shri Krishnacharya Joshi :**

Will the Minister of Railways be pleased to state :

(a) the number of accidents on Indian Railways zone-wise during the period from the 1st October, 1955 to the 31st January, 1956 ;

(b) the total loss of life and property ;

(c) the causes thereof ; and

(d) the total amount paid as compensation ?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) The total number of train* accidents which occurred during the period is :—

Railway	Number of train accidents.
Central	175
Eastern	217
Northern	231
North Eastern	202
Southern	196
South Eastern	145
Western	135
TOTAL	1301

(b) (i) The total number of persons killed as a result of the train accidents is :—

Railway	No. of killed
Central	11
Eastern	1
Northern	5
North Eastern	14
Southern	Nil
South Eastern	3
Western	5
TOTAL	39

(ii) Approximate cost of damage to Railway property as a result of the accidents is :—

Railway	Damage to Railway property Rs.
Central	1,00,522
Eastern	3,37,769
Northern	89,209
North Eastern	95,334
Southern	1,36,288
South Eastern	2,50,688
Western	88,358
TOTAL	10,98,168

The cost of damage to public property is not known.

*Categories of train accidents included are:—

Derailment Collisions. Averted Collisions, Reception of trains on blocked or wrong lines. Trains running away, Parting of trains. Trains running into road traffic at level crossings. Fires in trains, Trains running without proper line clear or without line clear.

(c) An analysis of the causes of these train accidents is furnished below :—

Causes.	Railways							Total.
	Central	Eastern	Northern	North-Eastern.	South-ern.	South-Eastern.	West-ern.	
Failure of Railway Staff.	62	133	105	48	88	22	22	480
Failure of other than Rail-way staff	2	3	6	5	2	1	3	22
Failure of track	2	1	1	6		13	2	25
Failure of Mechanical equipment, engines, rolling stock	37	67	80	72	45	102	74	477
Tempering with the track	1	2	..	1	..	4
Other causes	64	4	9	4	28	4	16	129
Still under enquiry . .	7	9	30	65	33	2	18	164
TOTAL:	175	217	231	202	196	145	135	1301

(d) The information is under collection and will be laid on the Table of the Lok Sabha later.

KAKINADA-KOTIPALLI LINE

120. { **Dr. Rama Rao :**
Shri Mohana Rao :

Will the Minister of Railways be pleased to refer to the reply given to Unstarred Question No. 124 on the 29th July, 1955 and state :

(a) whether Government have taken a final decision regarding the proposal to restore the dismantled Railway of Kakinada-Kotipalli (S. Rly.) in the Second Five-Year Plan ; and

(b) if so, the decision taken ?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) No final decision has yet been taken regarding all the lines to be taken in hand during the Second Five Year Plan Period.

(b) Does not arise.

RAILWAY STAFF QUARTERS

121. **Shri D. C. Sharma :** Will the Minister of Railways be pleased to state :

(a) the total amount which has been spent so far on the construction of staff quarters for railway employees during the current financial year :

(b) the number of quarters so far constructed during the current year ; and

(c) the class of employees for which these quarters have been constructed?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) Rs. 4.16 crores approximately expected during the current financial year.

(b) 11,007 quarters are expected to be completed in the current financial year.

(c) 60 for Class I and II and 10,947 for Class III and IV staff.

TRAVELLING ON FOOT-BOARDS

122. **Shri D. C. Sharma :** Will the Minister of Railways be pleased to state the number of deaths occasioned by passengers travelling on the foot-boards of trains on different railways separately in 1955 ?

The Deputy Minister of Railways and Transport (Shri Alagesan) :

Railway.	No. of deaths
Western	21
North-Eastern	Nil
Central	38
Northern	13
South-Eastern	3
Eastern	4
Southern	Nil

DEATHS BY SNAKE-BITE

123. **Shri D. C. Sharma** : Will the Minister of **Health** be pleased to state the approximate number of persons dying every year due to snake-bite from 1950-1955?

The Minister of Health (Rajkumari Amrit Kaur): No reliable estimate regarding deaths from snake-bite in

India has been made. The number of deaths due to snake-bite recorded in the registration areas of the various States during the years 1950 to 1953 as far as available is, however, given below. (Information for the subsequent years is not available):—

STATEMENT

Stats	1950	1951	1952	1953
Assam*	58	77	45	†
Bihar	†	†	†	†
Bombay	955	1,326	984	1,048
Madhya Pradesh	468	463	†	†
Madras*	1,479	1,068	†	†
Orissa*	584	508	962	†
Punjab	122	203	218	219
Uttar Pradesh	1,189	2,047	1,426	1,542
West Bengal	1,415	1,453	1,471	†
Ajmer*	15	18	19	†
Coorg	†	†	†	†
Delhi	†	†	†	†
TOTAL	6,285	7,168	5,125	2,809

* Figures relate to deaths due to snake-bite and attack of wild beasts.

† Information is not available.

KHEJURIAGHAT-MALDA LINE

124. **Shri S. M. Ghose**: Will the Minister of **Railways** be pleased to state:

(a) whether the survey of Khejuriaghat-Malda line has been completed;

(b) if not, at what stage is the matter?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Yes, Sir.

(b) Does not arise.

रेलवे इंजन डिब्बे आदि

१२५. श्री के० सी० सोबिया : क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि :

(क) पेट्रोल, मिट्टी का तेल और खाने का तेल लाने, ले जाने के लिये भारतीय रेलों पर बड़ी लाइन और छोटी लाइन के विशेष प्रकार के अभी कितने टैंक तैयार हैं ;

(ख) क्या तेल उद्योग की वर्तमान आवश्यकताओं के लिये ये डिब्बे पर्याप्त हैं ;

(ग) यदि नहीं, तो कितने और किस प्रकार के अतिरिक्त की डिब्बों आवश्यकता है ;

(घ) द्वितीय पंच वर्षीय योजना के अंतिम वर्ष तक ऐसे कितने डिब्बे और अधिक बढ़ाये जायेंगे ;

(ङ) क्या ये डिब्बे भारत में बनाये जाते हैं; और

(च) यदि हां, तो कितने डिब्बों के लिये आर्डर दे दिये गये हैं, या दिये जाने वाले हैं ?

रेलवे तथा परिवहन उपमंत्री (श्री अलमेशान):

(क) सूचना नीचे दी गयी है :-

	बड़ी लाइन	मीटर लाइन
पेट्रोल के टैंक वैगन .	१,६८२	६६५
मिट्टी के तेल के टैंक वैगन	१,११४	४१६
जलाने के तेल के टैंक वैगन	८५६	६४८
वनस्पति तेल के टैंक वैगन	५५३	५८

जोड़ . ४,२०५ १,८१७

इनमें बहुत से डिब्बे पेट्रोल टाइप के टैंक वैगन हैं ; इसलिये इन में ऊपर लिखे सब तरह के तेल भेजे जा सकते हैं ।

(ख) जी नहीं ।

(ग) जैसा कि इस समय अनुमान है, भाग (क) में बताये गये टैंक वैगनों की संख्या इस प्रकार बढ़ाने की जरूरत है :-

	बड़ी लाइन	मीटर लाइन
पेट्रोल के टैंक वैगन (पेट्रोल, मिट्टी का तेल और जलाने का तेल भेजने के लिये) .	१,१२६	५६०
वनस्पति तेल के टैंक वैगन (खाने के और दूसरे काम में आने वाले (non edible) तेल भेजने के लिये) .	३४५	१००
जोड़ .	१,४७४	६६०

ये सब डिब्बे पेट्रोल टाइप के टैंक वैगन हैं, जिनमें ऊपर लिखे सब तरह के तेल भेजे जा सकते हैं ।

(घ) आशा है कि जितने टैंक वैगनों के आर्डर दिये गये हैं, उनसे—

(i) पेट्रोल उद्योग को आज तक की प्रगति को देखते हुए, १९५७ के अंत तक पेट्रोल-यातायत की जरूरतें पूरी हो जायेंगी, और

(ii) जहां तक अनुमान है, वनस्पति तेल के यातायात की जरूरतें भी पूरी हो जायेंगी ।

भाग्य जब जैसी जरूरत पड़ेगी, और भी टैंक वैगनों का प्रबन्ध किया जायेगा ।

(ङ) जी हां, ये डिब्बे भारत में बनते हैं और बाहर से भी मंगाये जाते हैं ।

(च) सूचना नीचे दी गयी है :—

डिब्बे, इंजन आदि का कार्यक्रम	बड़ी लाइन	मीटर लाइन
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(i) जिनका आर्डर भारत में दिया गया है

१९५४-५५ .	७००*	३००**
१९५५-५६ .	१००	२०५
१९५६-५७ .	५५०	१९६

इतने माल का आर्डर भारतीय निर्माताओं को (दिया गया)

(ii) जिन का आर्डर बाहर दिया गया है

१९५५-५६ .	१५७	कोई नहीं
१९५६-५७ .	३७६	कोई नहीं

(अभी आर्डर देना बाकी है)

जोड़ . १,८८३ ७०१

इन में भाग (ग) के उत्तर में बताये गये टैंक वैगनों के अलावा बदलाव के वैगन भी शामिल हैं ।

नोट:— *इन ७०० टैंक वैगनों में से ५५५ वैगन मिल गये हैं जो प्रश्न के भाग (क) के उत्तर से सम्बन्धित आंकड़ों में शामिल हैं ।
**इन ३०० टैंक वैगनों में से ६५ मिल गये हैं जो प्रश्न के भाग (क) के उत्तर से सम्बन्धित आंकड़ों में शामिल हैं ।

१९५५-५६ में नई रेलवे लाइनें

१२६. श्री बलवंत सिंह मेहता : क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५५-५६ में देश में कौन कौन सी नई रेलवे लाइनें बिछाई जायेंगी ; और

(ख) क्या १९५६-५७ में राजस्थान में किसी नई रेलवे लाइन का निर्माण कार्य प्रारम्भ किया जायेगा ?

रेलवे तथा परिवहन उपमंत्री (श्री भलगेसन) :

(क) जो लाइनें बनायी जा रही हैं या १९५५-५६ में जिनके बनाने की मंजूरी दी गयी है, उनके नाम इस प्रकार हैं :-

१. चम्पा-कोरबा,
२. नौमुंडी-बांसपाणी,
३. क्विलन-एर्नाकुलम,
४. एटा-बरहन
५. खंडवा-हिंगोली,
६. फतेहपुर-चूरू,
७. इन्दौर-डेवास-उज्जैन,
८. गोप-कटकोला,
९. राणीवाडा-मीलादी,
१०. पठानकोट-माधोपुर,

(ख) अभी तक कोई फैसला नहीं किया गया है ।

TELEPHONE FACILITIES IN MEHSANA

127. **Shri Tulsidas** : Will the Minister of **Communications** be pleased to state :

(a) the extent of expansion of the telephone facilities made available in the Mehsana District during the course of the First Five Year Plan ;

(b) details of the schemes still under execution ;

(c) the details of the schemes implemented ;

(d) the expansion programme of telephone facilities in this district for the Second Five Year Plan ; and

(e) the estimated cost of the above programme ?

The Minister, in the Ministry of Communications (Shri Raj Bahadur) :

(a) and (c). (i) *Exchanges opened :*

1. Patan
2. Sidhpur
3. Visnagar

(ii) *Public Call Offices opened :*

1. Harij
2. Chanasma
3. Visnagar (later converted into exchange)
4. Vadnagar
5. Radhanpur

(iii) *Other items of expansion :*

1. Single channel carrier system, Ahmedabad-Kalol.
2. Single channel carried system, Ahmedabad-Mehsana.
3. Additional trunk circuit, Ahmedabad-Unjha.
4. Additional trunk circuit, Unjha-Mehsana.
5. Installation of Trunk Switch Board at Mehnsana.

(b) (i) Opening a 50 line exchange at Kadi.

(ii) Providing a separate trunk circuit to Harij Public Call Office from Mehnsana.

(iii) Additional trunk circuit from Ahmedabad to Mehnsana.

(d) and (e). The details of the schemes relating to Mehsana District for the Second Plan have not been finalised. They are mostly small ones (minor works) and their cost will be known only when they are taken up for detailed examination. Telephone exchanges and public call offices at a few places are however, expected to be provided.

POSTS AND TELEGRAPHS OFFICES

128. **Shri Tulsidas** : Will the Minister of **Communications** be pleased to state :

(a) the number of (i) Posts, and (ii) Telegraphs Offices opened in the Mehsana District during each year of the First Five Year Plan period ;

tch

(b) the expansion programme of the Postal services and facilities in this district for the Second Five Year Plan; and

(c) the details thereof?

The Minister in the Ministry of Communications (Shri Raj Bahadur):

(a)

Years	Number of Post offices opened	No of Telegraph offices opened
1951-52	12	..
1952-53	4	2
1953-54	6	1
1954-55	3	2
1955-56 (upto 31-1-56)	1	1
Proposed to be opened by 31-3-56	4	..

(b) and (c). 2 new post offices are proposed to be opened during the Second Five Year Plan.

EXTRA DEPARTMENTAL POSTMASTERS

129. { **Thakur Jugal Kishore Sinha :**
Shri Asthana :
Babu Ramnarayan Singh :

Will the Minister of Communications be pleased to state :

(a) the rate at which an increase in the pay or emolument of Extra Departmental Branch post-masters is sanctioned as compared to the increase in the volume of work; and

(b) whether there is any proportionate increase in the emoluments of the delivery agents of such post offices?

The Minister in the Ministry of Communications (Shri Raj Bahadur):

(a) The basic allowance of Extra-Departmental Branch Postmasters is determined with reference to a "Point System", a copy of the Government orders relating to which is placed on the Table of the Lok Sabha. [See Appendix II, annexure No. 25.] They are also paid dearness allowance of Rs. 10 in addition to their basic allowance.

(b) No.

SPORTS

130. Shri Gadilingana Gowd: Will the Minister of Health be pleased to state :

(a) the number of places visited by the eminent foreign sportsmen during 1955-56 under the Rajkumari Sports Coaching Scheme; and

(b) the total expenses incurred on their tour?

The Minister of Health (Rajkumari Amrit Kaur): (a) Twelve places have so far been visited by foreign sportsmen under the auspices of the Coaching Scheme during 1955-56, namely :—

New Delhi, Calcutta, Bangalore, Ernakulam, Bombay, Trivandrum, Hyderabad, Ajmer, Madras, Patiala, Lucknow and Jubbulpore.

(b) Rs. 48,000 (estimated).

बचत बैंक लखा

१३१. श्री कृष्णाचार्य जोशी : क्या संचार मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५५ में डाकघरों के बचत बैंकों में कुल कितनी राशि जमा की गई थी; और

(ख) उस राशि पर कितना ब्याज दिया गया था ?

संचार मंत्रालय में मंत्री (श्री राज बहादुर):

(क) १४५,४८,४६,००० रुपये ।

(ख) यह सूचना उपलब्ध नहीं है, क्योंकि जमा की गई धन राशि पर ब्याज का हिसाब वित्तीय वर्ष की समाप्ति पर लगाया जाता है ।

RENAMING OF ROADS IN DELHI

132. { **Sardar Iqbal Singh :**
Shri D. C. Sharma :

Will the Minister of Health be pleased to refer to the reply given to Unstarred Question No. 281 on the 5th December, 1955 and state :

(a) whether it has been decided that some more main roads of Delhi and New Delhi will be given Indian names ;

(b) if so, the names selected for different roads ;

(c) the criteria for selecting new names ; and

(d) the date when these names would come into force ?

The Minister of Health (Rajkumari Amrit Kaur) : (a) Yes.

(b)

<i>New Delhi old name</i>	<i>New Name</i>
1. Albuquerque Road, Delhi	Tis January Marg.
1. Original Road.	Desh Bandhu Gupta Road,
2. Egerton Road.	Nai Sarak.
3. G.B. & B.B. Road.	Shradhanand Bazar.
4. Pusa Road (Bhoori Bhatyari Ka Mahal to the Gate of Pusa Institute)	Shanker Lal Road.

(c) The Delhi and the New Delhi Municipal Committees are the competent authorities for re-naming roads in Delhi and New Delhi respectively. The names of the roads have been changed in accordance with the resolutions passed by these Committees.

(d) They have already come into force.

P. & T. OFFICES IN PUNJAB

133. Sardar Iqbal Singh : Will the Minister of **Communications** be pleased to state the total amount spent and to be spent on the telegraph, telephone and public call offices opened so far and proposed to be opened during this year in Punjab ?

The Minister in the Ministry of Communications (Shri Raj Bahadur) :

	<i>Amount spent upto 31st Jan- ary, 1956</i>	<i>Amount to be spent upto 31st March, 1956</i>
	Rs.	Rs.
1. Telegraph Offices.	43,275	25,237
2. Telephone Exchanges.	18,021	19,343
3. Public Call Offices	1,15,391	1,19,802

RAIDS ON STATIONS

134. Sardar Iqbal Singh : Will the Minister of **Railways** be pleased to state :

(a) the number of railway stations which have been looted or raided by armed gangs of dacoits during 1955 on the Northern Railway ; and

(b) the names of such stations and steps taken by Government in this respect ?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) Two.

(b) Pakhna and Arseni.

The steps to be taken in this context are essentially for the State Governments. It is understood, however, that in the case of the first mentioned station efforts continue to apprehend the suspected gang, while the case of the other station has been treated as one in which the culprits could not be traced : also, that necessary vigil is being kept by the Government Railway and District Police to prevent recurrence of such incidents.

TELEGRAPHIC DELAYS

135. Sardar Iqbal Singh : Will the Minister of **Communications** be pleased to state :

(a) the total number of complaints received in the Punjab circle regarding delay in the delivery of telegrams both ordinary and express during 1955 ;

(b) the number of cases in which enquiries were held ; and

(c) the number of cases in which postal employees were found negligent and punished ?

The Minister in the Ministry of Communications (Shri Raj Bahadur) : (a) and (b). 894 between April, 1955 and January, 1956.

(c) Definite information is not yet available. It will be obtained in due course and placed on the Table of the Lok Sabha.

WAGONS

136. Sardar Iqbal Singh : Will the Minister of Railways be pleased to state :

(a) the number of wagons supplied to different cotton centres during 1955-56 on the Northern Railway ; and

(b) the number of wagons demanded and the number supplied during the said period ?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) The number of wagons supplied to different cotton centres during 1955-56, up to the end of January, 1956, on the Northern Railway is as given below :—

To stations on the Bikaner Division (M.G.)	2,209
To stations on the Ferozepur Division (B.G.)	3,113
To stations on the Delhi Division (B.G.)	1,797
(b) (i) No. of wagons demanded during the same period	8,967
(ii) No. of wagons supplied during the same period	7,119

The outstandings were mainly due to the broad gauge loading during the current season being affected by the breaches on the Ferozepore and Delhi Divisions during October, 1955.

DELHI TRANSPORT SERVICE

137. Shri M. Islamuddin : Will the Minister of Transport be pleased to state :

(a) the number of D. T. S. buses discarded during the year 1955 ;

(b) the number of buses which require immediate replacement ; and

(c) the steps being taken to replace them ?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) 18.

(b) Nil.

(c) Does not arise.

पैसेंजर गाईड

१३८. श्री एम० एन० सिंह : क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या पूर्वोत्तर रेलवे के पैसेंजर गाइडों के लिये कोई वेतन क्रम निश्चित किया गया है ; और

(ख) उनकी नियुक्ति के लिये किन किन योग्यताओं की आवश्यकता होती है ?

रेल्वे तथा परिवहन उपमंत्री (श्री भल्लगेशन) : (क) जी हाँ, वेतन-क्रम ६०-१५० रुपये ।

(ख) यात्री-सहायकों की सीधी भर्ती नहीं की जाती । टिकट कलेक्टरों को तरक्की देकर इस पद पर रखा जाता है ।

पश्चिम रेलवे पर चोरी

१३९. श्री अमर सिंह शर्मा : क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि :

(क) माल डिब्बों में चोरी होने के कारण ३१ दिसम्बर, १९५५ को समाप्त होने वाले वर्ष में पश्चिम रेलवे को कुल कितनी हानि उठानी पड़ी ; और

(ख) रेलवे पुलिस ने कितने मामलों में चोरी का पता लगाया और कितने मामलों में अपराधियों को दंड दिया गया ?

रेल्वे तथा परिवहन उपमंत्री (श्री भल्लगेशन) : (क) १,१५,७५६ रुपये ।

(ख) सूचना मंगायी जा रही है और सभा पटल पर रख दी जायेगी ।

INCOME TAX INVESTIGATION COMMISSION

140. Shri Shree Narayan Das : Will the Minister of Finance be pleased to state :

(a) the number of cases pending before the Income-Tax Investigation Commission and the number of assessment and re-assessment proceedings pending before the income-tax officers concerned on January 26th, 1950 that have been affected by the judgment of the Supreme Court by which section 5(1) of the Taxation on Income (Investigation Commission) Act of 1947 has been declared as void ; and

(b) the amounts involved in different categories of the above cases ?

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): (a) and (b). No. of cases affected by the Supreme Court decision declaring Sec-

tion 5(1) of the Taxation on Income (Investigation Commission) Act of 1947 as void :

	No. of Cases	Concealment Rs.	Tax. Rs.
(i) Pending with the Commission on 26-1-50	745	37 Crores	22 Crores
(ii) Disposed of by the Commission before 26-1-50 but in which assessment or re-assessment proceedings were pending on that date	60	1.84 Crores	.49 Crores

छोटी बचत योजना

१४१. श्री एम. एल. द्विवेदी : क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) छोटी बचत योजना के सम्बन्ध में एजेंट नियुक्त करने की पद्धति में कितनी सफलता मिली;

(ख) पंच वर्षीय योजना के अधीन छोटी बचत के लिये इस तरह कितने एजेंट नियुक्त किये गये और उन्हें कुल कितना कमीशन दिया गया; और

(ग) क्या इस योजना को और अधिक सफल बनाने के लिये कोई नये प्रस्ताव हैं, और यदि हाँ, तो उनका ब्यौरा क्या है ?

राजस्व और रक्षा व्यय मंत्री (श्री ए. सी. गुह): (क) छोटी बचतों से और अधिक रुपया इकट्ठा करने के सम्बन्ध में हम कह सकते हैं कि यह पद्धति सन्तोषजनक रही।

(ख) १ अप्रैल १९५२ से नवम्बर १९५५ के अन्त तक नियुक्त किये गये एजेंटों और एजेंट संगठनों की कुल संख्या १५,७७४ थी। इनमें वे पंचायतें, पंचायतों के पदाधिकारी, म्यूनिसिपैलिटियों के अध्यक्ष, उपाध्यक्ष, प्रधान तथा उप-प्रधान और वे अन्य व्यक्ति शामिल नहीं हैं, जो ग्रामीण एजेन्सी पद्धतिके अधीन प्रयोग रूप में एजेंट नियुक्त किये गये हैं। इकट्ठा की गयी रकम पर १ १/४ प्रतिशत की दर से नवम्बर १९५५ के अन्त तक कुल लगभग ३३.६४ लाख रुपया कमीशन दिया गया।

(ग) बचत आन्दोलन को बढ़ाने पर बराबर ध्यान दिया जाता है और जो उपाय विचाराधीन हैं उनमें बचत ग्रुपों (Saving Group) का संगठन, एजेन्सी पद्धति का विशेषतः ग्रामीण क्षेत्रों में विस्तार, अधिक व्यापक प्रचार, उपहार पर्चियां (Gift Coupon) जैसी नयी योजनाओं का समारम्भ तथा सार्वजनिक सहयोग सम्मिलित हैं।

केन्द्रीय समाज कल्याण बोर्ड

१४२. श्री भागवत झा आझाद : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) प्रथम पंच वर्षीय योजना के अधीन दिसम्बर, १९५५ तक विभिन्न कल्याण कार्यक्रमों के लिये केन्द्रीय समाज कल्याण बोर्ड को सरकार ने कितनी राशि स्वीकृत की; और

(ख) प्रथम पंच वर्षीय योजना की कालावधि के दौरान में केन्द्रीय समाज सेवा कल्याण बोर्ड ने देश के कितने जिलों में कल्याणकारी योजनायें आरम्भ की ?

शिक्षा मंत्री के सहायक (डा० एम० एम० दास) : (क) १,५३,५२,१२३ रु०।

(ख) २७०।

ALMORA CANTONMENT

143. Shri B. D. Pande: Will the Minister of Defence be pleased to state :

(a) whether it is a fact that the residents of the Sanitary Control area in the Almora Cantonment have approached the Government to release an area of land measuring about 100 acres from the Sanitary Control of the Cantonment Board; and

(b) if so, the decision thereon ?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes. It is true that a proposal was received by the Almora Cantonment Board for excluding about 75 acres of land adjacent to Almora Cantonment, from certain provisions of the Cantonment Act on condition that the Municipality would maintain the sanitation of this area.

(b) The proposal is now under consideration of the Government and will be decided within a few weeks.

EDUCATION OF THE DEAF AND DUMB

144. Shri Bhagwat Jha Azad : Will the Minister of Education be pleased to state what provisions are being made for the education of deaf and dumb in India in the Second Five Year Plan?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : A statement giving the requisite information is attached. [See Appendix II, annexure No. 26.]

TECHNICAL EDUCATION

**145. { Shri Radha Raman :
Shri M. L. Dwivedi :**

Will the Minister of Education be pleased to state :

(a) whether it is a fact that Government have set up a Regional Committee at Kanpur to give advice and guidance in the matter of development of technical education ; and

(b) if so, the nature and functions thereof ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) Yes.

(b) A statement is laid on the Table of the Lok Sabha. [See Appendix II, annexure No. 27.]

M.E.S. EMPLOYEES

146. Shri Keshavaiengar : Will the Minister of Defence be pleased to state :

(a) whether the employees of the M.E.S. are provided with any medical facilities ; and

(b) if so, what are they ?

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

(b) For purposes of medical attendance, employees of the M.E.S. are governed by the Regulations for the Medical Services of the Army in India, in places other than Delhi and New Delhi. This medical attendance includes (i) professional advice and treatment afforded to persons eligible for such during sickness and injury as

out-patients at military hospitals, military family hospitals, dispensaries and Medical Inspection rooms or at their quarters by their authorised medical Attendants ; and (ii) treatment in hospitals subject to the recovery of hospital stoppages at prescribed rates.

2. The following is the entitlement of the various categories of employees of the M.E.S. :—

(i) *Civilian Gazetted Officers and Civilian non-Gazetted personnel.* Medical facilities are provided free ordinarily as out-patients or at their quarters. In the case of serious illness, in-patient treatment in a Military hospital is also allowed on payment of hospital stoppages provided accommodation is available. When admitted to a Military hospital, hospital stoppages are recovered at the rate of Rs. 4 per diem from Civilian Gazetted Officers, and Re. 1 per diem subject to a maximum of half the pay and allowances due to them for the period of their treatment in hospital, from non-Gazetted Civilian personnel. In non-dieted hospitals, these charges are halved. Special nursing is not admissible. Cost of antirabic vaccine is recovered from all Gazetted officers and such of the non-Gazetted personnel as are in receipt of a substantive pay of Rs. 100 and more per month.

(ii) *Temporary and Casual personnel.*— They are entitled to treatment as out-patients or in a Military hospital. When admitted to a hospital, hospital stoppages are recovered from them at the rate of As. 0-4-0 per diem. Special nursing in hospital is not admissible.

(iii) *Class IV Government employees.*—As for (ii) above; except, that they are not required to pay any hospital stoppages unless the disease/injury is due to their own misconduct or imprudence in which case they are liable to pay these charges @ As. 0-4-0 per diem.

(iv) *M.E.S. or Contractors, Mazdoors.*—Medical arrangements are provided by the State and the cost

is debited to the work concerned. In addition, for all big projects where normal medical facilities do not exist or are not sufficient, the Command Works Engineer concerned is required to ensure that adequate facilities for medical aid exist for the workmen. This is usually provided by the employment of a whole-time Civilian doctor (Assistant Surgeon).

3. M.E.S. employees who have their headquarters in Delhi and New Delhi are entitled to medical attendance under the Contributory Health Service Scheme as for any other Government servant.

M.E.S. EMPLOYEES

147. **Shri Keshavaiengar**: Will the Minister of Defence be pleased to state :

(a) whether there is a proposal to construct residential quarters for all categories of M.E.S. employees in the Southern Command ; and

(b) if so, the details thereof ?

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

(b) Does not arise.

M.E.S.

148. **Shri Keshavaiengar**: Will the Minister of Defence be pleased to refer to the statement made by the Deputy Minister of Home Affairs to the effect that the Finance Ministry have concurred in the proposal of making permanent 80% of the employees of Central Government establishments which are of permanent nature and state :

(a) how far this proposal is being implemented in M.E.S. in general and Madras Area in particular ; and

(b) whether the existing scheme of making permanent 40% of Industrial establishments of M.E.S. will be increased to 80% ?

The Minister of Defence Organisation (Shri Tyagi) : (a) and (b). I lay a Statement on the Table of the Lok Sabha. [See Appendix II, annexure No. 28.]

चीन को विद्यार्थियों का प्रतिनिधि मंडल

१४६. **श्री भूत दशोन** : क्या शिक्षा मंत्री २० सितम्बर, १९५५ को दिये गये तारांकित प्रश्न संख्या १९५६ के उत्तर सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) भारतीय विद्यार्थियों का जो प्रतिनिधि-मंडल चीन को गया था, क्या वह वापस आ गया है, और

(ख) यदि हां, तो वह चीन में कितनी समय रहा और उसने कौन कौन से स्थान देखे ?

शिक्षा मंत्री के सहायक (डा० एम० एम बास) : (क) हां, जी ।

(ख) लगभग पांच सप्ताह । प्रतिनिधि मंडल ने कैंटन, पीकिंग, मुक्डेन, शंघाय भनशान, फुशयोन, नानकिन, नानकिंग और हांगचु का दौरा किया ।

TECHNICAL EDUCATION

150. { **Shri M. L. Dwivedi** :
Shri C. D. Pande :

Will the Minister of Education be pleased to state :

(a) the steps taken by Government so far for—

(i) the establishment of States Directorates of Technical Education to coordinate the activities in the field of technical education ; and

(ii) the appointment of a Sub-Committee to review the examination rules, and to revise them in accordance with the recommendations of the 21st meeting of the Coordinating Committee of the All India Council for Technical Education held at New Delhi on 9th June, 1955 ;

(b) whether any progress has been made in this behalf and if so, its nature ;

(c) whether States have agreed to the proposal contained in part (a) (i) of the question ; and

(d) if so, what shall be the basis of showing the expenditure that may be incurred in this connection ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) to (d). A statement giving the required information is laid on the Table of the Lok Sabha. [See Appendix II, annexure No. 29.]

विज्ञान मन्दिर

१५१. श्री विभूति मिश्र : क्या प्राकृतिक संसाधन तथा वैज्ञानिक गवेषणा मंत्री यह बताने की कृपा करेंगे कि द्वितीय पंच वर्षीय योजना के दौरान में कितने विज्ञान मन्दिर स्थापित किये जायेंगे और वे कहाँ कहाँ स्थापित किये जायेंगे ?

प्राकृतिक संसाधन मंत्री (श्री के. डी. मालवीय) : भारत के चुने हुए ग्रामों में १९५६-६१ के दौरान में ६० से १०० तक विज्ञान मन्दिर स्थापित करने का प्रस्ताव है ।

CENTRAL SOCIAL WELFARE BOARD

152. Shri Bibhuti Mishra : Will the Minister of Education be pleased to state :

(a) whether it is fact that the Central Social Welfare Board are contemplating to provide employment to over two lakh women under the Second Five Year Plan ; and

(b) if so, the names of professions in which they will be provided employment, and the amenities and facilities that will be given to them ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) No, Sir.

(b) Does not arise.

MULTIPURPOSE SCHOOLS

153. D. C. Sharma : Will the Minister of Education be pleased to state the amount of grant given to various States in India during 1955-56 so far for converting secondary schools into multipurpose schools (State-wise) ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): A statement is laid on the Table of the Lok Sabha. [See Appendix-II, annexure No. 30.]

LIMESTONE DEPOSITS AND KEROSENE OIL

154. Shri Anirudha Sinha : Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether it is a fact that limestone deposits and kerosene oil have been found in the district of Champaran, Bihar ;

(b) whether it is also a fact that the Government of Bihar have got the preliminary investigation made and have approached the Central Government for further prospecting of the area ; and

(c) if so, the action taken so far or proposed to be taken in the matter ?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) to (c). A statement giving the required information is attached. [See Appendix II, annexure No. 31.]

CHIEF OF ARMY STAFF'S VISIT TO N.E.F.A.

155. Shri Krishnacharya Joshi : Will the Minister of Defence be pleased to state :

(a) whether the Chief of the Army Staff visited N.E.F.A. during January, 1956 ;

(b) if so, the object of his visit ; and

(c) the places visited by him ?

The Minister of Defence (Dr. Katju): (a) Yes.

(b) To inspect the Army Units stationed in the area.

(c) Jorhat, Mokokchung and Tuen-sang.

EXEMPTION FROM INCOME TAX

156. Dr. Ram Subhag Singh : Will the Minister of Finance be pleased to state the approximate number of the foreigners in India who are exempted income-tax at present ?

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): Presumably, the information required is about the number of persons who

might have derived the benefit of Section 4(3) (xiva) of the Indian Income-Tax Act relating to the exemption from tax under certain circumstances of the salaries of foreign technicians. This information is not available from any of the statistics now maintained in the Income-Tax Offices.

Section 4(3) (xiva) has only recently been introduced, and some time will have to elapse before a statistical survey in the matter will be worthwhile.

RESERVATION FOR SCHEDULED CASTES AND SCHEDULED TRIBES

157. { **Shri Thimmaiah :**
Shri B. S. Murthy :

Will the Minister of **Home Affairs** be pleased to state :

(a) the steps that Government have taken to apply the reservation orders regarding appointments of the Scheduled castes and tribes, to the Statutory Bodies ; and

(b) whether Government will lay on the Table a statement showing the number of Scheduled castes and Scheduled tribes in various Statutory Bodies ?

The Minister in the Ministry of Home Affairs (Shri Datar) : (a) It has been agreed in principle that the orders relating to reservation of vacancies should also apply to Statutory Bodies and Semi-Government institutions. It is, however, for examination in each case, on the basis of the relevant Statute, whether the Government of India can give a direction that the reservation orders would apply to the Statutory Body concerned. If the Statute does not permit of such direction being given by Government, the only course left would be to bring the policy of Government in the matter to the notice of the Statutory authority and suggest that they should make suitable rules or amendments to their existing rules, in accordance with this policy. The attached statement indicates the latest position as regards

observance of the orders by the various Statutory Bodies and Semi-Government institutions attached to or under the control of the Government of India. [See Appendix II, annexure No. 32.]

(b) The information is being collected and will be laid on the Table of the Lok Sabha in due course.

INDUSTRIAL FINANCE CORPORATION

158. { **Thakur Jugal Kishore Sinha :**
Shri Asthana :
Babu Ramnarayan Singh :

Will the Minister of **Finance** be pleased to state :

(a) the names of Industrial concerns which have not been able to take payment of the loans sanctioned by the Industrial Finance Corporation ; and

(b) the reasons for not utilising such loans ?

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha) : (a) and (b). It will not be in the public interest to disclose this information.

UNIVERSITY GRANTS COMMISSION

159. **Shri D. C. Sharma :** Will the Minister of **Education** be pleased to state the total amount placed at the disposal of the University Grants Commission for disbursement during the financial year 1955-56 under various heads ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : Rs. 2,43,15,000 (Rupees two crores, forty-three lakhs and fifteen thousand) only.

I.A.F. ACCIDENTS

160. **Shri D. C. Sharma :** Will the Minister of **Defence** be pleased to state :

(a) the number of accidents in which I.A.F. Planes have been involved since 1st January, 1956 ;

(b) the causes that led to such accidents ;

(c) the number of casualties and the amount of loss involved therein;

(d) the total amount paid as compensation in all and *per capita*;

(e) the number of cases in which no decision has been taken with regard to payment of compensation so far; and

(f) in case no compensation has been paid, the reason therefor?

The Minister of Defence Organisation (Shri Tyagi): (a) One fatal accident on the 14th February.

(b) The causes of the accident are under investigation by a Court of Inquiry.

(c) The number of casualties is two. The loss is estimated at Rs. 1 lakh.

(d) to (f). No compensation is payable in such cases, but the rules provide for the payment of special family pension and gratuity to the widow and certain allowances to children. Where the officer is a bachelor, a dependant's pension may be granted to his parents or brothers or sisters if dependent on him and their circumstances necessitate such payment.

No claims to pensionary awards in respect of these officers have been received so far. One of the deceased officers was married and orders have been issued authorising the provisional payment of 75% of death gratuity to his widow.

INDUSTRIAL FINANCE CORPORATION

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

(a) the number of loans sanctioned by the Industrial Finance Corporation since the 1st December, 1955;

(b) the names of the industries to which these loans were granted; and

(c) the total number of applications still pending disposal?

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha):

(a) and (b). Loans were sanctioned to fourteen companies during the period from 1st December, 1955 to 15th

February, 1956. The industries concerned were cotton textiles, sugar, ceramics and glass, chemicals, iron and steel (light engg.), mechanical engineering and paper.

(c) 21, as on 15th February, 1956.

OVERSEAS SCHOLARSHIPS

162. Shri Veeraswamy: Will the Minister of Education be pleased to refer to the reply given to the supplementary on Starred Question No. 1800 on the 15th September, 1955 and state the courses for which the Scheduled Caste students have been awarded overseas scholarships during 1955?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): The question does not arise as no student belonging to the Scheduled Castes was selected for studies abroad during 1955.

I.A.S. OFFICERS

163. Sardar Iqbal Singh: Will the Minister of Home Affairs be pleased to state:

(a) the number of I.C.S./I.A.S. or I.P./I.P.S. officers who after resigning from the Government service in 1955 joined private industrial concerns; and

(b) the total number of officers who joined industrial concerns after their retirement during the same period?

The Minister in the Ministry of Home Affairs (Shri Datar): (a) None.

(b) Six were permitted to accept commercial employment after retirement.

SMUGGLING OF OPIUM

164. Sardar Iqbal Singh: Will the Minister of Finance be pleased to state the number of cases of smuggling of opium detected since the 18th November, 1955?

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): 1,666 cases of opium smuggling have been detected during the period 18th November, 1955 to 15th February, 1956.

ILLEGAL ENTRY INTO INDIA

165. Sardar Iqbal Singh : Will the Minister of Home Affairs be pleased to state :

(a) the number of cases, if any, of illegal entry into India of persons without valid travel documents detected on the Indo-Pakistan border during the period from the 1st August, 1955 to 31st January, 1956;

(b) the number of persons convicted; and

(c) the number of persons who have refused to go back to Pakistan after the expiry of their terms of imprisonment?

The Minister in the Ministry of Home Affairs (Shri Datar) : (a) to (c). The information is being collected and will be laid on the Table of the Lok Sabha in due course.

WELFARE EXTENSION PROJECTS

166. Th. Lakshman Singh Charak : Will the Minister of Education be pleased to state :

(a) the names of the States where new Welfare Extension Projects will be opened during 1955-56; and

(b) the expenditure to be incurred on each of the Projects?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) A statement giving the requisite information is attached. [See Appendix II, annexure No. 33.]

(b) Approximately Rs. 3,500 on each project for the remaining period of the year 1955-56.

LIFE INSURANCE COMPANIES

167. Shri S. V. Ramaswamy : Will the Minister of Finance be pleased to state the total of the assets of the life insurance companies which have been taken over by Government?

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah) : The assets of life insurance companies as at 19-1-1956, the day on which the management of these companies was taken over by Government are yet to be determined; but these amounted to Rs. 354 crores (approximately) as at 31-12-1954.

*Note *Vide* footnote below col. 375.

The answer was later corrected by the Minister in the Ministry of Communications (Shri Raj Bahadur) *Vide* Part II Debates dated 8-3-1956 as follows:—

“Though this aircraft was registered in the name of Dalmia Jain Airways Limited, it was actually owned by Asia Udyog Limited (formerly Dalmia Jain Aviation Ltd.), and so the purchase was made from Asia Udyog Limited (formerly known as Dalmia Jain Aviation Ltd.).

**Note *Vide* footnote below col. 388.

The answer was later corrected by the Minister in the Ministry of Communication (Shri Raj Bahadur) *Vide* Part II Debates dated 8-3-1956, as follows:—

“The purchase of aircraft was made from Asia Udyog Limited (formerly known as Dalmia Jain Aviation Ltd.). This mistake was due to the confusion caused by the similarity in the names of the two firms ‘Dalmia Jain Airways Limited, and, Dalmia Jain Aviation Limited.

So far as Dalmia Jain Aviation Limited is concerned, no aircraft was registered in the name of that firm and no scheduled or non-scheduled air operations were ever undertaken by that firm.

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TWELFTH SESSION, 1956

(Vol. I contains Nos. 1 to 15)

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NEW DELHI**

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LOK SABHA

Tuesday, 28th February, 1956

The Lok Sabha met at Eleven of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

12 NOON

DEATH OF SHRI LALCHAND
NAVALRAI

Mr. Deputy Speaker: I have to inform the House of the sad demise of Shri Lalchand Navalrai who was a Member of the Central Assembly for many years. We mourn the loss of Shri Lalchand Navalrai and I am sure the House will join me in conveying our condolences to his family.

The House may stand in silence for a minute to express its sorrow.

The Lok Sabha then stood in silence for a minute.

PAPERS LAID ON THE TABLE

STATEMENTS SHOWING ACTION TAKEN BY GOVERNMENT ON ASSURANCES ETC.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): I beg to lay on the Table the following statements showing the action taken by the Government on various assurances, promises and undertakings given by Ministers during the various Sessions shown against each:—

(1) Supplementary Statement No. II.—Eleventh Session, 1955 of Lok Sabha.

[See Appendix II, Annexure No. 34.]

(2) Supplementary Statement No. VI.—Tenth Session, 1955 of Lok Sabha.

[See Appendix II, Annexure No. 35.]

(3) Supplementary Statement No. XII.—Ninth Session, 1955 of Lok Sabha.

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(4) Supplementary Statement No. XVI.—Eighth Session, 1954 of Lok Sabha.

[See Appendix II, Annexure No. 37.]

(5) Supplementary Statement No. XIX.—Seventh Session, 1954 of Lok Sabha.

[See Appendix II, Annexure No. 38.]

(6) Supplementary Statement No. XXVI.—Sixth Session, 1954 of Lok Sabha.

[See Appendix II, Annexure No. 39.]

(7) Supplementary Statement No. XXXI.—Fifth Session, 1953 of Lok Sabha.

[See Appendix II, Annexure No. 40.]

(8) Supplementary Statement No. XXXV.—Fourth Session, 1953 of Lok Sabha.

[See Appendix II, Annexure No. 41.]

(9) Supplementary Statement No. XLI.—Third Session, 1953 of Lok Sabha.

[See Appendix II, Annexure No. 42.]

ANNUAL REPORT AND AUDITED ACCOUNTS—EMPLOYEES' STATE

INSURANCE CORPORATION

The Deputy Minister of Labour (Shri Abid Ali): I beg to lay on the Table a copy of each of the following papers under section 36 of the Employees' State Insurance Act, 1948:—

(1) Annual Report of the Employees' State Insurance Corporation for the financial year 1953-54.

(2) Audited Accounts of the Employees State Insurance Corporation for the year 1953-54.

[Placed in Library. See No. S-56/56]

AMENDMENTS TO ESTATE DUTY RULES

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): I beg to lay on the Table, under sub-section (3) of section 85 of the Estate Duty Act, 1953, a copy of the Notification No. 15[F. No. 1/16/55-E.D., dated the 13th February, 1956, making certain further amendments to the Estate Duty Rules, 1953.

[Placed in Library. See No. S-69/56]

MESSAGE FROM THE PRESIDENT

Mr. Deputy-Speaker: I have received the following message from the President:

"I have received with great satisfaction the expression of thanks by the Members of the Lok Sabha for the address I delivered to both the Houses of Parliament assembled together on the 15th February, 1956."

MESSAGE FROM RAJYA SABHA

Secretary: Sir, I have to report the following message received from the Secretary of Rajya Sabha:

"In accordance with the provisions of rule 97 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to enclose a copy of the Indian Cotton Cess (Amendment) Bill, 1955, which has been passed by the Rajya Sabha at its sitting held on the 17th February, 1956."

INDIAN COTTON CESS (AMENDMENT) BILL

Secretary: Sir, I lay the Indian Cotton Cess (Amendment) Bill, 1956, as passed by the Rajya Sabha, on the Table of the House.

ARREST OF A MEMBER

Mr. Deputy-Speaker: I have to inform the House that I have received the following letter dated the 25th February, 1956, from the District Magistrate, Delhi:

"I have the honour to inform you that in pursuance of a non-bailable warrant of arrest, issued by the Chief Presidency Magistrate, Bombay, against Pandit Bhagwaticharan Shukla, Member of Lok Sabha, I have found it my duty to direct that Pandit Bhagwaticharan Shukla, Member of the Lok Sabha, be arrested."

Pandit Bhagwaticharan Shukla was accordingly arrested at 1 P.M. on 25-2-56 and arrangements have been made to take him to Bombay for producing him before the Presidency Magistrate, Bombay."

ESTIMATES COMMITTEE

TWENTIETH REPORT

बी बी० जी० मेहता : उपाध्यक्षजी में रेलवे मंत्रालय सम्बन्धी एस्टीमेट समिति की बीसवीं रिपोर्ट सभा की मेज पर रखता हूँ ।

ELECTION TO COMMITTEE

CENTRAL ADVISORY COMMITTEE OF NATIONAL CADET CORPS

The Minister of Defence Organisation (Shri Tyagi): I beg to move:

"That in pursuance of clause (i) of section 12 of the National Cadet Corps Act (Act XXXI of 1948) as amended by the National Cadet Corps (Amendment) Act (Act LVII of 1952), the Members of this House do proceed to elect, in such manner as the Speaker may direct, two Members from among themselves to be Members of the Central Advisory Committee of the National Cadet Corps for a term of one year."

Mr. Deputy-Speaker: The question is:

"That in pursuance of clause (i) of section 12 of the National Cadet Corps Act (Act XXXI of 1948) as amended by the National Cadet Corps (Amendment) Act (Act LVII of 1952), the Members of this House do proceed to elect, in such manner as the Speaker may direct, two Members from among themselves to be Members of the Central Advisory Committee of the National Cadet Corps for a term of one year."

The motion was adopted.

AGRICULTURAL PRODUCE (DEVELOPMENT AND WAREHOUSING) CORPORATIONS BILL *

The Minister of Food and Agriculture (Shri A. P. Jain): I beg to move for leave to introduce a Bill to provide for the incorporation and regulation of corporations for the purpose of development and warehousing of agricultural produce on co-operative principles and for matters connected therewith.

Mr. Deputy-Speaker: The question is:

"That leave be granted to introduce a Bill to provide for the

incorporation and regulation of corporations for the purpose of development and warehousing of agricultural produce on co-operative principles and for matters connected therewith."

The motion was adopted.

Shri A. P. Jain: I introduce the Bill *.

Shri U. M. Trivedi (Chittor): I wish to raise one point here. Last time also it was brought to your notice that the Bills to be introduced may be made available to Members before introduction. This procedure has not been followed in this case.

Mr. Deputy-Speaker: They are available at the Publications Counter. Whenever hon. Members receive notice of introduction of Bills, they will kindly take copies which are available either in the Lobby or at the Public Counter. They are always made available before the Bills are introduced.

CAPITAL ISSUES (CONTINUANCE OF CONTROL) AMENDMENT BILL—*concl'd.*

Mr. Deputy-Speaker: The House will now proceed with further consideration of the following motion moved by Shri C. D. Deshmukh on the 24th February, 1956, namely:

"That the Bill further to amend the Capital Issues (Continuance of Control) Act, 1947, be taken into consideration."

Out of four hours allotted for this Bill, 55 minutes have already been availed of and therefore it leaves 3 hours and 55 minutes for the Bill.

Shri Bansal will continue his speech.

Shri Bansal (Jhajjar-Rewari): I was speaking on the question of the scope of the Capital Issues (Continuance of Control) Act, and I was trying to suggest that the scope of the Act is really not so wide as my hon. friend, Shri Asoka Mehta, was trying to make out that day. I would draw his attention to the fact that we have a large number of other Acts, particularly, the Industries (Development and Regulation) Act, the Banking Act, the Insurance Companies Act, which try to regulate the investment policy in those respective sectors. And the purpose of the Capital Issues (Con-

tinuance of Control) Act, which piece of legislation we are now going to place permanently on the statute-book, is really a limited one. I find that in 1954, out of a total number of 220 companies, for which sanction was given under this Act, 140 were industrial concerns. The capital of these 140 concerns was Rs. 93.86 crores as against the total of Rs. 110 crores. That means that roughly 80 per cent—actually slightly more than 80 per cent—is covered by the industrial sector, which comes within the purview of the Industries Development and Regulation Act. Financial floatations would mainly be covered, in my view, by banking and insurance companies, for which again there are special Acts. Before any banking company can do banking business or before any insurance company can do insurance business, they must obtain licences from the Reserve Bank under the Banking Companies Act, Section 22, and under the Insurance Act, section 3.

Actually, I was going to say that this Capital Issues (Continuance of Control) Act, even as it is, being used in a manner which was perhaps not quite envisaged when the Act was promulgated. And certain restrictions that are being placed while granting new issues are really not quite authorised by this Act. I know there is the Advisory council attached to the Finance Ministry which discusses these matters and lays down certain principles as to on what basis permission should be granted. But I would like to know from the Finance Minister whether these restrictions can really be placed under this Act. For example, one of the conditions which is imposed on a company which seeks permission under this Act is that it will try to maintain a particular ratio between the equity and preference share capital. I want to know the principle on which this is sought to be done. Even under the new Companies Act, the Lok Sabha has now made any provision for this purpose. Perhaps the House would like to be enlightened as to why it was found necessary to enforce on the promoters of new companies this particular condition.

There is another condition sought to be imposed that a certain minimum percentage of capital must be raised by private subscription before consent can be granted for a public issue. I realise

*Introduced with the recommendation of the President.

[Shri Bansal]

that in some cases it may be essential to ensure that the floatation is not vague, that it is meant seriously and that there is some financial backing. But when it comes to laying down a particular percentage of private subscription, I have my doubts whether Government are empowered under this particular Act to lay down such a condition. This assumes importance in view of the fact that we are now entering into a field of industrial development where huge capital resources will be called for. Supposing a big engineering concern is launching out—its capital may be Rs. 5 crores—if Government insist that about twenty per cent. must be subscribed by private subscription, it means that the people in charge of floating the company have to find about a crore of rupees from their own resources. This question was discussed in detail in this House as well as in the Select Committee. The view generally was that new type of people, technical promoters, technicians and engineers should be enabled to float new companies. If you lay down such a restriction that everyone who floats a new company must try to find some capital from out of his own resources, then such persons will certainly be debarred. What other purpose—apart from seeing that the floatations are genuine—are these restriction supposed to fulfil? I would like to know.

The House is very well aware that the issue of bonus shares was prohibited for quite a long time—not actually prohibited, but the applications were kept in suspense for quite a long time. Perhaps the very technical interpretation of the Act may suggest that the issue of bonus shares would be controlled under this Act. But here I do not find any mention of bonus shares if you read section 2 (b) or sections 1, 2, 3 and 4. The only types of issue which are mentioned here are: shares, stocks, bonds, debentures and other instruments creating a charge on the assets of the company and other instruments acknowledging loan to, or indebtedness of, the company and guarantee by third party or entered into jointly with a third party.

An Hon. Member: Shares—that word includes bonus shares also.

Shri Bansal: Perhaps the Finance Minister would say so. Inasmuch as bonus shares are issued out of the funds of the company, I should have thought that they would not be strictly covered by this Act because the Act does not specifically state that bonus shares will

be controlled by the State. I have no quarrel that bonus shares were not permitted to be issued but I want to be clear on that point. I was trying to interpret this Act literally and I would like the Finance Minister to consider this. If he thinks there is some point in what I am saying, then perhaps this Act may merit some amendment. I am not saying that the issue of bonus shares could not have been controlled by the Government.

I would try to amplify my point with reference to the notification which was issued—the point that bonus shares were not perhaps strictly covered by this Act. In 1949, a notification called the "Exempting Order" was issued by the Finance Ministry. In that order, bonus shares had been mentioned specifically. It is not that bonus shares would be exempted but that bonus shares could not come within the exemption limit of Rs. 5 lakhs. I thought it to be a very round-about way of roping in the issue of bonus shares within the purview of this Act. I would suggest to the hon. Finance Minister to get some legal advice on this particular notification.

I find that Government are bound by this Act to give reasons under section 35 for rejecting applications or modifying the applications. I have been told that in some cases—if I am wrong, I may be corrected by the Finance Minister—no reasons were given. Strictly speaking, the Finance Minister may say that inasmuch as that notification dated the 20th January 1949 applies to sections 3, 4 and 5, sub-section (5) of section 3 is also covered and therefore, they are not bound to give any reason for rejecting applications in respect of bonus issue. I should think that it is not a very valid reason; in such cases they must state their reasons; even though such applications are rejected in large numbers, no harm would be done in giving the reasons. Before I take up Shri Asoka Mehta's point, I would like the Government to notify certain basic principles, for the information of the general public which guide them in considering the applications for capital issues. If the applicant knows that his application has a fair chance of being accepted provided he complies with certain basic conditions which Government have in view, then I think a lot of labour would be saved and there would be a general sense of satisfaction all round. I do not see any

reason why the Government should not notify broadly the principles which they take into account while rejecting or accepting the applications. I know that the advisory committee goes into these principles. Perhaps they know about them but the public generally remain unaware and I think it would be good if Government notified those conditions or principles.

I would now come to the point of Shri Asoka Mehta. He said that no investment policy had been furthered by this Act. This Act does not cover the whole field of private investment. Firstly it exempts issues which are of a lower order than Rs. 5 lakhs. There are certain other enactments which take care of investment policy in the broader sense—I am not meaning investment policy in the sense of capital issue but investment policy in the wider sense to which Shri Asoka Mehta referred. He said that in our country about 45 per cent. of the applications were from established concerns and so a sort of concentration of economic power had developed in the hands of certain individuals or in certain areas. I come from a backward area. I would very much like that my area is industrially developed. But the whole point is that industries are bound to go to areas where there are certain facilities; where, for example, transport is available, where raw materials are available and where power is available. I know it is a vicious circle. In backward areas transport is not available. If on the score of transport not being available industries are not allowed to develop, then because there are no industries, transport also will not be developed there. Therefore we have to break this vicious circle somewhere. It is not correct to say that this particular Act is not taking care of that, because in my humble opinion this Act is not meant for that purpose. That purpose is to be served by the Industries Development and Regulation Bill where I know that the Licensing Committee takes the locational factor into account. I would suggest that it takes the locational factor into account more and more so that the tentions to which my friend Shri Asoka Mehta referred to so ably are put an end to or at least tried to be reduced as far as possible.

But, I do not agree with Shri Asoka Mehta when he says that the types of floatations that have been there during the last two or three years have been creating a sort of monopoly or develop-

ing concentration of economic power in a few hands. Sir, as you know, the total number of applications under the Control of Capital Issues Act in 1954 were only 257 out of which 220 were granted. Out of these industrials were only 156 and 140. But, from the study of the reports under the Industries (Development and Regulation) Act, I find that in 1954 the applications under that Act were much larger. If I remember aright, the applications in 1954 were about 540, out of which about 450 were actually sanctioned. In 1955, for which I have the figures, the applications were as many as 800, out of which I think about 580, or some such number, were actually sanctioned. A few were rejected and others were transmitted to committees for consideration.

Now, if you study the types of applications that came and that were sanctioned I think Shri Asoka Mehta will find that it will be worth this while in coming to more reasonable conclusions as regards the concentration or otherwise of economic power in the hands of the existing companies. I have a whole list with me of the summary of applications that have been made during the year 1955. If you will permit me, Sir, I will try to read—I will not select any application—the names of the applicants with respect to the various scheduled industries. I am now trying to read from "Scheduled Industry No. 1—Aircrafts". There was one application for Messrs. Aeronautical Services Ltd., Calcutta. I do not think we have ever heard of this company. This seems to be a new company. There are no other particulars given. I imagine that it is not an established monopoly concern. Of course, the application was rejected and so the question does not arise.

I now come to "Schedule Industry No. 2—Arms and Ammunition". There was only one application which again was rejected because arms and ammunition are supposed to be done in the public sector. Then there is coal. There were certain applications and the names of the firms are these: Messrs. Bhowra Kankanee Collieries Ltd., Messrs. Borachuck Colliery, Shri Raghoo Ram Chawara Colliery and Messrs. Dunlop Considine (Ghordewa Coalfields) Ltd.—it is not Dunlop Rubber Company; it is some other Dunlop concern. Then I come to the main list and that will prove my point. That is the list of

[Shri Bansal]
"Scheduled Industry No. 4—Iron and Steel". This is a difficult industry and a new man cannot easily get into it because of the techniques and the "know-how" involved in it. Even so, I think, if I read out a few names from the list just in the serial order it will help in disabusing the mind of Shri Asoka Mehta that even in this industry a sort of monopoly is developing. The names are: Messrs. Vishwa Karma Iron Works Co-operative Industrial Society, Chandigarh; Messrs. Ramakrishnan Industrials Ltd., Peelamedu (Coimbatore); Messrs. Singh Engineering Works Ltd., Kanpur; Messrs. Imperial Tobacco Company of India Ltd., Calcutta for the carrying on the business of their undertakings for the manufacture of tin containers; Shri Biasdev Chandershekar, Bombay; Shri Jaidayal Dalmia, New Delhi, for manufacture of grinding balls . . .

Shri T. S. A. Chettiar (Tiruppur): May I know what the hon. Member is trying to prove by reading these names?

Shri Bansal: I think I have said it quite clearly in the beginning.

Mr. Deputy-Speaker: He wants to prove that it is not concentration of wealth in the hands of a few companies.

Shri T. S. A. Chettiar: Unless you go into the partnership, these names mean nothing.

Shri Bansal: I am quite satisfied in my mind that there are no doubtful partners of the type my friend has in view. I have got a list of managing agency company also but I do not want to take the time of the House by reading that. I have got all the files which will be equal to a full donkey's load. I have not brought them here. But, I can assure him that as regards the names of the companies I have just read—I will be able to place the names of partners before him when he will be satisfied—they do not relate to concerns which are at present a sort of very huge or big combines. I do not want to take the time of the House but I would just suggest to Shri Asoka Mehta, a very studious Member of Lok Sabha that he is, that it will be worth his while to go through these lists and see the way the trend of our industrial development is going on. Actually, when I went through this list and the last year's list I was really very pleasantly surprised to find that the industries in our country are being diversified and a large number of new or younger people are coming in the busi-

ness line. We know quite a few names which have become household names but about whom no one heard about ten years back. I do not want to refer to them; I would just be advertising them.

Shri Asoka Mehta (Bhandara): If they are household names, you are not advertising them.

Shri Bansal: If you want, I can mention their names, but I do not want to mention their names here.

Shri Kamath (Hoshangabad): Don't bring them outside the household.

Shri Bansal: I would certainly be able to tell my friend Shri Asoka Mehta that there are a large number of concerns now which are in the industrial field about whom no one knew, not even heard, five or ten years back. That is a very healthy sign and a move in the direction in which Shri Asoka Mehta wants the industrial development of our country to take. I would therefore suggest that, before drawing such sweeping conclusions a study of the new development that is taking place in the country should be made. I think it will be good for the Government also to give greater publicity to this new kind of development that is taking place in the industrial field of our country.

Shri Morarka (Ganganagar—Jhunjhunu): Mr. Deputy-Speaker, I rise to welcome this Bill which seeks to put the Capital Issue Control Act permanently on the statute book of our country.

There has been some argument about the scope and purpose of this Bill. One hon. Member at least seemed to think that through this Bill alone we can evolve a national investment policy and that by doing so . . .

Shri Asoka Mehta: Sir, I rise on a point of clarification. I am surprised at the persistent misunderstanding of my point of view. All that I pointed out was that, after all, a tree is to be judged by the fruit it bears. In the last few years this particular Act together with similar Acts has operated in a certain manner: I am not saying that this Act alone would be able to bring about a national investment policy. There are all kinds of weapons in the armoury. All these weapons have been jointly used so far. As it happens, we are just now discussing one particular Act. When we discuss that Act we are entitled to review the results of the investment policy as it has been worked out in the last five or seven years. I have never sug-

gested that a national investment policy can be worked out with this single piece of legislation alone.

Mr. Deputy-Speaker: We are discussing the effect of this piece of legislation on that national policy.

Shri Morarka: What I wanted to say was that the purpose for which this Bill is designed has been fully achieved. As the Finance Minister pointed out, this measure was first introduced in 1943 and at that time the purpose was: firstly to conserve, the resources for promoting war efforts, and, secondly to combat inflation. In 1947, the Finance Minister of that time—Mr. Liaquat Ali Khan—endorsed these two aims and he said that the life of this Bill should be extended till 1950. In 1950, Dr. John Mathai said that the purpose of this Bill was three-fold: firstly, to prevent the use of investible funds for purposes other than those of national importance; secondly, that some beginning should be made towards the formation of a national investment policy, and thirdly, a scrutiny of the foreign investment in India. It was only in 1952 that this Bill again came before the Lok Sabha and our Finance Minister, Shri C. D. Deshmukh, said that the main purpose of the Bill was to prevent the limited resources from being invested in a manner which may run counter to the policy of Government. Again, this purpose was reiterated here when the Finance Minister moved his motion for consideration of the Bill.

Now, Shri Asoka Mehta, while criticising this Bill, made certain points. His first point was that during the last few years, when sanctions were granted under the provision of this Bill, it was granted more to the private companies and less to the public companies. Secondly, he said that permission was given more to the existing companies than to the new companies. Thirdly, he said that the permission was given more to the industrial companies than to the agricultural companies. Then, if I remember correctly, he said that permission was given more to the companies in big towns and cities than to those in small towns in mofussil areas. All that Shri Asoka Mehta has said may be correct and with whatever objects he has, I have no dispute. But the question is, when an application is made to the Controller of Capital Issues he can either accept an application or reject it. But he cannot say, "Well, your application

is for establishing a cotton industry. I cannot grant this, but I can give you permission provided you agree to grow sugarcane in that area". It is not within the power of the Controller to say, "I cannot give you permission for this but I can give you permission for that". He can either give permission or reject permission. Of course, while giving permission, if he likes he can lay down certain conditions, but what are those conditions? What type of conditions can he lay down? The only condition that he can lay down is this: that till you make full use of the capital for which you are seeking permission, you will keep this capital invested in Government securities, or, you will keep this amount deposited in certain Government treasuries, so that the amount which you collect from the public would not be misused or would not be utilised for unauthorised purposes. Except that, the Controller of Capital Issues cannot lay down any other condition and ask the entrepreneur to do this or that, because, his powers are only to say that you can raise this capital for this purpose for which you are applying, but till you actually utilise this capital you will keep this amount invested in the Government securities or deposit it in any Government treasury. And this type of condition is often put by the Controller of Capital Issues. But it is certainly not within his jurisdiction to say that unless you make your company a public company or a private company or unless you propose to establish your factory at, say, Rajasthan instead of in Bombay, I am not going to give you this permission. Those are the objects which may be served by the Industries (Development and Regulation) Act, but so far as this Bill is concerned, it can only authorise the raising of the capital in a certain manner.

This Act, as I said, was first brought on the statute-book in 1947. At that time, the political set-up of the country was a little different. The native States were there. The Assembly could at that time, legislate only in respect of certain areas and not in respect of the entire country. At that time, the provisions of the Bill were, therefore, only confined to certain areas in respect of which the Assembly could legislate. Later on, in 1950 and 1952, when the Bill was extended, it was only for a limited period, and hence no efforts were made to stream-line this Bill. Now, I think at this time when the Bill is being sought

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to be put on our statue-book permanently, opportunities should have been taken by the Finance Minister to redraft it and make the Bill a little more elegant than what it is.

I would like to quote one example. If you kindly look into section 2 (c) of the existing Act, it says:

"'States' means the territories comprised within the States in which this Act extends."

Then, section 3 (2) says:

"No company, whether incorporated in or not, shall, except with the consent of the Central Government, make in the States any public offer of securities for sale etc. etc."

What it means is that no company registered in India will issue capital in India without the permission of the Government. Of course, the provisions of this Act will not apply to the State of Jammu and Kashmir, but as we generally do in all other bills also it could have been excluded in this Bill as well. But it could easily have been said now that in respect of all States—and the word 'States' is just a very confusing terminology—the provisions of this Act shall apply to the whole of this country and that no company, registered in India, will be able to issue capital without the permission of the Government of India.

Similarly, if you look at section 16, it says:

"All orders made or deemed to be made under the provisions of the Capital Issues (Continuance of Control) Act, 1947, and in force immediately before the commencement of this Act, shall continue to be in force and be deemed to be orders made under the corresponding provisions of this Act."

This is a most important provision in this Bill, because, this Act is applicable in respect of permission for raising capital above Rs. 5 lakhs. If anybody wants to raise capital up to Rs. 5 lakhs, no permission or sanction from the Controller is needed. That is a very important provision. Now, when we are making this enactment as a permanent law, I think that provision should have been made in the body of this Act itself so that anybody who wants to know the provision, could say by looking at the Act, that up to Rs. 5 lakhs he need not have any permission, and that

permission, would be required only when he wants to issue capital of more than Rs. 5 lakhs. That may appear to be a small point, but I think when we are making this law permanent, it would be better if the few clauses were redrafted and all the provisions were brought at one place, so that any person, or any ordinary businessman, could also know whether he will have to obtain permission or whether he need not take permission if he floats a company up to a certain amount of capital.

I shall now proceed to say a few words about the Advisory Committee.

Mr. Deputy-Speaker: If a person goes on starting a company with Rs. 5 lakhs every year, what happens?

Shri Morarka: Every year, one can go on adding Rs. 5 lakhs. That is permitted. In one company, every year, one can go on adding Rs. 5 lakhs.

Mr. Deputy-Speaker: Are there no restrictions in regard to the interval etc.?

Shri Morarka: One cannot issue more than Rs. 5 lakhs in any one year for any one company. That is the only restriction. But one can issue for more than one company, more than Rs. 5 lakhs in one year. Similarly, for one company, one can issue more than Rs. 5 lakhs in two different years.

Mr. Deputy-Speaker: Is there anything to show how that portion of the Act has worked so far?

Shri Morarka: Unfortunately, in the information published by the Government we do not have enough statistics to make any criticism on that point. I will soon be referring to the question of statistics.

Mr. Deputy-Speaker: Is there anything to show how many of these business concerns have been followed up by the establishment of industries and how much has the Controller given by way of permission to capital issues?

Shri Morarka: It is a statutory requirement that once permission is given the company should inform the Govt. of the actual amount raised the capital. But surprisingly enough, we have no information at all. The other day, the Finance Minister said that for want of proper set-up and following-up, they have not been able to get that information. This information is bound to be given in the balance sheets of the companies and

under law the balance-sheets are bound to be submitted to the Registrar. If the Registrar looks into the balance-sheet of the concerned company, he can know whether the company has been able to raise the necessary capital or not.

But before I come to that, I want to say something about these advisory committees. Under clause 11, there is a provision for an advisory committee for advising the Government about this capital issue. My impression was that all the applications made for the issue of capital would be considered and decided by the advisory committee. But the other day the hon. Finance Minister told us that it could not be the intention of the House that all such applications should be individually scrutinised by this committee. I do not know how much work it would involve, but if the figures quoted by Mr. Bansal just now are correct, namely, that only about 250 applications are made in a year, I do not think it would be a formidable task for this committee to examine the applications and to advise the Government. Mr. Bansal has said just now that in the Commerce and Industry Ministry, there is a sub-committee of the Industries Development Council and as many as 800 and odd applications are received by the committee every year. Those applications are individually scrutinised and examined by that committee. If that is possible for that committee, I do not know why it should not be possible for this committee also to do it. In nature the applications for capital issue would not be more complicated than the applications for licence to establish an industry. The hon. Minister, Shri A. C. Guha, when he was just a Member of this House...

Shri K. K. Basu (Diamond Harbour): He is still a Member.

Shri Morarka: When he was only a Member, in 1952 he was a Member of this committee and he also complained that this advisory committee did not meet for 2 years at all. It did not meet because the Chairman was ill or one or the other Member found it inconvenient. Unless all the Members found it convenient and all the Members agreed to a particular date, the committee did not meet. Of course, it may be desirable to consult the convenience of all the Members, but at the same time the work of the advisory committee should not suffer merely because it is inconvenient for one Member or the other to attend the meeting. This committee should meet more

often and should take an active interest in the applications, those which are accepted and also those which are rejected. There is no information at all from the Government as to how often this committee met, who were the Members of this committee, when were they appointed, how often they met, whether their advice has always been accepted or rejected in any case and if so, for what purposes, etc.

In the statistics which are published from the Department of Economic Affairs, there is no information given at all about the permission given by the Government to the companies for raising capital not by issue of shares or debentures, but for borrowing money against creating a charge. As you will notice under this Act, a company cannot even borrow money by creating a charge on its assets. If a company borrows money in that fashion, then even for that borrowing, the company must get permission from the Government. I do not know whether such cases were referred to the Government and whether the Government gave or refused permission. Anyhow, I did not come across any information of that type in the statistics which are published by the Government.

Mr. Deputy-Speaker: Does ploughing back profits also require permission?

Shri Morarka: No, Sir. A complaint was made in this House previously and I shall repeat it now. I do not see why the Government cannot get this information, because the companies seeking permission from the Government are bound to supply this information. Apart from the Registrar being able to get this information indirectly from the balance-sheet, if a company which is bound to supply this information does not do so, I think the Government should have taken some action against such a company. Unless action is taken against one or two companies, the information would not be forthcoming. I think the Finance Minister should be able to tell us at least that the Registrars in all the various States have now been asked to follow up those applicants. Some sort of penalty or fine should be imposed on any company which fails to submit the necessary statement to the Government.

Shri T. S. A. Chettiar: This Bill has served the purpose. We in this country do not have enough private capital to be invested and we would have liked to utilise in the most profitable manner

[Shri T. S. A. Chettiar]

the existing capital. From that point of view, this Bill is necessary. In this matter I would like to reinforce one idea which has been mentioned by Mr. Bansal. Generally, people should know the conditions under which capital issue will be granted. It is an improvement that the limit has been raised from Rs. 1 lakh to Rs. 5 lakhs. To that extent, there is a certain amount of latitude, but it is necessary for people who want to go into business to know the conditions which would govern the capital issues, so that certain companies need not be applying to the Government for capital issue under certain false ideas. I know of cases where there has been a delay of more than 2 years. To my mind apart from avoiding all these delays, it is necessary for us to give clear information to the people, so that they may know that only under certain conditions capital issues will be given. I think the Government will be well-advised in issuing a communique making this point very clear. Big capitalists are already in the know of things, but the smaller people who want to go into business do not know the conditions. As you know, people have to make many a journey to see people and understand things. So, I think Government must be in a position to make things perfectly clear, so that the ordinary trader or merchant will understand the conditions under which capital issues will be given.

I now come to another matter over which there has been difference of opinion. If anything has been proved by the statement of companies given by Mr. Bansal, I would like to state that there has been a concentration of wealth. I do not know how you can avoid it for centuries. People who have money are floating a large number of companies and have large capital issues with them and when new companies are floated, it is naturally those people who float the other companies also. A few joint-stock companies manage all the companies and in any industrial area, almost all the new issues are taken up by people who have been already in the trade. Even in the case of the one or two names mentioned by Mr. Bansal, if the House will go into the details, it will find that those companies are floated by people who have already large interests in business. I would like this concentration to be avoided, but I fail to see how that can be avoided under this Bill. Evidently this Bill cannot be utilised for that purpose. I think I will have to leave

it aside as a hopeless case, as something which cannot be dealt with through this Bill.

I now come to another point. The second Five Year Plan has been published and we know which are the industries which we would like to flourish in this country in future. We may also reasonably understand which are the industries in which we will not like the private sector to come in. In this matter, as has been said in the Second Five Year Plan, we must safeguard that there is some sort of equal distribution of companies in all the regions of this country.

I know there have been discussions on this matter in the National Development Council, especially because of the fact that Rs. 800 crores in the iron and steel industry is going to be entirely invested in the eastern region and the southern region will get very little share out of that public investment. The result is that the creation of wealth and the raising of the standard of living of the people in those areas will be much higher than in areas where there will not be industries. So, there will be maldistribution of wealth. There is an assurance in the Second Five Year Plan,—it is only a assurance and we will hear much about it later—that an attempt should be made to see that the industries are distributed regionally so that all the regions may be developed. I would like to put it to the Finance Minister whether he cannot do something under this Bill to see that the industries are distributed in all regions, so that the development of the whole country can take place. We know admittedly that there are certain regions which are backward. The biblical saying, to him who hath more shall be given, is very much true in regard to this material world. We would like to have a more equal distribution of wealth. I would like to know whether one of the considerations in determining capital issues under this Bill could be, encouragement to applications from areas in which there has not been very much of development.

The next point that I wish to take up is with regard to bonus shares. If I remember aright, a statement was made in this House that in certain companies bonus issues have been allowed, but the question whether the bonus issues will be taxed or not, has not been decided. I hope I am correct in saying that bonus issues have been allowed without prejudice to the decision that may be taken by the Government with regard to the

taxation of these issues. When I went into the matter of the capital issues in the last 10 years, I have been advised by certain economists that a large portion of this capital investment has come out of the companies themselves, by bonus issues, by ploughing back the interest, etc., got from the companies in further investment in the companies themselves. We want to develop certain industries like engineering, iron and steel, etc. I would like to put it to the Government whether they would not like to make a difference between the industries that we want to develop and the other industries. The other day, the Prime Minister said—I welcome that statement, but I do not know whether that would be possible—that all the machinery required to make machines should be made in India. That is a laudable objective. Take, for instance, there are many engineering companies in various parts of the country. The question, to my mind, is whether, in respect of the industries that we want to develop and encourage, we could not give permission to start of their own, up to an extent higher than this amount of Rs. 5 lakhs, without going through this process of people making a large number of journeys to the Government of India. The object of legislation should be, not to put everybody equally to trouble, but to see that in sectors that we want to develop, we avoid certain restrictions. I do not think that in the sectors that we want to develop, we should impose these and other restrictions. I would like the Government to examine this question.

This matter of capital issues comes under the Companies Act. Under the Companies Act, we want to avoid the managing agency system and very piously we hope that a number of technicians will come in as secretaries and treasurers and they will form a new type of management. I would like to know whether there is anything in the rules under this Act by which we could develop that sort of technical management. Certain conditions have been imposed in giving permission for capital issues, which were mentioned by Shri Bansal. I do not want to repeat them. I would like to know whether these restrictions and other things that would lead to desirable results could not be laid in the rules. Shri Morarka made a point that as the rules stand at present, capital issues under Rs. 5 lakhs can be issued by any company every year and they may go on to any amount. It is a matter covered by the rules. Government must take note of this fact and see whether any company has

been taking advantage of this rule and doing something which is not advantageous to the community. If people have been taking advantage of this, it is up to us to say that that rule must be suitably amended. As it is an amendment of the rules, it need not come by way of an amendment of the Bill to the House.

I do not want to take more of the time of the House. I request that consideration may be given to the points raised by me: regionalisation of industries with a view to development of all the regions and relaxation of some of the restrictions in respect of industries that we want to develop.

Shri Jhunjhunwala (Bhagalpur Central): The Bill as it has come before the House has to be welcomed. The main idea of the Capital Issues Control Bill was that the limited resources of the country should be utilised to its best interests, and that much of the money which could be frittered away by the people seeing a large profit in a particular industry in a particular region should be ploughed back in that industry which would lead to a proper development of our country. This is the objective as far as I have been able to understand. Nobody can say that this Act should not be on the permanent statute-book.

Various points have been raised as to whether this Act has fulfilled the objective with which it was conceived and about the way it has been administered. My hon. friend Shri Asoka Mehta pointed out several things. Shri Morarka said, what he says is correct, but how could it all be done by this Capital Issue (Continuance of Control) Bill? By this Act alone it is not possible to do it. While discussing the point raised by Shri Asoka Mehta, the Finance Minister explained that under this measure alone we cannot do it. My submission to the Government is that when there is particular Act, that should not be sought to be administered singly; all Acts which are allied with one another should be taken note of while administering and Act.

1 P.M.

Now, take the question of capital issue. The other day Shri Bansal was saying that when a licence had been granted by the Industries Development Council for a particular industry, there should not be any delay on the part of the Capital Issue Department immediately to dispose of the application of that industry. On that the Finance Minister asked whether when a licence is granted by the Development Council, the Capi-

[Shri Jhunjunwala]

tal Issue Department should automatically sanction that application. He was right. The Capital Issue Department has to see many other things—whether the industry for which licence has been granted is necessary, whether under the existing circumstances that industry has to be given priority, or some other industry has to be given priority for the proper development of the country. These are matters which have necessarily to be taken into consideration, as there should be coordination between one Department and another. It is in that context that the question of concentration of wealth comes in so far as the issue of capital is concerned.

For instance, an industry should not be concentrated in a particular area, in preference to other areas, and capital issue should not be sanctioned for an industry which is less important, while more important industries and necessary for the development of the country. It may, however, be said that when there is no application for a particular industry which it is necessary to be started in the interest of the country, in that case the Capital Issue Department has to say either 'yes' or 'no' in respect of an application which comes to that. I would, however, say that that is not the correct attitude to be adopted. The Department should take an all-round picture of the industrial development of the country and decide from the point of view of priority. If under the present Act that Department cannot exercise that power, I would submit that when this measure is permanently placed on the statute-book, all those powers should be taken by Government. Then alone can we expect an all-round development of the country. Each Act administered singly cannot achieve the objective in view; the objective can only be achieved if the different Acts are administered on an all-round basis.

Shri K. C. Sodhia (Sagar): By whom? By one Ministry or by different Ministries?

Shri Jhunjunwala: By Government—the by the different Departments of Government.

Shri K. C. Sodhia: Which will be the co-ordinating authority?

Shri Jhunjunwala: Government will be the coordinating authority.

Shri K. K. Basu: There should be a Minister of Coordination!

Shri Jhunjunwala: I was referring to the point raised by Shri Asoka Mehta.

If the Finance Minister has got any difficulty in administering this Act and requires more power he should take those powers.

Shri K. C. Sodhia: As a matter of fact, the Finance Minister is quite helpless in the matter, because when the Minister of Industries has issued a licence for a certain industry, capital issues have to be granted to that industry.

Shri Jhunjunwala: I do not agree with the hon. Minister. When Shri Bansal raised this very point yesterday, the Finance Minister asked: "Does my hon. friend, Shri Bansal expect me that the Capital Issue Department should grant issue of capital because the licence has been granted?" I think what the Finance Minister had in mind was that automatically it will not be given, because they have to be taken into consideration other factors also.

The Minister of Finance (Shri C. D. Deshmukh): The point of my question was in regard to the alleged delay. I asked him whether he meant cases where everything overlapped, or cases where there was some residual field to be dealt with under the Capital Issue Control Act. The point of my question was that where it overlapped, possibly we may expect that there would be no delay.

Shri Jhunjunwala: Am I to understand the Finance Minister as saying that if a licence has been granted, in that case there is less likelihood of delay, or that automatically the Capital Issue Department should grant permission?

Shri C. D. Deshmukh: Both questions are more or less the same: there should be no delay.

Shri K. K. Basu: 'Automatically given' is a different proposition.

Shri C. D. Deshmukh: 'Automatically' is not used either in one law or the other.

Shri K. K. Basu: The point is if the licence is granted, does the Finance Department have any say about the issue of granting permission under this?

Shri C. D. Deshmukh: I was hoping to be able to clear up the position in the course of my reply. Briefly, it is this that the licensing committee has my representative on it.

Mr. Deputy-Speaker: Even if a licence had been granted it should not be merely rubber-stamped. The Capital Issue Department should go through the details to see if any mistake had been committed.

Shri C. D. Deshmukh: The point is that I am represented on the Licensing Board itself.

Shri K. C. Sodhia: If the industrially backward regions are to get any advantage, there should be provisions in this Act itself. Only those applications should be taken into consideration which try to open factories in backward regions.

Mr. Deputy-Speaker: I do not know if the hon. Member has spoken already.

Shri K. C. Sodhia: No.

Mr. Deputy-Speaker: Does he want to speak?

Shri K. C. Sodhia: Yes.

Mr. Deputy-Speaker: Then why this interruption?

Shri Jhunjhunwala: If the Capital Issue Department looks into all things, while sanctioning issue of capital, and everything is coordinated, then there is nothing more to be done.

I would now ask the Finance Minister as to what is the policy of the Government on points which have been raised by Shri Asoka Mehta. It has been said that industries will be started only by men who have got money and in areas which have got all facilities. Shri Bansal was saying that there may be good field for a particular industry in a particular area, but if there are no proper transport facilities, an industrialist would think twice before coming forward to start an industry. That is a point which I too would like to bring to the notice of the Finance Minister. Government should see to it that industries are not concentrated in particular places and in the hands of particular persons. If people who have got money could alone start industries, there is bound to be concentration of wealth. It is now for the Government to think out in what way they can solve this problem. This is a very important problem that has to be solved. I say that if with the Act as it stands it is not possible to do all that is necessary and if more powers are necessary, we may not pass this continuing measure at present, but we can revise the Act and take more powers.

Shri Bansal has raised some points. He said that the way in which the Capital Issue Department should administer the Act has not been envisaged in the Act. He pointed out that a condition is being imposed by the department that when persons start a company, they must

subscribe some private capital or raise some capital. Secondly, he pointed out, there are some restrictions regarding preference shares and other things. I am of quite a different view. As a matter of fact, it is my grievance that when anybody comes before the department for fresh issue of capital or for additional issue of shares of such things, the capital issue department does not take into consideration whether it was not possible for the company which wants more capital to raise it by way of debentures or preference shares. It is the first duty of the department to take these things into consideration for this reason that if they cannot raise capital by way of preference shares or debentures, that shows that company is not in a good position, or that its management is not good. If the management is good and if the industry is run on right lines, there should not be much difficulty in issuing preference shares or debentures. I have not got the list of the companies which were granted permission for capital issue, but I am given to understand that permission for capital issue has been granted to companies which have not worked all right. When the people see that it has got the stamp of the Government, they believe that the Government must have scrutinised it from all points of view, that it is a sound concern, that it is in the interests of the country, and that it will give good dividends, but the report of some of these companies to which capital issue permission has been granted, I understand, is not very happy.

Further, capital issue permission has also been granted, as Shri Asoka Mehta pointed out, to the film industry and such other industries. If that is so, I do not think this department has worked nicely.

Shri Morarka pointed out that there is no use of going to the Government for capital issue permission. A person starts an industry today for Rs. 5 lakhs, and goes on investing, by borrowing or other ways, Rs. 5 lakhs more every year. In this way, there can be so many film companies, rice mills, cloth mills etc., which may not be required in a particular place but which might give good dividend immediately. He also stated that as a matter of fact some friends were asking him as to what industry they should start and he was saying, well, the film industry gives very good profits. I say if it gives good profit, that is all right, but look at the effect it will have on the morals of your young sons and your brothers if you take that line.

[Shri Jhunjhunwala]

I do not know if you can go on adding to the capital without permission, I am not very clear about the rule, but that is the way in which Shri Morarka has explained.

Shri K. K. Basu: He does if often, he knows well.

Shri Jhunjhunwala: He does it often? I don't know. I do not think I have much more to say on this. This measure is very important, and it should be placed permanently on the statute-book, subject to the remarks that I have made that if any further additions and more powers are required, they should be taken so that it can be administered in the best interests of the country. Such industries may be started which are very necessary, and if it is the policy of the Government not to allow concentration of wealth, it should not be allowed, and Government should find out how all the departments can be co-ordinated so that the Act can be administered properly. I find that the industrial corporations set up by the Government give loans to industries which can give immediate profit, but if anybody goes to them with a proposition which will make profit say after year or two but which is in the interests of the country, they are reluctant to give them loans. All these institutions have to be co-ordinated properly. The policy of these State corporations should not only be to help such industries which will give immediate profit—their object is not mere banking—but they should try to help new industries also.

Shri G. D. Somani (Nagaur-Pali): I would only like to make a few brief observations because most of the points that I wanted to raise have been already covered by the preceding speakers, and I would, therefore, not like to take the valuable time of the House by repeating those points and the arguments in connection with those points.

At the outset, I would like to say that I am not opposed to the principle of the Bill. I quite agree that in view of the limited resources that we have, Government must have the power to regulate the issue of capital.

The hon. Member Shri Asoka Mehta and the preceding speaker Shri Chettiar have raised vital issues regarding the concentration of economic power and the question of regional disparities. So far as these regional disparities are concerned, I would say that I myself come from a backward State like Rajasthan

and I would certainly welcome if anything could be done by capital issue control to encourage the development of industries in the backward areas.

Mr. Deputy-Speaker: They ruled the world once. How could it be backward?

Shri G. D. Somani: But from the practical point of view, I seriously doubt whether the functioning of capital issue control could in any way materially help the two vital points that have been raised. After all, the capital issue department cannot force a party to start a factory in any backward area or, for the matter of that, prevent any existing company from increasing its capital simply because the company is big. Therefore, I think these two issues are of a much wider significance and are not very much relevant so far as the present Act is concerned.

I would now like to draw the attention of the hon. Finance Minister to certain unnecessary delays that are taking place in the handling of applications by the capital issue department. I am myself aware of a case of a Bombay company where the applications was held up for more than three months without any justification, and when eventually the capital issue department gave the permission to the Bombay company, the stock exchange had already crashed, and the company has not been able to raise the capital. The application was quite straight forward, and was well within the rules and regulations under which such applications are granted. Therefore, there was not the slightest justification to have taken so many months to dispose of such a simple application.

In this connection, I might also refer to the question of the issue of bonus shares. I do not want to say anything on the legal aspect, about which my hon. friend Shri Bansal had something to say. But it is very relevant to point out that all the bonus applications were held up for consideration by Government, pending the examination of the tax issue in the light of the recommendations of the Taxation Enquiry Commission. Government took well over eight or nine months in examining the very unanimous and strong recommendation of the Taxation Enquiry Commission not to tax the issue of such bonus shares. When eventually they did decide to dispose of these bonus issue applications after eight or nine months of the receipt of the Taxation Enquiry Commission's report, they still left the issue quite in suspense. Perhaps, we shall

know only on the evening of the 29th instant as to the nature of the decision that Government may take about the taxation of bonus issues shares. I am not complaining about keeping the issue in suspense; Government certainly have to decide the issue of taxation on its own merits and at their own time. But there was absolutely no justification for keeping the various bonus applications of the different companies pending for well over a year, saying first that the applications were being held up because the recommendations of the Taxation Enquiry Commission were under examination and then saying that this question of taxation would have to wait till Government are in a position to come to a decision on the same.

What I want to point out is that the functioning of the capital issue department must be much more prompt and much more efficient; in view of the tremendous pace of industrialisation that we want to accelerate in our country, it is highly desirable that the major issues should not be allowed to be kept in suspense and uncertainty for a pretty long time thereby causing a lot of suspense and dislocation in the functioning of companies.

Coming to the various rules and regulations under which this capital issue control functions, I would like to draw the attention of the Minister to the recent trends in the department to force the existing companies to issue the increase in their capital only at a certain premium. I do not think the capital issue department should go against the discretion of the boards of directors of the existing companies about the manner in which they want to increase their existing capital; and I think the capital issue department is rather going too far when they insist that the capital of the existing companies will be allowed to be increased only at a certain premium and under certain conditions. This again creates a lot of uncertainty and suspense. So long as these issues are not decided by the capital issue department, and the applications of some of the big companies are kept pending, a lot of speculations takes place about the nature of the decision that Government may ultimately take about those matters.

In regard to the suggestion which my hon. friend Shri Morarka has made in regard to individual applications being examined by the committee which is attached to the Ministry of Finance, I am afraid I am not agreeable to his sugges-

tion because after all the committee consists also of the representatives of trade and industry and other non-officials, and it is only fair and reasonable that that committee should be concerned only with matters of general principles and policies, and it should be left to the department of Government to examine the individual cases in the light of the principles and policies that are recommended by that committee. In the very nature of things, I do not think it would be advisable to burden that committee with the examination of each and every application of individual companies.

Shri T. S. A. Chettiar has raised the point in regard to the managing agency issue also being decided or regulated by the capital issue department. This again, I submit, is absolutely irrelevant. This is a matter of vital importance, and certainly it should not be the function of the capital issue department either to encourage the issue of capital by those companies which have no managing agencies, or to discourage or in any way come in the way of those companies which choose to have managing agents. That is absolutely a separate issue of importance, which may be examined and decided by Government in proper time on merits, and it certainly should not be the function of this department to go into the merits of the managing agency system while sanctioning or rejecting any applications for capital issues.

Some hon. Members have questioned the desirability of keeping the issue of Rs. 5 lakhs of capital free, and pointed out that this may lead to the companies increasing their capital by Rs. 5 lakhs every year. I beg to submit that so far as one knows, there has been absolutely no instance of any misuse of this liberty that has been given to the small and medium-sized companies to have their capital issued without going into all the formalities involved. Therefore, I do not see the slightest justification for restricting the scope of the issue of capital up to Rs. 5 lakhs.

I believe this question has been examined time and again by the committee attached to the Ministry, and has also been the subject-matter of representations by various trade and commercial organisations. As a matter of fact, these organisations have pleaded for this relaxation to be liberalised. In view of the fact that the issue of Rs. 5 lakhs worth of capital has not led to any sort of abuse by any of the companies, I submit that it should not in any way be interfered with now, but on the other

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hand, everything should be done to encourage the formation of small and medium-sized companies without forcing them to get through all these formalities.

Shri K. K. Basu: We welcome this Bill because it seeks to make the law relating to capital issue control a permanent part of our statute-book. We should all see that this particular provision regarding control of capital issues should be so utilised as to ensure that the investments in our country are done in the proper manner.

Some hon. Members have stated that there should not be so many restrictions as obtain at present because private capital should be allowed to work according to its own choice. It is well known that we have private capital, and we have a private sector, but they must fit in with the overall plan and the overall economy of our country, if we are to achieve the goal of a welfare state—I do not know how far we shall be able to achieve that—socialist or whatever it may be.

In the First Five Year Plan, and also in the Second Five Year Plan which is in the offing, there is a particular sector which has more or less been reserved for the private sector. Therefore, it is absolutely necessary to see that whatever resources are available in the private sector are so utilised that they will fit in with the overall economy and the pace of industrialisation which we want in our country.

From that point of view, I feel that this law should form a permanent part of the statute-book, and it should not be necessary for Government to come every now and then before the House for an extension of the Act.

It is true, as my hon. friend Shri T. S. A. Chettiar has suggested that a time may come when private capital will be flowing to such an extent that it will not be necessary at all to have any control. But I do not know whether such a thing is possible in the present context of world affairs, and especially in the pattern of economy that Parliament and the country have adopted for our country.

Unfortunately, the figures that have been supplied to us are not adequate, but from whatever figures have been supplied, we are unable to find out whether this department has tried to ensure that the resources available have been uti-

lised properly to the maximum benefit of the community.

We find that in 1955, nearly Rs. 220 lakhs worth of capital have been allowed to be issued in the tea industry. Often, we find that licences are granted to persons who are not, strictly speaking, industrialists. I come from a part of the country which fortunately has some concentration of industrial and economic activity. There we have often seen that tea gardens are taken over by persons; but in course of time, they take back their money by some speculation or other undesirable method, and gradually the tea gardens come to ruin. All the tea plants are practically ruined and the industry collapses, and sometimes it has to close down. I know of one instance. A very big company was taken over by somebody. In the course of four or five years, some money was raised. But the actual sponsors, the group of persons who took over the company, got back their money by speculation or whatever other method. Then the whole company had to go into liquidation and ruin, thereby ceasing their activity and stopping the service that that particular undertaking was rendering to the community. Therefore, I feel that Government should take this aspect into consideration. They should issue licences to those who are really in a position to develop the particular branches of the industry for which the licences are granted. There is no point in granting licences to those who only might be in a position to gather round some money from the community or from individuals, but do not develop the industry. Often, we find that these concerns are run in such a way that the basic asset, the trading unit, comes to grief and has to close down. Therefore, when I saw this figure of Rs. 220 lakhs being allowed to be issued, I was rather surprised. I do not know to whom it has been given. Of course, it is mentioned there that it includes processing and manufacturing operations. If it is only restricted to the manufacturing and processing part of certain tea gardens already existing and properly run, then it is quite different. But from the report, it is very difficult to find out for what purpose it was utilised. We often hear of chronic crises in the tea market. We are told that we have over-production. We are told that we cannot compete properly in the international market, and we have to face crises. I would urge upon Government to see that licence is not granted to those persons who only run it for one or two

or three years, but licence should be granted to those people who really benefit the economy of the country and make faster the progress of industrialisation in our country.

Then I find another item—the manufacture of rayon, including staple fibre—for which consent has been given to raise nearly Rs. 13 crores in 1955. From the report, it is very difficult to find out, as some hon. Members have said and as you yourself also pointed out, as to what actual percentage of this issue had been mobilised physically. I would like to know what point there can be in granting licences to the tune of Rs. 13 crores for the manufacture of rayon including staple fibre. We know in our country we have other things, the handloom or similar substitutes, and we sometimes have to get through economic crises. I do not say that the rayon industry should not be developed, but it should not be developed so disproportionately, because we have other urgent things to be developed. If we can do that, if we can have an overall view of the economy of the country, a time may come when not only shall we be in a position to utilise the entire produce of the textile mills and handloom units, but the people may also develop the habit of utilising rayon cloth or other materials. But I feel at this stage, with our limited resources, Government should not grant licences to such type of industries which does not materially improve or make faster the pace of industrialisation in the country, as it may adversely compete with some of the existing industries in the country.

Then I find that permission has been granted to raise nearly Rs. 2 crores to ship and boat manufacturing concerns. So far as ship manufacture is concerned, we have only one, the Hindustan Shipyard, of which Government are the largest shareholder. Of course, we are told that there are some smaller units in the West Coast and one or two near about Calcutta. I do not know to which ship manufacturing concerns such licences have been given. I think allowing shipping units to be formed by the private sector has no meaning. The other day we were discussing about shipping. The economy of the country is such that shipping companies by themselves cannot run properly. Every time, as the Minister himself has agreed, Government have to provide nearly 90 per cent of their finance. If that be so, what is the point in allowing new companies to be formed? I for myself would personally wish that

the old companies should be taken over, because there is no point in allowing private shipping companies to be run when 90 per cent of the money is given by Government. I was told that even in the international field the situation is similar. Even in countries like Great Britain and France and others the shipping companies have largely to be subsidised by the Governments concerned. If that be so, I do not think in the economy of our country any private shipping company can establish itself. Therefore, I do not understand why Government allowed issue of licences for ship and boat manufacture to the tune of Rs. 2 crores.

Then I find from the figures that in the year 1955 in regard to the motor vehicles industry, five applications were sanctioned involving nearly Rs. 4 crores. We all wish that in our country we should have motor manufacturing concerns manufacturing conveyances for the public like lorries and buses. Of course, the private motor car owners for the time being can afford the luxury and buy from imported stuff. But we all know that in the case of even the two or three we have set up in the country, more or less 60 per cent of the parts are assembled. We have discussed this matter in the House. These concerns are not able to stand on their own feet. In spite of all this, I find this year Government have granted five applications. I do not know—it is very difficult from the papers to find out—whether they are absolutely new companies or old ones who have been allowed to raise more funds. Unless the Government come forward and justify that there is a possibility of these private concerns being able to raise more funds on their own and to stand on their own legs and establish themselves on a sound footing, there is no point in allowing new motor vehicle manufacturing concerns to be established. The report says that even the three existing companies we have got here have 60 per cent of their parts assembled.

So they are nothing but assembling shops. Even they come forward and say that unless Government come to their assistance by way of protection, they will not be in a position to run economically. Also so far as prices are concerned, the consumer has not yet benefited to any extent though these companies have been already established in the country. Therefore, we must see that our limited resources are so guided, so channelised as to confer the maximum utility and maximum benefit in terms of the investment

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involved. Hence, I do not see what is the point in granting licences to five new concerns of the motor vehicle industry.

Then we have the machine tools industry for which licences totalling Rs. 1 crore in value have been granted. I have worked for nearly two years in one of the parliamentary committees. We have also discussed the report on the machine tool factory at Bangalore. We had some private manufacturers and industrialists giving evidence before us. They themselves have said and it is also a fact that has come out in some of the papers that even the existing companies or units are not in a position to run properly. I myself know that round about Calcutta and Howrah and the suburbs there have been a good deal of small machine tool factories which have been manufacturing good tools and they did some good service but because of competition and lack of proper steel etc. they are not in a position to run. Some of them had to close down, and a large number of people became unemployed. Perhaps these were concerns which were small and the capital was not much and they could not be considered as monopolistic one. Often they are workers themselves who have some shares, some technical workers, some small people with a few thousands of rupees—not exceeding a lakh—and they established small factories. They did good service during the war and after the war even but because of their meagre resources they are not in a position to utilise whatever steel is available in the face of the competition by monopoly interests.

Some time ago there was a special committee appointed to go into the problem of small-scale industries round about Calcutta and they have also recommended some form of help to be given to this industry.

Shri K. C. Sodhia: Is my hon. friend discussing the industrial policy of the Government?

Shri K. K. Basu: Because information has been given, I think, it is relevant.

I think that when permission is given to these companies for the issue of new shares we must take into consideration whether the existing units are sufficient to supply all the needs of the country and whether there is any necessity of extending the capacity of the particular industry.

Mr. Deputy-Speaker: So far as motor vehicles are concerned, the 5 companies

are not new companies; they are existing companies because under the heading new ones, this is not shown. I am referring to the Annual Review for 1955. You will find in paragraph 5. On page 4, it refers to 76 new companies. In the new companies motor is not shown whereas in the consolidated one—both new and old—5 companies are shown with Rs. 439 lakhs shown against that item. Therefore, these are existing companies.

Shri K. K. Basu: If that be so, what I would like to urge is that before any sanction is given, Government should take into consideration whether it is necessary to develop that particular plant or industry and whether we can have a better utilisation of the existing ones. It may be argued that 10 years hence we might have this demand. We must have the maximum benefit out of the limited resources at our command.

There is another point about machine tools. I feel that we should rather see that existing units should be properly developed so that they are in a position to command more resources. I can say that there are a large number of units which have been doing good service and if they are given financial help some of them at least may be in a position largely to meet the demands of the country. As I have said already, these are applications for Rs. 5 lakhs and more and naturally larger units and possibly smaller units might have to go out of the field due to competition and ultimately there will be more concentration of economic activity.

There is another application regarding kerosene and petroleum refineries. I take it that it must be of one of the old companies. As far as I know, there are only 3 petroleum refineries that have already gone into production and the other is to go into production in 1957. I do not know actually what this type of application is. We know that some of the agreements entered into with these companies confer only limited rights on the Indian share-holders about management. Whenever we allow these companies to raise capital in our country, certainly, we should take into consideration that our capital is rightly utilised and that we are actually benefited. We are allowing these foreign companies to be established here and very often we are told that there is lack of technical know-how in the country. We do not have the know-how, but we must see that we should always insist that they benefit our

people. If there is participation of capital we must see that in course of time we are in a position to know the technical know-how, and be able to replace the foreigners. I would urge upon the Government that utilising the power under this Control Act they must see that it will really help to adequately industrialise our country. It may be said that it is the concern of the Commerce Ministry. But the Finance Minister said that where a licence is concerned they do have some sort of discussion and that the representatives of the Commerce Ministry are there. In planned economy we cannot have any sort of individual working. That must fit in with the overall development of the country.

Then there is the question of regional development and the growth of monopoly interests, as some hon. Members have referred to. From the figures, it can be seen that whatever issue there has been, it has been confined to the State of Bombay and then to the State of West Bengal. I can see that there are certain national advantages in particular areas which should be taken into consideration. But, by and large, we must see that all the regions of India are developed properly. Even when the Government allows the private sector to continue, they must have sufficient amount of power to see that every region gets the benefit. True there are certain industries like coal which can be developed only in the mining areas but there may be some other industries which can be developed in other regions also. There are the cotton mills, the sugar mills and the cement factories. The tendency for the persons in charge of the finances of the country is to try and concentrate in particular areas. Therefore Government must see that the different regions are properly developed. Otherwise, we would be told, at the time of the reorganisation of States that different regions are differently developed and that their economic conditions are not the same. Then the State-wise conflicts arise.

We are having the Second Five Year Plan and we are likely to have one or two more plans. By and large we should see that the different regions of India are evenly developed and then only can the real unity of India be achieved. Otherwise, whatever we might say, if there is uneven economic development, there will always be rivalry, jealousy and conflict.

I am also of the view that the powers under this Act should be utilised in such a way that the growth of monopoly can

be checked. We have accepted as our goal the socialist pattern of State or the Welfare State and it naturally connotes that in course of time the concentration of wealth in very few hands will be reduced to the economic benefit of the country, which should be evenly distributed among the different sections of the people. Therefore, I would urge the Government to see that, whenever they grant permission, newcomers also come in and they are given permission. They should control the resources of the different sectors and keep control over them and they should have the picture of the corporate body of the country in view.

Therefore I would urge that in course of time this monopoly should be gradually got rid of and this is one of the powers under the Act which can be utilised for that purpose. The other day Shri More in a discussion stated that Maharashtrians were only manufacturing *thalis* and nothing else. That sort of attitude should not be allowed to exist in the country. We should be in a position to see that real industries come from that area and that they are also allowed to develop.

In regard to the permission regarding bonus shares, which has been discussed and referred to by some Members, we know that Government have made a statement that they are going to allow bonus shares, but I do not know whether Government have made up their mind regarding the tax that they will levy on the bonus shares. The present position is such that the Government loses some money in the form of tax on the benefits that the shareholders get in this way. We often see that there is overcapitalisation in the industry and, therefore, we should be careful in seeing whether that particular money issued in the form of bonus shares has been utilised for the development of the real assets of the company. But actually we do not take this into consideration. Generally, as far as I know there is overcapitalisation—it may be 10 per cent. if not 20 per cent. In many of the cases, the bonus shares are issued and the companies simply say that they are utilising the money for the development of the industry, but actually they do not do so. Often they ask for permission from Government for the purpose of utilising the money for rationalisation of the industry, which leads to unemployment. But what is the type of rationalisation that they introduce? We have seen from

[Shri K. K. Basu]

our experience that many times this rationalisation does not improve the quality of the production, but only results in the displacement of workers, that is, instead of 20 workers, they will have only one worker. Although these workers are retrenched, they have not been able to show any improvement so far as the quality of their production is concerned. Therefore, I would urge that Government should see that this type of rationalisation, which only leads to labour-saving devices and has actually made no improvement in the quality of the production, is not permitted. Improvement of production should be taken into consideration and all such details should be indicated. In future, applications for such permission should be carefully examined before Government grants it. Therefore, Government should take into consideration, when allowing bonus shares to be issued, the fact whether that escapes taxation. When the new taxation proposals come, Government should consider this point and tax the bonus shares. At present, the position is that tax is not paid on the bonus shares, on the profits that the shareholders get, and again the money is not being properly utilised for the real benefit of the industry and of the whole country.

Regarding foreign investments, I am willing to concede that for the time being there may be certain types of industry in which foreign participation is necessary, that is, the basic industry for which the know-how is not available. Of course, from recent experience, we have seen that there is know-how available in the country which may give us much better terms. In the case of the German deal I remember that the Minister told us that this talent is available regarding steel plant—naturally we have experience of this. In the subsequent deals we can get better terms from them. I am not asking that the Government must only go to the Soviet Union for this purpose. I am only concerned that my country should be developed and should get the maximum benefits—it is immaterial to me whether it comes from Soviet Union or Germany or France or Czechoslovakia as it is a matter for the Parliament and the Government to consider. I feel that the time has come when there are competitive markets in the world, and if the Government can properly utilise and tap the resources, it is possible to get better terms for the development of our country. I only want to emphasise that whatever foreign invest-

ment you may allow, you must see that it really helps the industrial development of our country. But the figures given here rather make me worried. Even in the recent report on the foreign assets and liabilities, it is stated in one of the paragraphs that the flow of new capital from the U.S.A. was confined largely to the trading sector, and investment from U.K. went to different sectors such as manufacturing Rs. 56 crores, plantations Rs. 21 crores, trading Rs. 20 crores, utilities Rs. 19 crores and financial Rs. 14 crores. Even if the investment of Rs. 56 crores by U.K. for manufacturing purposes is allowed, what is the position about the plantations, about trading and about financial sectors? I do not understand why the Government is allowing such a type of foreign investment or foreign money to come into our country. If you want money, there is the International Bank and there are other methods of raising it, but why should you raise it from private sources? It is stated that nearly Rs. 135 crores of foreign capital has flowed into this country. Why do you allow this foreign investment when you want our industrial development in the country?

In this connection I find that foreign companies have been allowed to invest capital to the extent of Rs. 75,00,000 of which Rs. 23,00,000 has been issued to non-residents—issued as chartering brokers. There is cellulose then; there is fishing; there are so many other items. We have enough fishing in Bengal, Malabar and many other places, but I do not know what type of fishing we are going to get from these people. We have had the Japanese fishing trials in this country and the fate they met with. I do not know what sort of fishing Government expect from these people—they will fish about something else in the political activities of the people here. I do not see the necessity for Rs. 7.35 lakhs for fishing. Then we have importers, exporters and commission agents. Rs. 1,00,000; we have jute textile machinery, Rs. 24,00,000. We have a large number of mills owned by Indians and Government could have got experts from the country who could have manufactured the machinery. We have sugar, Rs. 50,00,000. We have then Starch and other derivative products, Rs. 1,50,000. We have tea, Rs. 26,000. There are so many other items like paper, chemicals etc. I am willing to concede that for the time being there may be industries for which we do not have the know-how in the country. But what about fishing? We have

much better fishermen on our own country. Similarly, there is no point of having investment for chartering brokers, importers, exporters and commission agents. I would, in short, urge on the Government that whenever they allow foreign money or foreign investment to come into our country, it should be allowed only in those industries in which that know-how is absolutely necessary and not available within our country.

I have only to refer to one or two more points before I conclude. From the figures given in respect of the number of consents during the years 1954 and 1955, I find that in respect of coal mining, applications worth about Rs. 85,00,000 and Rs. 30,00,000 respectively were granted.

As my friend, Shri Asoka Mehta, referred to the case of film distributors, I say that we should develop our industries on the cottage industry basis, that is, even out of small industries, as for example, footwear. I do not know why Rs. 6,74,000 has been allowed for footwear. There may be very good concentration with Flex or Batas who are no better than foreign concerns or foreign agents. Again I do not know why permission was given to coal mining because I was told that coal mining is for future development in the public sector. No details are given here. I wish in future we have more detailed reports about the working of this Department. The Company Law Administration Department which will ultimately work this Department also has been expanded and they have already, I am told, appointed statisticians. Therefore, they should see that full information is given showing to what extent the Department works for the industrial improvement of this country.

2 P.M.

Before I conclude I would like to say this. In some cases there have been inordinate delays. I am told some concern in Hyderabad State had to wait for ten months for getting permission for the issue of capital. Some hon. Member said that meetings could not be held for want of time. I understand that the Chairman of this committee is also Chairman of so many committees that, unless he is equated to God, I do not know how he will be able to attend to the meetings of so many committees. Before I conclude, I may say that I hope that Government will take the full picture into account and realise the scope of the particular enactment and see that it is properly utilised for the develop-

ment of the country—the economic development—so that it may fit in with the objectives that we have accepted in the Second Plan. I wish that this legislation should be passed.

Shri K. C. Sodhia: When I looked at this Bill, I was rather inclined to support it through and through. When the capital resources of the country are limited, it is but natural that there should be a law which should direct them to go into channels which are most beneficial to us. But listening to the speeches that have been made here, I find that certain parts of the country which are industrially forward are likely to receive more of the assistance in the industrial expansion and the poorer people will remain poor. In their report, the Planning Commission have laid down that the future industrialisation of the country should be so planned that the regions which are backward should receive their due share in the industrial regeneration of the country. But five years have gone and from the list that has been read out by my friend, Shri Basu, I find that most of the industries had gone either to Bombay or Bengal or other industrially forward provinces.

Shri K. K. Basu: They went to Rajasthan.

Shri K. C. Sodhia: Rajasthan constitutes only a very small portion of the backward regions of the country.

Shri K. K. Basu: Their advance is somewhere else.

Shri K. C. Sodhia: So long as this disparity between the different regions of the country in matters of industry remains, there will be heart-burning. It is natural because industries bring not only income to the owners but also technological and other developments which are to be found only in those places where they exist. Industrially backward people cannot have technological and industrial ability. Therefore, my submission is that somehow or other this development should be brought about.

I heard just now that this Bill was not the proper way to regulate industries so that industries could be had in the backward provinces; an hon. Member said so. Do this Government want industrially backward regions to be developed? Then, if they want that, what are the measures that they are going to take? I understand that if we concentrate industries in particular regions, there are so many other conveniences

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which they needed and so they want to collect in particular place. There is very little hope for the industrially backward people unless Government in their own sector try to put down industries which they want to open in the regions which are backward. The hon. Minister should devise some measure by which industrially backward regions of the country should get their due share in the industrial regeneration of the country.

In this measure, it is said, the Finance Minister can do very little because most of the industries are given licences by other Ministries and so his hands are tied down and he has to give sanction to those industries without considering other things which he may otherwise have considered. From the list that has just been read out, it appears to me that he had also a good share in giving permission to the industries. In his province, he should influence the Government to give their permission and make the industrially advanced sections of this country to put forth their capital in the backward areas. It can be done if dividends from industries in developed areas like Bombay and Madras are limited to six or seven per cent. while allowing higher dividends from industries allowed to be opened in the backward areas. This will come up only when we have got some measure by which we can put a limit to the dividends. This issue has to be tackled very expeditiously so that there may not be heart-burning in the industrially backward areas of the country. My submission is that instead of having so many Ministries giving sanction to industries, there should be a section of the Government which may deal with these industries with a view to promote the rapid advancement of all the regions of the country. Unless this is done, people will quarrel for this particular District coming into one State or that particular District going into another State. That has got something to do in this quarrel. This uneven expansion of industries in different parts of the country is a factor which is working in the minds of the people when they quarrel for this portion or that portion of a State.

Therefore, the time has come when we should take necessary steps in this direction. I understand that under this Bill there is no scope for having an overall view of the whole picture. My submission, therefore, to the Government is

that they should devise some measure by which this much desired objective is attained within a short time.

Shri C. D. Deshmukh: Mr. Deputy-Speaker, on the last two occasions on which the life of this Act was prolonged it was prolonged only for a limited period and, in any case, the national planning had not got into its stride. This is the first time that both these conditions are being fulfilled. We are now far more conscious of the importance and significance of country-wide planning and it is in this context that I am proposing that this measure be now put permanently on the statute-book. It was therefore to be expected that the debate on the Bill would be far more profound and comprehensive than in the past, and I am most grateful to all the hon. Members who have examined the operation of this Act so critically and, nevertheless, so constructively.

It will not be possible for me to say in reply to each point that the existing law will be amended in this or that particular way or that the operation and administration of the Act will be modified in a particular way. But, I might say that I am in general sympathy with most of the points of principle made in the course of the debate. It must be possible for us to review the administration of the Act in the light of these observations and to come to conclusions on (a) what amendment is called for in the Act itself or in the rules, and (b) what modifications or practice are required in administering it.

With one thing, for instance, I agree very readily and that is that the periodical reports that we bring out ought to be far more informative and analytical than what they have been. I have looked through some of the reports again and I find that perhaps they are a bit too laconic and too statistic. Therefore I think it is our duty to try and make them more informative so that the House and anybody else who is interested would get the inwardness of the operation of this measure. As I hinted in the course of my questions to the Member opposite, the Bill itself is just a piece of mechanism, but it is the end piece of a mechanism probably at the top of the some pyramid consisting of policy and practice which is not all statutory. Some of it is obviously, as the last hon. Member pointed out, the business of the whole Government. Therefore, it is all the more necessary that this apex should really be

illuminated from which people would be able to draw conclusions. So we shall try to make up this deficiency as well as we can.

On the last occasion on which the life of this measure was prolonged I find I gave two assurances. One was that the meetings of the Advisory Committee of the Capital Issue Control would be convened more often, say once a quarter and that delays will not be allowed to occur. Secondly, if the commercial and industrial community succeeded in proving to the Planning Commission and the Government that the interests of the country are not being properly served by this particular shackle on the floatation of capital then we shall undertake to bring a measure to put an end to the Capital Issue Control. Since then much water has flowed under the bridge and I am gratified to see that almost every Member who has spoken on the subject has supported my motion except perhaps the half-hearted support of the last Member who feels discouraged by the speeches apparently of the other hon. Members.

Mr. Deputy-Speaker: He did not wait to hear the hon. Minister.

Shri C. D. Deshmukh: He seems to have made up his mind but I am quite sure he may change his mind now.

Now, as to the first assurance, a meeting of the Advisory Committee was held in July 1952. The question of reconstituting the Committee was then taken up and the reconstituted Committee was appointed in September 1953. It held a meeting on 2nd December, 1953. During 1954 it held three meetings and two meetings were held in February and May 1955. A third meeting scheduled for 18th August had to be postponed as several members intimated their inability to attend. A further date in November was fixed but that again had to be cancelled due to unforeseen exigencies of parliamentary work—the Security Contracts Regulation Bill. The last meeting was held on 5th January, 1956 and arrangements are in hand to convene the next meeting on the 6th or 7th March next. So, I hope the House will accept the conclusion that we are trying to improve. The present Committee consists of Dr. A. Ramaswamy Mudaliar as Chairman with the following members: Shri Ramlal Devkaran Nanji, Shri B. D. Somani, Mr. G. A. S. Sim and Shri S. Nijalingappa, M.P. Shri Ramlal Devkaran Nanji is a banker, not a small banker but the head of bank which

is not among the big five. He has been President of the Indian Bankers' Association for many years. Shri D. B. Somani, I think, belongs to the All India Manufacturer's Association representing small industries. Mr. G. A. S. Sim is the President of the Associated Chamber of Commerce.

Now, a question was raised as to the possibility of the Advisory Committee dealing with each individual application. It would have become clear by my reading out the names of the members itself that that is not going to be possible even if we are going to deal with 250 applications a year. Especially, we want to avoid delays. Nor is this thing comparable to licensing organisation which is maintained under the Commerce and Industry Ministry under the Industries (Development and Regulation) Act, 1952. There, the scheme is, there is a Central Advisory Council of Industries which appoints a Review Committee for reviewing the licences disposed of. That is a sub-committee of the Central Advisory Committee. Below this is a Licensing Committee which consists of representatives of the central departments concerned and the Directors of Industries of all State Governments, and it is presided over by the Secretary to the Ministry of Commerce and Industry. Therefore, although it is a widely representative committee, it is almost entirely departmental, and therefore, it is able to deal with these things in a way in which probably a committee consisting of non-officials will not be able to.

Then the Department of Company Law Administration which now manages capital issues is represented through the Controller of Capital Issues on this last committee. Then, occasionally *ad hoc* sub-committees of the licensing committees are appointed, as in the case of sugar industries, as and when they are needed. So far, there has been only one instance of that, and that is the sugarcane sub-committee. Therefore, it seems to me that as the scheme of the law provided, it is better to confine the activities of the Advisory Committee to what is stated in the relevant section of the Act which I shall read out with your permission:

“The Central Government shall, by notification in the official Gazette constitute an Advisory Committee consisting of not more than five members, and may from

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time to time refer to it for advice any such matters arising out of the administration of this Act as the Central Government may think fit."

There is an indication here that not all matters need be mechanically and automatically referred to the committee if we want to get the best out of the advice of these very experienced gentlemen.

Now, I shall deal with the various specific points that have been raised by hon. Members, but before I do so, I would like to point out that one is apt to be misled by different ideas and connotations of the words capital, capital issue and investment, and one is tempted to regard these as equivalents, but such a course of action is likely to be misleading. For instance, in the figures given in the Reserve Bank Bulletin regarding investment, they probably include ploughing in of profits which is not relevant for the purposes of this Act. Therefore, there is no direct way of comparing or drawing a lesson from the figures which are given in other places. Even here, in regard to the figures given out by us, it is necessary to remind hon. Members that section 2 defines the issue of capital as follows:

"'issue of capital' means the issuing of any securities whether for cash or otherwise;"

Then, sub-section (b) of section 2 says:

"'securities' means any of the following instruments issued, or to be issued, by or for the benefit of a company, whether incorporated in the States or not, namely:—

(i) shares, stocks and bonds;— the word "shares" does not exclude any special kind of share—

(ii) debentures;

(iii) other instruments creating a charge or lien on the assets of the company; and

(iv) instruments acknowledging loan to or indebtedness of the company and guaranteed by a third party or entered into jointly with a third party."

This is a very comprehensive definition. Therefore, it is not easy to deal with the individual questions asked as to why a particular loan was given or a particular permission was given in a particular case.

Incidentally, take the case of the shipping companies. The figure is about Rs. 228 lakhs. But Rs. 198 lakhs out of this represent loans granted by the Transport Ministry to the shipping companies to acquire new vessels. Consent was necessary because the loan created a charge on the assets of the company. Therefore, this answers to the question why we are giving new loans. They are not for ship-building yards. They are really shipping companies. Many other instances were pointed out about coal-mining. That is a very, very big issue indeed. It takes us through the whole range of coal production in this country. Roughly, the position is that we are today producing 38 million tons out of which about three million tons are produced by the public sector and 35 million tons are produced by the private sector. By the end of the Five Year Plan, we shall require 60 million tons, that is to say, about 22 million tons more. Recording it as 21 million tons, you divide it into three portions of seven million tons each. The private sector has undertaken to produce another seven million tons without asking for any financial assistance from the State. Seven million tons will be produced by the private sector. We are not quite sure yet how the rest of the seven million tons will be produced. As we go along, we shall be able to decide, in the light of the progress made by both the sectors, as to whether we should allot all or part of it to the private sector or to the public sector.

There was some reference to the tea companies. The bulk of it was for issue of bonus shares or for the repatriation of the capital of sterling companies which could only be done through rupees raised by an Indian company floated for the purpose. So, it was part of the process of repatriation. It was not a case of enabling any one to start a new tea plantation or anything like that.

There was a case of automobiles. That problem you, Sir, have solved yourself by reading through those figures. That automobile industry which is mentioned here obviously must be the old automobile industry already established and not new, because, it does not occur in the list of the new companies.

Mr. Deputy-Speaker: What about fishing? What about the trawlers that were purchased?

Shri C. D. Deshmukh: To say that we know all about fishing and therefore we do not have to learn from anybody

or to import any capital or to do anything in this matter is such a poor argument.

Mr. Deputy-Speaker: The Estimates Committee had occasion to go into this matter. They found that deep-sea fishing required some special knowledge and they referred to the Norwegian trawlers.

Shri C. D. Deshmukh: That was what I was going to say. I do not agree with the first proposition that we have to learn nothing about fishing. We are probably good at coastal fishing. But deep-sea fishing, as you say, is quite a new problem and we are sufficiently advanced mechanically in this matter. May be some new companies were started in order to explore and exploit deep-sea fishing. Hon. Members are probably aware that the aid which has been given to us by Norway is in the form of a fishing project.

Mr. Deputy-Speaker: Some experts also were given.

Shri C. D. Deshmukh: Yes; they have sent some experts. They have designed a new type of boat which I myself have seen. It is being built by our people here, and we have seen our own people being trained in Travancore, with boats suited to our own conditions of deep-sea fishing.

Shri K. K. Basu: Are they permitted to manufacture the implements necessary for the fishing industry? That is a completely different proposition.

Shri C. D. Deshmukh: This particular permission was given to a company which sought foreign collaboration, with the Japanese. Japanese are well-known to have certain skills in fishing and subject to all the qualifications that the hon. Member has mentioned, I still think there is room for fresh collaboration with foreign interests. I only give this example; it will not be possible for me to give a satisfactory answer to the hon. Member about each case. About 2,000 cases have been decided—about 250 every year—and although it is possible to draw attention to a tendency and for us to note it and examine it, I really cannot undertake to give a satisfactory answer in each case. This is from the information in my possession. This is the answer that I am able to give and I hope hon. Members will find it fairly reassuring.

I shall come to the permission given to foreign investment a little later, because that is a point made by another hon. Member. Regarding the question of bonus shares, this is not the place to discuss whether bonus shares should or should not be allowed, but the hon. Member who spoke on it complained that we kept the applications for ten months. As I had occasion to say in reply to a supplementary question, I think it was open to us to have rejected those applications straightaway, because we had not made up our mind. Therefore, his real complaint is that we have taken so long to make up our mind in regard to bonus shares. All I can plead in self-defence is that it is a very, very complicated issue. Opinions have been expressed on both sides, some holding that there is no logical reason for taxing bonus shares and others holding equally vehemently that there is some ground for doing so. We have to weigh these and come to a conclusion, which we shall in the fullness of time.

Pandit Thakur Das Bhargava (Gurgaon): One day remains.

Shri C. D. Deshmukh: I do not know how the hon. Member could assume it. I am only saying that one should not quarrel if we take ten months to decide a matter of this kind. This is one of the hundreds of recommendations made by the Taxation Enquiry Commission. On some I will take action this year, some I will leave for the next year, some for the year after and so on. It is a kind of guide for us in taxation matters for the next few years and we shall have to turn over its pages from time to time and see what we should do. We came to the conclusion that this was a very, very complicated matter where we could not take a snap decision. Finally, we said, "all right", which I think was a very graceful action on our part. We said, "all right, we will allow the issue of these bonus shares; but, we reserve the right to decide in regard to taxation later". That is the position and I do not think that that delay should be pressed against us very much.

I now come to the various points made by other hon. Members. Shri Asoka Mehta said that in 1951-52 he found that sanction was given for a total sum of Rs. 59.6 crores, and out of this, sanctions were given to two concerns for raising capital worth Rs. 5 crores each. One was Mamatha Films and the other was Everest Film Limited International. An amount of Rs. 10 crores was raised

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in respect of both these concerns. He said, "When resources were so scarce, I wonder how Rs. 4 crores could have been permitted to be diverted to the Mamatha Films", (although it is so named), "and the Everest Film Limited International". The facts are these. Total amount for which sanction was given was Rs. 59.6 crores, but, apparently, the hon. Member has got his other figures from Joint-stock Companies in India, 1951-52 and 1952-53. The authorised capital of these two companies is Rs. 5 crores each, but their subscribed capital is Rs. 1,01,000 in the case of Mamatha Films and Rs. 5,020 in case of Everest Film Limited International.

Mr. Deputy-Speaker: Is it Mamatha or Manmatha?

Shri C. D. Deshmukh: It is "Mamatha".

Mr. Deputy-Speaker: "Manmatha" would have fitted better with a film company.

Shri C. D. Deshmukh: The letter "n" is missing.

Mr. Deputy-Speaker: Probably the Finance Minister has added the letter "h".

Shri C. D. Deshmukh: Our permission is not required for a company registering itself with any authorised capital. Shri Asoka Mehta also seems to be under the impression that the figures given in the publication of joint-stock companies are necessarily those of concerns given by the capital issue control. So, that removes that particular misunderstanding. He complained—he pointed out, he did not complain—that the total amount allowed to be issued to non-residents was as high as Rs. 68.8 crores out of a total of Rs. 317.4 crores. He enquired if this was a wise policy. The statistics are correct but the conclusion he draws from them is somewhat vitiated by the fact that during these years there were a number of large issues of an unusual type. In 1953, Imperial Tobacco Company (India) Limited, capital re-organisation scheme—Rs. 11 crores; in 1954, Burmah-Shell Refineries—Rs. 22.95 crores. While I am on refineries, I may as well join issue with the hon. Member opposite in regard to prohibiting the issue of a certain kind of shares. In this particular case, the securities issued were preference shares in accordance with the agreement. Therefore, there was no scope for us now to

vary that original agreement. On the original agreement, of course, there has been difference, of opinion and, as the House is aware, it has been discussed. Refinery (India) Limited—Rs. 9.17 crores; and, Tata Hydro-electric Andhra Valley and Tata Power Companies—Rs. 7.70 crores; it appears here,—because the loans were taken from the International Bank for Reconstruction and Development. I am not complaining against hon. Members. It is our fault that we lumped together all these figures and left room for Members to draw conclusions. What I am saying now, it would have been possible to say even in that report. If we had given a little foot-note, may be these criticisms would not have been levelled. I take this opportunity now to explain these things. That makes a total of Rs. 50.82 crores. If these exceptional issues are ignored, then the percentage of issues to non-residents will be found to be less than 6 per cent of the total amount of issues in these three years.

I now come to another point and that is a point made by most of the speakers, namely, the figures do not seem to show that the control has been so operated as to further a sound national investment policy. They found that the industrial enterprises were few and far between. The old ones are expanding and that means all our enterprises are ultimately controlled by limited number of regions. It has been said that there is a marked and significant shift in company floatations from public to private sector and the paid-up capital of the engineering industries has remained almost stationary. As I hinted in my question, although all these are, I think, possibly desirable ends, I am not sure how far they can be secured through this particular piece of legislation. This, for instance, opens up the whole field of national planning, especially planning in the industrial sector and what we are going to do in this matter?

Mr. Deputy-Speaker: Has any priorities in the matter of capital issues been fixed? . . .

Shri C. D. Deshmukh: Priorities will be fixed according to the plan. Therefore, it raises the issue, what is your plan in the industrial sector. I can hardly be expected to enter upon that particular field because it will take all the time that is available.

Mr. Deputy-Speaker: Is it not enough to say that it is being worked in accordance with the plan? No details of the plan need to be given.

Shri C. D. Deshmukh: In the First Five Year Plan, our plan was not a very complete one in regard to the private sector. We contented ourselves with indicating the targets for some of the major industries. Therefore, the answer is that the First Plan was not a very perfect plan in this respect. I believe that the Second Plan would be found to be a very great improvement on that situation. Hon. Members will have an opportunity, when the Plan comes up, of drawing attention to the places where it is found lacking in this particular respect. I can understand the anxiety of hon. Members to ensure that the industrial development in our country does not become lopsided, and that more is not given to him that hath and that special efforts are made to bring up the backward regions. I do not think there is any difference of opinion in regard to this matter. The question is (a) as to the means that one can employ, and (b) whether any means can be employed *via* this Act. In regard to the first, I think the fact that the States themselves are far more alive to the aspirations of their own people to have industries of various kinds started is itself a guarantee that this matter will not be allowed to be lost sight of. Secondly, there is the fact, as I read out, that the Directors of Industries are represented on this Licensing Committee. One may expect that they will not fail to bring forward their own special points of view when they deal with the licences.

So far as this particular Act is concerned, only one suggestion has been made, and I think, that was by Shri T. S. A. Chettiar, that we should vary the limit so far as the small engineering enterprises are concerned. It is possible that this is a suggestion that one ought to consider. The position in regard to that matter is,—I may clear it up here—it is regulated by the rules. The exemption provision regarding Rs. 5 lakhs reads thus:

"The following shall be exempt from all the provisions of sections 3, 4 and 5 of the Act.

I shall read only one part, which is the most important part.

"issue of securities other than bonus shares....

That is, for bonus shares, there is no lower limit. Let us forget that for the moment.

"...other than bonus shares by any company not being a banking ... and all transactions relating to such securities issued by any such company....

This is the substantive portion.

"...provided that the value of such the consideration involved in such issue together with the—please mark—value of the consideration involved in any previous issue of securities not being an issue covered by Clause 4 (Clause 4 is prospectus and so on) made by such company within 12 months next preceding such issue shall not exceed Rs. 5 lakhs."

Therefore, the cumulative element has been brought in here. The apprehension that many members felt, I do not think, will be realised. In other words, the situation is under control. This is all incidental by way of explanation. What I want to say here is, it is possible to think of some modification of this rule.

Mr. Deputy-Speaker: Section 6 says, that the Central Government may by general order which shall be notified in the Official Gazette provide for granting exemption from all or any of the provisions.

Shri C. D. Deshmukh: I am talking of the contents of the rules which are in accordance with that section. What I am saying is, it is possible to consider if this rule could be altered so as to give a little encouragement, wider latitude to certain kinds of companies. The other matter....

Mr. Deputy-Speaker: It may also be considered whether this power of exemption is being abused by spreading over the raising of capital.

Shri C. D. Deshmukh: That would be hit by this rule itself. We have to discover cases of malfeasance. That, of course, depends on the general character of our administration. Now, with the department of company law administrations strengthened by the appointment of Registrars and so on, I think many more cases will come to our notice than could have come to our notice in the past.

The other important point is in regard to the concentration of economic power. I wish I was in a position to give a very satisfactory and definitive answer to the

hon. Member. The position is that about three-fourths of the finances found for the companies is what is called self finance. It comes out of the reserves and that does not require any permission unless some reserve is going to be turned into bonus share, which would be a domestic arrangement subject to whatever is done in regard to paying the State its share. According to the studies made by the Reserve Bank, only about 14 or 15 per cent is outside investment, or investment through managing agents or guarantees, loans and so on. Another ten per cent may be of other kinds. Therefore, it is not, again, a matter which can be decided only with reference to this particular Act. The point I wish to make is, even if we make an amendment here, we may not succeed in reaching that objective, namely preventing concentration of economic power.

Mr. Deputy-Speaker: Regarding dispersal of industries suggested by Shri K. C. Sodhia, is it not possible to utilise the Industries (Regulation) Bill along with this?

Shri C. D. Deshmukh: That is what I meant when I said that since the Directors of Industries are already there, one may assume that they are already putting forward all the influence that they possess in order to ensure that the industries are spread in a regional kind of way. In many cases where important investments are to be made, the Planning Commission is consulted. It usually appoints committees—take for instance the fertiliser project—to consider as to where it should be. There are special *ad hoc* committees appointed. The matter is not neglected. Whether in the short run one would be able to get statistics which would prove that a desirable change has taken place or not, it is more difficult to say. All I can say is, everybody accepts this in principle. There are many ways by which one can certainly make an advance in that direction. But, if you merely look at the figures which are put out by us under this Act, you may not feel satisfied.

Shri K. K. Basu: Even in the private industries, the Planning Commission was consulted about the location?

Shri C. D. Deshmukh: Oh, yes. Take for instance, the fertiliser factory. What happens is, the Ministry concerned, in this case, the Production Ministry, appoints a committee. After the committee's report is received, they put out

a report. That report goes to the Planning Commission. The Planning Commission makes its own recommendation. Then, the matter is brought before the Heavy Industries Committee which has been constituted by the Cabinet. And usually now all States are well aware of their rights and we receive very frequent reminders of the claims of each individual State.

Shri Asoka Mehta: That is about the public sector. What about the private sector?

Shri C. D. Deshmukh: No, private sector also. After all, the Plan includes both, and sometimes they say a special provision should be made to enable them to advance loans to private industrialists who wish to set up industries in some places, or they wish to operate the various State financial corporations or the industrial finance corporations in such a way that regional development is encouraged.

Mr. Deputy-Speaker: Is it possible to offer any better and larger inducements and facilities for the backward areas being industrialised than other areas?

Shri C. D. Deshmukh: Not so far as big industry is concerned because there are many other factors like availability of resources, transport charges, the consuming centres and so on and so forth. The field of choice is not so wide there, but in the medium and small scale industries it should be possible. So far as the small scale industries are concerned, there is a separate Board which now advances loans and grants. There are separate institutes like the institutes set up on the advice of the Ford Foundation team in order to help them technically on the one hand and to take charge of their product for sale on the other, and so on and so forth.

A complaint was made that we read too much into the provisions of this Act. The section here is a very general one. We may impose any condition. Unless one categorises everything, it is very difficult to say what is within the spirit of the Act and what is not, and in a matter like this I think we ought to rely on logic. What does the logic of the situation involve? Is this something that is cognate or germane to the purposes of this Act? And there is no reason why one may not now ascribe to it a broader purpose than when the Act was enacted, because it is a far cry from 1947, indeed

the Defence of India Rules. It is a kind of war baby it has become respectable by now, and it has now been brought into correlation with the planning needs of the country.

Mr. Deputy-Speaker: If the language is comprehensive, wide enough to cover all these things now, merely because this language was used then, what is the new language that could be found for it now?

Shri C. D. Deshmukh: That is my point.

Mr. Deputy-Speaker: Assuming we were to do it...

Shri C. D. Deshmukh: How to change it except by categorising some things that shall be done and some things that shall not be done. That is practical law making.

Mr. Deputy-Speaker: The boy is grown into an adult. There is no use trying to push him back into boyhood.

Shri C. D. Deshmukh: We are in close touch with the advisory committee in this matter. What happens is, notes are placed before the advisory committee that we think that *vis-a-vis* the public and the company issuing securities this should be the arrangement; so much should be equity capital etc.—you cannot say this is not relevant to the purpose of getting money—that is, the kind of money that is raised from the public. Then we tried various schemes, whether a fixed percentage is better, whether a sliding scale is better and so on and so forth. I shall not weary the House by reading through the decisions given by the advisory committee, but this is their last decision. The Chairman opened the discussion by drawing attention to the fact that there had lately been a shift in the industry to new manufacturing undertakings, from mainly consumer goods to mechanical and heavy industries. These industries require large capital outlay and there was therefore a case for a reasonable sliding scale rather than a fixed percentage of private subscription. In the discussion the committee also took into consideration the views of the Federation of Indian Chambers of Commerce and Industry as expressed by Shri Pranlal Devkaran Nanjee. It was agreed that the rates proposed in para three of the departmental note were on the high side and that the following scale might be adopted:

Up to Rs. 1 crore	15 per cent.
Up to Rs. 2 crores	12½ per cent
Up to Rs. 5 crores	10 per cent.

Above Rs. 5 crores—at a percentage to be fixed on individual merits of the case.

Now, I suggest to the hon. Member that if he feels that some change is called for here, he should activate the particular member on the advisory committee who represents the sort of interests that he might have in mind, so that the matter might be considered. But this is how these things are handled in the advisory committee.

Now, there is this question of delay, but before I come to the question of delay, I would like to explain what exactly is the relationship, the relative spheres of licences under the Industries (Development and Regulation) Act and the capital issue control. A licence is required under the Industries (Development and Regulation) Act for:

- (a) establishment of a new industrial undertaking, (b) substantial expansion of an existing undertaking, and (c) manufacture of new articles requiring a licence in respect of the industries enumerated in the First Schedule to the Act provided the number of workmen is more than 50 if the undertaking is worked by power, or more than 100 if not worked by power.

These industries or groups of industries are only about 42 in number, and the types of cases which cannot be dealt with by the Industries (Development and Regulation) Act but can only be dealt with by the capital issue control are the following:

- (1) Industries not covered by the Schedule to the Industries (Development and Regulation) Act, —obviously.
- (2) Industries covered by the Industries (Development and Regulation) Act, but the expansion of which is not substantial expansion within the meaning of the Act.

There have been several cases where the issue of capital involved was substantial like modernisation of a textile mill which did not require a licence.

- (3) Plantation companies—altogether excluded.

- (4) Banking and insurance companies, which is already admitted by the hon. Member.

[Shri C. D. Deshmukh]

(5) Non-industrial companies.

(6) Issue of bonus shares.

Then, where a licence has been granted, the case for capital issue sanction has to be examined from the following points of view, which are of a financial and technical nature:

(1) whether all the capital asked for is likely to be required in the immediate future, or, if there is any phased programme of expansion by the company applying for licence,

(2) whether the company has already at its disposal adequate funds locked up in less desirable investment,

(3) the terms of capital issue, whether at par or at a premium, —and I again claim that it is very much our concern to decide what the terms should be—

(4) the amount of under-writing and brokerage charges,

—especially as in the context it was a case of rights issue, that is to say, issue confined to the members holding shares already, and therefore it was the first case of its kind and we had to be very careful as to what decision we took—

(5) whether the nature of the proposed issue is likely to cause an imbalance in the capital structure of the company as between equity and fixed dividend bearing capital, which I have already mentioned,

(6) whether the terms of the proposed issue are otherwise in conformity with the provisions of the Companies Act, which is a very big responsibility.

Where a licence has been subject to the approval of the terms of collaboration of a foreigner, no consent can be issued until those terms have been finally approved. And there are various financial aspects which I shall not weary you with. Now, therefore, they are not all straightforward cases, but to the extent to which we have what we may call straightforward cases not requiring the consideration of the above points, I claim that consent to the issue of capital is given within a week or two of the date of receipt of the licence.

Mr. Deputy-Speaker: Automatically is impossible?

Shri C. D. Deshmukh: Automatically is impossible, because we have to examine whether these other things occur there or not. How do we know that this is exactly the same as the other one?

I forgot one point in regard to the conditions. That was to find out whether we can discourage managing agencies through this. I submit that this is not the right use of it—after all, Parliament has passed a law dealing with the matter in a more practical way—but we do find out if the appointment or reappointment of managing agents has been according to the provisions of the Companies Act. Where such appointment requires Government's approval, to that extent we do take notice of the provisions of the law.

Mr. Deputy-Speaker: Indirect pressure may also amount to abuse.

Shri C. D. Deshmukh: I think so. Therefore, we try to determine first the principles which we should logically apply in operating that particular set of conditions.

Shri K. K. Basu: That is only non-violent method.

Shri C. D. Deshmukh: Not third degree method.

Now, I have really covered most of the important points, and, as I said, I shall again go through all these debates so as to find out how we should follow up the many important and valuable suggestions made by hon. Members.

3 P.M.

Mr. Deputy-Speaker: The question is:

"That the Bill further to amend the Capital Issues (Continuance of Control) Act, 1947, be taken into consideration."

The motion was adopted.

Clauses 2, 3 and 1, Enacting Formula and the Title were added to the Bill.

Shri C. D. Deshmukh: I beg to move:

"That the Bill be passed."

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted

SALES-TAX LAWS VALIDATION BILL

The Minister of Finance (Shri C. D. Deshmukh): I beg to move:

"That the Bill to validate laws of States imposing, or authorising the imposition of, taxes on the sale or purchase of goods in the course of inter-State trade or commerce, be taken into consideration."

This Bill deals with the validation of State laws imposing or authorising the imposition of taxes on the sale or purchase of goods in the course of inter-State trade and commerce.

Hon. Members are aware that it was held by the Supreme Court in the case of the Bengal Immunity Co. Ltd. vs. the State of Bihar and others on 6th September 1955 that until Parliament by law made in exercise of the powers vested in it by clause 2 of Article 286 provides otherwise, no State can impose or authorise the imposition of any tax on sales or purchases of goods when such sales or purchases take place in the course of inter-State trade or commerce. It has further been held that the majority decision in the case of the State of Bombay vs. the United Motors (India) Ltd. in so far as it decides to the contrary, cannot be accepted as well-founded on principle or authority.

Before the Constitution came into force, the liability for sales tax was determined on the basis of the definition of 'sale' as given in the Sale of Goods Act. A transaction was taxed by a State, if it was determined that the sale under the general law took place in that State. This caused innumerable difficulties to the trade. There were cases where one transaction was taxed by more than one State.

To avoid these difficulties, as you will recall, a provision was made under explanation to Article 286 (1) of the Constitution, and it was laid down that for the purpose of sub-clause (a), a sale or purchase shall be deemed to have taken place in the State in which the goods have actually been delivered as a direct result of such sale or purchase for the purpose of consumption in that State; notwithstanding that under the general law relating to the sale of goods, the property of the goods has by reason of such sale or purchase passed in that State,...

Mr. Deputy Speaker: The other State?

Shri C. D. Deshmukh: Yes, passed in the other State—the sale will be deemed to have taken place in the State where the goods were actually delivered for the purpose of consumption as a direct result of the sale.

From this, it will also be clear that it could not have been the intention of the Constitution to leave a complete lacuna in respect of sales-tax on inter-State transactions. If such a loophole had been left, it would have been possible for unscrupulous traders to show even intra-State transactions as inter-State transactions and thus evade the payment of sales-tax on such transactions.

In the case of the State of Bombay vs. United Motors (India) Ltd. and others, the Supreme Court decided on 30th March 1953 that all transactions where goods were brought within the State of delivery from outer-State-sellers, except those where the goods were intended for re-export out of the State, would be within the scope of the explanation, and liable to be taxed by the State where the delivery takes place.

With the exception of West Bengal who took a contrary view, the other States thereupon took steps to tax non-resident dealers in this class of transactions. This gave rise to many administrative and legal difficulties, and caused harassment to the trade, because a dealer having business connections with several States had to be acquainted with the sales-tax laws of all the several States for complying with the necessary legal requirements in connection with the registrations, the filing of returns, assessment etc.

I have circulated a statement which has been compiled on the basis of such information as was available with us about the system of sales-tax prevailing in various States, and it will show the differences in the pattern from State to State.

In view of this, there were several protests against the levy of sales-tax on non-resident dealers. Indeed, there has been quite a determined campaign by the traders in various States. Representations have also been received by the Central Government from various chambers of commerce and trade associations against the State levy.

So, in view of the ruling, and the difficulties of trade and industry, the Government of India devised an interim scheme

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in consultation with the various State Governments and we provided therein that the dealers of a particular State carrying on business in other States would not be called upon to produce accounts or to appear for assessment or appeal purposes in the taxing State, that is to say, where the goods were delivered, and that the officers of the taxing States would visit the central places of the States to which the dealers belonged. This gave some relief to the traders.

Now, the decision of the Supreme Court on 6th September 1955 in the case of the Bengal Immunity Co. Ltd., vs. the State of Bihar and others, to which I have referred earlier, has the effect of making it illegal for the State Governments to levy and collect sales-tax on inter-State transactions. As a result of this decision, doubts were also raised as to whether the taxes already levied and collected by States before 6th September 1955, that is to say, the date on which the decision was given by the Supreme Court, were legal. There was some difference of opinion on this point.

But some of the State Governments requested us to take steps to put the matter beyond all doubt by legislation validating the levies and collections already made by them, since otherwise their revenue and budgetary positions would be upset. Applications for refund and in some cases even suit notices for refund of taxes already collected had actually been received by some of these States, and there was the danger of the time-limit for some of these notices expiring, that is to say, there was the danger of suits being actually filed.

According to the information received from some 13 States—we have not received information from all the States—the amount of sales-tax collected on inter-State transactions comes to over Rs. 3 crores. The total tax collected in all the States may therefore amount to Rs. 4 or 5 crores, if we make a guess.

Had the States been called upon to refund all the sales tax collected so far on inter-State transactions, this would obviously have put a great strain on their resources and upset their plans for financing the various schemes of development which they have on hand. But that is not the only consideration. Even dealers having already collected the sales tax from their customers could have retained all this money in the event of a refund of these collections because there is no sure way by which the ultimate

payer of the tax could be traced over all these four years. Thus the refund would have benefited neither the State Governments nor the consumers but only the middlemen.

During the course of my discussions with the delegations from the various chambers of commerce in Kanpur, it was represented to me that in view of the second ruling, of 6th September 1955, parties who had purchased goods from industrialists and paid sales tax started deducting the said amounts out of the settled payments made by the dealers and the dealers then requested that the sales tax policy, particularly in respect of refund amounts, might be settled as quickly as possible. So in general, emphasis was laid, and rightly in my opinion, rather on an expeditious decision by Government than on the refund of the tax collected through some undesignated people. We were advised that it would be desirable to take action to regularise the collections already made before the normal period of suit notices already served for refund of sales tax expired, as there might be some legal complications if the suit notices were allowed to reach the stage of pending proceedings, and the position would be even more complicated if on these proceedings courts pronounced judgments and awarded decrees. It was therefore considered imperative to take action to regularise the collections of sales tax on inter-State transactions which had already been made. We were also advised that Parliament has plenary powers under Article 285(2) of the Constitution and entry 42 of the Union List to make legislation retrospectively. That is the advice given to us.

Mr. Deputy-Speaker: If under an article of the Constitution levying of a tax could be made only in a particular manner and it was contravened, is it open to Parliament, without amending the Constitution, to set it right?

Shri C. D. Deshmukh: That is the view Government hold.

Mr. Deputy-Speaker: It can be done?

Shri C. D. Deshmukh: Yes.

Shri N. C. Chatterjee (Hooghly): It cannot be done.

Shri C. D. Deshmukh: That is a matter to be argued in this House.

Shri K. K. Basu (Diamond Harbour): Some more money has to be spent.

Shri C. D. Deshmukh: I may point out that even in the judgement of the Supreme Court, there was a reference to the fact that the economy of the States might be upset by having to refund the taxes already collected, and the Supreme Court answered this very point by saying that in that event, the appeal must be made to Parliament which under article 286(2) of the Constitution has ample powers to make suitable legislation. Now, that may be an *obiter dictum*, because it did not come up for discussion, but it does indicate the way the Supreme Court was inclined to look at this matter.

So it was in these circumstances that Government decided that the revenues of the States should be safeguarded and any doubts in regard to the legality of taxes already levied and collected should be removed urgently. Accordingly, the President promulgated an Ordinance on the 30th January 1956 to validate past levies and collections during the period mentioned. It is to regularise the said Ordinance that this Bill has now been introduced, of which I move consideration.

Mr. Deputy-Speaker: Motion moved:

"That the Bill to validate laws of States imposing, or authorising the imposition of, taxes on the sale or purchase of goods in the course of inter-State trade or commerce, be taken into consideration."

There are no amendments tabled to this motion.

Shri U. M. Trivedi (Chittor): We all oppose it.

Shri N. C. Chatterjee: I am taking a fundamental point. I am submitting for your consideration and for the consideration of the House that this Bill itself is illegal and repugnant to the Constitution. I had the privilege of presenting the case of the Bengal Immunity Company Limited before the Supreme Court and I ought to tell you what was the position there. The Bengal Immunity Company does not claim any immunity from taxation because its name was 'Immunity'. But what happened was this. It was manufacturing drugs and certain other chemicals. It had its factory near Calcutta and its registered office in Calcutta. It had no godown, no office, no agent and no manager in the State of Bihar. I am reading from the Supreme Court judgement

printed in VI Sales Tax case, page 446, also reported in A.I.R. page 661, 1955:—

"The company is carrying on the business of manufacturing and selling sera and vaccines etc. Its registered office is in Calcutta (West Bengal). Its factory is in West Bengal. It has no agent, nor manager in Bihar; it had no any office in Bihar, nor godown in Bihar."

They received orders by post or otherwise from some people in Bihar and they sent the goods according to their instructions by rail. As you know, generally when you get the goods placed on rail, it means delivery; delivery to the carrier means delivery to the consumer or delivery at the other end. Now, the Bihar sales tax authorities took the view that the sales made by this company in Calcutta as a result of which the goods have gone to Bihar as a result of the sale, for purpose of consumption in that State, were liable to taxation under the Bihar Sales Tax Act. The assessing officer of Bihar issued notice to the company calling upon it to get itself registered as a dealer in that State and to submit returns, to deposit tax due in a treasury in Bihar, and threatened prosecution and other things. Now, what I am anxious to point out is this. It is not merely a technical or constitutional point for the sake of raising objection. It is a very vital matter. The present Chief Justice, Mr. Justice Das, has pointed out that it was a jungle law. It was a law which caused great hardship and embarrassment. Suppose there is a manufacturing company in Delhi manufacturing some kind of medicine and that medicine is sent to Travancore-Cochin. Suppose there are twelve orders from Travancore-Cochin. The Travancore-Cochin sales tax authority calls upon the Delhi Company to produce the account books there and to submit returns there, to get registered there and threatens prosecution if it does not get itself registered—in most of the sales tax laws, there is a provision that unless you get yourself registered, you are liable to prosecution if at all your goods are sold in that particular area.

Mr. Deputy-Speaker: The only point for consideration now is whether retrospective effect can be given to it.

Shri N. C. Chatterjee: I am pointing out that it is not so simple as the hon. Finance Minister has put it before the House. What the Supreme Court has decided is that under article 286 of the

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Constitution, there is a fetter, a constitutional bar. Clause (2) of article 286 says:—

"Except in so far as Parliament may by law otherwise provide, no law of a State shall impose or authorise the imposition of, a tax on the sale or purchase of any goods where such sale or purchase takes place in the course of inter-State trade or commerce."

We wanted to embody the very salutary principle of the American Constitution that so far as inter-State trade or commerce was concerned, it shall be free. We did not go to that extreme position that there shall be no taxation. But we say that India should be treated as one unit for the purpose of economic prosperity of India and economic development of India. There should be no regional taxation schemes so as to impose a burden on inter-State trade or commerce. Therefore, if there is any question of any burden or tax to be levied, Parliament must legislate. What the Supreme Court has said, construing this clause, is this.

The Supreme Court in the recent judgment has said: Except in so far as Parliament may by law provide otherwise, no State law can impose or authorise the imposition of any tax on sales or purchase when such sale or purchase takes place in the course of inter-State trade and commerce irrespective of whether such sales or purchases do or do not fall within the Explanation to clause (1) of article 286.

If you look at Explanation to article 286(1), it says:

"For the purposes of sub-clause (a), a sale or purchase shall be deemed to have taken place in the State in which the goods have actually been delivered as a direct result of such sale or purchase for the purpose of consumption in that State, notwithstanding the fact that under the general law relating to sale of goods the property in the goods has by reason of such sale or purchase passed in another State."

Therefore, the Supreme Court has pointed out that it will be wrong to read Explanation to article 286(1) into 286 (2). You will see that the Explanation begins: For the purposes of sub-clause (a).

Mr. Deputy-Speaker: My first impression is this. I understand from this

that if the delivery takes place or if it was despatched under this Explanation, the Bengal Government has no right to tax the sale and it is only the Government of Bihar that is entitled to levy the tax.

Shri N. C. Chatterjee: The Supreme Court has held . . .

Mr. Deputy-Speaker: As I read the section along with the Explanation, I come to the conclusion that if it is inside the State that the sale takes place, under the ordinary law it is complete in Bengal and it is only that Bengal can tax it but under the Explanation this shall be deemed to have been done in Bihar and the Government of Bihar alone can impose and levy it.

Shri N. C. Chatterjee: It does not necessarily follow. Their Lordships have said that it gives by legal fiction only an artificial status to the State for the purpose of saying "what is outside sale". You will see that "outside" sale cannot be taxed. Therefore, only for that purpose it says so. But, that Explanation should not be read into sub-clause (2) of article 286.

May I read out to you, Sir, what the Supreme Court has said? I am reading the Bengal Immunity Company case judgment on page 446 of VI Sales Tax Cases.

"Whichever view is taken of the Explanation to Article 286 (1) (a) of the Constitution, it should be limited to the purpose the Constitution-makers had in view in incorporating it in clause (1). The Explanation which creates a legal fiction is to be limited to the purpose for which it was created and it should not be extended beyond that legitimate field. The avowed purpose of the Explanation is to explain what an outside sale referred to in sub-clause (a) is and it does not confer or enlarge the legislative power of the States. The Explanation cannot be legitimately extended to clause (2), either as an exception or as a proviso thereto or read as curtailing or limiting the ambit of clause (2). The dominant, if not the sole, purpose of Article 286 is to place restrictions on the legislative powers of the States subject to certain conditions, in some cases. And, with that end in view, Article 286 imposes several bans on the taxing

power of the States in relation to sales or purchases viewed from different angles and according to the different aspects. In some cases, the ban is absolute—clause (1) (a) read with Explanation and clause (1) (b) and in some cases, it is conditional, e.g., clause (2). Again, in some cases, the bans may overlap but nevertheless they are distinct and independent of each other. The operative provisions of the several parts of article 286, namely clause (1) (a), (1) (b), clause (2) and clause (3) are intended to deal with different topics and one cannot be projected or read into another."

Sir, may I read out to you that portion which is the *ratio decidendi*?

"Therefore, except in so far as Parliament may by law provide otherwise, no State law can impose or authorise the imposition of any tax on sales or purchases when such sales or purchases take place in the course of inter-State trade or commerce and irrespective of whether such sales or purchases do or do not fall within the Explanation to article 286 (1) (a)."

Sir, I wish you had a copy of that judgment.

Mr. Deputy-Speaker: I have got a copy; but anyhow I prefer to hear the hon. Member.

Shri N. C. Chatterjee: They say that under the Constitution there is a complete bar on the State levying any tax on sales in the course of inter-State trade and commerce. That is a constitutional bar and fetter. Therefore, they acceded to the application for *Mandamus* filed by the Bengal Immunity Company and ordered that the Bihar Sales-tax authorities be restrained from calling upon them to get themselves registered or from imposing any tax or burden upon these inter-State sales or purchases.

That judgment is binding upon us and it is the law of the land. So long as that judgment is there, what is the effect? The effect is that all the sales-tax laws promulgated by the States in respect of tax on inter-State trade are illegal.

Mr. Deputy-Speaker: I am trying to narrow down the point. I am not coming to any conclusion at all. We are not concerned with clause (1) except in so far as it affects inter-State trade. If Bihar

Government has passed any sales-tax law it ought not to be so so far as inter-State transactions are concerned, except in so far as Parliament may, by law, otherwise provide.

Shri N. C. Chatterjee: That has been considered by the Supreme Court of India as meaning that there is a fetter and unless that fetter is lifted no State Legislature in India can enact any State law imposing any burden on any sales or purchases during the course of inter-State trade and commerce.

Mr. Deputy-Speaker: The only point is this. Assume that before this inconvenience had occurred, the Parliament had passed a law empowering the State of Bihar to pass a law imposing sales-tax on inter-State trade.

Shri N. C. Chatterjee: The Supreme Court judgment is this. Unless and until that condition precedent is satisfied, unless and until the constitutional fetter putting a ban on the State's taxing power is removed, no State can legislate. That is what they have said.

Shri C. D. Deshmukh: The hon. Member is not answering your question.

Mr. Deputy-Speaker: I am coming to it. The point is: did it directly arise there as to whether...

Shri N. C. Chatterjee: Let us proceed step by step. The Finance Minister's intervention is not necessary. I am dealing with the point. The position is this. Here is an unconstitutional law. By virtue of this judgment, all the laws passed by all the State Legislatures are illegal. You know that it means that they are nullities. An unconstitutional law is no law. That taxation is not taxation; that is "legalised freebootery" if anybody wants to levy or collect it. Therefore, that is all wrong.

What the Parliament is now doing is to try to legalise those illegalities. What I am saying is that it cannot do that. What Justice Das and the majority of the Judges of the Supreme Court said was that Parliament has got the power by virtue of article 286 (2) to remove ban so that States can tax under item 54 of List II of the Seventh Schedule. Let it pass any law it likes, but it cannot possibly enact this law under the guise of article 286 (2). The Supreme Court judgment says that under article 286 (2), Parliament has complete power to remove any fetter. Once that fetter is removed, Parliament cannot legislate but

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State legislature can. Therefore, ban on the State Legislatures' power is gone and they get legislative competence. Sales-tax is one of the items under List II....

Mr. Deputy-Speaker: The hon. Member is an eminent jurist and lawyer and I am not able to comprehend as he is a little too swift for me. Let me analyse this. Is it not open to Parliament to make a retrospective law unlike, as the hon. Member knows, in the case of fundamental rights, if an offence is committed, no retrospective law can be framed to increase the punishment? Wherever the Constitution wants to prevent a retrospective operation being given, it has definitely stated so as in the case of commission of an offence, that is, if at the time of commission of the offence it is only punishable with fine retrospectively we cannot say that the punishment shall be imprisonment. In this case, that is, with respect to taxation law, it is not stated that you cannot make it retrospective. Let us assume that this Parliament is entitled to frame a law retrospectively and, therefore, under clause 2, it is stated here that this shall be deemed to have come into operation five years ago.

Shri N. C. Chatterjee: I am not putting it so high as that Parliament has no right to make *ex post facto* law which augments the penalty by making it retrospective. There is some constitutional force, no doubt. But what I am pointing out here is this. You are really trying to legalise certain illegal things and my submission is that Parliament cannot do this.

Mr. Deputy-Speaker: Parliament can pass legislation saying that under article 286 (2) it is open to the State Legislatures to pass a law to impose sales-tax. The State Legislature has to say that the law will have retrospective effect. One more link is necessary, it seems.

Shri N. C. Chatterjee: Kindly see 286. Under this, the Supreme Court says that article 286 (2), properly construed, imposes a fetter, and Parliament can remove that fetter if it likes, but Parliament cannot legislate under article 286 (2). The point is that Parliament can only remove the fetter on the State Legislature.

Mr. Deputy-Speaker: It is open to the Parliament to say that unrestrictedly the State Government can impose sales-tax by law or with certain restrictions Parliament can say that the law framed may

be such and such. Therefore, it is open to Parliament to say that the Bihar law might be deemed to have been passed seven years ago, and the Bihar law would now be extended.

Shri N. C. Chatterjee: What is the language of article 286 (2)? It simply says:

"Except in so far as Parliament may by law otherwise provide, no law of a State shall impose or authorise the imposition of a tax on the sale or purchase of any goods where such sale or purchase takes place in the course of inter-State trade or commerce."

That only means that a State law shall authorise the imposition, not the Parliament.

Mr. Deputy-Speaker: Let us assume there is no law on sales-tax in Bihar, and they want to impose a tax. They want to pass a law for this purpose. What is the advice you will give to Bihar Government or Bihar Legislature in regard to the type of the law that they have to pass?

Shri N. C. Chatterjee: If any State Legislature wants to assume that power, then it must approach Parliament, and Parliament will simply say....

Mr. Deputy-Speaker: This Parliament will enact a one-clause measure and authorise the Legislature of Bihar. Is that so?

Shri N. C. Chatterjee: Or any legislature.

Mr. Deputy-Speaker: You can pass one law for Bihar and a general law for the rest of the country. All that this House has to say is that in future the Bihar Legislature is hereby competent to pass legislation imposing sales-tax. Now this Bill can be split into two parts. The first part is that the Bihar Legislature is competent to pass that law. And the second part is that it shall have retrospective effect.

Shri N. C. Chatterjee: Would you kindly see what is being done by this measure? It is really nullifying the judgment of the Supreme Court.

Mr. Deputy-Speaker: It is competent for Parliament to nullify the judgment of the Supreme Court. The judgment does not say that it is illegal to give retrospective effect. We can make it legal.

Shri N. C. Chatterjee: That is the main purport of it. It says:

"Notwithstanding any judgment, decree or order of any court, no law of a State imposing, or authorising the imposition of, a tax on the sale or purchase of any goods where such sale or purchase took place in the course of inter-State trade or commerce during the period between the 1st day of April, 1951, and the 6th day of September, 1955, shall be deemed to be invalid or ever to have been invalid merely by reason of the fact that such sale or purchase took place in the course of inter-State trade or commerce."

What I am pointing out is that this is not the type of legislation which is contemplated by article 286 (2).

Mr. Deputy-Speaker: The hon. Member will suggest the wording then.

Shri N. C. Chatterjee: I am not on that point; I am not on the point of technicality. But I say that this is *ultra vires* of the Parliament, because Article 286 simply authorises the Parliament to remove the fetter. You can say that all State Legislatures or those Legislatures mentioned in schedule of the Bill shall be competent to impose sales-tax in the course of inter-State trade or commerce, but you cannot say under the guise of article 286 (2) that all State legislation which had been passed in defiance of article 286 (2) is valid. That is not proper; that is not the ambit of authority given to Parliament under article 286 (2).

Mr. Deputy-Speaker: May I ask the hon. Member whether, so far as the case in the Supreme Court was concerned, that was the subject-matter there?

Shri N. C. Chatterjee: Pointedly the question was whether the explanation in 286 (1) can be imported into 286 (2) so as to authorise the State to impose sales-tax on inter-State trade.

Mr. Deputy-Speaker: Until some law is made by Parliament, that State has no jurisdiction to impose sales-tax on inter-State trade. That is all the decision.

Shri N. C. Chatterjee: The decision as I read out to you is this:

"Except in so far as Parliament may by law provide otherwise, no State law can impose or authorise

the imposition of any tax on sales or purchases when such sales or purchases take place in the course of Inter-State trade or Commerce and irrespective of whether such sales or purchases do or do not fall within the Explanation to article 286 (1) (a)."

Therefore, power has been given to the State Legislature, but remember that it is a peculiar kind of a situation. Here Parliament has not got the power to do it. The State Legislature has got the power to do it, but it is subject to a fetter or a ban or a handicap. And Parliament can only remove that ban or handicap, and once that ban is removed, then in full force will spring the power of the State Legislature.

Mr. Deputy-Speaker: But it was an issue as to whether it ought to be retrospective.

Shri N. C. Chatterjee: I am not pointing out that this particular Bill or anything like this was in question. While considering articles 286 (1) and (2) they had to go into the respective jurisdiction or authority of the Parliament and the State legislatures.

Mr. Deputy-Speaker: All that the hon. Member says is that it ought not to have said that that law is valid. All that can be said is that the Bihar legislature shall be deemed to have always had the right to pass such laws imposing sales-tax, etc.

Shri N. C. Chatterjee: Even that is not permissible. The article says that you can remove a ban.

Shri C. D. Deshmukh: The word 'ban' is not mentioned in article 286.

Mr. Deputy-Speaker: If the Parliament can pass a law providing for the imposition or authorisation to impose sales-tax even on inter-State operations and trade, it can do so today and the Bihar legislature can pass legislation tomorrow. That is agreed. When it can pass today it can pass retrospectively also that the Bihar Government and the legislature must be deemed to have had the power to do that.

Shri N. C. Chatterjee: Is that this legislation?

Mr. Deputy-Speaker: No. I understand the hon. Member to say this. Bihar legislature shall be deemed to have always had the power to impose the tax

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as it likes on inter-State trade. If that is so, all that is needed is to modify the clause.

Shri N. C. Chatterjee: With great respect to you, Sir, it is not so. I have not made myself clear and will again attempt to make it clear. The construction of article 286 (2) puts an absolute restriction on the taxation power of the States where such sale or purchase took place in the course of inter-State trade or commerce. Unless and until that ban is lifted by Parliament, it cannot be done.

The Minister of Legal Affairs (Shri Pataskar): That is what is being done here.

Shri N. C. Chatterjee: I am glad the hon. Minister for Legal Affairs is here. I hope he has read the judgment.

Shri Pataskar: I have read it very carefully.

Shri N. C. Chatterjee: If he has read it very carefully he ought to realise the spirit of article 286 (2). What is the meaning or ambit of article 286 (2)? It is covered by the judgment of the Supreme Court. Unless and until that ban is lifted by Parliament, no State can possibly impose any taxation. They are not in a position to tax a sale or purchase. That is covered by the explanation and so the provisions were illegal. They are charging the people under certain sections in the Bihar Act. These sections were declared illegal. You must proceed on that foundation. All that the Parliament can do is to remove that ban so that the imposition of taxation may be authorised. But that is not what you are doing. You are saying that all the illegal taxes which had been levied as a result of the operation of the old law must be kept by the State and must not be refunded; you say: "all such taxes levied or collected . . . shall be deemed always to have been validly levied or collected in accordance with law." I do not know the figure. The hon. Finance Minister at one stage said that it would be about three crores; it may be more.

Shri C. D. Deshmukh: Three crores for thirteen States. Possibly it may be four or five crores for twenty-eight States.

Shri N. C. Chatterjee: Whatever it is, I submit that it will not be right to do so and I maintain that it would be arrogating power which this Parliament has not got and which is beyond the purview of article 286.

Shri Pataskar: May I intervene?

Shri U. M. Trivedi: On a point of order. (*Interruptions.*)

Mr. Deputy-Speaker: The hon. Member will speak to me for the benefit of other hon. Members.

Shri U. M. Trivedi: The point is that this law is unconstitutional.

Mr. Deputy-Speaker: Is it a different point? If so, why not dispose of the first point?

Shri U. M. Trivedi: These two points can be disposed of by the Ministers together.

Mr. Deputy-Speaker: What is the point of order? How is it unconstitutional?

Shri U. M. Trivedi: We have to look into the provision of article 248.

Mr. Deputy-Speaker: The hon. Member is a lawyer. I am not asking him to support the point. First of all, the point of order must be stated. If I am not able to understand the point, I will ask him to state in one or two words what it is. I do not want a full explanation now.

Shri U. M. Trivedi: We have to say on what basis it is.

Mr. Deputy-Speaker: I do not want the basis. What is the point of order?

Shri K. K. Basu: It is a baseless point of order. (*Interruptions.*)

Mr. Deputy-Speaker: Order, order. We are spending time unnecessarily.

Shri U. M. Trivedi: This law which we are making today is unconstitutional, *ultra vires* of this House and beyond the competence of this Parliament. What is it that we are trying to do? By making this law, we accept the principle of *factum valet*. This House has got no power to impose tax so far as certain sales are concerned.

Mr. Deputy-Speaker: The hon. Member interprets this law to mean that by this law tax is imposed?

Shri U. M. Trivedi: Taxes had been imposed. Taxes which we cannot impose ourselves we say that we can consider them to be valid. You can validate a thing which might have been irregular but you cannot impose a tax directly or indirectly.

Mr. Deputy-Speaker: You authorise the other State legislature to impose.

Shri U. M. Trivedi: No authorisation. You levy it; that is what this law means. That which you cannot levy yourself, you are levying by virtue of this provision. Therefore, my submission is that you cannot make this law and have the taxes imposed retrospectively or prospectively. It is immaterial whether it is retrospectively or prospectively; that is immaterial. That which you are doing is the imposition of the taxes.

Then I will draw the attention of the House to article 248 of the Constitution which says:

"(1) Parliament has exclusive power to make any law with respect to any matter not enumerated in the Concurrent List or State List."

Item 54 in the State List is: "Taxes on the sale or purchase of goods other than newspapers". That is to say, the taxes of the nature which we want to validate can only be done by the State. Therefore, validation of the taxes on sales cannot be done under the residuary powers vesting in this House under article 248. Under this article we have residuary powers to make any law but they can only be exercised if the State List is silent on that point. If the State List lays down that item then this residuary power cannot be exercised.

Mr. Deputy-Speaker: The hon. Member need not labour that point. What he means to say is that wherever it is specific the general provision cannot be invoked.

Shri K. C. Sodhia (Sagar): My submission is that unless we validate the laws themselves we cannot validate the arrears arising out of them.

Shri U. M. Trivedi: There is one thing more which I want to say.

Mr. Deputy-Speaker: Is it something new?

Shri U. M. Trivedi: All right, Sir, I will raise it again if necessary. If the House is in a hurry about it . . .

Mr. Deputy-Speaker: There is no question of being in a hurry. I am not going to hear again and again arguments to supplement his previous arguments. He has been given enough time. Has he any other point?

Shri U. M. Trivedi: Yes, Sir, my other point is this. This is a sort of a Money Bill under article 199 of the Constitution.

Mr. Deputy-Speaker: The hon. Member says that it is a taxation measure and a Money Bill and without the sanction of the President this cannot be introduced. Very well, I have followed him.

Shri U. M. Trivedi: With very great respect I think, Sir, you have also jumped the stile before it is reached. This is a Money Bill of the nature mentioned 199 of the Constitution. This can only not in article 110 of the Constitution but be introduced in a State Legislature as provided for in article 199 and by no other method. Unless the President's Rule is established in all the States it cannot be done here. Then you can do it in the Parliament. If the President's rule is not there then article 199 is the only provision which will apply whether you take it prospectively or treat it retrospectively. Therefore, my submission is that this procedure has not been followed and this being against the provision of article 248 read with item 54 in the State List this House has no power, no competence to proceed with this legislation.

Shri K. C. Sodhia: Sir, I would request you to note my objection also. My objection is that unless we validate the laws themselves we cannot validate the arrears arising out of them.

The Attorney-General (Shri M. C. Setalwad): Sir, I understand a point of order has been raised and that it is based on the contention that the enactment of the proposed Bill would be outside the scope of the powers of Parliament. I respectfully disagree with that contention. Under the provisions of the Constitution the position is that sales-tax is a tax which can be levied by the States under the State List. But, a sales-tax cannot be levied on what are called inter-State transactions unless Parliament has by law enabled the States to levy such a tax. Article 286 (2) enacts:

"Except in so far as Parliament may by law otherwise provide, no law of a State shall impose, or authorise the imposition etc."

That provision relates to sales-tax on inter-State transactions. Thus Parliament has power by law to provide that a State may levy a sales-tax on inter-State sales. That is exactly what Parliament proposes to do by the proposed Bill. Certain States levied a sales tax on inter-State sales. They could not do that in the absence of a parliamentary law. Now Parliament proposes to make a law which would put the States in a position as if Parliament

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had empowered them to levy a Sales-tax on inter-State sales. The Parliament is thus acting entirely within the scope of its power under article 286 (2). The matter is not *res integra* because in the Bengal Immunity Company's case Justice Das, now Chief Justice, observed that the opening words of sub-clause (2) clearly indicate that Parliament may lift the ban and that the lifting of the ban may be total or partial; that is to say, the Parliament may lift the ban wholly or unconditionally or it may lift it to such an extent as it may think fit to do and on such terms as it please. So, in my submission Parliament's power to make the proposed law is not a matter at all in doubt.

Shri N. C. Chatterjee: May I ask the Attorney-General one question? Does it not mean that the fetter must be removed first by the Parliament before the State can legislate? Is not that the judgment of Justice Das according to his contention and my contention?

Shri M. C. Setalvad: That question did not arise in the Bengal Immunity case. If the Parliament can do something prospectively, it can, according to the ordinary rule, do the same thing retrospectively unless there is something in the language of the article which prevents it from doing so. The language of the article is perfectly neutral. Therefore following the general rule, the Parliament is competent to do retrospectively what it can do prospectively.

Shri T. S. A. Chettiar (Tiruppur): Do you think that clause (2) of article 286 allows the legislation to have retrospective effect?

Shri M. C. Setalvad: It does not prevent retrospective legislation. The general rule is that unless the power of legislation is conferred in language indicating that the legislation under it cannot be retrospective the power will authorize both prospective as well as retrospective legislation.

Shri K. C. Sodhia: May I just ask whether this legislation is of the kind contemplated in article 286 (2)?

Mr. Deputy Speaker: That is what the Attorney-General has pointed out.

Pandit Thakur Das Bhargava (Gurgaon) rose—

Mr. Deputy-Speaker: Is it necessary to hear anything more? Has he got anything new?

Pandit Thakur Das Bhargava: I cannot say whether it is new or not.

Mr. Deputy-Speaker: The hon. Member has been hearing it as much as I have done.

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Pandit Thakur Das Bhargava: I have been hearing—that is why I have risen to speak. I cannot say whether it is new or not. I would beg of you kindly to consider the effect of article 286. When article 286 was enacted by us there existed clause 16 in the Draft Constitution which said that all inter-Provincial trade shall be free, all intercourse by way of trade and commerce shall be free in the whole of India. Therefore, you have to consider this point from that background. Now, the States were debarred from exercising any jurisdiction in regard to the taxation in respect of inter-State sales and purchases, as also sales and purchases outside the State and in regard to sales and purchases which were in the nature of imports or exports, article 286 is there as a whole dealing in this matter. In regard to article 286 (a) and (b), there is an explanation. In so far as article 286 (2) is concerned, there is no explanation, which means that there is an absolute ban on the States enacting any law which imposes any kind of taxation on the inter-State trade or commerce. Now, what is being sought to be done by this law is not that for the future we are taking away the ban. There is not a word about it. We do not say anything about it. But what we say is, the taxes collected will not be refunded and will be regarded as collected.

There is another principle of law. What cannot be done directly cannot be done indirectly. When this Parliament is not able to impose a tax on such inter-State trade, etc., Parliament is also unable to legalise the imposition of such tax. What we cannot do directly cannot be done indirectly. We cannot impose it and we are not entitled to collect that tax. It comes to this: the tax collected by any State is in the nature of an anti-national measure. Then, what is the idea of one India? It means all Trade & Commerce will be free; that there will be no inter-State tax between one State and the other. That is to say, if it is not one India, Madras is not part of India, and if Madras can impose a tax in relation to the goods imported into Punjab, then Punjab can also impose a tax. It is *vice versa*. Therefore, to ensure the oneness of this country, it has been laid

down that no State will be able to impose a tax on the sale or purchase of any goods if such a sale or purchase takes place in the course of inter-State trade or commerce.

Parliament must first of all consider this aspect. It is not that Parliament can say today that the fetter was waived by them. I can, of course, understand, as has been pointed out, that if prospectively a law can be made, an effect could be given to it retrospectively also though morally it may be correct or not. We certainly passed a law a few days back in this Lok Sabha. It was the Bar Councils (Validation) Act. We did pass such a Bill. So my submission is, at the time when the sales-tax laws were passed by the State legislatures, Parliament did not exercise its mind at all. It never considered the question whether it is going to take away the fetter or not. Is it contended that when those Acts were enacted, though Parliament was silent then, Parliament can today exercise its power to remove such fetters? Even if it legally permissible, my submission is that it would be a violation of the essential nature of this law. If we say now that it must be deemed that Parliament could exercise that power then, my submission is, it is playing with the law. We should not validate anything which is absolutely illegal. This is not the first time or the first case of this kind. Many such things have come before us, where, the tax being illegal and money having been collected, the Government have come here for legalising it.

I can understand the objection of the hon. Finance Minister when he says that it is difficult to refund the money. But, at the same time, even if it were possible to say that powers can be taken retrospectively, my submission is that in a law of this kind, the interpretation should be not in favour of legalising it, but should be just opposite of that. We are doing something which is absolutely illegal. Money was taken and now we are seeking to legalise it. Therefore, on both these points—on the point that the interpretation should not be the one which has just been stated before us and also on the merits—my humble submission is that we should not be a party to legalising a thing which is absolutely illegal, on merits as well as in law.

Mr. Deputy-Speaker: An objection was raised by the hon. Shri N. C. Chatterjee that under article 286 (2) of the Constitution, this Parliament had no power to pass legislation validating the laws framed by any other State legislature imposing or levying taxes on sales

or purchases which are of an inter-State nature. The decision of the Supreme Court reported in AIR 1955 page 661 relating to the Bengal Immunity Company has also been cited as an authority for this proposition. It is not denied that Parliament can pass a law authorising a State or States to levy taxes on sales which are of an inter-State nature. Thereafter, if a State passes a law and levies a tax, the levy of that tax is quite legal. But in the Bengal Immunity Company's case, what happened was that there was no law passed by Parliament and without any such law, a unilateral law, as it were, was passed by the Bihar legislature imposing a tax, and it collected a tax from the Bengal Immunity Company on articles of drugs which were exported from Bengal to Bihar, while in Bihar they had not even an office. But, under the explanation to article 286 (1) it is stated that in deciding as to which of those places the transaction regarding an inter-State trade ought to be reckoned for a tax, the other end must be taken into account, that is, at the other end, where the delivery is made, the sale or purchase must be taken to have been completed or done. The explanation is clear. Under these circumstances, the Bihar Legislation could not have been enacted antecedent to the Parliament's legislation which could authorise the Bihar Government—by law passed by Parliament—to levy sales-tax even on inter-State sales or purchases. But without waiting for any such Act of Parliament being in force, the Bihar legislature passed a law and levied taxes upon a transaction which took place, not in that State purely, but could only be deemed to have taken place in that State. Under article 286 (1) the property originated from Bengal. This Bill seeks to validate that law and incidentally to validate the levy of the tax under that law. It is open to this Parliament to pass this law today and if the Bihar legislature could pass this law tomorrow authorising its Government to impose or levy a tax, it is not contended that that levy would be illegal. Though it is contended that it is not open to this House to pass this law retrospectively, I do not agree with it. It has been rightly pointed out by the Attorney-General that unless there is a prohibition, this Parliament can always pass laws and give effect to them retrospectively.

I would enforce this argument by a reference to article 20 of the Constitution which says:

"No person shall be convicted of any offence except for violation of

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a law in force at the time of the commission of the act charged as an offence, nor be subjected to a penalty greater than which might have been inflicted under the law in force at the time of the commission of the offence."

Therefore, retrospectively no law can be passed by this Parliament for that offence. Though at the time the offence was committed, a particular punishment was provided, he could not be convicted of a more serious offence or a different offence and be amenable to a larger punishment. Similar provision is not attached here. Bar is not imposed upon the exercise of the power of the Parliament under article 286 (2) of the Constitution. If today the Parliament can authorise any State or all the States to impose sales-tax on inter-State transactions, it can do so with retrospective effect also. Therefore, there is nothing improper in this Act requiring or authorising the Bihar Legislature to pass a legislation even in advance, i.e. with retrospective effect. Exception is taken possibly to the language. The language, as I interpret it, means that this House can pass a law removing the ban or authorising that State Legislature to impose taxes, with retrospective effect. The objection that has been raised directly by Mr. Trivedi and to some extent by Mr. Sodhia regarding the interpretation of this Bill is not correct. I will read clause 2:

"Notwithstanding any judgment, decree or order of any court, no law of a State imposing, or authorising the imposition of, a tax on the sale or purchase of any goods where such sale or purchase took place in the course of inter-State trade or commerce during the period between the 1st day of April, 1951 and the 6th day of September, 1955, shall be deemed to be invalid or ever to have been invalid merely by reason of the fact that such sale or purchase took place in the course of inter-State trade or commerce;"

This exactly corresponds to the provision under article 286 (2). If we have to pass a law now authorising the States to impose this tax, I ask Mr. Chatterjee, what language would he advise to be incorporated in this Bill. Either it must say, "States can pass legislation imposing taxes" or it must be in the words which have been used here. Therefore, the same language can be used in the

Bill authorising a State or States to impose and levy taxes. As I have already pointed out, there is no objection to giving it retrospective effect. This Bill can stand and there cannot be any objection to this. I will now read the latter portion of clause 2:

"all such taxes levied or collected or purporting to have been levied or collected during the aforesaid period shall be deemed always to have been validly levied or collected in accordance with law."

This only follows the previous one. It ought not to mean that this House is imposing the taxes or levying the taxes. This is retrospectively giving authority to the Bihar Legislature and the consequence is that these amounts have been duly levied. Therefore, this is not a Money Bill imposing or levying taxes for which President's sanction is required. Mr. Trivedi pointed out article 199 of the Constitution and said that if it is a Money Bill, it is only the Bihar Legislature that can pass it and we have no right to validate it. Notwithstanding the passing of this general law removing the ban on the levy and giving retrospective sanction, what has been levied has to come to the legislature and should be presented to the Governor. But, in view of my interpretation of the wording of this clause, it does not actually levy or impose tax, but only authorises the law to be passed retrospectively, and whatever has been done under that law is only validated by an Act of Parliament.

An objection was raised by Pandit Thakur Das Bhargava that originally it was intended by clause 16 of the draft Bill that so far as inter-State sales or purchases were concerned, there ought to be free inter-State trade. But that was not accepted by the Constituent Assembly. It is a very wholesome principle that Parliament should pass the law to permit it. Authority is not given to the State Legislatures. It is a compromise between the one and the other. In proper cases, Parliament can do it, and this is a proper case. According to the Judgment that has been read out, it is clear that the Parliament can authorise such a law absolutely or with such conditions as it deems necessary, including conditions specifying a particular period or periods. The Bill satisfies Pandit Thakur Das Bhargava's objections; it is never intended that as a matter of policy there ought to be imposition of tax on inter-State trade. If that is why it is restricted

to a particular period, it is also a matter not of legal objection to proceed with this Bill. What Pandit Bhargava says in substance is not right, namely, that we are authorising an illegal levy. Even now, it is not made leviable for all future. There is consciousness behind this and the Government in a way accepts that there ought to be free inter-State trade. Therefore, power is not given under this Bill authorising the Bihar or any other State Legislature to do it immediately. Hon. Members may take this into account in finally accepting or rejecting this Bill, but it does not go to the root of the matter. The Bill is not unconstitutional; it is not *ultra vires*. The discussion on the Bill can go on.

I want to make one announcement. The time allotted for this Bill is 4 hours.

Shri C. D. Pande : (Nani Tal Distt. cum Almora Distt.—South-West cum Bareilly Distt.—North): One hour has been taken by the point of order; therefore, the time allotted should be extended to 5 hours.

Mr. Deputy-Speaker: I have no objection to extending the time. I want to know how many hon. Members would like to participate in the discussion. I see 12 hon. Members standing; I will put it as 13 by way of abundant caution and give 15 minutes to each hon. Member.

Shri K. K. Basu: So far as we are concerned, we fully agree that it is very difficult at this stage to refund the taxes that have been collected, in view of the judgment of the Supreme Court invalidating the legislation. We also feel that a large number of consumers who might have ultimately to bear this burden of payment of sales-tax will not get the benefit. Only some middlemen will get the advantage. Therefore, we feel that this question of refund is a rather ticklish problem, because the persons who had actually to bear this burden of tax payment may not be benefited by it. Therefore, there is no point in trying to champion their cause and see that the taxes are refunded.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

Of course, after the arguments that have been advanced and after the decision that has been given by the Deputy-Speaker, it is very difficult to argue about this particular Bill being constitutional;

but, I am still doubtful as to what would be the position if we pass this Bill. This Bill says that we are only validating the collection of a tax for a specific period, 1st April, 1951 to 6th September, 1955, when the judgment was delivered. My only doubt is this. So far as the laws in the different States regarding the collection and imposition of sales-tax are concerned, they remain as they were before. If the laws remain as they are and if they want to collect the tax, that is not barred by this particular amending Bill. But if they do not want to collect those taxes, and if this Bill is passed, it will look rather anomalous. It might be construed that the real intention and the purpose of this Bill is not exactly in consonance with the provisions of article 286 (2) to which you have made a reference already.

Therefore, I feel that we should not, in a hurry, pass a legislation which may ultimately be beneficial personally to my hon. friend Shri N. C. Chatterjee or to the Attorney General, which might again come back to this House after another judgment by the Supreme Court. It should not become a mutual admiration society as between these two people. Whenever we pass a retrospective legislation, as you yourself argued, it should be done with caution and proper consideration. We, for ourselves, do not argue on the theoretical proposition that if a particular law is invalidated by the Supreme Court, it should not be validated by a subsequent legislation of Parliament. We feel that Parliament is sovereign and the entire will of the community expressed in the Parliament should be given effect to. If Parliament, in its wisdom, thinks that a particular legislation should be validated, with retrospective effect, it can do so. But, we should not do it in such a way that it may be construed otherwise. We should not circumvent any healthy provisions of the Constitution which the Constitution makers have deliberately accepted. I am still worried in spite of this Bill validating a certain illegal law, if I may be permitted to use that expression, whether it will really serve the purpose for which this Bill has been put forward. I would urge upon the Government—the seniormost law officer of the Government, the Law Minister is here—to consider this question very carefully. We should not be faced with another judgment invalidating this Bill after it is passed into law. I would ask him to consider—if necessary, even at this stage, we can put off discussion and

[Shri K. K. Basu]

bring an amendment—the exact language in which this clause should be worded. We should make it in consonance with the provisions of sub-clause (2) of article 286 of the Constitution, which empowers Parliament to authorise the various States to levy sales-tax on inter-State transactions: I am still doubtful whether, the clause as it is worded here, in spite of the ruling of the Deputy-Speaker, will serve any purpose, and is in consonance with the provisions of the Constitution and whether it may not be construed that we are indirectly by the backdoor trying to validate something which is invalid and that Parliament has no power directly.

Shri M. S. Gurupadaswamy (Mysore): I should like to say a few words on a point of propriety. The point of order raised by Shri N. C. Chatterjee has been disposed of. I am not very much concerned with the legal aspect of the whole matter. I am only concerned whether the validation of an illegal collection is proper or not. The Finance Minister said that it would be very difficult to refund all this amount to the persons because it might go to the middlemen and not to the consumers, and that the country would not derive any benefit. Though from that point of view, it may appear justifiable to bag all the money, we must remember that we are also concerned with the propriety of the action. It may be the action of the Central Government or the action of a State Government. This collection went on for five years, from 1951 to 1956. Suppose we accept the argument that we can validate illegal collections, indirectly it means that we can collect money retrospectively. On that basis, one might argue that we can authorise the collection of money, not since 5 years, but even extending back to 50 years. There is nothing wrong in that. If the argument in this particular case is proper, I think we can as well say that all un-taxed income since 50 years should be taxed, and that would be perfectly legal. But I would beg of the Members to consider whether it would be moral. It would seem to me that, for the faults committed by the various State Governments, we, would take upon ourselves to bear all their sins and perform a sort of penance. That is very unfortunate. The various States ought to know the legal position in respect of matters on which they legislate. They should take proper care especially in regard to taxation measures. Taxation, as you know, Sir, touches the very vitals of

the community. The State Governments ought to observe abundant caution before they resort to taxation. I am not here justifying any vested interests. If you want to collect a tax, let it be collected. If you want money for the Five Year Plan or for any development plan, let there be collection. But, let the community be very clear about their position. Let them feel that they are giving money without any doubt, without any misgiving. Let them feel that the money that is collected is perfectly legal. Today, by validating the State Act, we are making a law which is improper, legal. I would say, even after legalising the whole collection, it would still be improper. This is similar to the position of a man who takes away some money from the other in an improper way and later on says that the money that he has taken away should be treated as a legal collection. I think the same principle which governs the relationship between individuals should govern also the State. I think that the measure is improper. It may be rendered legal, but nevertheless it is improper.

Moreover, it takes away the sanctity of the judiciary, sanctity of the judgment delivered by the courts, especially, the Supreme Court. When a judgment is delivered by the highest court in the land, that judgment should be considered as very sacred and it should be followed. **It should be implemented:** It should be observed. We should not overcome the effect of the judgment by an Act. Suppose you want to set right a legal lacuna in the Act, you can do it on another occasion without circumventing the decision of the court in the particular case. So, I consider that by passing this Bill we will be endangering the sanctity of the judgment of the Supreme Court.

You know how much importance we attach to the judiciary, and if you go on narrowing the jurisdiction of the Supreme Court or defeating the purpose of the judiciary, I think we are not doing any proper act. Though the arguments advanced by the Finance Minister may be very interesting, I feel that the judgment of the Supreme Court should have been considered in a serious spirit and should have been observed. So, from this point of view I considered that the Bill is very unfortunate and should not have been brought before the House.

Shri Vallatharas (Pudukkottai): I agree with the decision given by the hon. Deputy-Speaker that this Parliament is totally competent to discuss this Bill and

that there is no legal bar to its discussion. We are not a mechanical body as a court of law to say that on the interpretation of this section, this sort of result must follow. We are endowed with a greater sense of responsibility and common sense by which Parliament will have to restore and maintain public confidence in the administration of this country and also see that the public co-operates with the administration in order to consolidate the power of national strength in all its resources.

I am not going to deal with the legal aspect based upon interpretation of article 286 (2). What was our intention in passing article 286 (2) and articles 301 to 307? What is the principle behind these? I solicit reference to article 13 which reads:

"All laws in force in the territory of India immediately before the commencement of this Constitution, in so far as they are inconsistent with the provisions of this Part, shall, to the extent of such inconsistency, be void."

Following this, the discussion on the draft article 264A on 16-10-49 in the Constituent Assembly deserves particular consideration. There, hon. Dr. Ambedkar very succinctly and clearly defined the position.

It is not a question of revalidating the abrogated laws or securing to the Government about Rs. 4 crores which is, after all, nothing compared to the vast resources of this country. It is not a question of a few persons foregoing what they are entitled to draw back. On the basis of this Rs. 4 crores being distributed between the 28 provinces if anybody conceives that the foundation of the State Governments or the Central Government is going to be shaken, I should characterise it as simply whimsical. Four crores is nothing.

The real policy which was adopted at the time of the consideration of the amendment to the proposed article 264A was this. Trade and commerce in this country was much affected prejudicially, especially inter-State trade and commerce. That was the point in question when the draft article was considered. I simply read the following few lines:

"Some of the sales taxes which have been levied by the provinces do not quite conform to the provisions contained in article 264A.

They probably go beyond the provisions. So it is felt that when the rule of law embodied in the Constitution comes into force, all laws which are inconsistent with the provisions of this Constitution shall stand abrogated. On the date of the inauguration of the Constitution, this might create a certain amount of financial difficulty or embarrassment to the different provinces which have got such taxes and on the proceeds of which their finances to a large extent are based. So, it is proposed in an explanation to the general provision, that notwithstanding the inconsistency of any sales tax, that sales tax will continue to be levied till 31-3-51, and after that it will not be levied".

There, the policy envisaged is this. In order to preserve the growing trade and commerce, in the interests of the nation and of allowing freedom for commerce and industry, the Constituent Assembly thought it fit, after great deliberation, that the prevailing system of sales taxes was very bad, and the laws that were in force in the States at the time of the consideration of the draft Constitution were inconsistent with the provisions which ought to be embodied in the Constitution. On a matter of policy it was held that the levy of this tax was bad and the laws were abrogated. I now put the question: will it be a policy moral and acceptable and also in the interests of the nation to say that somehow or other the laws that were deliberately abrogated on certain principles should be brought back and revalidated by a mere provision, a suicidal provision? Did the Constituent Assembly mean that even though they abrogated these laws on certain principles which they enunciated (laws which were proving detrimental to the nation), they intended to give power to the Parliament to restore these laws and to neglect the superiority or prerogative of the Constitution? By their constitutional prerogative they abrogated the laws on certain principles and they allowed them to exist only up to 31-3-1951. After that the laws had to go off. That was the constitutional provision, simply providing to extend these laws by a year. The extension of the abrogated laws was made by a provision of the Constitution. The question arises whether article 286 (2) was contemplated by the Constituent Assembly to provide residuary powers to Parliament to pass laws which would abrogate the constitutional prerogative of the

[Shri Vallatharas]

Constituent Assembly and the Constitution?

Whatever that may be, I highly consider that this Bill is shockingly unmoral and anti-social. If we pass this legislation then certainly the confidence of the entire nation in the administration will be fundamentally shaken. Nothing is safe in this world, in India. Any Government can come and say after 25 years: "We validate the law which was abrogated by this Parliament or any other institution and you will be subjected to so much of retrospective punishment"—of course if it was a criminal punishment; but here it is a civil punishment. What is punishment? Punishment never envisages exclusively that it is criminal. When a principle is applied and if there is a lacuna which can be reasonably held to be a lacuna, certainly attention must be diverted to that. On that basis, it is quite essential that we will have to consider the policy underlying this. What is the policy? Of course, courts of law are debarred from entering into questions of policy. They cannot determine questions of policy. It is we, the Parliament, who are entitled to determine policy under Part IV of the Constitution.

The sales tax has been a subject matter of great agitation throughout the country. I may draw an illustration. In the year 1937 or 1939 when this sales-tax was introduced, it was an ordinary insignificant source of revenue, but in 1947 it rose to 500 per cent, and at present it is 600 per cent. It is now the mainstay of State revenues. The States by the Constitution are not given great powers to impose taxes. Land taxes etc., are given to them, but they are not adequate sources of revenue for the States in view of the fact that very major problems have to be faced by them and have to be dealt with by them under the plans we have got on hand. Quite true. And the Central Government is often rushing with aids and grants to them. And it has become a frequent occurrence in the Public Accounts Committee to find that vast amounts advanced as grants and aid, as auxiliary means or loans to the states are not properly accounted for. Even that we have tolerated, because in the existing condition we do not attribute any *mala fides* to the administration of the States, but we feel they are conducting the business. It will be within our competence and proper also on our part to grant more powers of taxation to the States rather than appropriate all the taxes for the Centre.

During these twenty years or so, there has been a clamour all over the country, and especially in Saurashtra that this form of taxation is abominable and that a proper and legitimate tax system must be introduced. But that position has not been considered so far effectively.

I remember that in about 1952 or so, there was a conference of the Finance Ministers in this country. What happened to their decisions? There was the man in black glasses, Dr. Rajagopalachari, who spoilt the entire scheme at that time. That was the complaint made by some of the officers of the Central Government, and it was said that the proposal that was sought to be implemented could not be carried forward, because some of the objections raised by the Chief Minister of Madras were approved by the other Finance Ministers who happened to be in that conference. Then, there was an eight-man committee appointed. What has happened to that?

What have the Government been doing all these six years? Have they been sleeping? Have they been shutting their eyes and allowing the States to go on looting the traders' money on the basis of abrogated laws? To me, it is not a question of payment of money only; it is not a question of Rs. 3 or 4 crores only: To me the question is this:—What were the Central Government doing all these years? Did they keep a watchful eye on the activities of the State Governments? Why should they come now and say that because it will affect the foundation of the financial structure of the States and will stand in the way of implementing the various plans that have been undertaken, revalidation of these abrogated laws must be made now?

I am constrained to say that there has been no proper liaison between the Central Government and the State Governments in this matter. I would suggest that all the activities carried on by the States should be watched by the Central Government, and whenever there is a misuse or abuse of the legislative processes by them, certainly they must be set right. In that respect, I would say that the Central Government have totally failed in their duty. That is why they have come forward with this bill after six years.

And what is the urgency here? It was on 6th September 1955 that the judgment of the Supreme Court was delivered. After some three or four

months, some people had given notices. And there might be so many cases like that. I am glad that the Finance Minister was kind enough to say that the amount involved in respect of all the States would be of the order of Rs. 3 to 4 crores. After all, each State will get only a moiety of the amount, that is, a few lakhs of rupees. And is it contended that on a moiety of these small amounts will depend the foundation of the financial structure of the State?

I submit that the issue of the ordinance was not at all proper. There was no sufficient ground for the issue of the ordinance at all. The question whether such an ordinance should have been issued to validate abrogated laws without any necessity for the same, is however, something which must be reserved for further consideration.

If really the Central Government feel that the States have got to be helped they can dole out a sum of Rs. 4 or 8 crores from out of their revenues or from out of their receipts from death duties, income-tax collections and so on. But this is not the way in which we should retrace our steps over a period of six years and try to validate something that was considered as a highly anti-social and anti-national act committed by the different State Governments. Surely, we are not going to encourage the confidence of the people in the administration in that way.

The whole sales-tax system needs to be revised. I would like on this occasion to draw the attention of the House to another important aspect, namely, that it is because of the way in which sales-tax has been administered that there has been so much of agitation in different States. It is not the quantum of sales-tax that is levied that has been responsible for this agitation. You may levy two annas a rupee or half an anna a rupee; that is quite immaterial. But it is because of the way in which the local officers have gone about that there has been this agitation; the local officers employed for the collection of sales-tax are not to be compared even with the dacoits of Rajasthan in northern India.

Mr. Chairman : All this is not relevant. We are only concerned what is to be done with the money that has been collected already. We are not to go into the general question of sales-tax administration and so on.

Shri Vallatharas : I was only pointing out that it was against the mode of collection that there was a lot of agitation. And six years have passed so far without any consideration of this matter.

It has been stated in the Statement of Objects and Reasons that in the light of the observations of the Taxation Enquiry Commission, Government are intending to bring forward a suitable amendment to article 286 of the Constitution. If Government think that Parliament has power to legislate under article 286 (2), why should they bring forward an amendment at all to clause (2) of article 286? It sounds rather inconsistent.

Whatever that may be, I would submit to this House that it is our business to see whether it will be morally and socially proper, and whether we will be ensuring the confidence of the people in the administration of the country, if we are going to reopen such abrogated things after such a long period.

Shri V. B. Gandhi (Bombay City—North): I thank you for this opportunity. So far, most of the debate on this Bill has been concerned with the legality or otherwise of this measure. For almost one full hour the legal luminaries both from among the Members as well as from the Government side had a field day. It was a battle of giants. But in this battle, the poor States and the poor consumers for whom this measure is designed have been forgotten. It is therefore the duty of some of us, laymen, to bring this debate down to the firm earth and give a little thought and spare a little attention to those for whom this Bill is intended.

The Finance Minister, while introducing the Bill, has told us how the States are in difficulties and how almost Rs. 5 crores are involved by way of taxes levied and collected by the States. When we are thinking of Rs. 5 crores being involved, we have also to think of the millions of consumers who are the people who have paid these Rs. 5 crores.

The occasion for this Bill is, of course, the recent decision of the Supreme Court given on 6th September 1955. And this Bill is intended to replace the Sales-Tax Laws Validation Ordinance of 1955.

If we understand all this, we cannot do better than give our support to this measure. But after our having done that, the problem of sales-tax still remains. That problem is not solved at all. All of us, although we are not all dealers, are consumers, and therefore we know

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what the problem of sales-tax is. We know of the evasion, we know of the harassment, and we know also of the injustice to which all this leads; and the problem continues. That problem is acquiring a greater urgency now.

We are promised by Government in the Statement of Objects and Reasons that some other measure is soon likely to follow, and that suitable amendments to article 286 of the Constitution in the light of the recommendations of the Taxation Enquiry Commission are under the consideration of Government. So far so good, but neither in the Statement of Objects and Reasons nor in the speech of the Finance Minister has any indication been given to us as to the nature of this new measure, and the shape of this new measure that is promised. Of course, we can make a guess inasmuch as the new measure is going to be an amendment of article 286 in the light of the recommendations of the Taxation Enquiry Commission.

Now, the recommendations of the Taxation Enquiry Commission on this subject are rather strictly limited in their scope.

They are to the effect that (1) the Union Government will be concerned with the levy of taxation on goods in the course of inter-State trade and commerce and (2) that some important kinds of goods, which are of importance in inter-State trade and commerce will be included as exemptions from the authority of the States sales-tax laws. Of course, the Taxation Enquiry Commission has mentioned just about six of such important kinds of goods. Now, if the new measure that is promised is going to be limited to just these two recommendations, I am afraid, it is going to leave the very vexed problem of sales tax unsolved. We would have liked a more fundamental approach. Some of us were expecting that the Taxation Enquiry Commission would give some such fundamental approach to this problem of sales-tax. It has not done so. It has probably just proceeded on the assumption that since sales-taxes form such a very substantial proportion of the revenues of the States, they should be left untouched, with perhaps a little adjustment, a little tinkering, a little improvement here and there. The Taxation Enquiry Commission was probably appalled by the prospect of having to suggest alternative sources of revenue to the States if it was to make any fundamental approach to this problem.

One of the serious objections to sales-tax, although I would just say here in passing that sales-tax is a bad tax and it is a tax that violates almost all canons of taxation, but leaving that aside, if sales-tax has to remain, one of the serious objections to it is that it sets up barriers to trade and commerce within the country. Clearly the aim of all fiscal policy should be the removal of barriers to trade and commerce. Just think of the sales-taxes as they exist today. Look at the utter lack of uniformity. There is this lack of uniformity in respect of principles, the basis of such taxation, the mode by which taxes are collected and in respect of the rates at which these taxes are levied. This has all led—as the experience of all of us coming from every State in the Union shows—to a jungle warfare among the States. Certainly, it is not a very edifying sight, and we also see how instincts which are almost jungle instincts of grab and greed have come to the uppermost. Just look at the very valuable information supplied by the Ministry. We find that of the six important commodities mentioned by the Taxation Enquiry Commission, which according to it deserve to be exempted from inter-State sales-taxes, there is not one State which has exempted all of these commodities, but there are some States which have taxes levied on all of them, States like Hyderabad, Travancore-Cochin and perhaps one or two others. That shows how little regard we in the States pay to the general good of the community, the general good of the country. It is just an attitude of 'me and my State'—that is the position. I hope that the new measure which is promised, limited though it will be in its scope because it is going to be in the light of the recommendations of the Taxation Enquiry Commission, will bring some rule of law in this jungle warfare and some consideration for the other fellow and the other State.

Mr. Chairman: The hon. Member is speaking on a Bill which is yet to come.

Shri V. B. Gandhi: We are asked here to support a Bill levying and legalising imposition of sales-tax.

Mr. Chairman: So far as that is concerned, he is entitled to express his views. But he is speaking on the merits of a Bill yet to come.

An Hon. Member: If not merits, demerits.

Shri S. V. Ramaswamy (Salem): Anticipatory criticism.

Shri V. B. Gandhi: I would simply say that a very strong case exists for speedier action in the matter of the promised new legislation, speedier action for ending this trouble, this harassment, this large-scale invasion which leads to injustice and these continuing barriers.

The Finance Minister just made a brief reference to what is happening and what could happen to the programmes of State Governments in respect of the Five Year Plan if the present measure validating the levy and collection of sales tax was not passed. Here I will just draw the attention of the House to a statement by the Finance Minister of Bombay, Dr. Jivraj Mehta, in his budget speech last week. In Bombay, the State was led to expect from Central taxation on inter-State sales a sum of Rs. 4 crores, and since the Central taxation is yet to come into force, these Rs. 4 crores have not been there. The target for the Bombay State by way of additional taxation for the First Five Year Plan was of the order of Rs. 23.5 crores. Now, it just happens that by increasing the rates of sales tax in the State and also increasing the rates of several other taxes, like the taxes on motor vehicles, sales tax on petrol and sales tax on other commodities, the State of Bombay was able to raise an 'additional revenue of Rs. 25.58 crores to meet the target of Rs. 23.5 crores. Now, what is happening in Bombay today probably is happening in various other States, and it is not likely that all of them would have the same success in overcoming these things.

For all these reasons, my plea would be that this House should not remain satisfied with just passing this Bill and should not feel that it has done all that was to be done in respect of the great mess that this sales tax legislation has led us into, and the Government may be requested to take speedier action.

5 P.M.

Mr. Chairman: May I just know if this tax has been collected under any of the Acts that existed prior to the commencement of the Constitution or by virtue of Acts that came into being after the Constitution came into force?

Shri C. D. Deshmukh: Some must have been passed after the Constitution, some before and some might have been changed or amended, the rates might

have been raised and some might have been influenced by our legislation on essential goods. All I have got is the complex of the situation arising.

Mr. Chairman: May I also enquire if any of the taxes have been collected in consequence of any law which comes under the purview of article 286(3)?

Shri U. M. Trivedi: 286(2), proviso?

Shri C. D. Deshmukh: A list is here. There might be articles here which are now taxable because of the Essential Goods Act which we have passed.

Mr. Chairman: Supposing the Legislature passed any law which comes under 286 (3), that is, 'essential for the life of the community'.

Shri C. D. Deshmukh: That is all with permission.

Mr. Chairman: No question of permission arises there. It is only, 'unless it has been reserved for the consideration of the President and has received his assent'. I would like to know if there are any taxes collected which are sought to be legalised now—taxes under 286 (3) that were not reserved or that have not received the President's assent.

Shri C. D. Deshmukh: Not to my knowledge.

Mr. Chairman: I would like the hon. Minister to find this out also.

Shri C. D. Deshmukh: It is for somebody else to find out whether some tax was or was not

Mr. Chairman: It is for the Government to see whether any of the taxes come under the purview of article 286 (3).

Shri C. D. Deshmukh: I shall have to ask them: have you taxed in violation of the law?

Mr. Chairman: Supposing the tax has been collected under a particular Act, then the hon. Minister can see whether it comes under the purview of 286(3) and whether it was reserved for the consideration of the President and received his assent.

Shri C. C. Shah (Gohilwad-Sorath): This Bill will not validate such illegal collection.

Mr. Chairman: I am not saying that. I am only asking by way of information.

Shri C. C. Shah: The position as regards 286(3) is that if there is any legislation of a State passed before the Constitution which taxes any of the articles declared to be 'essential commodity' by the State after the Constitution came into force, that Act remains valid. But, if that Act is passed after the coming into force of the Constitution, unless it had been reserved for the consideration of the President and has received his assent, it would not be valid.

Mr. Chairman: Under article 286(3), there is no question whether the Act was passed before or after. I only wanted to know if there was any such Act which related to these articles and which was not reserved for the consideration of the President and if any tax was collected under that.

Shri C. C. Shah: So far as I could gather from some of the judgments of the Supreme Court, I presume some States have passed laws taxing what are now declared by Parliament to be 'essential commodities'. But those laws, though they were passed prior to the coming into force of the Constitution are valid and all those taxes can be collected notwithstanding article 286(3).

Mr. Chairman: There is another provision, article 286(2) proviso. Under the proviso, they cease to have effect on 1st March, 1951.

Shri K. C. Sodhia: In the Act regarding essential commodities there is a section validating those laws which were passed before and other laws which were to follow ought to go to the President. (*Interruption*). There is an exception in that law.

Shri C. D. Deshmukh: On page 10, against Ajmer in the list, there is a note here that the Act has received the assent of the President.

Shri C. C. Shah: That would be an Act passed after the coming into operation of the Constitution.

Shri C. D. Deshmukh: That includes 'Iron and Steel', which is among the essential commodities. Therefore, all I can say is *prima facie* no law violating the Constitution has been passed.

Mr. Chairman: So far as Ajmer is concerned.

Shri C. D. Deshmukh: Yes; but, so far as the others are concerned, it is an inference. (*Interruption*). It is a matter

of fact as regards what is the state of affairs in all the States. I can produce tomorrow a list of Acts which had been reserved for the President's approval. I can also produce a list of Acts sent to us and not approved. But, nevertheless I would claim that whatever is now being levied—apart from 286(2)—is legal or would have been legal if such legislation had been passed before.

Mr. Chairman: There are two kinds of cases, those that come within the purview of laws enacted prior to the commencement of the Constitution and those which came subsequently. In regard to the former ones, 286(2) proviso, applies. They should all be held to be non-existent after 1st March, 1951.

Shri C. D. Deshmukh: Therefore, if we validate them now, they will all be legal.

Mr. Chairman: I do not know; so far as the present provisions in the Bill are concerned, there is no reference to such laws as were enacted prior to the Constitution and ceased to have effect on 31-3-1951.

Shri Bansal (Jhajjar-Rewari): Mr. Chairman, I am glad that the purely legalistic aspect of the Bill has been disposed of by the various lawyer Members of the House who participated in the latest judgment of the Supreme Court attention of the House to the social aspect of this Bill. But, before I do that, I would request the House to bear with me if I take them through the history of sales-tax legislation after the adoption of the Constitution.

While the Constitution was being framed, one fundamental aspect was that there would be no sales-tax imposed on inter-State sales or purchases, the basic principle being that inter-State commerce should be allowed to go on unhampered and a sort of anarchy should not be allowed to develop in the various States. There was, however, one exception and that was, if some resident of a different State imported some commodity or some goods from another State for direct consumption then that commodity or goods was liable to be taxed in the exporting State. This aspect of the question has been dealt with in the latest judgment of the Supreme Court also. But then there was a difficulty.

Shri K. K. Basu: He need not be influenced by lawyers.

Shri Bansal: I am trying to steer clear of the corrupting influence of lawyers including my hon. friend.

Shri S. V. Ramaswamy (Salem): As a lawyer, I object to the expression 'corrupting influence of lawyers'. I protest against it (*Interruption*).

Shri Bansal: I think the lawyers themselves will decide this. Supposing there was sales-tax on motor cars in two States, say, in Delhi and Bombay. Supposing a person imported a motor car from Bombay and brought it into Delhi. He will not be charged in Bombay and thereby he was evading sales-tax on the purchase of the motor car as he was not purchasing it in Delhi. Therefore, it became necessary either for all the States to have almost uniform laws or for the exporting States to consider as to why sales-tax should not be levied even on goods which were exported out of those States. This became more so in the case of States like Bihar which depended for their entire economy mostly on one or two commodities, for example, in the case of Bihar, coal, iron and steel. I think the House would be unfair if this aspect of the question was not taken into consideration, while considering this question of sales-tax on inter-State transactions. But the fact remains that in spite of our sympathy, this kind of imposition was bound to lead to fissiparous tendencies, every State trying to outdo the other in order to levy the maximum amount of sales-tax.

Therefore, the business community has been wanting Government to do something to put an end to this kind of law of the jungle, as my friend, Shri Gandhi referred to, and evolve a formula so that the States did not suffer in their revenues and also the business community did not experience the type of harassing inconveniences that it has been made to suffer. I will give you an example. Under the sales-tax procedure, by which inter-State sales are being taxed now, a merchant in Delhi is importing goods from four or five or even six States—Delhi, as you know, is a textile centre and it is a re-exporting centre and feeds the markets of the entire Northern India. Whole-sale merchants here import the textiles from Madras, Coimbatore, Nagpur, Calcutta, and in fact from every part of the country. They have now to maintain separate accounts. Not only that; until some sort of informal arrangement was arrived at between the Government of India and the various State authorities

their books used to be called for by the sales-tax departments of all the States. I know a case where a merchant received notices for production of his books from various States at the same time. If you send the books to one State, then the notice comes from another State, with the result that the man absolutely did not know what to do. I am glad that some steps were taken by the Government with the result that the taxing States said "We will not call for your books as long as you get yourself registered in our State; we will not call you to come to our State, but we will send our inspectors to your establishment". What is the result of that? It is quite likely that on the same day three or four inspectors come to the establishment.

Mr. Chairman: All these difficulties are known to the Government and many hon. Members also know about them. But here we are concerned with the question of the collected taxes. Otherwise, all the difficulties and hardships pointed out by the hon. Member are known to Government and for that purpose they contemplate to bring in a new Bill. Here we are concerned with the provision in the Bill and I would request the hon. Member to kindly concentrate his argument on this one fact only.

Shri Bansal: I wanted to draw the attention of the Finance Minister and others that these difficulties have been there for a long time and I think it is high time that Government came forward with a comprehensive Bill so that this kind of anarchy and chaos might no longer prevail in the country in the matter of sales-tax.

With regard to the specific provision of this Bill, in spite of all that has been said by the various lawyer Members, the Attorney-General and the hon. Mr. Deputy-Speaker himself, I fear that even though we may pass this Bill, this is going to be challenged in the Supreme Court and it is quite likely that the Supreme Court will again declare it *ultra vires*.

An Hon. Member: How do you know?

Shri Bansal: I know it because the lawyer Members have expressed very strongly their points of view on it and I am doing also mine.

Mr. Chairman: We have to do our duty and pass another law.

Shri Bansal: Whenever Government finds itself in a difficult position, it comes out with a law undoing the judgments of the courts. On the other hand

Mr. Chairman: We are respecting the judgment of the Supreme Court. The Supreme Court never decided that the money should be refunded or not refunded.

Shri Bansal: But the Supreme Court has said that these laws are invalid and, therefore, I should have imagined that Government would accept the judgment of the Supreme Court.

Shri C. D. Deshmukh: The Supreme Court themselves have suggested that the States might go to Parliament.

Mr. Chairman: Parliament is within its right to step in with a new measure. If any judgment of the Supreme Court gives rise to hardship or difficulties, the final authority to solve the problem is Parliament. Whenever a judgment of this nature has been given in the past, we have behaved like this, as in the case of the Zamindari Act. We respect the judgment of the Supreme Court and therefore alter our law.

Shri Bansal: I am not suggesting that we have no right to do that or we have never done that. But when the issues involved are not of a character involving a great national policy, we should try to see that as far as possible we respect the judgment of the Court. And this is an instance. After all, how much amount is involved here? As the Finance Minister has said, it is about Rs. 3 or Rs. 5 crores. And the Government may have to make a refund of about Rs. 2 crores.

Shri C. D. Deshmukh: The amount of refund involved is about Rs. 3 to Rs. 5 crores.

Shri Bansal: I realise that it is a big sum, but at the same time I would like to know as to what Government are doing with regard to the period between the date the judgment was delivered and the future. After all, that loss will be sustained by the various State Governments—and even now it is being sustained.

Mr. Chairman: Is it correct that taxes are being collected under these very laws after the date of the delivery of the judgment by the Supreme Court?

Shri C. D. Deshmukh: After the delivery of the judgment, no State can collect.

Mr. Chairman: According to the Finance Minister, no State is collecting these taxes after the 6th September.

Shri C. D. Deshmukh: Even before the judgment was delivered, we were trying to use our influence with the States not to go on collecting inter-State taxes, and the Prime Minister addressed a letter to all Chief Ministers stating that there had been a great deal of difficulty caused to traders and so on and that, therefore, our advice was that they should not collect such taxes. Some State Governments said, "Yes, we are prepared to fall in line with your advice". Some other State Governments said, "Well, we will await the judgment of the Supreme Court". But it is quite certain that after the judgment was pronounced, no State could possibly collect any of these taxes.

Shri Bansal: That is exactly my point. Inasmuch as no State is going to collect, they are losing revenue on that account. Under that head they are not going to have any revenue which they were having in the past. Therefore, I say that a sum of Rs. 4 or Rs. 5 crores over a period of four years would not be a very great sacrifice. I should have imagined that the Government of India should have come forward and said that those State Governments should be reimbursed to the extent that they have collected.

Shri C. D. Deshmukh: Who will get it?

Shri Bansal: The money? The Finance Minister can always find it, and he is going to find the money tomorrow.

Mr. Chairman: The question is as to who will get the money.

Shri C. D. Deshmukh: There are a very limited number of people who will get it. Except that, the money will not go to the actual consumers. They have collected it from thousands of consumers who cannot be traced easily.

Mr. Chairman: Whoever can be traced may be paid. Why should their case be prejudiced?

Shri C. D. Deshmukh: We do not take that view.

Shri Bansal: I am grateful to the Finance Minister for pointing out that the sales-taxes have been collected from the consumers and in any case the money will not go back to the consumers.

Mr. Chairman: Further he says that if refund is allowed it will go to the middle-men.

Shri Bansal: I fully agree with him that it may be one of the shortcomings of any legislation which authorises the State Government to refund the amount. Perhaps to that extent it could be said that wherever taxes have actually been levied, there is one particular lacuna. The Bill says "all such taxes levied or collected or purporting to have been levied or collected". It means only in those cases where the sales-tax authorities have taken certain action that the laws would be violated, but where the sales-tax authorities have not taken any steps to recover the sales-tax, these cases will be outside the purview of this.

Mr. Chairman: As a matter of fact it is quite clear. If no tax has been collected, it is all right; no tax should have been collected.

Shri Bansal: Perhaps it introduces an element of discrimination. An honest businessman is making his returns normally to the sales-tax officer and so he is made to pay; he will be roped in this legislation. But a businessman who has not been keeping any account or making any return—I know in Delhi there are a large number of unscrupulous middle-men who are trading in one name today and begin to trade in a different name tomorrow—will be going scot-free even after the passage of this Bill.

Mr. Chairman: Is it the intention of the hon. Member that the tax should be collected from such persons to remove discrimination?

Shri C. C. Shah: The words are "levied or collected". If it is still uncollected, it can be collected.

Shri Bansal: From those people on whom no tax has been levied so far?

Shri C. C. Shah: The Act levies the tax. Those who are liable to pay will be bound to pay even if the tax has not been collected.

Shri U. M. Trivedi: That cannot be.

Mr. Chairman: Is it the interpretation?

Shri C. C. Shah: Yes, Sir. That is the position.

Shri Bansal: I am not going to have your word for that.

Shri C. D. Deshmukh: My word is the same as his word because the word is there; that is what one can read from the provisions of this section. If the hon. Member will read it, he will find that the sale or purchase must have taken place in an inter-State trade or commerce during that period from 1st of April 1951 to the 6th of September 1955. Then such laws imposing these taxes would be regarded as valid. Really, the last three lines need not have been put in there; they are put in there by way of abundant caution, as lawyers are fond of saying.

Shri Bansal: Even as it is worded, this law will lead to a lot of discrimination.

Mr. Chairman: May I just enquire? Will the taxes be collected from such persons as are liable to pay it?

Shri C. D. Deshmukh: I should take it so; but it will not be levied on sales after that date—6th September 1955. No transaction after that date will come within the mischief of this Bill. That is another expression the lawyers are fond of saying.

Shri K. C. Sodhia: What will happen to that Bihar company who went to the Supreme Court and got the judgment?

Shri C. C. Shah: It will have the satisfaction of having got a judgment!

Shri Bansal: I know it is a very ticklish issue. But even then, my advice would be not to proceed with this Bill and leave the position as it is. Government should try to bring early a comprehensive Bill to regulate inter-States sales-tax.

श्री हेडा (निजामाबाद): सम्भाषित महोदय, सुप्रीम कोर्ट ने बंगाल इन्स्युनिटी कम्पनी के मुकदमे में जो फैसला दिया है उसकी वजह से धनकरीब सारी की सारी स्टेट गवर्नमेंट्स की पोजीशन बहुत ही परेशान बन हो गयी है। उनको यह खतरा लाहक हुआ है कि जो इंटर स्टेट सेल्स टैक्स उन्होंने वसूल किया उसको कहीं

[भी हेडा]

वापस न भ्रवा करना पड़े। और यही वजह है कि उन्होंने सेंट्रल गवर्नमेंट की और पार्लियामेंट की मदद चाही है। आज हम उनकी मदद के लिए आ रहे हैं। इसके पहले एक आर्डिनेन्स के जरिये से उनकी मदद की गयी और अब उस आर्डिनेन्स को इस बिल के जरिये रिप्लेस करने की कोशिश की जा रही है।

सेल्स टैक्स और खासकर इंटर-स्टेट सेल्स टैक्स होना चाहिए या नहीं इसके मैरिट्स में मैं नहीं जाना चाहता। मैं जाती तौर पर सेल्स टैक्स का मुखालिफ नहीं हूँ। लेकिन एक भ्रन्देशा आम लोगों में महसूस किया जा रहा है और मुझे खुशी है कि उसका पूरजोर भ्रलफाज में हमारे दोस्त श्री गुरुपादस्वामी और श्री बल्लाय-रास ने इजहार किया है और दूसरे दोस्तों ने भी उसका इजहार किया है। वह भ्रन्देशा यह है कि अगर कोई स्टेट गवर्नमेंट बगैर दस्तूरी अख्तियार के कोई टैक्स लगा देती है और उसके इस काम को अगर हम बाद में कानूनी करार दे देते हैं, और इस गलती से उस स्टेट गवर्नमेंट को जो परेशानी होनी चाहिये थी और जो सजा मिलनी चाहिए थी उससे अगर उसको नजात दिला देते हैं तो जनता में यह भ्रहसास बढ़ता चला जायेगा कि हुकूमत चाहे कोई काम कर ले वह चाहे कानून या दस्तूर के तहत जायज हो या न हो, उसके खिलाफ कोई चारेकार हासिल नहीं है। अंग्रेजी दस्तूर का एक उसूल है और वह दस्तूर अंग्रेजी जबान में इस तरह बयान किया जाता है :

"The King does no wrong".

उनके यहां कोई लिखा हुआ दस्तूर नहीं है। इस लिहाज से पूरे के पूरे अख्तियारात, जिनकी कल्पना की जा सकती है, हुकूमत को या बादशाह को होते हैं, इस तरह का तसब्बर किया जाता है लेकिन हमने कांस्टीट्यूशन पास किया है और हर एक स्फियर के अन्दर अलग-अलग सतह के लिए अलग-अलग तरीके से सीमाबन्दी की है, और हमने यह निर्णय किया है कि यह पार्लियामेंट भी, जिसको हम साबरिन कहते हैं, उसी कांस्टीट्यूशन के तहत कानून पास करेगी। वह कांस्टीट्यूशन को तबदील कर सकती है यह अलग बात है, लेकिन जब तक कांस्टीट्यूशन अपनी जगह पर कायम है तब तक उसी के मुताबिक कानून पेश होंगे और पास हो सकेंगे। इस तरह से हमने अपने ऊपर और सभी तरफ पाबन्दी लगायी है। इसलिये

अगर कोई काम गलत हो गया है और बाद में जाहिर होता है कि वह गैर कानूनी था, और उसको अगर हम कानूनी करार दे दें तो जनता का भ्रन्देशा बढ़ता रहेगा।

श्री सी० डी० देशमुख: सुप्रीम कोर्ट के फैसले के मुताबिक तो वह जायज था। सुप्रीम कोर्ट के फैसले के मुताबिक सितम्बर सन् १९५५ तक वह कर बसूल करना जायज था।

Shri C. D. Pande: According to the judgment of the Supreme Court ?

श्री हेडा : मैंने बंगाल इन्सुनिटी कम्पनी के फैसले का जिक्र किया है। मैं पहले फैसले का जिक्र नहीं कर रहा हूँ। मैं यह कहना चाहता हूँ कि जितनी भी स्टेट गवर्नमेंट्स हैं उन सबके पास लोगल डिपार्टमेंट्स मौजूद हैं। उनको कानूनी मशविरा मिल सकता है और उनको हर तरह की सहुलियत मिली हुई है। इन सब चीजों के बावजूद जो अहत्यात की जानी चाहिए थी वह नहीं की गयी। उनको पहले पार्लियामेंट के जरिये एनेबलिंग कानून पास करा लेना चाहिए था। ऐसा उन्होंने नहीं करवाया।

Shri Pataskar: In 1953, the Supreme Court itself held the opinion that no such thing was necessary.

Shri Heda: I am not referring to the decision of 1953. I am referring to the recent judgment. According to that, the State Governments had no power unless Parliament passed an enabling law to levy inter-State sales-tax. My point is that the State Governments were fully equipped with their own legal departments; they had their own legal advisers and all that.

Shri Pataskar: Even the Supreme Court agreed with that in the beginning.

Shri Heda: The whole point is that I am referring to the latest decision.

Shri C. D. Deshmukh: The hon. Member suggests that the Law Officers of the State Governments should have violently disagreed with the first judgment of the Supreme Court and advised the States not to impose the taxes.

Shri Heda: No, Sir. I am sorry to point out that the article in the Constitution is quite clear and if the State Governments would have in spite of the decision of 1953 desired the Parliament to pass an enabling Act there would have been nothing wrong. But, nobody

bothered over it. What I was pointing out was that the feeling is increasing in the minds of people that whatever the Government does, whether it is under the Constitution or whether it is under the laws or not, it will be validated simply because people's will is the sovereign thing and the Parliament is there to legalise anything which later on might be found to be as an illegal one.

मैं इस चीज़ के बाद यह अर्ज करना चाहता हूँ कि.....

Mr. Chairman: How much more time will the hon. Member take ?

श्री हेडा : मुझे सात, आठ मिनट और चाहिये ।

5-32 P.M.

Mr. Chairman: Then he may continue tomorrow.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, the 29th February, 1956.

[Tuesday, 28th February, 1956.]

COLUMNS

COLUMNS

OBITUARY REFERENCE 971

The Deputy-Speaker made a reference to the passing away of Shri Lalchand Navalrai who was a member of the Central Legislative Assembly. Thereafter, the Lok Sabha stood in silence for a minute as a mark of respect.

PAPERS LAID ON THE TABLE 971-72

(1) The following statements showing the action taken by the Government on various assurances, promises and undertakings given by Ministers during the various Sessions shown against each:—

- (a) Supplementary Statement No. II Eleventh Session, 1955 of Lok Sabha.
- (b) Supplementary Statement No. VI. Tenth Session, 1955 of Lok Sabha.
- (c) Supplementary Statement No. XII Ninth Session, 1955 of Lok Sabha.
- (d) Supplementary Statement No. XVI. Eighth Session, 1954 of Lok Sabha.
- (e) Supplementary Statement No. XIX Seventh Session, 1954 of Lok Sabha.

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(f) Supplementary Statement No. XXVI Sixth Session, 1954 of Lok Sabha.

(g) Supplementary Statement No XXXI Fifth Session, 1953 of Lok Sabha.

(h) Supplementary Statement No. XXXV Fourth Session, 1953 of Lok Sabha.

(i) Supplementary Statement No. XLI Third Session, 1953 of Lok Sabha.

(2) A copy of each of the following papers under section 36 of the Employees State Insurance Act, 1948:—

(a) Annual Report of the Employees' State Insurance Corporation for the financial year 1953-54.

(b) Audited Accounts of the Employees' State Insurance Corporation for the year 1953-54.

(3) A copy of the Notification No. 15/F. No. 1/16/55-E. D., dated 13th February, 1956, under sub-section (3) of section 85 of the Estate Duty Act, 1953, making certain further amendments to the Estate Duty Rules, 1953.

MESSAGE FROM THE PRESIDENT 973

The Deputy-Speaker communicated to the Lok Sabha the message from the President expressing his great satisfaction at the expression of thanks by the members of Lok Sabha for the Address delivered by the President to both Houses assembled together on the 15th February, 1956.

MESSAGE FROM RAJYA SABHA 973

Secretary reported a message from Rajya Sabha that at its sitting held on the 17th February, 1956, Rajya Sabha had passed the Indian Cotton Cess (Amendment) Bill, 1956.

BILL PASSED BY RAJYA SABHA—LAID ON THE TABLE 973

Secretary laid on the Table the Indian Cotton Cess (Amendment) Bill, 1956, as passed by Rajya Sabha.

ARREST OF A MEMBER 973

The Deputy-Speaker informed Lok Sabha that he had received a letter dated the 25th February, 1956, from the District Magistrate, Delhi, intimating that Pandit Bhagwaticharan Shukla, Member of Lok Sabha was arrested at 1 P.M. on the 25th February, 1956, in pursuance of a non-bailable warrant of arrest, issued by the Chief Presidency Magistrate, Bombay, against him.

REPORT OF ESTIMATES COMMITTEE PRESENTED 974

Twentieth Report was presented.

ELECTION TO COMMITTEE 974

The Lok Sabha adopted the motion for election of two Members on the Central Advisory Committee of the National Cadet Corps.

BILL INTRODUCED 974-75

Agricultural Produce (Development and Warehousing) Corporations Bill was introduced.

BILL PASSED 975-1030

Capital Issues (Continuance of Control) Amendment Bill was further considered. The motion for consideration was adopted. Clauses 2, 3 and 1 were adopted and the Bill was passed.

BILL UNDER CONSIDERATION 1031-80

The Minister of Finance (Shri C. D. Deshmukh) moved for consideration of Sales Tax Laws Validation Bill. The discussion was not concluded.

AGENDA FOR WEDNESDAY, 29TH FEBRUARY, 1956

Consideration and passing of the Sales Tax Laws, Validation Bill. Presentation of the General Budget, 1956-57 and introduction of the Finance Bill