

Monday,  
16th July, 1956

# LOK SABHA DEBATES

**VOLUME V, 1956**

*(16th July to 10th August 1956)*



सत्यमेव जयते



**THIRTEENTH SESSION, 1956**

LOK SABHA SECRETARIAT  
NEW DELHI

# CONTENTS

(Vol. V, Nos. 1—20—16th July to 10th August, 1956).

	COLUMNS
<b>No. 1. Monday, 16th July, 1956.</b>	
Member Sworn.....	2
Oral Answers to Questions—	
Starred Questions Nos. 1, 3 to 8, 10 to 12, 14 to 21, 23 to 25, 27, 29 to 31	1—29
Written Answers to Questions—	
Starred Questions Nos. 2, 9, 13, 22, 28, 32 to 34.	30—33
Unstarred Questions Nos. 1 to 22, 24, 25	33—44
Daily Digest	45—46
<b>No. 2. Tuesday, 17th July, 1956.</b>	
Oral Answers to Questions—	
Starred Questions Nos. 35, 39, 41, 42, 44 to 50, 52 to 57, 60 and 61	47—75
Written Answers to Questions—	
Starred Questions Nos. 36 to 38, 40, 43, 51, 58, 59, 62 to 67	75—80
Unstarred Questions Nos. 26 to 59	80—96
Daily Digest	97—100
<b>No. 3. Wednesday, 18th July 1956.</b>	
Oral Answers to Questions—	
Starred Questions Nos. 68, 69, 71 to 74, 76, 78, 80, 82, 83, 85, 86, 88, 90 to 93, 96 to 99	101—29
Written Answers to Questions —	
Starred Questions Nos. 70, 75, 77, 79, 81, 84, 87, 89, 94, 95, 100 to 113, 115 to 128	129—44
Unstarred Questions Nos. 60 to 81, 83	144—52
Correction of Answer to Starred Question—	152—54
Daily Digest	155—58
<b>No. 4. Friday, 20th July, 1956.</b>	
Oral Answers to Questions—	
Starred Questions Nos. 129 to 132, 134, 136 to 138, 140, 141, 143, 147, 151, 153, 156, 157, 135, 139	
Written Answers to Questions—	
Starred Questions Nos. 133, 144 to 146, 148, 149, 154, 155, 157	
Unstarred Questions Nos. 84 to 101	
Daily Digest	
<b>No. 5. Saturday, 21st July, 1956.</b>	
Oral Answers to Questions—	
Starred Questions Nos. 159 to 167, 169, 171, 172, 174 to 176, 180 to 186	203—31
Short Notice Question No. 1	231—35
Written Answers to Questions—	
Starred Questions Nos. 168, 170, 173, 177, 178, 187 to 196	235—40
Unstarred Questions Nos. 102 to 130	240—56
Daily Digest	257—60



No. 6. Tuesday, 24th July, 1956.

CONTENTS

## Oral Answers to Questions—

Starred Questions Nos. 197 to 202, 204 to 206, 208, 209 212, 213, 216 to 227, 215, 210 . . . . .	261—91
--	--------

## Written Answers to Questions—

Starred Questions Nos. 203, 207, 211, 214. . . . .	291—93
Unstarred Questions Nos. 131 to 139 . . . . .	293—98
Daily Digest . . . . .	299—300

No. 7. Wednesday, 25th July, 1956.

## Oral Answers to Questions—

Starred Questions Nos. 228 to 242, 244 to 252, 254 and 255 . . . . .	301—30
--	--------

## Written Answers to Questions—

Starred Questions Nos. 243, 253, 256 to 286 . . . . .	330—42
Unstarred Questions Nos. 140 to 176 . . . . .	352—58
Daily Digest . . . . .	359—62

No. 8. Thursday, 26th July, 1956.

## Oral Answers to Questions—

Starred Questions Nos. 287 to 292, 294 to 298, 300 to 302, 304 to 311, 314 . . . . .	363—91
--	--------

## Written Answers to Questions—

Starred Questions Nos. 293, 299, 303, 312, 313, 315 to 339, 341 . . . . .	391—404
Unstarred Questions Nos. 177 to 210 . . . . .	404—16
Daily Digest . . . . .	417—20

No. 9. Friday, 27th July, 1956.

## Oral Answers to Questions—

Starred Questions Nos. 342, 344, 346 to 348, 354, 374, 349 to 353, 355, 356, 358, 359, 361 and 362 . . . . .	421—45
Short Notice Questions Nos. 2 to 4 . . . . .	445—57

## Written Answers to Questions—

Starred Questions Nos. 343, 345, 357, 360, 364 to 373, 375 to 382, 384 to 393 . . . . .	457—70
Unstarred Questions Nos. 212 to 240 . . . . .	470—82
Daily Digest . . . . .	483—86

No. 10. Saturday, 28th July, 1956.

## Oral Answers to Questions—

Starred Questions Nos. 396, 398 to 400, 402 to 406, 408, 411, 412, 415, 417, 418, 420, 421, 423, 426, 429, 431, 432, 435, 436 . . . . .	487—515
Short Notice Question No. 5 . . . . .	515—18

## Written Answers to Questions—

Starred Questions Nos. 394, 395, 397, 401, 407, 409, 410, 413, 414, 416, 419, 424, 425, 428, 430, 433, 434, 437, 438 to 447 . . . . .	518—29
Unstarred Questions Nos. 241 to 261 . . . . .	529—38
Daily Digest . . . . .	539—40

No. 11. <i>Monday, 30th July, 1956.</i>	COLUMNS
Oral Answers to Questions—	
Starred Questions Nos. 451 to 454, 456 to 460, 462, 463, 466, 468, 469, 471 to 477, 479, 480 . . . . .	541—69
Written Answers to Questions—	
Starred Questions Nos. 448 to 450, 455, 461, 464, 465, 467, 470, 478, 481 to 500 . . . . .	569—82
Unstarred Questions Nos. 262 to 296 . . . . .	582—98
Daily Digest . . . . .	599—602
No. 12. <i>Tuesday, 31st July, 1956.</i>	
Oral Answers to Questions—	
Starred Questions Nos. 505 to 509, 511 to 522, 525, 528, 529, 531, 534 to 536 . . . . .	603—32
Written Answers to Questions—	
Starred Questions Nos. 501 to 504, 510, 523, 524, 526, 527, 530, 532, 533, 537 to 539, 541 to 557 . . . . .	632—44
Unstarred Questions Nos. 297 to 336 . . . . .	644—58
Daily Digest . . . . .	659—4
No. 13. <i>Wednesday, 1st August, 1956.</i>	
Oral Answers to Questions—	
Starred Questions Nos. 560, 561, 563 to 565, 567, 568, 571, 573 to 577, 579, 580 . . . . .	665—91
Written Answers to Questions—	
Starred Questions Nos. 558, 559, 562, 566, 569, 570, 572, 578, 581 to 598, 600 to 606, 608 and 609 . . . . .	691—703
Unstarred Questions Nos. 337 to 351 . . . . .	704—10
Daily Digest . . . . .	711—12
No. 14. <i>Thursday, 2nd August, 1956.</i>	
Oral Answers to Questions—	
Starred Questions Nos. 611, 613 to 617, 619 to 624, 626 to 629, 631 to 634, 637, 638, 640 to 642, 644 . . . . .	713—40
Written Answers to Questions—	
Starred Questions Nos. 610, 612, 618, 625, 630, 635, 636, 639, 643, 645 to 672 . . . . .	740—56
Unstarred Questions Nos. 352 to 382 . . . . .	75—70
Daily Digest . . . . .	771—74
No. 15. <i>Friday, 3rd August, 1956.</i>	
Oral Answers to Questions—	
Starred Questions Nos. 673 to 678, 680, 682 to 684, 686, 687, 690, 691, 693, 695 to 698, 701 to 705 . . . . .	775—803
Written Answers to Questions—	
Starred Questions Nos. 679, 681, 685, 688, 689, 692, 694, 700, 706 to 721 . . . . .	803—12
Unstarred Questions Nos. 383 to 412 and 414 . . . . .	812—26
Daily Digest . . . . .	827—30
No. 16. <i>Monday, 6th August, 1956.</i>	
Oral Answers to Questions—	
Starred Questions Nos. 722 to 727, 729 to 733, 735 to 737, 741 to 743, 746, 748 to 750 . . . . .	831—58
Short Notice Question No. 6 . . . . .	858—5
Written Answers to Questions—	
Starred Questions Nos. 728, 734, 738 to 740, 745, 747, 751 to 755, 757 to 776, 778 to 780, 782, 783 . . . . .	860—7
Unstarred Questions Nos. 415 to 439, 441 to 443 . . . . .	874—8
Daily Digest . . . . .	887—90

## No. 17. Tuesday, 7th August, 1956.

COLUMNS

## Oral Answers to Questions—

Starred Questions Nos. 784, 786, 787, 789, 790, 792 to 797, 799 to 803, 805

806, 808 to 810 . . . . . 851—917

Short Notice Question No. 7 . . . . . 917

## Written Answers to Questions—

Starred Questions Nos. 785, 788, 791, 798, 804, 807, 811 to 836, 838 to 847 . 918—934

Unstarred Questions Nos. 444 to 486, 488 to 494 . . . . . 934—951

Daily Digest . . . . . 957—960

## No. 18. Wednesday, 8th August, 1956.

## Oral Answers to Questions—

Starred Questions Nos. 848 to 867, 869, 870 . . . . . 961—988

## Written Answers to Questions—

Starred Questions Nos. 868, 871 to 893 . . . . . 988—997

Unstarred Questions Nos. 495 to 529 . . . . . 997—1012

Daily Digest . . . . . 1013—1016

## No. 19. Thursday, 9th August, 1956.

## Oral Answers to Questions—

Starred Questions Nos. 894, 896 to 900, 903, 905 to 907, 909, 914, 915, 918, 921 to 923, 925 to 931 . . . . . 1017—1044

## Written Answers to Questions—

Starred Questions Nos. 895, 901, 902, 904, 908, 910 to 913, 916, 917, 919, 920, 924, 932 to 942 . . . . . 1044—1052

Unstarred Questions Nos. 530 to 553 . . . . . 1052—1062

Daily Digest . . . . . 1063—1064

## No. 20. Friday, 10th August, 1956.

## Oral Answers to Questions—

Starred Questions Nos. 944 to 947, 949, 950, 953 to 957, 959 to 964, 966, 984, 967, 968 . . . . . 1065—1093

Short Notice Question No. 8 . . . . . 1093

## Written Answers to Questions—

Starred Questions Nos. 943, 948, 951, 952, 958, 965, 969 to 983, 985 to 993 . 1094—1104

Unstarred Questions Nos. 554 to 603 . . . . . 1104—1127

Daily Digest . . . . . 1127—1130

Index . . . . . 1—172

Monday, 16 July, 1956

*The Lok Sabha met at  
Eleven of the Clock*

[MR. SPEAKER (SHRI M. ANANTHASAYANAM  
AYYANGAR) in the chair]

MEMBER SWORN

Shri Anand Chandra Joshi (Shahdol-Sidhi)

### ORAL ANSWERS TO QUESTIONS

#### Gypsum from Pakistan

\*1. **Shri Shree Narayan Das :** Will the Minister of Production be pleased to state :

(a) whether an agreement has been concluded with the Government of Pakistan to purchase gypsum;

(b) if so, the terms and conditions of the agreement; and

(c) how the cost of this purchase compares with the cost of Rajasthan gypsum now used at Sindri ?

**The Minister of Production (Shri K. C. Reddy) :** (a) The State Trading Corporation of India (Private) Ltd. have entered into an agreement with the Pakistan Industrial Development Corporation for the purchase of 1,50,000 tons of gypsum.

(b) A statement indicating the principal terms of the agreement is placed on the Table of the Lok Sabha. [See Appendix I, annexure No. 1]

(c) The average cost of Rajasthan gypsum is about Rs. 34/- per ton F.O.R. Sindri while that of Pakistan gypsum, will be about Rs. 40/- per ton F.O.R. Sindri. It may be stated that the quality of Pakistan gypsum is superior.

**Shri Shree Narayan Das :** Before entering into the agreement, did the State Trading Corporation of India invite tenders from other countries, if so the names of the countries from which tenders were invited ?

**Shri K. C. Reddy :** No tenders were received from other countries. The negotiation was with Pakistan directly.

**Shri Shree Narayan Das :** How does the quality of the gypsum supplied by Pakistan compare with that supplied by Rajasthan ?

**Shri K. C. Reddy :** As I have already said, the quality is superior. It contains 93 per cent calcium sulphate content. It is also superior in certain other respects.

**Dr. Rama Rao :** The Minister just now said that it costs Rs. 40. I remember to have read that it was Rs. 13 in the statement,

**Shri K. C. Reddy :** Which statement is the hon. Member referring to ?

**Dr. Rama Rao :** The statement in reply to this question.

**Shri K. C. Reddy :** Rs. 13 per ton F.O.R. Wagah. Including the railway freight and incidental expenses it comes to Rs. 40 F.O.R. Sindri.

**Dr. Rama Rao :** Does it cost nearly Rs. 27 per ton for transport, while the gypsum itself costs only Rs. 13 ?

**Shri K. C. Reddy :** That is a fact. It cannot be helped.

**Shri Banarsi :** Is it a barter agreement, and if so, what will India be supplying in exchange ?

**Shri K. C. Reddy :** It is not a barter agreement. It is a regular purchase for cash.

**Shri Radha Raman :** May I know whether the total quantity for which the contract is made will be supplied all at once ?

**Shri K. C. Reddy :** It will be received over a period of one year.

**सेठ जल्ल सिंह :** क्या मंत्री महोदय बताने की कृपा करेंगे कि क्या हिन्दुस्तान में जिप्सम की कमी है इसलिये पाकिस्तान से मंगाना पड़ता है ?

**Shri K. C. Reddy :** Sindri wanted to build up a buffer stock. The requirements of Sindri are gradually growing, and it was not possible for Rajasthan gypsum sources to supply the necessary quantity, so we had to import some gypsum from Pakistan to build up the stocks.

#### Project Areas in Travancore-Cochin State

\*3. **Shri A. K. Gopalan :** Will the Minister of Irrigation and Power be pleased to state :

(a) whether Government are aware that peasants are being evicted in Travancore-Cochin State from project areas;

(b) if so, the reasons therefor; and

(c) whether Government propose to extend alternative living facilities for all those evicted from project areas ?

**The Deputy Minister of Irrigation and Power (Shri Hathl):** (a) to (c). The information is being collected and will be laid on the Table of the House.

#### **Industrial Housing Scheme**

**\*4. Shri N. B. Chowdhury:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) whether it is a fact that the Bengal Paper Mill Co. Ltd. had requested for sanction to construct houses for their workers under the Industrial Housing Scheme; and

(b) if so, the action taken by Government on this representation?

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar):** (a) Yes, Sir.

(b) The Project was sanctioned in May 1956.

**Shri N. B. Chowdhury:** May I know whether the company wanted any loan in addition to the subsidy and has any condition been specified by Government regarding the time-limit for completion of the work?

**Shri P. S. Naskar:** The company, only asked for a subsidy and the scheme is scheduled to be completed by November, 1956.

**Shri N. B. Chowdhury:** In view of the housing difficulties of industrial labourers and the non-utilisation of the amount provided under the housing scheme, do Government contemplate to make it obligatory on the part of industries to build at least a certain number of houses every year where housing facilities do not exist?

**The Minister of Works, Housing and Supply (Sardar Swaran Singh):** That is a bigger question which is under examination between the Planning Commission and the Ministries of Commerce and Industry and Labour, but at the moment there is no such compulsion.

#### **Evacuee Law in West Pakistan**

**\*5. Shri Gidwani:** Will the Prime Minister be pleased to state:

(a) whether the attention of Government has been drawn to the action taken by the Custodian Department of West Pakistan regarding mass serving of notices under the Evacuee law on a large number of Hindus, whose properties have to be declared as evacuee properties and to be taken over by the Government of West Pakistan;

(b) whether there has been increased migration of Hindus from Sind (West Pakistan) due to above action of Pakistan authorities; and

(c) whether Government have taken any action in the matter?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** (a) Yes.

(b) Not to any appreciable extent.

(c) In a letter addressed to the Pakistan Minister for Refugees and Rehabilitation, our Minister for Rehabilitation has urged that immediate action be taken to withdraw all these notices.

**Shri Gidwani:** Are Government aware of the following notices served on merchants, land-owners, petty shop keepers and even Harijans? The notice reads as under:

**Mr. Speaker:** How long is the notice?

**Shri Gidwani:** Only four sentences...

"Whereas there are reasons to believe that you are an evacuee (which term includes intending evacuees) you are therefore directed to surrender possession of the properties in your possession within 15 days of the receipt of this notice, failing which action will be taken against you according to law. You are further directed to render account of rent and profit derived by you from such properties."

**Shri Sadath Ali Khan:** What does the hon. Member want to know?

**Shri Gidwani:** Are Government aware of this notice?

**Shri Sadath Ali Khan:** Yes.

**Shri Gidwani:** Are Government aware that the Custodian-General of Evacuee Properties in Pakistan has issued confidential instructions not to return the properties to the owners even though those owners have secured certificates from competent sources that these properties were not evacuee properties, and that they must secure fresh certificates that the properties were non-evacuee properties?

**Shri Sadath Ali Khan:** We are aware that notices have been served on big and small zamindars, petty shop-keepers and Harijans. I cannot say off-hand about these confidential instructions to which the hon. Member is referring. But about the facts we are well aware.

**Mr. Speaker:** The hon. Member is giving information and not seeking.

**Shri Gidwani:** May I know the number of Hindus who have applied for permission for migration to India after the issue of such notices?

**Shri Sadath Ali Khan:** We have issued a number of migration certificates. I will, with your permission, give the number. Month of January 1956—44. Total number of persons covered by the certificates—118. By June, 1956 the number of certificates rose to 95 and the total number of persons covered by the certificates to 230.

**Shri G. P. Saha:** May I know how many persons have been served with this notice?

**Shri Sadath Ali Khan:** The number of persons on whom such notices have been served and the value of the properties covered by these notices are not known to the Government of India. We are not aware.

### फिल्म निर्माण ब्यूरो

\*६. श्री भक्त बशंन : क्या सूचना और प्रसारण मंत्री २२ मई, १९५६ के तारांकित प्रश्न संख्या २४२८ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि एक फिल्म निर्माण ब्यूरो के संगठन व स्थापना के बारे में तब से क्या प्रगति हुई है ?

• सूचना और प्रसारण मंत्री (डा० केसर) : इसके बारे में एक बिल तैयार किया जा रहा है जिसे सदन के भ्रमले अधिवेशन में पेश किया जायेगा ।

मैं यहां एक बात साफ कर देना चाहता हूं क्योंकि इसके नाम से गलतफहमी हो सकती है । इसका काम फिल्म का जो का जो स्क्रिप्ट तैयार होता है उसको पहले से देखने का है । कोई फिल्म बनाने का काम नहीं है ।

श्री भक्त बशंन : जैसा कि अभी माननीय मंत्री जी ने बतलाया कि फिल्म निर्माण ब्यूरो का नाम भ्रमालयक है, तो क्या इस नाम के बदलने पर विचार किया जा रहा है ?

डा० केसर : यह नाम जहां इस प्रकार का काम भ्रमरीका में होता है वहां से लिया गया है लेकिन भ्रमर यह मालूम होगा कि इस नाम से कुछ गलतफहमी पैदा होती है तो नाम बदल भी दिया जा सकता है ।

श्री भक्त बशंन : क्या गवर्नमेंट के ध्यान में यह बात आई है कि जो सेंसरशिप की इस समय व्यवस्था है उसके बावजूद भी अधिकारिता चल चित्रों में अनैतिकता और नस्ल नृत्य आदि के चित्र प्रदर्शित होते रहते हैं तो उन्हें क्या इस बात का विश्वास है कि

यह जो नई व्यवस्था की जा रही है उसके द्वारा यह दोष दूर किये जा सकेंगे और सुध-चिपूण चित्र तैयार किये जा सकेंगे ?

डा० केसर : यह जो नई व्यवस्था हो रही है यह सेंसरशिप के काम को सहूलियत के साथ कर सकने के लिये की जा रही है । अब सेंसरशिप और किस मर्यादा तक बढ़ सकता है यह कहना मुश्किल है, लेकिन यह व्यवस्था ज्यादा उपयोगी हो सकती है ।

**Dr. Lanka Sundaram:** May I know whether this bureau called the Film Niruan Bureau is instructed to cater to the needs of the children of India, and whether any special films are being projected for catering to these needs ?

**Dr. Keasar:** What I was saying in Hindi was that the name is probably misleading, and has been taken from a counterpart in the United States. It really is a bureau of pre-censorship of scripts of films.

### Biri Making Machines

\*7. **Pandit D. N. Tiwary** Will the Minister of Commerce and Industry be pleased to state:

(a) the number of biri making machines which went off production since the Central Excise and Salt (Amendment) Act, 1954 was put on the Statute Book;

(b) whether these machines are being used for other purposes; and

(c) whether Indian biris are finding a good market in Nepal and Pakistan ?

**The Minister of Heavy Industries (Shri M. M. Shah):** (a) A few biri-making machines were reported to have been in use in 1954. Since the levy of excise duty on machine biris, no biri-making machine is reported to be functioning.

(b) Information is not available.

(c) No, Sir.

**Pandit D. N. Tiwary :** May I know how many machines were there, and whether Government have considered any alternative use of those machines ?

**Shri M. M. Shah :** As the report goes, there were about 54 small machines. All of them are now out of use, after the levy of the excise duty. There is no alternative scheme for employing these machines.

**Shri G. P. Sinha :** Is it the policy of the Government of India not to allow manufacture of biri by machinery but limit it to the cottage industries ?

**Shri M. M. Shah :** Yes, because it has been loaded with a heavy excise duty, which will not make it profitable for a machine-hiri-making manufacturer to produce it.

**Pandit D. N. Tiwary :** May I know whether the off take of *biris* in Nepal and Pakistan has gone down considerably?

**Shri M. M. Shah :** It is true. As a matter of fact, in 1955-56, the export to Nepal is nil, and the export to Pakistan is worth Rs. 12,209.

### Spinning Mill in North Bihar

\*8. **Shri Bibhuti Mishra :** Will the Minister of Commerce and Industry be pleased to state :

(a) whether it is a fact that the Bihar Government have sent a scheme to the Central Government for approval and assistance to open a spinning mill in North Bihar; and

(b) if so, the decision taken thereon?

**The Minister of Heavy Industries (Shri M. M. Shah) :** (a) Not so far. I may add that a proposal for a co-operative spinning mill from the Bihar Government is expected within a month, when it will be considered.

(b) Does not arise.

**श्री बिभूति मिश्र :** मैं यह जानना चाहता हूँ कि नार्थ (उत्तर) बिहार जो कि एक एग्जीक्यूटिव (लेटिह) इलाका है वहाँ स्पिनिंग (कताई) मिल खोलने के लिये केन्द्रीय सरकार क्या सहायता करना चाहती है ?

**श्री म० म० शाह :** सब सहायता करेगी ।

**श्री बिभूति मिश्र :** अभी आपने बतलाया कि वहाँ पर कोऑपरेटिव स्पिनिंग मिल खुलेगी तो मैं जान सकता हूँ कि उसमें केन्द्रीय सरकार का क्या प्रदान रहेगा, प्रांतीय सरकार का क्या रहेगा और जनता का क्या रहेगा ?

**श्री म० म० शाह :** अभी तक दर-स्वास्त ही नहीं आई है, जब दरस्वास्त आयेगी तो हैन्डलूम बोर्ड का जो नियम है उनके अनुसार मदद की जायेगी ।

**Shri Bansal :** Is this request on the part of the Bihar Government a part of the scheme of the Government of India to put up three or four spinning mills in various States, which produce raw cotton?

**Shri M. M. Shah :** No, Sir. This is entirely a private request from that Government to set up a co-operative spinning mill.

**Shri Bogawat :** May I know whether the Government are going to allow fresh spinning mills in certain parts of the country, especially in Maharashtra and other parts.

**Shri M. M. Shah :** Under the new textile policy, Government are considering the setting up of three spinning units, one in Southern Maharashtra, one in Punjab and one in Travancore-Cochin State.

**Pandit D. N. Tiwary :** What has become of the proposal that there will be no spinning mill established hereafter and that Ambar Charka will be introduced?

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) :** Government have decided some time back to put a ceiling on the total amount of spindleage that will be allowed to be installed. In that connection, such flexibility as is available by means of cancellation of existing licences has been taken into account, and also the additional quantum of spindles that will be available will be distributed in a manner which will be most equitable and will subserve the cause of co-operative spinning units.

### Mobile Cinema Vans

\*10. **Shri Ram Krishan :** will the Minister of Planning be pleased to state the number of Mobile Cinema Vans supplied so far to the community project areas in Pepsu?

**The Deputy Minister of Planning (Shri S. N. Mishra) :** Six.

### Scheme for Hire-Purchase of Machinery

\*11. **Shri Jhulan Sinha :** Will the Minister of Commerce and Industry be pleased to state the names of the small scale industries which have so far benefited by the Scheme of Hire purchase of Machinery sanctioned by the National Small Industries Corporation?

**The Minister of Heavy Industries (Shri M. M. Shah) :** A statement is laid on the Table of the House, [See Appendix I, annexure No. 2].

**Shri Jhulan Sinha :** May I know whether there is any clog in the *modus operandi* of the scheme, because of which only 15 units have been able to avail themselves of the system so far?

**Shri M. M. Shah :** No. As the information with us shows, a large number of applications have come and they are under consideration. Actually, in 15 cases, the deliveries have since taken place.

**Shri Jhulan Sinha :** May I know the number of units that have applied for help under this scheme?

**Shri M. M. Shah :** In Calcutta, 63 applications have been received, in Madras 222, in Bombay 66 and in Delhi 94.

**Shri Bansal :** For what period are these applications pending with the Ministry?

**Shri M. M. Shah :** I cannot give the exact time. But from our observations, I can say that it is not more than four months.

### Floods in Tripura

**\*12. Shri Biren Dutt :** Will the Minister of Rehabilitation be pleased to state:

(a) the extent of loss of life of displaced persons due to the recent floods in Agartala Town;

(b) the number of houses built with the aid or loan from the Government that have been washed away;

(c) whether any special aid has been given to the flood affected displaced persons in Tripura; and

(d) the nature of aid given in this respect?

**The Deputy Minister of Labour (Shri Abid Ali) :** (a) Eleven persons are reported to have died in Agartala due to floods, two of whom, who could be identified were not displaced persons.

(b) Nil.

(c) and (d) . A sum of Rs. one lakh was placed at the disposal of the State Government for giving relief to flood affected displaced persons.

**Shri Biren Dutt :** May I know whether the houses and the earth washed away during the floods are being examined by Government before replying to this?

**Shri Abid Ali :** I have not been able to follow the question.

**Mr. Speaker :** The hon. Member may repeat his question.

**Shri Biren Dutt.** Almost 90 per cent. of the houses at Agartala town have been washed away. But the Minister's reply is, no.

**Mr. Speaker :** No houses have been built, I think.

**Shri Biren Dutt :** The houses, including the earth, of many displaced persons have been washed away. May I know whether Government have really made an enquiry in regard to this question?

**Shri Abid Ali :** I said that no houses have been washed away.

**Mr. Speaker :** That is all right. There is a dispute about facts.

### Streptomycin Plant

**\*14. Shri M. L. Agrawal:** Will the Minister of Production be pleased to state:

(a) whether it is in the contemplation of Government to set up a Streptomycin Plant in the Penicillin Factory at Pimpri; and

(b) if so, how far has the scheme progressed?

**The Minister of Production (Shri K.C.Reddy):** (a) Yes.

(b) Preliminary plans for the manufacture of Streptomycin have been drawn up. The scheme envisages the manufacture of 15,000 to 20,000 kilograms of Streptomycin annually. A number of leading firms have been addressed as to the terms and conditions in which they would be prepared to collaborate in this project.

**Shri M. L. Agrawal:** May I know the estimated cost of the plant.

**Shri K. C. Reddy:** It is estimated that the scheme will cost approximately Rs. 111 lakhs.

**Shri M. L. Agrawal:** May I know what arrangements are being made to provide the technical personnel?

**Shri K. C. Reddy :** I think no special arrangement is being made now for securing the technical personnel when the scheme is sanctioned, and we want the technical personnel, we shall try to get them at that time.

**Shri T. N. Singh:** May I know who will be in charge of the administrative control of the factory, the Health Ministry or the Production Ministry?

**Shri K. C. Reddy:** Which factory?

**Shri T. N. Singh:** The streptomycin factory.

**Shri K. C. Reddy:** It will be an integral part of the Penicillin Factory at Pimpri, which is under the Production Ministry.

**Dr. Rama Rao:** In view of the fact that we have gained enough experience in this line by producing very high class penicillin, and in view also of the fact that the Minister has been promising for a number of months the setting up of this streptomycin factory, may I know what steps Government are taking to manufacture the other antibiotics which are coming into the market almost everyday?

**Shri K. C. Reddy:** The Pharmaceutical Enquiry Committee made certain recommendations in this matter. The development of the antibiotics industry and the drug industry are being investigated by a committee. And certain Russian experts also who have been invited for this purpose have submitted a scheme. The whole matter is under consideration at present.



### Textile Mills

\*15. **Shri Bogawat:** Will the Minister of Commerce and Industry be pleased to state:

(a) the number of spindles working in textile mills at present;

(b) the number of new spindles licenced during 1955-56 and 1956 till present;

(c) whether Government propose to sanction licences for more spindles in 1956-57; and

(d) if so, the number thereof ?

**The Minister of Heavy Industries (Shri M. M. Shah):** (a) The total number of spindles installed in cotton Textile Mills in India is 12.05 million as on 1-1-1956.

(b) Licences sanctioned in 1955-56—1473007. No licences were sanctioned in 1956-57 upto date.

(c) Yes, subject to an upper limit of 2.1 million spindles, including 1.9 million which have been already licenced but not installed so far.

(d) The number of additional spindles which will be actually available for licensing is under examination.

**Shri Bogawat:** Would not the installation of additional spindles be detrimental to the handloom spinning industry and development of a decentralised economy ?

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

**Shri Bogawat:** Is it not a fact that the Handloom and Village Industries Board have urged postponement of the installation of fresh spindles ?

**Shri M. M. Shah:** The Handloom Board have not conveyed any such view. This has been taken into consideration when 1.9 million spindles had been already licenced. The remainder is only 2 lakh spindles.

**Shri Veeraswamy:** May I know whether the sanction of more spindles to textile mills will not greatly affect the handloom industry and thereby create unemployment in that industry ?

**Shri M. M. Shah:** Actually, 300 million yards have been reserved for the Ambar Charkha and as such, there is no conflict between that industry and the Ambar Charkha.

**Shri M.J.S. Gurupadaswamy:** May I know what is the basis of the allocation of this new spindleage? Is it on the basis of the capacity of various mills operating or is it on the basis of applications ?

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari):** The basis has been on a calculation of producing 18.5 yards of Cloth *per capita*.

**Shri T. N. Singh:** May I know whether the restrictions, at least in the subsequent year, in the grant of licences for spindles have

created any black-marketing in spindles as was feared ?

**Shri T. T. Krishnamachari:** So I am told.

**Shri T. N. Singh:** What is the position in regard to the prices of these spindles as compared with the period prior to the imposition of these restrictions and now ?

**Shri T. T. Krishnamachari:** Black-marketing in prices of spindles ? I am not in touch with that aspect of the case. I have been told by people like my hon. friend that there is a little black-marketing, if we could use that word; that is to say value of licences has appreciated by a few thousand rupees here and there. But I am not able to evaluate what exactly it is. In any event, if any such thing comes to my knowledge, naturally the licence will be cancelled.

**Shri G. P. Sinha:** May I know whether the opinion of the Handloom Board will be taken before granting new licences ?

**Shri T. T. Krishnamachari:** The Handloom Board have nothing whatever to do with this matter.

**Shri Bogawat:** Is it not a fact that the Village Industries Board are complaining against the installation of fresh spindles and that Government have promised them not to instal any fresh spindles in 1958 ?

**Shri T. T. Krishnamachari:** I will take that information from the hon. Member.

### Recovery of Abducted Women

\*16. **Sardar Iqbal Singh:** Will the Prime Minister be pleased to state:

(a) the total number of abducted women recovered so far during 1956 in India and Pakistan; and

(b) the total number of such women restored to each country during the same period ?

**The Minister of Works Housing and Supply (Sardar Swaran Singh):** (a) Upto 31st May, 1956, 431 Muslim abducted persons were recovered in India and 156 non-Muslim abducted persons were recovered in Pakistan.

(b) During the same period 128 Muslim recovered persons were transferred to Pakistan for restoration to their relatives and 55 non-Muslim recovered persons were brought to India.

**Sardar Iqbal Singh:** May I know the number of persons at present in the transit camp at Lahore ?

**Sardar Swaran Singh:** I have not got that information.

**Sardar Iqbal Singh:** May I know whether the Government of Pakistan have suggested the closing down of the transit camp at Lahore?

**Sardar Swaran Singh:** No, there is no such suggestion.

**Shri Tek Chand:** May I know the number of allegedly abducted women in the transit camps awaiting final disposal of their case?

**Sardar Swaran Singh:** I have already given my reply with regard to Pakistan that the information is not available.

**Shri Tek Chand:** In India?

**Sardar Swaran Singh:** In India, the number won't be very large. But I have not got the exact figure.

**Shri Tek Chand:** What is the number of children of such women in transit camps in India?

**Mr. Speaker:** Women themselves are not known.

**Sardar Swaran Singh:** I thought 'persons' included children also.

**Sardar Iqbal Singh:** May I know whether the joint Indo-Pakistan Commission that has been appointed in this connection has submitted its report, and if so, whether any action has been taken by Government on it?

**Sardar Swaran Singh:** The Commission that was appointed has not submitted any report, because there is difference of opinion. It has been suggested that the representatives of the two Governments might meet in a conference and discuss outstanding issues. But no final date has yet been fixed for such a conference.

**Shri Sinhasan Singh:** How long do the Governments propose to go on with this scheme of recovering and transferring people from one country to the other?

**Sardar Swaran Singh:** It is very difficult to fix any date. But obviously if the problem continues to exist and there are people who are to be recovered and want to be restored to their relatives, it will be very difficult to close down this organisation.

#### International World Power Congress

\*17. **Dr. Ram Subhas Singh:** Will the Minister of Irrigation and Power be pleased to state:

(a) whether the attention of Government has been drawn to a *Reuter* news-item dated June 20, 1956, published in Indian papers of June 21, in which the power potentiality of the Brahmaputra has been described by Dr. Hens Thirring, Professor of Vienna University, while addressing the 5th International World Power Congress in Vienna; and

(b) if so, whether Government propose to undertake a survey of the area from that point of view?

**The Deputy Minister of Irrigation and Power (Shri Hathi):** (a) Yes Sir.

(b) No Sir.

**डा० राम सुभग सिंह :** क्या मैं जान सकता हूँ कि उन्होंने वियना सम्मेलन में ब्रह्मपुत्र नदी के पानी से बिजली बनाने के सम्बन्ध में कुछ सुझाव दिया था ?

**श्री हाथी :** उन्होंने कहा था कि चाइना में पोटेंशल (संभावित क्षमता) है, जिस में से काफ़ी बिजली उत्पन्न की जाती है।

**डा० राम सुभग सिंह :** इस पर भारत सरकार क्यों विचार नहीं करती ?

**श्री हाथी :** क्योंकि हमारे पास अभी इतना पोटेंशल है कि उस में से बिजली उत्पन्न की जा सकती है, और जब तक हमारे देश में काफ़ी पानी है, तब तक हम परदेश में नहीं जाना चाहते।

**श्री श्री ना० सिंह :** क्या मैं जान सकता हूँ कि ब्रह्मपुत्र का जितना उपयोग हम अपने देश में कर सकते हैं, उस पर चीन या तिब्बत में ब्रह्मपुत्र को बांधने के लिये जो भी स्कीम (योजनाएँ) हैं और प्रोजेक्ट (परियोजनाएँ) हैं, उन का क्या असर पड़ेगा, और उस असर को समझने हुये क्या गवर्नमेंट आफ इंडिया (भारत सरकार) ने चाइना (चीन) की सरकार से या किसी और से बात चीत करने की कोशिश की है ?

**श्री हाथी :** अभी चीन की सरकार ने कोई प्रोजेक्ट बनाई ही नहीं है, वहाँ पर तो अभी सर्वे (सर्वेक्षण) हो रही है।

**श्रीमती कमलेश्वरमणि शाह :** अभी मंत्री महोदय ने कहा कि जहाँ पानी बहुत काफ़ी है वहाँ हाइड्रो इलेक्ट्रिक प्रोजेक्ट (जल विद्युत परियोजना) हो सकता है। आज भारत में बहुत से ऐसे स्थान हैं, विशेष कर पहाड़ी क्षेत्रों में गंगोत्री के निकट हरसिल जैसे स्थान, जहाँ पानी काफ़ी है और जहाँ पर प्रोजेक्ट्स बन सकते हैं, तो क्या मैं जान

सकती हूँ कि विशेषज्ञों द्वारा इस की जांच कराई जायेगी कि वे स्थान प्रच्छेद हैं या नहीं ?

श्री हाथी : हाँ, जहाँ पानी काफी है और बिजली उत्पन्न करने के लिये साइट्स (स्थान) हैं, उन स्थानों का जरूर उपयोग किया जायेगा ।

### सीमेंट

\*१८. श्री रा० न० सिंह : क्या वाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि सीमेंट पर नियंत्रण लगाने के बाद से उसकी मांग बढ़ गई है; और

(ख) क्या यह भी सच है कि जब सीमेंट पर से नियंत्रण हटा लिया गया था, तो सीमेंट विक्रेताओं के पास सीमेंट का स्टॉक काफी दिनों तक पड़ा रहता था ?

व्यापार मंत्री (श्री करमरकर) :

(क) तथा (ख) : जी नहीं ।

Dr. Rama Rao : In view of the fact that the hon. Minister has been reported to have said that a certain element of black-marketing in cement is inevitable, do Government contemplate setting up cement factories on their own in addition to those in the private sector ?

Shri Karmarkar : About black-marketing, we have no information. If any information is brought to us, we shall punish the guilty severely.

Shri Raghuramiah : May I know whether the control contemplates appointment of future agencies as well as regulation of their conduct by any government agency, or whether it is to be left to cement manufacturers as before ?

Shri Karmarkar : I might refer my hon. friend to the notification published in the *Gazette of India Extraordinary*, dated 25th June 1956 which gives all relevant particulars.

श्री रा० ला० बाळुशाल : क्या यह सही है कि राजस्थान में काफी मात्रा में सीमेंट न मिलने के कारण वहाँ पर जल कष्ट निवारण आदि कार्य रुके हुये हैं ?

श्री करमरकर : आज कल कुछ दिस्कृत सीमेंट मिलने के बारे में थी, इसलिये हम ने कुछ सीमेंट इम्पोर्ट (आयात) करने

का इन्तजाम किया है, और मैं आशा करता हूँ कि उस से हालत ठीक हो जायेगी ।

Dr. Rama Rao : I was referring to Shri T. T. Krishnamachari's speech in Madras, reported in the *Hindu*, in which he suggested that we could not help a little amount of black-marketing. So, in view of that, do Government contemplate producing cement ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : I do not agree that all reports made by newspapers are correct.

Shri Kamath : Misreported.

डा० राम सुभग सिंह : सरकारी कार्यों के लिये जितना सीमेंट दिया जाता है उसका सदुपयोग किया जाता है या नहीं, इसको देखने के लिये क्या सरकार की ओर से कोई कार्यवाही की जायेगी ?

श्री करमरकर : सीमेंट तो कंस्ट्रक्शन (निर्माण) के ही काम में आता है किसी दूसरे काम में नहीं आता है ।

Dr. Ram Subhag Singh : My question was whether the cement given by Government for construction purposes such as River Valley Projects or for construction work in the Community Project areas etc., is properly used or not; and if not, whether Government do contemplate to have any machinery for inspecting whether proper use of that cement is made or not ?

Shri T. T. Krishnamachari : The responsibility of seeing to the proper utilisation of the cement distributed to government agencies is that of the appropriate Ministry or the State Government. Surely the Commerce and Industry Ministry cannot arrogate to itself the power of overall supervision of all government agencies, Central and State.

श्री रा० ला० द्विवेदी : श्री माननीय मंत्री जी ने बताया कि सीमेंट की डिमाण्ड (मांग) बढ़ी नहीं है । मुझे मालूम है कि देहातों में लोगों को सीमेंट मिल नहीं रहा है और लोग चाहते हैं कि उनको सीमेंट मिले । क्या सरकार ने देहातों में सीमेंट के बटवारे के बारे में कोई उपाय सोचा है और जो डिमांड बढ़ती जा रही है, उसको मीट (पूरा) करने के लिये कोई तरीका निकाला है ।

श्री करमरकर : मैं ने कहा था कि नियंत्रण होने के बाद डिमांड नहीं बढ़ी ।

है। यह तो पहले से ही बढ़ती भाई है ? देहातों के बारे में कोई पाशियेलिटो नहीं बरती जाती है और जिस को सोमेट चाहिये दिया जाता है। अगर माननीय सदस्य के पास देहातों के बारे में कोई शिकायत है, तो वह उसे मेरे नोटिस में लायें और मैं उस तरफ खास तौर से ध्यान दूंगा।

### Development Commissioners in States

\*19. **Shri Rishang Keishing** : Will the Minister of Planning be pleased to state:

(a) whether it is a fact that in Part A and B States the Development Commissioners act as Development Secretaries;

(b) whether it is a fact that in Manipur State the functions of the Development Commissioner and the Development Secretary are discharged by two officers and this has impeded the smooth and speedy functioning of the development works; and

(c) whether Government propose to take any action to remove the difficulties in the functioning of the development work?

**The Deputy Minister of Planning (Shri S. N. Mishra)** : (a) In several States the office of Secretary, Planning Department and of Development Commissioner in charge of national extension and community projects are held by the same individual.

(b) and (c). The facts on the subject are being ascertained and a statement furnishing the reply will be laid on the Table of the House in due course.

**Shri Rishang Keishing** : Are Government aware of the fact that the Deputy Commissioner of Manipur is the Development Commissioner as well; and, may I know whether Government will consider the desirability of appointing an experienced and efficient preferably a local man as Development Commissioner in the interests of the States?

**Shri S. N. Mishra** : As I have submitted in the reply, we are ascertaining facts on the subject whether any conflict has arisen between the two functions. If we get any information which reveals an unhappy state of relationship between the two, we shall certainly advise them properly.

**Shri Rishang Keishing** : Are Government aware of the fact that about Rs. 12 lakhs out of Rs. 15 lakhs sanctioned for the development of the Tribal areas of Manipur for the year 1955-56 got lapsed and the failure of the Deputy Commissioner to devote his time and energy for the development work is considered one of the chief causes for the lapse of this huge amount? \*

**Mr. Speaker** : This will lead us nowhere. The hon. Minister said that information has been called for to find out if these two offices cannot be held together and if there is any room for feeling that they cannot be held together, certainly, they will be separated. The hon. Member is only giving some facts. He may submit them to the Ministry.

**Shri S. V. L. Narasimham** : The question is whether the amount has lapsed or not.

**Mr. Speaker** : The hon. Member gave this lapse as one of the grounds.

**Shri S. V. L. Narasimham** : The Supplementary question was whether the amount has lapsed.

**Mr. Speaker** : Did he put the question or did he give the information? I thought he was giving the information as a ground for separating the one from the other.

**Shri S. V. L. Narasimham** : He asked for information.

**Mr. Speaker** : Is the hon. Minister aware that out of Rs. 15 lakhs Rs. 12 lakhs have lapsed?

**Shri S. N. Mishra** : I have no information and as you would kindly observe this is a far cry from the question.

### Production of Cloth

\*20. **Shri Bhagwat Jha Azad** : Will the Minister of Commerce and Industry be pleased to state :

(a) the efforts that are being made by Government to meet increasing demand for cloth in the Second Five Year Plan; and

(b) the percentage of the total demand that will be met by handloom and Amber-charkha cloths?

**The Minister of Heavy Industries (Shri M. M. Shah)** : (a) The Government have decided to allow expansion in all the sectors of the Cotton Textile Industry to meet our internal and export needs during the Plan period.

(b) Out of an additional quantity of 1,700 million yards of cloth required under the Second Five Year Plan, 700 million yards have been earmarked for the Handloom Industry from mill yarn and 300 million yards for the Handloom Industry from Amber Charkha yarn, for the present.

**Shri Bhagwat Jha Azad** : How would the rest of the yardage which is just now mentioned be met in the country?

**Shri M. M. Shah** : Two hundred million yards from power looms and 350 million yards from automatic looms.

**Shri Bhagwat Jha Azad** : May I know whether, before letting this yardage to automatic looms, Government satisfied itself—

or whether the Handloom Board refused—that they won't be able to supply the yarn required?

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari)** : Government have fully satisfied themselves in regard to all the facts on which they have made a decision.

**Shri Dabhi** : May I know what has become of the proposal of the All India Khadi and Village Industries Board to introduce 25 lakhs *charkhas* during the Second Five Year Plan for supplying yarn sufficient to produce about 1500 million yards? What is the decision taken by Government?

**Shri T. T. Krishnamachari** : The question must be put to my hon. colleague the Minister for Production.

**Shri Dabhi** : I did not hear.

**Mr. Speaker** : He said another Minister must be asked about it.

**Shri M. S. Gurupadaswamy** : May I know whether there is a large unused capacity in the mills and what steps they have taken for the purpose of making use of this unused capacity?

**Shri T. T. Krishnamachari** : I do not grant the presumption.

**Shri T. N. Singh** : May I know, after the new licence for introducing a little more power looms, what will be the effect on the progress that is being made in the matter of non-power handloom weavers and their production? Will the rate of progress be retarded or will it be static at the stage at which it is?

**Shri T. T. Krishnamachari** : It has been considerably accelerated.

**Shri A. M. Thomas** : May I enquire whether in coming to the decision that has been taken by Government they have taken into consideration the interim report submitted by the committee which has been asked to enquire into the possibilities of the Ambar Charkha?

**Shri T. T. Krishnamachari** : To the extent that it was necessary for taking a decision, yes.

**Shri Sinhasen Singh** : May I know whether Government is still contemplating to subsidise the policy of providing 25 lakhs of Ambar Charkhas in the Second Five Year Plan or are the Government reducing the number of Ambar Charkhas?

**Shri T. T. Krishnamachari** : That question, as I said, must be addressed to another quarter.

**Shrimati Sushama Sen** : May I know how much cloth is imported from foreign countries and whether we cannot replace that by our own Indian cloth?

**Shri T. T. Krishnamachari** : It may be that we are importing about 12 million yards but we are also expecting to export 1000 million yards.

**Shri Bhagwat Jha Aazad** : What would be the impact of the sudden decision of Government, contrary to the general wishes of the people, in introducing the automatic looms on the employment in this country?

**Shri T. T. Krishnamachari** : It will add to employment that way.

### Indian Jute Mills Association

\*21. **Shri Tushar Chatterjee** : Will the Minister of Commerce and Industry be pleased to state :

(a) whether it is a fact that the Indian Jute Mills Association has taken a decision to seal 2 1/2 per cent. looms in Jute Mills;

(b) if so, whether Government have been consulted in this matter; and

(c) what is the estimated number of employees to be declared surplus as a result of this measure and what steps have been taken to provide them alternative employment?

**The Minister of Heavy Industries (Shri M. M. Shah)** : (a) and (b). Yes Sir.

(c) It is not expected that there will be any retrenchment of labour as a result of this measure.

**Shri Tushar Chatterjee** : How is it that even after the 2 1/2 per cent. sealing there is no question of surplus labour?

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari)** : There is always a certain amount of cushioning in the matter of labour employed in jute mills, as my hon. friend knows. You have a scheme of *badlis* which is a sort of shifting labour and we have not yet created any process of evaluation as yet of the effect of the sealing of these looms on this class. But, we have been told by the Association that there is not likely to be any effect so far as employment of labour is concerned which would be appreciable.

**Shri Tushar Chatterjee** : Still when it is a retrenchment question, has not Government thought it fit and proper to enquire what will be the total number of workers rendered surplus?

**Shri T. T. Krishnamachari** : Government have asked for a full information from the appropriate body. They have only had an interim answer. If any full answer is available later on and if my hon. friend will repeat his question, the answer will be given.

**Shri Tushar Chatterjee** : What is the exact reason for allowing the sealing of looms?

**Shri T. T. Krishnamachari** : The reason is that there has been a surplus of production and the stocks have been mounting up with its consequent effect on prices.

**Shri Tushar Chatterjee :** In view of the fact that fluctuation in stocks is a very normal feature in the jute industry, is it not desirable that Government adopts the principle that at least such drastic steps as the sealing of looms are not allowed to be taken ?

**Shri T. T. Krishnamachari :** I am not prepared to agree to the very facile presumption that the accumulation of stocks is of a normal character. I think the accumulation in this case has exceeded the normal limits.

#### N. E. S. Block Advisory Committees

\*23. **Shri Bheekha Bhal :** Will the Minister of Planning be pleased to state :

(a) whether it is a fact that the meetings of Block Advisory Committees of N.E.S. Blocks are held in different villages in Rajasthan;

(b) if the answer to part (a) above be in the affirmative whether any facility for transport is being provided to members for reaching places of meetings; and

(c) whether any T. A. or D. A. is paid to those non-official members who are neither M. L. As. nor M. Ps. ?

**The Deputy Minister of Planning (Shri S. N. Mishra) :** (a) Meetings of the Block Advisory Committees of N.E.S. Blocks are occasionally held in the villages other than the block headquarters.

(b) Facilities for transport, wherever possible, are provided to the members for attending meetings of the Advisory Committees.

(c) No. T. A. or D. A. is paid to the non-official members from the block budgets. Representatives of the Panchayats are entitled to their actual expenses from the Panchayat funds.

**Shri Bheekha Bhal :** Is it a fact that the meetings are held in out of the way places and that arrangements are not made by the Blocks for carrying the members to the place of meeting?

**Shri S. N. Mishra :** We have got this information, namely, that transport is provided to the members for attending the meetings in the villages. As regards the enquiry whether these meetings are held in out of the way places, I have no information at the moment.

**Shri Bheekha Bhal :** Arising out of the reply to part (c) of the question, may I know whether Government have made any enquiries as to the extent of T. A. and D. A. given from Panchayat funds ?

**Shri S. N. Mishra :** The Government of Rajasthan has told us that representatives of Panchayats are entitled to their actual expenses from Panchayat funds.

**Shri Thimmaiah :** May I know whether the members are also provided with

transport facilities for inspecting the work in the different parts of the N.E.S. Blocks?

**Shri S. N. Mishra :** I think that is the happy experience of hon. Members so far as I have been able to know from them.

**डा० राम सुभाग सिंह :** मंत्री महोदय ने अभी कहा है कि नान-ग्राफिशियल मेंबरों को कोई टी० ए० या डी० ए० नहीं दिया जाता है। क्या मैं यह जान सकता हूँ कि जो ग्राफिशियल एन० ई० एस० की मीटिंग्स को प्रॉटेड करने जाते हैं, उनको टी० ए० और डी० ए० दिया जाता है या नहीं और यदि दिया जाता है, तो क्यों ?

**श्री श्या० नं० मिश्र :** इस विषय में कायदे बने हुये हैं, जिनके मुताबिक ग्राफिशियल को टी० ए० और डी० ए० मिलते हैं। लेकिन हम ने अपनी तरफ से राज्य सरकारों को परामर्श दिया है कि जहां तक हो सके, उन्हें नान-ग्राफिशियल मेंबरों को रीजनेबल आउट-आफ-वाकेट एलाउंस देना चाहिये और कुछ राज्य सरकारों ने ऐसा प्रबन्ध किया भी है, लेकिन सभी राज्य सरकारों ने ऐसा प्रबन्ध नहीं किया है।

**डा० राम सुभाग सिंह :** सन् १९५२ से कम्युनिटी प्रोजेक्ट खुली हुई है और एन० ई० एस० न्याक भी करीब डेढ़ वर्ष से खुले हुए हैं। अब तक प्लानिंग विनिस्ट्री ने इस तरह की हरकत क्यों होने दी कि बड़े-बड़े ग्राफिशियल को तो डी० ए० और टी० ए० दिया जाता है लेकिन अगर कोई छोटा किसान इन मीटिंग्स को प्रॉटेड करने चाहे तो उसको नहीं दिया जाता। क्या प्रथम पंच वर्षीय योजना की सफलता की यही निशानी है ?

**श्री श्या० नं० मिश्र :** जो बातें अभी माननीय सदस्य ने कही हैं उन्हीं पर पंच वर्षीय योजना की सफलता मुनहसिर करती है ऐसा तो मैं नहीं समझता। लेकिन पहले हमको इसकी पूरी जानकारी नहीं



पी कि इस से लोगों को कठिनाइयां हो रही हैं। जब हमको यह जानकारी मिली तो हमने इस विषय में राज्य सरकारों को परामर्श दिया और कुछ राज्य सरकारों ने हमारे परामर्श के अनुसार कार्य भी किया। मुमकिन है कि बहुत से कार्यकर्ता जो घाते हैं वे डी० ए० और टी० ए० तसब भी नहीं करते हों क्यों कि वे सेवा भावना से प्रेरित होते हैं। माननीय सदस्य को यह बात भी ध्यान में रखनी चाहिये।

डा० राम सुभग सिंह : अभी मंत्री महोदय ने कहा कि मुमकिन है कि वे सेवा भावना से प्रेरित हो कर जाते होंगे। तो क्या कारण है कि प्लानिंग मिनिस्टर ने उन सेवा भावना से प्रेरित होने वाले किसान को इन कमेटियों का बेयरमैन या वाइस बेयरमैन नहीं बनाया। मंत्री महोदय ने यह भी कहा कि हम लोगों को इस बात का पूरा पूरा पता न था। क्यों वह इस बात का पूरा पूरा पता क्यों नहीं लगाते। मेरी जानकारी है कि यह प्रश्न यहां भी रखा गया था।

श्री इया० नं० मिश्र : जहां तक हमारी जानकारी का जरिया है, उसमें माननीय सदस्य भी धाते हैं, और जब माननीय सदस्यों ने इस और हमारा ध्यान आकृष्ट किया तो हमारा ध्यान इस ओर गया। इस विषय में यहां एक प्रस्ताव आया था उस पर बहस भी हुई थी। हमने बतलाया कि हमने राज्य सरकारों का ध्यान इस ओर दिखाया है। लेकिन जहां तक बेयरमैन घाटि बनाने का सवाल है, यह एक प्रश्न है, और इस पर इस सभा में काफी विचार हो चुका है।

Shri Sivamurthi Swami : May I know whether any detailed report has been received from the organisers of the Village and Cottage Industries of Wardha, especially, J. C. Kumarappa, by the Planning Commission in order to reorientate the policy of the Government in the matter of constituting the advisory boards for N.E.S. and Community

Project Areas and whether any action has been taken on the report?

Shri S. N. Mishra : I do not quite see how it arises out of this question.

Mr. Speaker : This question relates to the holding of meetings in out of the way places and also to T. A. and D. A. of members but not with the policy.

### Engineering Personnel Committee

\*24. Shri Bahadur Singh : Will the Minister of Planning be pleased to state :

(a) whether the Engineering Personnel Committee appointed by the Planning Commission has suggested opening of 15 new engineering colleges and 62 schools imparting training in civil, mechanical and electrical engineering in the country;

(b) the number of such colleges and schools that are going to be opened in the Punjab;

(c) whether the Engineering Personnel Committee recommended some sort of special financial assistance to the engineering colleges and technical schools already in existence in various States in view of the shortage of Engineering Personnel, which is likely to exist in spite of training facilities provided in the Second Plan, and

(d) whether some special financial assistance has been recommended by this Committee for the Engineering Colleges and Technical Schools in the Punjab other than the Government Technical Schools and Engineering Colleges?

The Deputy Minister of Planning (Shri S. N. Mishra) : (a) The Committee has suggested the opening of 18 colleges and 62 schools.

(b) For the Northern Region comprising the Punjab, the Uttar Pradesh, Rajasthan, Jammu & Kashmir, PEPSU, Delhi, Ajmer-Merwara and Himachal Pradesh, the Committee has recommended the establishment of 4 colleges and 17 schools. The Committee has not indicated the number of institutions to be started in the Punjab State.

(c) It is not clear what the honourable member means by "special financial assistance" in this context. Presumably he means the financial assistance for expanding the capacity of existing institutions. Though the Committee has recommended that capacity in the existing institutions should be expanded fully, separate financial assistance for it has not yet been indicated. The total cost of expansion of capacity in existing institutions plus the cost of setting up 18 colleges and 62 schools has been estimated to be in the neighbourhood of Rs. 16 crores.

(d) Does not arise.

**Shri Bahadur Singh:** Will the Government entertain the demands of the various engineering colleges and technical schools which need assistance at present? I put this question because the hon. Minister has said that the Committee has not recommended any financial assistance.

**Shri S. N. Mishra:** I have not said that the Engineering Personnel Committee has not recommended any financial assistance for the expansion of existing facilities. I simply expressed my doubt about the way in which the question has been put. What the hon. Member means by special financial assistance is not clear to me. They have certainly included in Rs. 16 crores assistance for expansion of training facilities in the existing institutions. Now the mechanics of it has to be worked out.

**Shri Joachim Alva:** Has the Government noted the alarm sounded in western circles that competitive co-existence is becoming keener as four million engineers would be produced by the USSR in the next few years? Is Government taking steps to open more science and engineering colleges in India and also to provide jobs for the engineering graduates?

**Shri S. N. Mishra:** It is not because of such reports appearing in the Press, but because of our need during the Second Plan and also during the next fifteen years, that we are going to take steps in this direction.

**Shri R. P. Garg:** In view of the fact that there are hundreds of engineers who have registered themselves with the Employment Exchanges, may I know whether there is a surplus of engineers or Government has no proper plan for the utilisation of their services?

**Shri S. N. Mishra:** It is indeed a point which requires a certain amount of clarification. When certain vacancies are announced and a number of applications come in, there is a tendency to come to the conclusion that there is a surplus. But, that is not so. Analysis has revealed that 95 per cent. of these applicants require more coveted posts than they are holding at present and therefore, these applications and registrations.

**Shri Thimmalah:** In view of our requirements under the Second Plan, has the Government instructed the State Governments about the number of students to be admitted to the various technical institutions in the States?

**Shri S. N. Mishra:** We have satisfied ourselves that the State Governments are doing all they can to ensure expansion of training facilities. About the increase in the different institutions, I cannot say anything at the moment.

**Sardar Iqbal Singh:** Is the hon. Minister aware of the fact that certain insti-

tutions were recently established in PISPSU and Punjab and will the Government consider helping them under this scheme?

**Shri S. N. Mishra:** This amounts to a suggestion. But, if they come under the scheme of assistance that is to work, the case of PEPSU will certainly be considered.

**Laja Achint Ram:** It was said that the engineers wanted coveted posts. What is the minimum pay offered to an engineer?

**Shri S. N. Mishra:** I do not have that information at the moment.

**Shri A. M. Thomas:** May I enquire whether there will be any phasing in the starting of the various engineering institutions and also whether Government is in a position to find the necessary personnel to man them?

**Shri S. N. Mishra:** As for phasing, certainly that would be done according as the needs arise. So far as staffing is concerned, it is one of the important aspects which will be attended to.

#### Nagarjunasagar Dam

**\*25. Dr. Rama Rao:** Will the Minister of Irrigation and Power be pleased to state:

(a) Whether the committee of three experts appointed to consider the recommendations and proposals of Mr. Slocum on Nagarjunasagar Dam, has sent its opinion and recommendations; and

(b) whether Government have taken final decision on the nature of the dam, masonry or concrete, and the import and utilisation of machinery on a large scale?

**The Deputy Minister of Irrigation and Power (Shri Hathil):** (a) No Sir.

(b) No final decision has been taken pending receipt of the report of the Committee.

**Dr. Rama Rao:** This matter has been under consideration for a number of years and now it is again under reconsideration. Is the Government aware of the anxiety of the Andhra public about the delay in coming to a final decision about the nature of the dam? Actually, it must be decided by technicians.

**Shri Hathil:** Perhaps the hon. Member knows that Mr. Slocum visited the dam site in April 1956 and he suggested that a concrete dam would be better. The Committee of engineers has said that it may be partly concrete and partly masonry. In view of this suggestion this Committee is going to meet in August and an early decision will be taken.



### जिला विकास संगठन

\*२७. श्री जू० चं० सोधिया : क्या योजना मंत्री यह बताने की कृपा करेंगे कि :

(क) द्वितीय पंचवर्षीय योजना (संक्षेप) के अध्याय ७ में राष्ट्रीय विकास परिषद् द्वारा जिला विकास व्यवस्था के सम्बन्ध में जिस विशेष जांच के करने का उल्लेख किया गया है, क्या उसके बारे में कार्यवाही शुरू हो चुकी है ; और

(ख) यदि हां, तो उस सम्बन्ध में कितनी प्रगति हो चुकी है, और जिला विकास संगठन की नई रूपरेखा कब तक तैयार हो जायेगी और जांच पूरी होने में कितना समय लगेगा ?

योजन उपमंत्री (श्री इया० नं० मिश्र) :

(क) तथा (ख) : द्वितीय पंचवर्षीय योजना के अंतर्गत होने वाली विशेष जांच किस प्रकार की जाये, इस विषय पर योजना आयोग विचार कर रहा है।

श्री जू० चं० सोधिया : यह विचार कब तक पूरा होगा ?

श्री इया० नं० मिश्र : इस काम को यथा सम्भव शीघ्र ही शुरू कर दिया जायेगा ।

श्री जू० चं० सोधिया : बाजकल जो इन्स्ट्रिक्ट कमेटियां बनी हुई हैं और पागे जो कमेटियां बनने वाली हैं उनमें क्या फर्क होगा ?

श्री इया० नं० मिश्र : सारे जिले के प्रशासन का जहां तक विकास कार्यों से सम्बन्ध है, वह कैसे अच्छी तरह से चले और ज्यादा से ज्यादा जन सहयोग मिले इन सारी बातों पर उस कमेटी को विचार करना है। लेकिन कमेटी किन किन सार्वजनिक बातों में जायेगी इसका निर्णय उसके काम करने की साइन निर्धारित होने के समय किया जायेगा।

### Import Licences

\*२९. श्री Gidwani: Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that two firms of Calcutta were suspended by the Chief Controller of Imports and Exports, New Delhi, for producing forged documents in support of their application for the grant of import licences for soda ash and cycle parts; and

(b) if so, what further action has been taken against those firms ?

The Minister of Trade (Shri Karmarkar): (a) Yes, Sir; for cycle parts, during the last year. But there has been no such case for soda ash.

(b) Investigations are proceeding.

Shri Gidwani: What was the quantity of the article, for the import of which application for the grant of a licence was made and what was the approximate value ?

Shri Karmarkar: The case was in connection with a provisional quota certificate and the value was about Rs. 97,597. On verification from the customs department, it was found that the customs receipts were forged and then we took action but the parties were not found. The other case was a similar one and the investigation is proceeding.

Shri Gidwani: When will a final decision be taken after full investigation ?

Shri Karmarkar: Either when the party is found or when it is found that it is impossible to find the party.

### All India Khadi Board

\*३०. श्री Jhulan Saha: Will the Minister of Production be pleased to state:

(a) whether it is a fact that the All India Khadi Board has not been able to fully utilise the sanctioned amount ever since its inception;

(b) if so, whether the reasons thereof have been ascertained ?

The Minister of Production (Shri K. C. Reddy): (a) and (b). So far as Khadi is concerned, the Board has been able to utilise substantially the sanctioned amounts. This is due to the fact that the Khadi industry had been considerably developed and organised before the Board came into existence. In the case of village industries it has not been possible to utilise the sanctioned allotments fully, as the Board had to do much spadework.

**Shri Jhulan Sinha:** Is it one of the reasons that the All India Khadi Board has not been able to dispose of its stocks?

**Shri K. C. Reddy:** I do not know which stock the hon. Member is referring to. If he can give notice, I shall answer that.

### Export of Indian Films

\*31. **Sardar Iqbal Singh:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that there is, a great demand for Indian Films in Kenya, Uganda, Tanganika and West Indies;

(b) if so, the number of films exported to these countries in the years 1954, 1955 and 1956; and

(c) further steps proposed to be taken by the Government to increase export of Indian films to these countries?

**The Minister of Trade (Shri Karmarkar):** (a) It is understood that there is fairly a substantial demand for Indian films in Kenya, Uganda, Tanganika and West Indies.

(b) Separate Statistics relating to export of films are not being separately maintained in the Sea Borne Trade Accounts. According to information received from the Indian Trade Commissioner in East Africa, films of the value of Rs. 5,20,000 and Rs. 5,33,000 were imported into British East Africa during 1954 and 1955, respectively. Figures for 1956 are not yet available. Information relating to British West Indies is also not available.

(c) There is no control on the export of Indian films under the export Control Regulations and exports can be made freely without an export licence. In order to promote exports of films, the question of setting up an Export Promotion Council for Films is under consideration.

**Sardar Iqbal Singh:** May I know whether the Government is trying to find out the potentialities for the Indian films in the markets of these countries?

**Shri Karmarkar:** These are the reports we have received from our representatives there.

**Sardar Iqbal Singh:** May I know whether it is a fact that there is a big demand for the export of Indian films to these countries and whether Government is not allowing export to these countries?

**Shri Karmarkar:** That is entirely wrong information. We are prepared to export any amount of films.

### WRITTEN ANSWER TO QUESTIONS

#### Girdih Collieries

\*2. **Shri T. B. Vittal Rao:** Will the Minister of Production be pleased to state:

(a) whether the examination of the report of the Experts Committee appointed to go into the economic working of the Girdih Collieries has since been concluded.

(b) if so, whether the recommendations have been accepted; and

(c) whether action has been initiated thereon?

**The Minister of Production (Shri K. C. Reddy):** (a) The examination of the report of the Experts Committee has almost been completed.

(b) A final decision on the recommendations will be taken shortly.

(c) Does not arise at present.

#### Sandal-Wood Oil

\*9. **Shri Madiah Gowda:** Will the Minister of Commerce and Industry be pleased to state:

(a) the quantity and the value of Sandal-Wood oil consumed in the country every year during the last five years; and

(b) the steps taken by Government to encourage the production of this oil?

**The Minister of Heavy Industries (Shri M. M. Shah):** (a) Year-to-Year consumption figures of Sandal-wood oil are not available. Average annual consumption during last five years has been estimated at 68,000 lbs. The prices varied from Rs. 30 to Rs. 50 per lb.

(b) The Industry is given assistance in getting the raw materials and it is free to export its products. It has not so far made any specific request for help.

#### दूसरा सिययाई

११. श्री कृष्णाचार्य जीजी : क्या उत्पादन मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या दूसरे सिययाई की स्थापना के बारे में कोई निर्णय किया गया है; और

(ख) यदि हाँ, तो काम कब से धारम्भ होगा ?

उत्पादन मंत्री (श्री क० च० रेड्डी) :  
(क) तथा (ख) : मविष्य में दूसरे सिययाई

की स्थापना करने के उद्देश्य से, टेक्निकल कर्मचारियों के प्रशिक्षण तथा उपयुक्त स्थान चुनने आदि के प्रारम्भिक-कार्य के लिए, द्वितीय पंचवर्षीय योजना में रूपा रखा गया है। निर्माण-कार्य कब प्रारम्भ होगा, इस बारे में इस समय कुछ भी कहना कठिन है।

### Neiveli Lignite Project

\*22. **Shri S. V. Ramaswamy:** Will the Minister of Production be pleased to state the latest position of the Neiveli Lignite Project?

The Minister of Production (Shri K. C. Reddy): The preliminary investigations which aim at determining whether the ground water below the lignite belt can be controlled by means of pumping have now reached the last stage. Fullscale pumping tests were conducted with 29 pumps discharging 26,000 gallons of water per minute. The observations made during the tests indicate that the ground water level went down below the lignite bed at almost all places in the grid area. Pumping was however interrupted due to a break-down of 5 submersible pumps. Necessary action is in hand and the tests will be re-started, if necessary.

Meanwhile, the initial planning required for implementing the integrated project is in hand, so that if the pumping tests prove successful, further action on the mining of lignite, generation of power, production of fertilizers etc. can be taken up in the least possible time.

### River Valley Projects

\*25. **Shri T. B. Vittal Rao:** Will the Minister of Irrigation and Power be pleased to state:

(a) whether the recommendation of the Public accounts Committee that administrative audit system may be introduced in various River Valley Projects has been given effect to;

(b) if so, since when; and

(c) if not, the reason therefor?

The Deputy Minister of Irrigation and Power (Shri Hashi): (a.) Not yet, sir.

(b) Does not arise.

(c) As desired by the Public Accounts Committee, Government addressed the authorities concerned with the centrally financed multi-purpose projects inviting their

views on the introduction of the administrative audit system in these projects. It has taken some times for the authorities to send in their reply mainly due to the necessity of a detailed examination of the proposals by them and, where necessary, by the Control Boards. Only one reply is now outstanding and every endeavour is being made to formulate Government's conclusions and submit them to the Public Accounts Committee without further delay.

### States' Rehabilitation Schemes

\*23. **Shri Krishnacharya Joshi:** Will the Minister of Rehabilitation be pleased to state:

(a) whether loans advanced to Parts 'A', 'B', and 'C' States during 1953-54 for rehabilitation schemes have been recovered; and

(b) if so, the total amount recovered?

The Deputy Minister of Labour (Shri Abid Ali): (a) and (b): Figures for recoveries which are maintained by the respective Accountants General are not readily available for any particular financial year.

### Production of Lathes

\*33. **Shri Bheekha Bhai:** Will the Minister of Production be pleased to state:

(a) the target production of lathes as envisaged in the agreement with Messrs. Oerlikons Ltd.;

(b) the actual production achieved;

(c) the reasons for difference and delay in manufacture of lathes; and

(d) how far the Government of India is committed to the payment of allowances as per agreement?

The Minister of Production (Shri K. C. Reddy): (a) The programme that had been proposed was to produce 1200 lathes per annum. The sanctioned scheme however envisaged the production of 400 lathes. The target of 400 lathes is to be achieved progressively within a period of 5 years commencing with the production of 40 lathes in 1956.

(b) 12 lathes have been assembled from imported components and 5 lathes from parts manufactured in the factory. Five more lathes are on the best floor and 20 lathes manufactured from components in the factory are being assembled.

(c) The actual production achieved is more or less according to the revised schedule.

(d) No payment of allowances to Messrs. Oerlikons is envisaged in the Agreement. Provision is made in the Agreement, however, for assigning to Oerlikon, free of payment, five per cent of the shares of the company and payment of royalty on actual sales of products of the factory.

### Pakistan Raw Cotton

\*34- {Sardar Iqbal Singh:  
Sardar Akarpuri:

Will the Minister of Commerce and Industry be pleased to refer to the reply given to Starred Question No. 353 on the 29th February, 1956 and state the quantity of Pakistan raw cotton imported so far under the Indo-Pakistan Trade Agreement (1955-56)?

The Minister of Trade (Shri Kar-marwar): Nil.

### Rehabilitation of Displaced Persons in P.E.P.S.U.

1. Shri Ram Krishan: Will the Minister of Rehabilitation be pleased to state:

(a) the number of displaced persons rehabilitated in P.E.P.S.U. State so far; and

(b) the number of persons yet to be rehabilitated there?

The Deputy Minister of Labour (Shri Abid Ali): (a) and (b). The information is not readily available and the time and labour involved in the collection of this information will not be commensurate with the results to be achieved.

### Small and Medium-Sized Projects

2. Shri Ram Krishan: Will the Minister of Irrigation and Power be pleased to state:

(a) the number and names of small and medium-sized projects district-wise recommended by Punjab and PEPSU Governments for inclusion in the Second Five Year Plan;

(b) whether all these projects have been included in the Second Five Year Plan;

(c) if not, the names of those projects which have not been included in the Second Five Year Plan; and

(d) their estimates in brief and the extent of land to be irrigated under each project?

The Deputy Minister of Irrigation and Power (Shri Hathl): (a) to (d). Information is being collected and will be laid on the Table of the House.

### State Planning Boards

3. Shri Ram Krishan: Will the Minister of Planning be pleased to state the names of the states which have constituted State Planning Boards so far?

The Deputy Minister of Planning (Shri S. N. Mishra): The implication of this question is not clear. State Planning

Boards which include leading non-officials have been constituted in some of the States. If the intention is to obtain information in regard to the machinery for Planning at the State level, the position is as follows:

"At State headquarters coordination is achieved through an inter-departmental Committee of Secretaries in charge of various development departments. The chairman of the committee is the Chief Secretary or the Secretary in charge of Planning. Generally, the functions of coordination for planning and for the implementation of district programmes are combined in a single officer commonly described as the Development Commissioner. As a rule, a committee of the State Cabinet under the Chief Minister provides overall guidance and direction."

### C.P.W.D.

4. Shri Eswara Reddi: Will the Minister of Works, Housing and Supply be pleased to state:

(a) the names of the Divisions under the Superintending Engineer, N.E.F.A. Central P.W.D.;

(b) the headquarters of Sub-Divisional Offices under each Division; and

(c) the work-place under each Sub-Division and the total number of work-charged staff at each work-place according to each category of post?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naikar): (a) and (b). A statement is placed on the Table of the Lok Sabha. [See Appendix I, annexure No. 3].

(c) It is not possible to furnish the information as the number of work-places and the number of work-charged staff at each work-place according to each category of post are liable to fluctuation and the places of work are also liable to frequent change.

### C.P.W.D.

5. Shri Eswara Reddi: Will the Minister of Works, Housing and Supply be pleased to state:

(a) the names of the Divisions under the Calcutta Central Circle No. II, Central P.W.D.;

(b) the headquarters of Sub-Divisional Offices under each Division; and

(c) the work-places under each Sub-Division and the total number of work-charged staff at each work-place according to each category of post.

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar):** (a) and (b). A statement furnishing the required information is placed on the Table of the Lok Sabha. [See Appendix I, Annexure No. 4].

(c) It is not possible to furnish the information as the number of work-places and the number of work-charged staff at each work-place according to each category of post are liable to fluctuation and the places of work are also liable to frequent change.

**C.P.W.D.**

**6. Shri Bswara Reddi:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) the names of the Divisions under the Calcutta Central Circle No. I, Central P.W.D.;

(b) The headquarters of Sub-Divisions Offices under each Division; and

(c) the work-places under each Sub-Division and the total number of work charged staff at each work-place according to each category of post?

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar):** (a) and (b). A Statement furnishing the required information is Placed on the Table of the Lok Sabha. [See Appendix I, Annexure No. 5]

(c) It is not possible to furnish the information as the number of work-places and the number of work-charged staff at each work-place according to each category of post are liable to fluctuation and the places of work are also liable to change.

#### **Indo-Pakistan Passport Conference**

**7. Shri M. L. Agrawal:** Will the Prime Minister be pleased to refer to the reply given to Unstarred Question No. 904 on the 13th September, 1955 and State:

(a) whether the Pakistan Government have since ratified the decisions reached at the September/October Indo-Pakistan Passport Conference of 1953;

(b) if so, whether the Government will place on the Table of the House a copy of the decisions so ratified;

(c) whether any other Indo-Pakistan Passport Conference was held in 1954; and

(d) if so, when, where and with what results?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** (a) No, Sir.

(b) Does not arise.

(c) No, Sir.

(d) Does not arise.

#### **Indo-Pakistan Passport and Visa Scheme**

**8. Shri M. L. Agrawal:** Will the Prime Minister be pleased to state:

(a) whether the Pakistan Government concurred with the Government of India's draft of the revised Indo-Pakistan Passport and Visa Scheme referred to them in May 1955; and

(b) whether Government will be pleased to place a copy of the Revised Scheme on the Table of the House?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** (a) Not yet.

(b) It is not possible to place a copy of the Revised Scheme on the Table of the House at this stage as it is still under the consideration of the Government of Pakistan.

#### **कुटीर उद्योग**

**९. श्री बालूवीकी :** क्या उत्पादन मंत्री यह बताने की कृपा करेंगे कि :

(क) कुटीर उद्योग के विकास के लिये वर्ष १९५३-५४, १९५४-५५ और १९५५-५६ में भारत सरकार ने राज्य-सरकारों को कितना ऋण तथा कितना अनुदान दिया था; और

(ख) क्या ऋण और अनुदानों की इन राशियों को निश्चित अवधि के भीतर खर्च किया गया ?

**उत्पादन मंत्री (श्री क० ब० रेड्डी) :**

(क) तथा (ख). लादी व ग्राम उद्योग सिरकिलचर उद्योग व हुस्तशियों के लिये १९५३-५४, १९५४-५५ और १९५५-५६

में निम्नलिखित अनुदान व ऋण राज्य सरकारों को दिए गए :—

१९५३—५४

उद्योग क्रम संख्या का नाम	स्वीकृत राशि	
	अनुदान	ऋण
	रु०	रु०
१. ग्राम उद्योग	८,७७३	..
२. सेरिकलचर	११,३२,५४५	..
३. हस्तशिल्प	८,८८,८१७	२,४२,६७०
४. लादी	कुछ नहीं	कुछ नहीं
योग	२०,३०,१३५	२,४२,६७०

१९५४—५५

१. ग्राम उद्योग	६,७१,६५४	१,१४,८८०
२. सेरिकलचर	१६,०६,४६६	..
३. हस्तशिल्प	६,३०,५६१	८,३३,४४५
४. लादी	..	४,०००
योग	३५,०८,७११	६,४२,३२५

१९५५—५६

१. ग्राम उद्योग	२८,२६,८६३	१६,४३,८१२
२. सेरिकलचर	२२,२२,६०७	..
३. हस्तशिल्प	६,८३,६६६	८,७८,३००
४. लादी	..	१०,७६,३००
योग	६०,३३,१३६	३८,९८,४१२

अनुदानों व ऋणों की राशियों को निम्नलिखित अवधि के भीतर पूर्णतया प्रयुक्त नहीं किया गया ।

चतुर्थ श्रेणी के कर्मचारियों के लिये आवास

१०. श्री बालमोको : क्या निर्माण, आवास और संभरण मंत्री यह बताने की कृपा करेंगे कि :

(क) दिल्ली तथा नयी दिल्ली में चतुर्थ श्रेणी के कर्मचारियों के लिये आवास का प्रबन्ध करने में कहां तक प्रगति हुई है; और

(ख) पिछले दस वर्षों में कितने क्वार्टर बनाये गये हैं ?

निर्माण, आवास और संभरण मंत्री के सभासद्विध (श्री पू० शे० नासकर) :

(क) १९५५—५६ तक चौथे दर्जे के कर्मचारियों के लिये जितने मकान बनाये गये या बनाये की मंजूरी दी गई, उनकी तादाद इस समय की मांग का लगभग ६८ प्रतिशत है ।

(ख) ३६१४ ।

#### Indians in Gold Coast

11. Shri D. C. Sharma: Will the Prime Minister be pleased to State:

(a) the number of Indians in Gold Coast; and

(b) the occupations they follow?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b): There are about 300 Indians in the Gold Coast, most of them are engaged in trade—in a proprietary, managerial or clerical capacity.

#### Rehabilitation of Displaced Persons from East Pakistan

12. Shri D. C. Sharma: Will the Minister of Rehabilitation be pleased to state the estimated total number of refugees from East Pakistan who have been rehabilitated in India so far?

The Deputy Minister of Labour Shri Abid Ali: About five lakh families have been given rehabilitation benefits.

### Film Documentaries

13. **Shri Madhah Gowda:** Will the Minister of Information and Broadcasting be pleased to state:

(a) the names of private agencies that have been entrusted with the production of documentaries, so far;

(b) the number of documentaries produced by them;

(c) whether a list of such approved producers is maintained; and

(d) the cost and quality of such production as compared to the departmental production?

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

- (a) 1. Ama Limited, Bombay.  
2. National Education and Information Films, Ltd., Bombay.  
3. Singh Brothers, New Delhi.  
4. New Theatres, Calcutta.  
5. Eastern Movies, New Delhi.  
6. Vinay Productions, Poona.  
7. Cine Unit of India, Poona.  
8. National Film Corporation, Bombay.  
9. Art Films of Asia, Bombay.  
10. Ezra Mir, Bombay.  
11. E.R. Cooper, Bombay.  
12. P.V. Pathy, Madras.  
13. Information Films, Delhi.  
14. K. Subrahmanyam, Madras.  
15. Film Services, Calcutta.  
16. New Shorey Documentary Films, Meerut.  
17. Hari S. Dasgupta, Bombay.  
18. Homi P. Sethna, Bombay.  
19. Widya Wikas Films, Bombay.  
20. S.L. Badami, Bombay.  
21. Patel India Ltd., Bombay.  
22. Rajkarnal Kalamandir Ltd., Bombay.  
23. Hiten Chowdhury Productions, Bombay.  
24. Fact Films, Bombay.  
25. Saumyen Mukherjee, Calcutta.  
26. Ashok Productions, New Delhi.  
27. Railwaymen's Fine Art Society, Madras.  
28. Vishram Bedekar, Bombay.  
29. Binal Roy Productions, Bombay.  
30. Aurora Film Corporation, Calcutta.

(b) 17 films have been completed and 37 are under production, besides 25 produced by private producers on their own or for other sponsors and purchased or obtained for distribution by Government.

(c) Yes.

[d] As indicated in the reply to Shri B. D. Shastri's Unstarred Question No. 363 on 25th November, 1954 and Chaudhri Muhammad Shafie's Starred Question No. 1250 on 21st March, 1955, direct and indirect expenses are incurred on the production of documentaries by the Films Division. In the absence of regular cost accounting, which has not yet been started in Films Division, it would be difficult to state with any precision what the total expenses of any documentary are.

The quality of the productions by private producers is judged by the Film Advisory Board who do not approve a film unless it reaches the requisite minimum standard, and in some cases the films have been very well received by the public also. In judging them it has also to be remembered that unlike the Films Division there are no private producers who are only engaged to the same extent in documentary production which is in many ways a specialised art. The documentaries of the Films Division have won many National and International awards.

### Pilot Industrial Scheme

14. **Shri Ram Krishan:** Will the Minister of Planning be pleased to state:

(a) whether the scheme for the selection of community-project-areas for Pilot Industrial Scheme has been finalised; and

(b) if so, the details thereof?

**The Deputy Minister of Planning (Shri S. N. Mishra):** (a) Yes.

(b) A list showing the areas selected is laid on the Table of the House. [See Appendix I, annexure No. 6].

### Allocations for Housing

15. **Dr. Satyawadi:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) whether allocations have been made for the current financial year under the Low-income Group Housing Scheme; and

(b) if so, the figures State-wise sanctioned and disbursed?

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P.S. Naxhar):** (a) Yes, Sir.

(b) A statement giving the requisite information is placed on the Table of the Lok Sabha. [See Appendix I, annexure No. 7].



### Employees in C.P.W.D.

16. **Dr. Rama Rao:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) the categories of work-charged staff employed by the C.P.W.D.; and

(b) which of these categories have been classified as—

- (i) unskilled,
- (ii) unskilled supervisory and semi-skilled,
- (iii) skilled,
- (iv) highly skilled and skilled supervisory, and
- (v) clerical?

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naikar):** (a) A statement of the categories of work-charged staff employed by the C.P.W.D. is placed on the Table of the Lok Sabha. [See Appendix I, annexure No. 8.]

(b) Broad examination of all the categories of work-charged staff was made with reference to the nature of their duties and the skilled required, and the pay-scales fixed reflect the grade of their skill and nature of duties. Pay scales are given in the statement.

### Employees in C.P.W.D.

17. **Dr. Rama Rao:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) whether it is a fact that liftmen, misters and some other categories of staff in the C.P.W.D. are employed both on the regular and work-charged establishment; and

(b) if so, what is the difference in the nature of their work so as to necessitate employment in different establishment of the same categories of staff?

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naikar):** (a) Yes

(b) There is no difference in the nature of the work performed by persons of the same category employed on the regular and work-charged establishments. Generally, persons who are employed on the actual execution, as distinct from the general supervision, of a specific work or of sub-works of a specific project or upon the subordinate supervision of departmental labour, stores and machinery in connection with such work or sub-works and whose pay is consequently met from the estimate of the work, are borne on the work-charged establishment, while others are borne on the regular establishment.

### Pass Books for C.P.W.D. Staff

18. **Dr. Rama Rao:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) whether Pass Books are supplied to the work-charged staff of the

C.P.W.D. who subscribe the workmen's Contributory Provident Fund; and

(b) if not, the reason therefor?

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naikar):** (a) No, Sir.

(b) Normally, pass books are not supplied to the subscribers. As a result, however, of the transfer of the work relating to the maintenance of fund accounts to the Divisional Offices of the C.P.W.D., Government have decided to supply pass books to the work-charged staff, contributing to the Workmen's Contributory Provident Fund and have accordingly taken steps to print the required number of pass books. These will be supplied to the staff shortly.

### Cost of Power Production

19. { **Sardar Iqbal Singh:**  
**Sardar Akarpuri:**

Will the Minister of Irrigation and Power be pleased to state:

(a) the cost per unit of generating power at different power stations constructed in the First Five Year Plan;

(b) the main reasons for difference between the cost per unit in different power stations; and

(c) how does this compare with rates of the power stations constructed before the Five Year Plan?

**The Deputy Minister of Irrigation and Power (Shri Hathl):** (a) Figures of actual cost of generation per unit at different power stations, are not available with the Govt. of India. A statement based on estimates of such costs is, however, laid on the Table of the House.

(b) and (c). A statement is laid on the Table of the House. [See Appendix I, annexure No. 9].

### Committee on Earth-moving Equipment

20. **Sardar Iqbal Singh:** Will the Minister of Commerce and Industry be pleased to refer to the reply given to Starred Question No. 345 on the 29th February, 1956 and state:

(a) whether the Committee on Earth-Moving Equipment has since submitted its report; and

(b) if so, the main recommendations thereof?



**The Minister of Commerce and Industry and Iron and Steel (Shri T.T. Krishnamachari):** (a) No, Sir.

(b) Does not arise.

#### Manufacture of Ghani Oil

21. {Sardar Iqbal Singh:  
Sardar Akarpuri:

Will the Minister of Production be pleased to state:

(a) the specific steps taken in Punjab and P.E.P.S.U. States for the development of the manufacture of ghani oil;

(b) the number of oilmen's cooperative societies engaged in the manufacture of such oil;

(c) the number of societies which have not been given any assistance technical or otherwise with the result that they are not functioning;

(d) the proposal, if any, for running the defunct oilmen's co-operative societies; and

(e) how does the rate of such oil compare with mill oil?

**The Minister of Production (Shri K. C. Reddy):** So far as Punjab State is concerned, information is being collected and will be laid on the Table of the Lok Sabha. Information regarding the State of Pepsu is as follows:—

(a) The following specific steps have been taken in Pepsu for the development of ghani oil industry:—

(i) Three cooperative Societies of Oilmen have been organised in Dhuri Community Project. Financial assistance for the purchase of improved type of Kohlus and oilseeds and technical assistance have been made available to them.

(ii) A model oil demonstration centre has been started at Malerkotla for imparting training to telis in operating improved kohlus. Apart from grant of subsidy and loan for starting the oil centre, production subsidy @-1/- per seer of oil produced is paid to the Societies.

(b) Three.

(c) Nil.

(d) Does not arise.

(e) The rates of ghani oil and mill oil are practically the same.

#### Fertilizers

22. {Sardar Iqbal Singh:  
Sardar Akarpuri:

Will the Minister of Commerce and Industry be pleased to state:

(a) the total quantity of fertilizers produced during 1956 so far;

(b) the total imports and exports of Fertilizers during the same period; and

(c) the quantity allocated to the States and the basis for the same?

**The Minister of Commerce and Industry and Iron and Steel (Shri T.T. Krishnamachari):** (a) and (b). A statement is laid on the Table [See Appendix I annexure No. 10].

(c) Only nitrogenous fertilizers are allocated to the States through the Fertilizers Pool. During the period January to June 1956, the allocations were as follows:—

	Quantity in tons
Sulphate of ammonia	3,38,000
Urea	6,600
Ammonium sulphate nitrate	5,700

The allocations are made on the basis of monthly requirements reported by the States and the available supplies.

#### Rural Electrification in Uttar Pradesh

24. Shrimati Kamalendu Mati Shukla  
Will the Minister of Irrigation and Power be pleased to state the names of the Districts in U.P. where the rural areas have been benefited by the rural electrification programme?

**The Deputy Minister of Irrigation and Power (Shri Hathl):** Information is not available with the Government of India. The same is, however, being collected from the State Government and will be placed on the Table of the House when received.

#### चाय की खेती

२५. श्री जू० चं० सोधिया : क्या बाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) वर्ष १९५२-५३ में कितनी भूमि में चाय की खेती की गयी थी और इस समय कितनी भूमि में चाय की खेती की गयी है ;

(ख) प्रति एकड़ चाय के उत्पादन में वर्ष १९५२-५३ की अपेक्षा १९५५-५६ में क्या कोई वृद्धि हुई है और यदि हाँ, तो कितने प्रतिशत; और

(ग) वर्ष १९५२-५३ में देश में कितनी चाय की खपत होती थी और इस समय कितनी खपत होती है ?

बाणिज्य और उद्योग तथा लोहा और इस्पात मंत्री (श्री कृष्णामाचारी) :

(क) १९५२-५३ ७,८०,३७८ एकड़  
१९५४-५५ ७,८६,४७१ एकड़

(ख) जी हाँ, १९५२ की अपेक्षा १९५४ में लगभग ५ प्रतिशत की वृद्धि हुई है।

(ग) १९५२-५३ १७.५ करोड़ पौंड  
१९५४-५५ १८.३ करोड़ पौंड

## Member Sworn

## ORAL ANSWERS TO QUESTIONS

1-29

## WRITTEN ANSWERS TO QUESTIONS

30-46

S.Q. No.	Subject	COLUMNS
1	Gypsum from Pakistan . . .	1-2
3	Project Areas in Travancore-Cochin State . . .	2-3
4	Industrial Housing Scheme . . .	3
5	Evacuee Law in West Pakistan . . .	3-5
6	Film Production Bureau . . .	5-6
7	Biri Making Machines . . .	6-7
8	Spinning Mill in North Bihar . . .	7-8
10	Mobile Cinema Vans . . .	8
11	Scheme for Hire-Purchase of Machinery . . .	8-9
12	Floods in Tripura . . .	9-10
14	Streptomycin Plant . . .	10
15	Textile Mills . . .	11-12
16	Recovery of Abducted Women . . .	12-13
17	International World Power Congress . . .	13-15
18	Cement . . .	15-17
19	Development Commissioners in States . . .	17-18
20	Production of Cloth . . .	18-20
21	Indian Jute Mills Association . . .	20-21
23	N.E.S. Block Advisory Committees . . .	21-24
24	Engineering Personnel Committee . . .	24-26
25	Nagarjunasagar Dam . . .	26
27	District Development Machinery . . .	27
29	Import Licences . . .	28
30	All India Khadi Board . . .	28-29
31	Export of Indian Films . . .	29

S.Q. No.	Subject	COLUMNS
2	Giridih Collieries . . .	30
9	Sandal-Wood Oil . . .	30
13	Second Shipyard . . .	30-31
22	Neiveli Lignite Project . . .	31
28	River Valley Projects . . .	31-32
32	States' Rehabilitation Schemes . . .	32
33	Production of Lathes . . .	32
34	Pakistan Raw Cotton . . .	33

## U.S.Q.

1	Rehabilitation of Displaced Persons in P.E.P.S.U. . .	33
2	Small and Medium-Sized Projects . . .	33
3	State Planning Boards . . .	33-34
4	C.P.W.D. . . .	34
5	C.P.W.D. . . .	34-35
6	C.P.W.D. . . .	35
7	Indo-Pakistan Passport Conference . . .	35-36
8	Indo-Pakistan Passport and Visa Scheme . . .	36
9	Cottage Industries . . .	36-37
10	Housing of Class IV Officers . . .	38
11	Indian in Gold Coast . . .	38
12	Rehabilitation of Displaced Persons from East Pakistan . . .	38
13	Film Documentaries . . .	39-40
14	Pilot Industrial Schemes . . .	40
15	Allocation for Housing . . .	40
16	Employees in C.P.W.D. . .	41
17	Employees in C.P.W.D. . .	41
18	Pass Books for C.P.W.D. Staff . . .	41-42
19	Cost of Power Production . . .	42
20	Committee on Birth-moving Equipment . . .	42-43
21	Manufacture of Ghani Oil . . .	43
22	Fertilizers . . .	43-44
24	Rural Electrification in Uttar Pradesh . . .	44
25	Tea Cultivation . . .	44

# CONTENTS

[Part II Debates, Volume VI—16th July to 3rd August, 1956]

## No. 1. Monday—16th July, 1956—

COLUMNS

Motions for adjournment.—

Floods in the Country; and

Ban on demonstrations around Parliament House

1-2

2-4

Papers laid on the Table

4-7

President's assent to Bills

7

States Reorganisation Bill

8

Constitution, (Ninth Amendment) Bill

8

Bihar and West Bengal (Transfer of Territories) Bill

8-10

Copyright Bill

Motion re. Joint Committee

11-12, 14-44

Business of the House

12-14

Securities Contracts (Regulation) Bill—

Motion to consider

44-94

Clauses 2 to 31 and 1

94-101

Motion to pass as amended

101

Hindu Minority and Guardianship Bill

Motion to consider as passed by Rajya Sabha

101-14

Daily Digest

115-18

## No. 2. Tuesday—17th July, 1956—

Paper laid on the Table

119

Petition re. States Reorganisation Bill

119

Hindu Minority and Guardianship Bill

119-244

Motion to consider as passed by Rajya Sabha

119-91

Consideration of clauses—

Clauses 2 to 13, Clause 1 and Enacting Formula

119-229

Motion to pass as amended

229-44

Daily Digest

245-46

## No. 3. Wednesday—18th July, 1956—

Papers laid on the Table

247-48

Business Advisory Committee—

Thirty-eighth Report

248

Committee on Private Members' Bills and Resolutions—

Fifty-fifth Report

248

Petition re. Factories (Amendment) Bill

248

Reserve Bank of India (Amendment) Bill

Motion to consider

249-354

Daily Digest

355-56

## No. 4. Friday—20th July, 1956—

Papers laid on the Table

357-58

Calling attention to matter of urgent public importance

Textile Policy of Government and future of Handloom Industry

358-61

Business of the House

361-62

Reserve Bank of India (Amendment) Bill—

Clauses 2 to 14, and 1

363-97

Motion to pass as amended

397-409

Industrial Disputes (Amendment and Miscellaneous Provisions) Bill—

Motion to consider

409-18

Committee on Private Members' Bills and Resolutions—

Fifty-fifth Report

419

Resolution re. Enquiry into working of Income Tax Department

421-84

Resolution re. Representation of African and Asian nations in U.N.O.

484-86

Daily Digest

487-88

No. 10. *Saturday—28th July, 1956—*

Columns

Public Accounts Committee—	
Seventeenth Report	1257
Business of the House	1257—58
Papers laid on the Table	1258
States Reorganisation Bill—	
Motion to consider as reported by Joint Committee	1258—1402
Daily Digest	1403—04

No. 11. *Monday—30th July, 1956—*

Paper laid on the Table	1405
Leave of absence	1405—06
Election to Committee—	
All-India Institute of Medical Sciences	1406
State Financial Corporations (Amendment) Bill	1406—07
States Reorganisation Bill—	
Motion to consider as reported by Joint Committee	1407—1552
Daily Digest	1553—54

No. 12. *Tuesday—31st July, 1956—*

Paper laid on the Table	1555
Message from Rajya Sabha	1555
Statement by Prime Minister on Commonwealth Prime Ministers' Conference and his visit abroad	1556—53
Statement re situation in Naga Hills	1563—57
States Reorganisation Bill as reported by Joint Committee—	
Motion to consider	1567—1675
Clause 2 to 15	1675—1700
Daily Digest	1701—02

No. 13. *Wednesday—1st August, 1956—*

Papers laid on the Table	1703—04
Message from Rajya Sabha	1705—06
Committee on Private Members' Bills and Resolutions—	
Fifty-Seventh Report	1706
Estimates Committee—	
Minutes (1955-56) Vol. 5, No. 2 and 3.	1706
States Reorganisation Bill—	
Clause 2 to 15	1706—1904
Daily Digest	1905—06

No. 14. *Thursday—2nd August, 1956—*

States Reorganisation Bill, as reported by Joint Committee	1907—2054
Clause 2 to 15	1907—2028
Clause 16 to 49 and Schedules I to III	2029—54
Daily Digest	2055—56

No. 15. *Friday—3rd August, 1956—*

Papers laid on the Table	2057—58
Business of the House	2058—59
States Reorganisation Bill, as reported by Joint Committee—	
Clause 16 to 49	2059—2157
Committee on Private Members' Bills and Resolutions—	
Fifty-seventh Report	2158
Resolution re representation of African and Asian Nations in U.N.O.	2158—2216
Resolution re control and regulation of production and exhibition of films	2216
Daily Digest	2217—18
Index	1—30

# LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

Vol. VI]

[No. I.

## First Day of the Thirteenth Session of First Parliament of India

I

2

### LOK SABHA

Monday, 16th July, 1956

*The Lok Sabha met at Eleven of the  
Clock*

[MR. SPEAKER (SHRI M. ANANTHA-  
SAYANAM AYYANGAR) in the Chair]

### QUESTIONS AND ANSWERS

(See Part I)

12 NOON

### MOTIONS FOR ADJOURNMENT

#### FLOODS IN THE COUNTRY

**Mr. Speaker:** I have received notice of an Adjournment Motion from Shri S. L. Saksena on the subject: "The havoc caused by widespread floods in all parts of the country, particularly in U.P., Bihar and Assam, and the failure of the Government to do anything substantial to avert them, in spite of the assurance given by the Union Minister for Planning that the problem of floods would be treated as the 'Number One Problem' and tackled on a 'war footing'." This was received on this morning. Long before this Shri Sivamurthi Swami gave notice of a Short Notice Question on 10th July and on 13th July Shri A. K. Gopalan gave notice of a Short Notice Question relating to floods all over the country, the number affected and so on, and also enquiring about the steps that have been taken. I have sent these questions to the hon. Minister to find out whether he would

accept them as Short Notice Questions and give a particular date, or whether they will go in the usual course. If the hon. Minister is able to make a statement now he may do so; otherwise, if he wants time he may answer this along with the other questions in a comprehensive manner.

**The Minister of Planning and Irrigation and Power (Shri Nanda):** Yes, Sir. As suggested by you, the best course would be that I have some time to collect all the information and place it before the House as early as possible. I think I shall be able to do so in the next two or three days.

**Mr. Speaker:** In view of the fact that the hon. Minister will be making a comprehensive statement about this matter, I do not allow this Adjournment Motion.

#### BAN ON DEMONSTRATIONS AROUND PARLIAMENT HOUSE

**Mr. Speaker:** I have received notice of another Adjournment Motion from Shri M. S. Gurupadaswamy on "the order of the District Magistrate of Delhi issued on Sunday the 15th of July prohibiting the holding of meetings or demonstrations and taking out of processions in the areas around Parliament and portions of Church Road, North Avenue, South Avenue, Dalhousie Road and Great Place." This is under the law. I remember that on a prior occasion Shri Sadhan Gupta tabled a motion for adjournment relating to the arrest of some satyagrahis from Maharashtra saying that they were peaceful satyagrahis. I ruled it out

[Mr. Speaker]

saying that within the precincts no satyagraha or anything like that should take place because serious work of the Parliament would be interrupted and it would not serve any purpose. Anyhow I will look into all that. I am not disposing of this immediately. I shall send for all connected papers. I am sure hon. Members would like to protect the precincts of this House and avoid any disturbance so far as our work is concerned. How far this contravenes that is the only thing.

**Shri N. C. Chatterjee (Hooghly):** It goes outside bounds; that is our complaint. They are extending the prerogative much too farther.

**Mr. Speaker:** I shall look into the entire proceedings till now and see how far this can be limited. If necessary, I shall send for my friends before I come to any conclusion regarding this.

**Shri Kamath (Hoshangabad):** I submit, Sir no such order should be issued by local authorities without consulting you.

**Mr. Speaker:** I am extremely glad that the hon. Member wants to make me the executive head of the State.

**Shri Kamath:** Within the limits of Parliament, I said.

**Mr. Speaker:** "Within the limits" of course. Within the limits let me see. I shall look into it.

**Dr. Lanka Sundaram (Visakhapatnam):** And the approaches to the House.

**Shri S. S. More (Sholapur):** May I ask one thing? As far as the precincts are concerned they are under your control. Have the police authorities any power to issue a proclamation under Section 144? It contradicts your authority.

**Mr. Speaker:** So far as the precincts are concerned, I shall take all possible

steps to see that I exercise jurisdiction and not others. Anyhow all sides of the House will be interested to see that peace and order is maintained.

**Shri S. S. More:** May I seek one information? When the police authorities issued these orders pertaining to your province, did they have any prior consultation with you?

**Mr. Speaker:** I am not able to say that off-hand. I shall look into that matter also.

Now we will go to the next business.

## PAPERS LAID ON THE TABLE

### NOTIFICATION UNDER INDIAN AIRCRAFT ACT

**The Minister of Communications (Shri Jagjivan Ram):** Sir, I beg to lay on the Table a copy of the Notification No. AR/1937(17), dated the 7th April, 1956 together with an Explanatory Note, under sub-section (3) of section 5 of the Indian Aircraft Act, 1934. [Placed in Library. See No. S-230/56]

### REPORT OF TARIFF COMMISSION ON GRANT OF PROTECTION TO CALCIUM CARBIDE INDUSTRY, ETC.

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari):** Sir, I beg to lay on the Table a copy of each of the following papers, under sub-section (2) of section 16 of the Tariff Commission Act, 1951, namely:

- (1) Report of the Tariff Commission on the grant of protection and/or assistance to the Calcium Carbide Industry, 1956.
- (2) Ministry of Commerce and Industry Resolution No. 37(1)-TB/56, dated the 30th June, 1956.
- (3) Statement under proviso to section 16(2) of the Tariff Commission Act, 1951, explaining the reasons why a

copy of each of the documents referred to at (1) and (2) above could not be laid within the prescribed period.

[Placed in Library. See No. S-231/56]

#### AMENDMENT TO TEA RULES

**Shri T. T. Krishnamachari:** Sir, I beg to lay on the Table, under sub-section (3) of section 49 of the Tea Act, 1953, a copy of the Notification No. S.R.O. 1476, dated the 30th June, 1956, making certain further amendment to the Tea Rules, 1954. [Placed in Library. See No. S-232/56]

#### NOTIFICATION UNDER REQUISITIONING AND ACQUISITION OF IMMOVABLE PROPERTY ACT

**The Minister of Works, Housing and Supply (Sardar Swaran Singh):** Sir, I beg to lay on the Table a copy of the Notification No. EV-11(6)/55, dated the 18th January, 1956, under sub-section (2) of section 17 of the Requisitioning and Acquisition of Immovable Property Act, 1952. [Placed in Library. See No. S-233/56]

#### OFFICERS OF PARLIAMENT (TRAVELLING AND DAILY ALLOWANCES) RULES

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** Sir, I beg to lay on the Table, under sub-section (2) of section 11 of the Salaries and Allowances of Officers of Parliament Act, 1953, a copy of the Officers of Parliament (Travelling and Daily Allowances) Rules, 1956, published in the Department of Parliamentary Affairs Notification No. S.R.O. 1356, dated the 16th June, 1956. [Placed in Library. See No. S-234/56]

#### AMENDMENT IN FRUIT PRODUCT ORDER

**The Minister of Agriculture (Dr. P. S. Deshmukh):** Sir, I beg to lay on the Table, under sub-section (6) of section 3 of the Essential Commodities Act, 1955, a copy of the Notification No. S.R.O. 1250, dated the 19th May, 1956 making certain amendment in the Fruit Product Order, 1955. [Placed in Library. See No. S-235/56]

#### STATEMENT SHOWING PROGRESS OF ACTION TAKEN ON CASES DEALT WITH UNDER INDIAN INCOME-TAX ACT

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** Sir, I beg to lay on the Table a copy of the statement showing progress of action, upto 31st May, 1956, in cases dealt with under section 34(1A) of the Indian Income-Tax Act, 1922, in pursuance of an assurance given on the 18th September, 1954 during the discussion on the Indian Income-Tax (Amendment) Bill, 1954. [See Appendix I, annexure No. 11]

#### LIST OF CONCERNS EXEMPTED UNDER INDIAN INCOME-TAX ACT

**Shri M. C. Shah:** Sir, I beg to lay on the Table a list of concerns to which exemption under section 56A of the Indian Income-Tax Act, 1922 has been granted during 1955-56, in pursuance of an assurance given on the 18th April, 1953 during the discussion on the Finance Bill, 1953.

#### List

M/s Dhrangadhra Chemical Works Ltd., Bombay.

#### NOTIFICATIONS UNDER CENTRAL EXCISES AND SALT ACT

**The Minister of Revenue and Defence Expenditure (Shri A. C. Guha):** Sir, I beg to lay on the Table a copy of each of the following Central Excises Notifications, under section 38 of the Central Excises and Salt Act, 1944:—

- (1) Notification No. 3-CER/56, dated the 19th May, 1956.
- (2) Notification No. 4-CER/56, dated the 2nd June, 1956.
- (3) Notification No. 5-CER/56, dated the 9th June, 1956.
- (4) Notification No. 6-CER/56, dated the 9th June, 1956.
- (5) Notification No. 7-CER/56, dated the 16th June, 1956.

[Placed in Library. See No. S-238/56]

AMENDMENTS IN MADRAS RICE MILLS  
LICENSING ORDER

**Dr. P. S. Deshmukh:** Sir, on behalf of Shri M. V. Krishnappa, I beg to lay on the Table, under sub-section (6) of section 3 of the Essential Commodities Act, 1955, a copy of the Notification No. S.R.O. 1326, dated the 31st May, 1956, making certain amendments in the Madras Rice Mills Licensing Order, 1955. [Placed in Library. See No. S-239/56]

## PRESIDENT'S ASSENT TO BILLS

**Secretary:** Sir, I have to inform the House that the following Bills, which were passed by the Houses of Parliament during the last Session, have been assented to by the President since a report to the House was last made on the 28th May, 1956:

1. The Parliamentary Proceedings (Protection of Publication) Bill, 1956.
2. The All-India Institute of Medical Sciences Bill, 1955.
3. The Indian Income-Tax (Amendment) Bill, 1956.
4. The Representation of the People (Second Amendment) Bill, 1955.
5. The Agriculture Produce (Development and Warehousing) Corporations Bill, 1956.
6. The Travancore-Cochin State Legislature (Delegation of Powers) Bill, 1956.
7. The Hindu Succession Bill, 1954.
8. The Life Insurance Corporation Bill, 1956.

\*Published in the Gazette of India dated the 16th July, 1956, pp. 459—583.

\*\*Published in the Gazette of India dated the 16th July, 1956, pp. 584—616.

\*\*\*Published in the Gazette of India dated the 16th July, 1956, pp. 441—457.

## STATES REORGANISATION BILL

## REPORT\* OF JOINT COMMITTEE

**The Minister of Home Affairs (Pandit G. B. Pant):** Sir, I beg to present the Report of the Joint Committee on the Bill to provide for the reorganisation of the States of India and for matters connected therewith.

## CONSTITUTION (NINTH AMENDMENT) BILL

## REPORT\*\* OF JOINT COMMITTEE

**The Minister of Home Affairs (Pandit G. B. Pant):** Sir, I beg to present the Report of the Joint Committee on the Bill further to amend the Constitution of India.

BIHAR AND WEST BENGAL  
(TRANSFER OF TERRITORIES)  
BILL\*\*\*

**The Minister of Home Affairs (Pandit G. B. Pant):** Sir, I beg to move for leave to introduce a Bill to provide for the transfer of certain territories from Bihar to West Bengal and for matters connected therewith.

**Mr. Speaker:** Motion moved:

"That leave be granted to introduce a Bill to provide for the transfer of certain territories from Bihar to West Bengal and for matters connected therewith."

**Shri Kamath (Hoshangabad):** Sir, I rise on a point of information. May I know whether this Bill will be referred to the same Joint Committee for report or to a fresh Joint Committee? I also want to know whether the report of that Joint Committee which has been presented today will be taken up along with this on a specified date or whether they will be taken up separately,— this Bill and the other Bill already reported by

Extraordinary Part II — Section 2,

Extraordinary Part II — Section 2,

Extraordinary Part II — Section 2,



the Joint Committee. Secondly, I want to know whether and when the reports of the proceedings of the West Bengal and Bihar Assemblies on this Bill will be available for Members of Parliament.

**Mr. Speaker:** So far as the Joint Committee is concerned when once a Joint Committee is appointed, as soon as it presents its report it becomes *functus officio* unless we refer the Bill back to the same Joint Committee by a separate motion.

A motion can be made, referring this Bill to the same Members, instead of the same Joint Committee. The Committee may consist of the same Members as in the previous Committee, but technically, it will be a different Committee. Regarding the other matters raised, perhaps the hon. Minister would like to reply.

**Pandit G. B. Pant:** I do not know if Shri Kamath wants to oppose this motion for leave to introduce the Bill.

**Shri Kamath:** The hon. Minister is under a misapprehension.

**Pandit G. B. Pant:** The hon. Member raised this question after I moved for leave and before I had introduced the Bill. I think perhaps he wanted this thing in order to make up his mind whether to oppose this motion or not. I am somewhat reassured in feeling that he is not opposing.

So far as the other question goes, I would like this Bill to be referred by this House and also by the Rajya Sabha, to a Joint Committee. I can only move a motion to that effect, but it is for the two Houses to decide whether it should or should not be referred to a Joint Committee. I should like as many Members of the last Committee to be included in this Committee that will now be formed, as may be possible. But whether or not exactly the same number of persons will be adequate for dealing with this Bill, I cannot say, because this Bill

deals with two States only. Perhaps there may be a desire on the part of those two that they should be represented to a larger extent in this Joint Committee that will now be formed than they had been in the last one. But again, the decision has to be taken by the House.

**Shri Kamath:** I want to know whether the proceedings of the Bihar and West Bengal Assemblies on this Bill will be made available to us.

**Pandit G. B. Pant:** Yes; I will try to supply them to every Member and at least to Shri Kamath.

**Shri Kamath:** May I know whether this Bill and the bigger Bill will be taken up together or separately?

**Pandit G. B. Pant:** No two Bills can be taken together. Every Bill has to be discussed by the Committee concerned.

**Shri Kamath:** Can they not be taken up for consideration on the same day?

**Pandit G. B. Pant:** Unless the rules of business of the House are amended, I cannot say that they will be taken together.

**Mr. Speaker:** So far as the other Bill is concerned, it will come to the House in due course. There is not an innate connection between this Bill and the other. If the House is of the intention that this Bill should be kept pending, that is a different matter. Again, both the Bills cannot be taken simultaneously too. I will now put the question.

The question is:

"That leave be granted to introduce a Bill to provide for the transfer of certain territories from Bihar to West Bengal and for matters connected therewith".

The motion was adopted

**Pandit G. B. Pant:** I introduce\* the Bill.

\*Introduction with the recommendation of the President.

**COPYRIGHT BILL**

**Mr. Speaker:** The House will now take up discussion of the motion for the concurrence in the recommendation of the Rajya Sabha for reference of the Bill to a Joint Committee of the Houses. As the House is aware, 2 hours have been allotted for this purpose.

The motion was moved by the Deputy Minister and placed before the House on the 12th March, 1956.

Is the speech of the hon. Minister over?

**The Deputy Minister of Education (Dr. M. M. Das):** I have concluded my speech. I have got two amendments to be moved.

**Mr. Speaker:** All right I shall read the motion first and then he can move the amendments.

"That this House concurs in the recommendation of Rajya Sabha that the House do join in the Joint Committee of the Houses on the Bill to amend and consolidate the law relating to Copyright made in the motion adopted by Rajya Sabha at its sitting held on the 16th February, 1956 and communicated to this House on the 21st February, 1956 and resolves that the following members of Lok Sabha be nominated to serve on the said Joint Committee, namely, Shri B. S. Murthy, Shri N. C. Lakkar, Shri Nageshwar Prasad Sinha, Shri Fulsinghji B. Dabhi, Shri Joachin Alva, Shri T. S. Avinashilingam Chettiar, Shri S. V. Ramaswamy, Shri Birakisor Ray, Shri D. C. Sharma, Shri S. C. Samanta, Shri Gurmukh Singh Musafir, Shri M. Hifzur Rahman, Dr. Suresh Chandra, Shri C. P. Mathew, Shrimati Tarkeshvari Sinha, Seth Govind Das, Shri Rohanlal Chaturvedi, Shri C. R. Basappa, Dr. Lanka Sundaram, Shri U. M. Trivedi, Shri V. G. Deshpande, Shri N. B. Chowdhury, Shri Sadhan Chandra Gupta, Shri Bahadur Singh, Shri Frank Anthony, Shrimati Sucheta

Kripalani, Shri M. S. Gurupadaswamy, Shri V. Veeraswamy, Lt. Mono Mohan Das and Maulana Abdul Kalam Azad."

**Dr. M. M. Das:** I beg to move:

That in the motion—

(i) for "Shrimati Sucheta Kripalani" substitute "Shri Ramji Verma".

(ii) That at the end of the motion, the following be added:

"This House also recommends to the Rajya Sabha that the said Joint Committee be instructed to report on or before the 16th August, 1956".

These amendments are self-explanatory and I do not think I should explain them.

**Mr. Speaker:** Amendments moved:

(i) That in the motion—

for "Shrimati Sucheta Kripalani" substitute "Shri Ramji Verma".

(ii) That at the end of the Motion the following be added:

"This House also recommends to the Rajya Sabha that the said Joint Committee be instructed to report on or before the 16th August, 1956".

**BUSINESS OF THE HOUSE**

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** I have written a letter to you on the programme for the session. This week's programme which we have placed before this House has been prepared on the basis that the House may be requested to sit for seven hours instead of six hours, from this week. The programme is going to be pretty heavy and unless, we sit for longer hours during the whole session, we may not be able to finish the whole work. So, it would be better if we sit for eight hours, or at least for seven hours a day, say, from 10-30 to 5-30 or from 11 to 6, as the House chooses.

**Shri Kamath (Hoshangabad):** We can extend the duration of the sitting from next week onwards.

**Mr. Speaker:** We will carry on from 11 to 5 during the first week. We have enjoyed a holiday and therefore, in continuation of the holiday, one is not likely to enjoy sitting for a longer number of hours together. From next week, we will sit from 11 to 6.

**The Minister of Works, Housing and Supply (Sardar Swaran Singh):** We can sit from 10-30 to 5-30.

**Shri Dabhi (Kaira North):** We can sit from 11 to 6 so that some of us can finish the meals and come.

**Mr. Speaker:** Yes; I thought as much. So for the whole of this week, we will sit from 11 to 5 and try to finish off the work in order to take up the work that awaits us further. During this week, therefore, we will sit from 11 to 5 and from next week we will sit from 11 to 6.

**Shri U. M. Trivedi (Chittor):** You had promised last time that if a holiday occurs during a week, that will be made up by holding a sitting on the Saturday following. But supposing some more holidays creep in, that is to say, if an additional holiday is declared, what is the position?

**Mr. Speaker:** It has always been the practice to have a sitting on Saturday when a holiday intervenes in the course of any week. Otherwise, we do not sit on Saturdays.

**Shri U. M. Trivedi:** That is all right so far as the sittings which we have already fixed. But supposing there is a new holiday, say Tilak Jayanti, which is declared, and supposing that holiday occurs in a week where there is already a holiday, how will we have one day more to make up for such a holiday?

**Mr. Speaker:** We do not naturally have two Saturdays in a week. In a week, there can be only one Saturday. So, whatever be the number of holidays in a week, we can only sit on

the Saturday of the concerned week in lieu of the holidays.

#### COPYRIGHT BILL—contd.

**Dr. Rama Rao (Kakinada):** Mr. Speaker, Sir I welcome this Bill because the intention is to protect the rights of writers on the one hand and of the reading public on the other. There are many defects in the Bill which I am sure the Joint Committee will remedy. I am going to point out only one or two of them. Meanwhile, I want to say that the writers belong to one of the most unfortunate sections of the public. Many people, with very few exceptions have to struggle hard in their lives.

The copyright has been mostly used for the benefit of the publishers and the poor writer very often sells out the copyright for a small sum. You know that the works of the famous Bengali writer, Sarat Chatterjee, have been translated into many languages; but, he has sold out his copyright for a very small amount.

The intention of the Bill is to protect the rights of writers, but I do not think it can serve that purpose unless the State comes into the picture in a bolder way. Since our object is to have a socialist pattern, I think the Central Government and the State Governments should take up the business of publication of books in the various languages. The State can give a decent royalty to the writer and publish books at reasonable prices. This will help the reading public also. In ancient days, there was no copyright. Education was free; publication was free; everything was free and writers were patronised by rulers. Now the State has to take up that business and publish books on its own. I hope the Government will extend its Publications Division so as to include some more languages and help the writers to have a decent living and encourage them in their work.

Secondly, it is a welcome sign to know that there will be a greater demand amongst the public for books.

[Dr. Rama Rao]

Unfortunately, our book industry at present is in a very poor and disorganised conditions. It requires to be organised much better, which in its turn requires more money. Therefore, State publications on a commercial scale will improve the organisation of the book industry. In my own language, Telugu, there is a great demand for children's books as well as adults' books; but, unfortunately, the general standard of books available is very low. So, the State should take up the publication of books to some extent at least, if not exclusively and supply decent books at fair prices. In this connection, I want to mention about text-books in particular. After the school final stage, all text-books must be the monopoly of the State Governments mostly and if necessary the Central Government also. It has now become a racket to pay something to the writers, publish books and sell them at exorbitant prices. They somehow manage to get permits—I do not want to go into that question—but, the fact remains that there is a racket all over the country and huge profits are made on this. So, the Central Government can show the way to the State Governments in publishing text-books. Even if books are written by officers in the employ of the State, suitable remuneration can be paid to them.

As regards royalties and other benefits to be given to the writers, my suggestion is that the final decision must be in the hands of the Government. It looks as though this is against the interests of the writers, but in ultimate analysis, it will be much better than the present position. The State should always protect the rights and privileges and also the remuneration of writers by publishing books and paying a decent percentage of royalty.

I will deal with one or two more points. In Chapter V, clause 20, the term of copyright is proposed to be fixed at 25 years from the death of the writer. I think that this period is too

long. I would like it to be 25 years from the time of the publication of the book. Secondly, I would suggest that when the beneficiary is a public institution, this limit must be done away with completely. You know that the famous Andhra social reformer Veeresalingam Pantulu wrote a number of books, which are the main sources of income for the institutions which he started. During his lifetime also he maintained the institutions which he started with the income from his books. At present institutions like the Widows' Home, Town Hall and a high school started by him run with the money got as copyright for his books. It is more than 38 years since he died, but still the copyright money is coming. If we limit the term of the copyright to 25 years, these institutions will suffer. I am sure it is not the intention of the Government to deprive public institutions of such benefits. Therefore, public institutions must be exempted from this provision.

Clause 31 deals with the fees to be paid for translation. I will read it:

"(3) Every applicant for a licence under this section shall, along with his application, deposit with the Registrar of Copyrights an amount equal to not less than ten per cent. of the proposed retail selling price of one thousand copies of the translation of the work or one thousand rupees, whichever is greater."

I agree with the first portion that there must be a deposit of 10 per cent of the proposed price of 1,000 copies. But, to say that he should deposit Rs. 1,000 for translating a book is too much for our language publications to bear. For instance, if a man wants to translate a book from Marathi or Bengali into Tamil or Telugu, it is very difficult for him to deposit Rs. 1,000. The words "whichever is greater" show that the minimum deposit is Rs. 1,000. Unfortunately, the number of copies of books in the various languages sold at

present is still very low and a deposit of Rs. 1,000 is too much. I am sure the Committee will go into the matter and rectify this.

I welcome the clause which provides that in cases where a book is withdrawn from circulation, the Government have the authority to authorise its publication by somebody else. I know of a certain book published by an American author about China. It was written in 1937 and revised in 1947; but, that book was withdrawn from circulation because it spoke in good terms about the Chinese leaders. I would very much like that some Indian publisher should be enabled to publish that book.

Generally I welcome this Bill. But unless the Government takes much bolder steps by publishing text-books as well as general books in the various Indian languages, much good will not be done to the writers. I support the Bill as far as it goes.

**Shri N. C. Chatterjee** (Hooghly): Mr. Speaker, I welcome this Bill. As a matter of fact, the existing law relating to copyright in India is an anachronism. It is high time that in Independent India, we should put our law in proper order. You know, Sir, that the Indian Copyright Act of 1914 was only an amending Act. It was enacted at a time when India was a British possession. Under that Act, the British Copyright Act of 1911 as passed by the U.K. Parliament was made the law of India with certain modifications and adaptations. Therefore, the law today in India is practically the Imperial Copyright Act of 1911. It simply says that the Copyright Act in India shall be the British statute of Parliament of 1911 and that shall apply to India with certain modifications as specified in section 3. It is certainly a matter of regret that no attempt was made in the past four decades in India to bring our law into line with modern technical and scientific development. The law of Copyright is certainly overdue. We became a republic on 26th January, 1950. The

continued application of the Imperial statute of 1911 presented a curious anomaly that we have to acquire our copyright through a British statute. The British Act of 1911 applied to British Dominions and British possessions. Strictly speaking, according to section 1 sub-section (1) of the British Act of 1911, copyright subsisted throughout His Majesty's Dominions in the case of a work when that work was published within any part of His Majesty's Dominions. That section cannot fit in with our constitutional set up. Under that section, a work which was first published in the Republic of India is not entitled to copyright protection. It is a very peculiar position, though it would be entitled to such protection if it had been published before 26th January, 1950 when India was a British dependency or possession. That is an anomaly which was not contemplated. It must be ended.

Another amazing feature was, as the Republic is no longer a British Dominion, if an author wants to acquire copyright in the case of his unpublished work, he must be a resident of Pakistan or in some other British possession to which the British Copyright Act applies. That anachronism must be removed. I am happy that this Bill will once for all remove that anomaly.

There are certain features which, as my learned friend just now pointed out, are quite good. Particularly, I like the shortening of the period. I think that is an innovation which ought to be welcome. In the present law, it is the life time of the author plus 50 years thereafter. We are reducing that to the life time of the author plus 25 years except in certain cases. I think that is a good step. Shorter terms are provided for anonymous works, mechanical contrivances and so on. Possibly the list will have to be amplified. But, I welcome this Bill.

I also welcome the change in the law regarding translation. I also support my learned friend's suggestion that

[Shri N. C. Chatterjee]

there should not be this almost compulsory demand of Rs. 1,000 in the case of a licence for translation. The draft Bill makes the right of translation so extensive with other rights to come out of copyright. That is also a proper provision.

There is one thing that I would ask the hon. Minister to carefully analyse and consider. I ask this Parliament to consider this matter. Are you legislating for the purpose of protecting the authors or are you legislating for the purpose of denying them protection? If you are trying to give protection, then you are making it illusory because you are putting in a provision which cuts at the very root of protection. I do not know if you have got the Statement of Objects and Reasons. It contains something which is a bold departure from our notions of the copyright law. In the Statement of Objects and Reasons signed by Maulana Azad, the following statement is found:

"In order to encourage registration of copyrights, provision is made that no proceeding regarding infringement of copyright shall be instituted unless the copyright is registered in the Copyright Office."

This is an amazing provision. I ask this Parliament seriously to consider whether there should be any such law. This is not like a patent. In a patent you have registration and unless you do that you cannot go to a court of law and say, my patent has been infringed, because some kind of inventive faculty had been actually employed. No person can have any monopoly of knowledge, no monopoly in ideas. As has been observed by Lord Atkinson in *Macmillan and Co. versus Cooper*, the law provided protection to the expression of ideas. He says:

"It is the product of the labour, skill and capital of one man which must not be appropriated by another, not the elements, the raw materials, if one may use the expression, upon which the labour

and skill and capital of the first have been expended.

It is a negative right to prevent the appropriation of the labours of one author by another person."

Supposing a college teacher or lecturer in Economics getting a poor salary of Rs. 150 or 200 in this country, publishes a book on Economics, say, in Madras or in Mysore and that book is pirated and put through by a rich publishing company in Delhi, Calcutta or Bombay, that poor teacher cannot go to a court of law and get any right. It is an amazing proposition. I would ask the hon. Minister seriously to consider this and tell us why he has put in this kind of thing.

**Mr. Speaker:** What is the meaning of copyright. Copyright is universal copyright and national copyright. Are they not registered?

**Shri N. C. Chatterjee:** What I am pointing out is that every author of a book has got a copyright in his book. If that book is pirated, he can go to a court of law and get damages or an injunction or an order of forfeiture of the pirated copies. He cannot do that now.

**Mr. Speaker:** Why is it registered?

**Shri N. C. Chatterjee:** I am saying that there should not be any law of compulsory registration. You should not make registration a condition precedent to the accrual of the right.

**Mr. Speaker:** What is the condition of registration?

**Shri N. C. Chatterjee:** You may say that there may be certain *prima facie* evidence. You need not prove that you are the author of the book. Possibly you may put in a thing like that. But, you should not make it absolutely compulsory in every case. If you look at Chapter XII, Civil Remedies, which is most important, clause 57 says:

"(1) Where copyright in any work has been infringed, the



owner of the copyright shall, except as otherwise provided by this Act, be entitled to all such remedies by way of injunction, damage, accounts and otherwise as are or may be conferred by law for the infringement of a right."

Today, if anybody writes a book and that book is pirated, or if a professor writes an article and contributes it to a paper and that paper is pirated, he can go to a court of law and sue for an injunction, or ask for damages or ask for accounts in respect of money made by the improper use or by the theft of the work and so on. Look at clause 65(2). I am respectfully pointing out for the consideration of my colleagues that this clause is making a provision which will be deterrent, which will really destroy the right. You are putting these poor authors under a great handicap. It says:

"No such suit or other proceeding regarding infringement of copyright in any work shall, after the commencement of this Act be entertained unless the copyright is registered with the Registrar of Copyrights under this Act."

Therefore, you are making it compulsory that unless you register, you cannot file any suit; you cannot file any action, you cannot institute any proceedings regarding infringement of copyright. So far as I know, this was the law in England under the copyright Act of 1843.

**Mr. Speaker:** What is the meaning of clause 65(1)? Can there be suits arising outside this chapter?

**Shri N. C. Chatterjee:** I do not think there can be any. The special procedure is prescribed, a suit to be filed in the district court.

**Mr. Speaker:** That is so far as matters for which provision is made in this Chapter. Sub-clause (2) relates to only such suits.

**Shri N. C. Chatterjee:** Or other proceedings.

**Mr. Speaker:** In sub-clause (1) "suit or other proceeding" will mean

only those which can be filed under this Chapter.

**Shri N. C. Chatterjee:** You can just imagine that the old Copyright Act has gone and this is the law with regard to copyright. Please look at clause 57. It says:

"Where copyright in any work has been infringed, the owner of the copyright shall, except as otherwise provided by this Act, be entitled to all such remedies by way of injunction, damages, accounts and otherwise as are or may be conferred by law for the infringement of a right."

Then, they say in clause 65:

"Every suit or other civil proceeding arising under this Chapter in respect of the infringement of the copyright in any work or the infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction."

Therefore, as this is a special statute and confers special privilege on certain persons and indicates the special remedy in the case of infraction of that right, it also sets up or indicates a special forum under clause 65, and you know according to the cardinal principles of the law of interpretation of statutes, it shuts out all other remedies. It says:

"No such suit or other proceeding regarding infringement of copyright in any work shall, after the commencement of this Act, be entertained unless the copyright is registered with the Registrar of Copyrights under this Act."

And Maulana Azad in his Statement of Objects and Reasons makes this perfectly clear. He has clearly stated the intention of the Government in page 31:

"In order to encourage registration of copyrights, provision is made that no proceeding regarding infringement of copyright shall be instituted unless the copyright is registered in the Copyright Office."

[Shri N. C. Chatterjee]

Please also look at the notes on clauses, page 37 clauses 46 to 52, which are the clauses which deal with registration and so on. There, they are saying:

"Under the existing law there is no provision for the registration of copyright. A provision has now been made for optional registration of copyright. Such registration will furnish useful information to interested members of the public. In order to encourage voluntary registration of copyright, it has been provided that no proceedings for infringement of copyright shall be entertained unless the copyright is registered."

**Mr. Speaker:** It becomes compulsory.

**Shri N. C. Chatterjee:** It is really contradictory. You start by saying that you are making it optional, but you say that if you do not comply with that.

**Shri C. R. Narasimhan (Krishnagiri):** The word "voluntary" is almost a misnomer.

**Shri N. C. Chatterjee:** It is compulsory voluntary! It is said to be of law and cannot get damages or injunction or accounts or even a direction to have a forfeiture or confiscation of the pirated copies.

**Mr. Speaker:** Though it has been expressed this way—and if modification is made it will suit the purpose—possibly the intention was that a special kind of remedy is provided in case it is registered and the general law will apply in case it is not registered.

**Shri N. C. Chatterjee:** That would not be so objectionable, but so far as I can understand from the hon. Minister—I speak subject to correction—the authors of this draft statute want to make it compulsory. They will not allow any citizen or any author to go to a court of law and get any relief unless and until he can produce the registration certificate.

I am reading from the book "Copinger on the law of Copyright" which is a standard book in the world. He has pointed out that this was an old, feudal, medieval method that unless you register you will not be allowed to go to a court of law. He has pointed out that law has been outmoded and has been put on a civilised basis:

"Under the Literary Copyright Act, 1842, it was necessary that the plaintiff should have registered his title at Stationers' Hall prior to issuing his writ."

In England they start action by issuing a writ and therefore they said you cannot go to a court of law unless and until there is a prior registration of your title as the author at the Stationers' Hall. He is pointing out there is no necessity for any registration under the present British Act, and it has been held that only if you are thinking of some right when the Literary Copyright Act was in operation you must produce the registration, otherwise not. And I think what England did was the proper thing to do. There may be some countries which may have got some law for compulsory registration, but I do not think we should have it. A large number of authors have approached us and pointed out that if you make it so, it will be very difficult for them.

**Shri Raghavachari (Penukonda):** Can it not be suggested that it is open to an author not to have any rights at all? Therefore, he need not have it registered. If he has no objection to anybody publishing it, there is no need for him to register at all. It is only when he wants to protect his right that registration is necessary and in such cases only he can go to a court.

**Mr. Speaker:** Shri Chatterjee is submitting to the House that it is an inherent right of every person who has spent labour and skill on a particular object that no other man should take advantage of it and try to copy it. It is a common law right. He does not want it to be restricted to those cases where it is registered.



**Shri Raghavachari:** Therefore, it is certainly open to a man who has invested labour and all that on the production to desire to register or not.

**Mr. Speaker:** All that he says is that it ought not to be obligatory on him to get it registered.

**Shri Raghavachari:** If he wants to make it free?

**Mr. Speaker:** I am afraid he is misunderstood. Merely because it is not registered, it does not mean he has no right. In England and other countries, and even under our present law, without registration he has got a right. Why do you take it away from him?

**Shri Tek Chand (Ambala-Simla):** It is his property.

**Shri N. C. Chatterjee:** I am respectfully pointing out that the moral basis on which the protective provision rests, I am quoting from an English text-book, is the Eighth Commandment: "Thou shall not steal". That is really the copyright law that thou shall not steal my property. I am submitting copyright is my property. If I have written a book on history or jurisprudence or whatever it is, I am the author. If you steal it, I need not register and yet say that I am the owner. Under this Bill before I can avail of the ordinary citizen's right to go to a court of law and get injunction, I must register the book or article.

What are you doing here? Under clause 47 you can register. There is provision for entries in the Register of Copyrights:

"The author or publisher of, or the owner of, or other person interested in, the copyright in any work may make an application in the prescribed form accompanied by the prescribed fee to the Registrar of Copyrights for entering particulars of the work in the Register of Copyrights."

(2) On receipt of an application in respect of any work under sub-section (1), the Registrar of Copyrights may, after holding such

inquiry as he may deem fit, enter the particulars of the work in the Register of Copyrights."

Therefore, he will hold some enquiry which will be entirely left to his option. I do not know how far it is desirable to leave it to his option without prescribing any standards or canons or any rules or any other conditions limiting his discretion. Then, if he refuses you have to go to a High Court. I am submitting this is all very difficult. In England they had something like this. They had repealed it. We are copying that English law. We should not put the hand of the clock back and go back to the 1842 statute of England or anything like that. So far as I know, the Canadian law does not make any such provision. They have prescribed the life of the author plus fifty years, but there is no question of registration. There, the author can go to a court of law without registration. The same is the position in other Dominions also.

With respect to our international obligations, I think that something should be done. I find that some provision has been made in order to square up our law in conformity with the conventions. I would like to have a little more information from the Minister regarding the latest Universal Rights Declaration or something like that under the UNESCO, where something has been done with regard to copyright, and on which there was a good deal of discussion. He has been good enough to supply us with a bibliography which is useful, and I find there is mention of this kind of convention there. I know there was the Berne Convention. There was the Rome Convention, and there has been recently some discussion with regard to that. The Minister also has referred to some convention.

I hope that these conventions are being taken into account and international copyright relations will be regulated by suitable provisions so as to conform to the general desire expressed in these international conventions.

[Shri N. C. Chatterjee]

That is all that I want to point out. I hope the Joint Committee will improve this Bill. But I am strongly objecting to this provision in the Bill which says that no proceedings regarding infringement of copyright shall be instituted in India unless the author or the person interested can produce a certificate of registration. This is a retrograde provision, and I submit that this will make the protection illusory and put undue impediment and handicap on poor authors and writers.

**Shri Tek Chand:** While welcoming this measure, I endorse all the arguments employed by the two distinguished speakers who preceded me, except that I do not find myself *ad idem* with those observations of the preceding speaker, wherein he says that the period of *post mortem* copyright is too long. I feel that the copyright, as we all know, is a species of property. It is a right of ownership. Just as one owns a tangible property, copyright is ownership over a right, over something intangible but nevertheless very valuable.

It is curious that in the case of an author, you tell him, 'You cease to be the owner of your property, or your issue ceases to be the owner of your property on the termination of 25 years from your death', but to anybody else, let us say, operating upon the stock exchange or let us say, gambling on the horse race turf, you say, 'whatever you obtain as a stroke of luck, as a result of some reckless gamble, is yours for all times to come, from generation to generation, subject to death duty, of course. But if a hard-working author who has been studying and labouring brings out, after the repeatedly denied recognitions, something whereby he can eke out an existence, or he can live in comfort, you tell him that 'So far as your property is concerned, it may be enjoyed by you during your lifetime, but the fruit of your labour will be denied to your children after 25 years of your death.' I feel that this

reduction of period from 50 years to 25 years after the death of the author is not a very good step, so long as you maintain complete ownership over all sorts of properties that may be the subject-matter of an individual acquisition.

There are unearned incomes, very often there are riches which one gets overnight, without any labour, without any contribution, without any study. But the author is a man who does hard work. And one never knows when he may receive recognition, at all. If towards the end of his years, he does receive some recognition, some work of his receives a belated public recognition, you tell him, 'Your days may be numbered, but your children or your children's children are going to receive the benefit of your efforts, intellectual efforts, for a stated period of 25 years and no more'. This is an anomaly, which to my mind is hardly comprehensible.

Regarding law of registration, the way it is worded is going to cause considerable hardship upon an author. It may be that an author, because of poverty, or because he himself considers that his work may not be of that merit, does not seek registration. Nevertheless, his work does not cease to be his. He does not cease to have dominion over his property; the property is his.

**Shri Veeraswamy** (Mayuram—Asserved—Sch. Castes): On a point of order. There is no quorum in the House.

**Mr. Speaker:** It is now nearing one o'clock. Hon. Members have gone out for lunch. So, let us not be particular about quorum.

**Shri Tek Chand:** It is dejecting for an author that you compel him that he must get his work registered, and if he does not get his work registered, then you are sanctioning theft. That is to say, the principle of jurisprudence that you are honouring today is that theft in this country is justified, except in the case of an owner

of stolen property, who happens to have got himself registered. If a person owns a property—and copyright is a form of property—then the law of every civilised country gives protection to that owner against theft.

**Dr. M. M. Das:** But how is the property acquired?

**Shri Tek Chand:** So far as copyright is concerned, the acquisition lies in the parenthood. If my hon. friend the Minister writes a book, then that book is his intellectual child begotten by his brain, and there is no reason why he should be deprived of that child of his, on pain of not being registered or there being no *naam-samskar* of that author. It is a curious position. What you virtually say is this, namely that the law of copyright is no doubt a law against theft, it is a law against plagiarism—the law is that one must not plagiarise somebody else's intellectual goods—and thereby you extend protection, but you also compel him to register and say 'Our law will permit theft, unless of course you take the trouble of getting yourself registered or your work registered. I submit that it is an unjust law and a harsh law, unknown to any cardinal canons of jurisprudence.

1 P.M.

Then again, I can understand that if the work is registered, you might provide for such a person certain summary remedy. But registration of a copyright should be almost like registration of a will. Nobody is compelled to register his own will. Nevertheless, you may, with a view to avoid certain complications as to the identity of the testator, as to the identity of the attesting witnesses, provide for registration, a sort of optional, voluntary act whereby certain advantages may be secured. That sort of registration for purposes of copyright which the existing law today visualises is understandable. But placing further restrictions is a hardship which is not mitigated by any corresponding advantage.

Apart from this, there is one lacuna that I notice in the copyright law of

our country. Strictly perhaps that omission may be considered to be so deliberately because that is not exactly connected with the copyright law. What I wish to say is this, that the object of copyright law should also be to give a certain impetus and encouragement to the authors, and to the literate people to get book-minded in order to encourage the habit of book-reading. That is one of the principal objects, implied certainly, though not expressly, of copyright law. Therefore, copyright law or some allied piece of legislation will not conduce to encouragement of book-reading unless there is a provision that every author must make a present of three, four, five, six or eight copies to the Central Government. The result of that will be that if you provide such a provision today, that every author must make a present of half a dozen copies, you are laying down today the foundation of half a dozen libraries. The advantage of such a provision will be tremendous when visualised fifteen or twenty years from now.

**Dr. M. M. Das:** That provision is already there.

**Shri Tek Chand:** That is hardly effective. And where are those libraries? According to the existing provision, even something is to be contributed. Do those books that are contributed to the Centre provide food for the worms? Where are they? Where is the Central library wherefrom people can get a copy of the books which are supposed to be housed there? This is a provision—I am only making a suggestion—worthy of consideration and closer scrutiny.

This is a very welcome measure and I am happy that the Government have considered it appropriate to have a consolidated law for this country.

There were certain observations made regarding the text-book racket. I happen to be in agreement with those observations. What is happening in our educational institutions is that somebody who has some sort of pull or influence with the text-book committee of a particular University gets

[Shri Tek Chand]

his own book prescribed. Pray what is his own book? Not any particular authorship of his own, but, let us say, a selection of essays written by different people or a selection of poems composed by different people. Nevertheless there is a stamp of his fatherhood, because he happens to have selected them, whereby anybody else incorporating exactly the same sets of essays or poems is debarred because of the copyright. Therefore, you should see that copyright is recognised in works of original merit, to which the author has really made a genuine contribution and not where his contribution happens to be a mere collection of other people's works.

With these observations, I am very happy to associate myself with the motion for reference of this Bill to a Joint Committee.

**Shri Shree Narayan Das** (Darbhanga Central): The Bill which is going to be referred to a Joint Committee is a welcome measure. As Shri N. C. Chatterjee has said, nine years have passed since independence and we have not been able so far to have a separate, independent enactment for the regulation of copyright in our country. The existing Act is an Act passed by the U.K. Government, which has been adopted for our purpose for the time being. The comprehensive measure that has been brought forward and that is going to be referred to a Joint Committee, contains much that goes for improvement.

My hon. friends, Dr. Rama Rao and Shri N. C. Chatterjee, suggested that the provision reducing the term of the copyright from 50 to 25 years is welcome. I do not think so. Just as we have been in our country protecting physical property, in the form of land and other things, intellectual property has not been protected so far. In spite of the provisions of the Act that are applicable to our country, authors have been exploited by publishers in a very great measure. The poor authors are not themselves able to publish their books and they go from publisher to publisher. And the publisher

knowing full well that the work that has been put forward by the author is one that will bring forth income still bargains with him. Thereby, the publishers are not giving encouragement to the authors. Therefore, it is in the fitness of things that we sitting here as Members of Parliament should give adequate protection to the intellectuals who are able to produce valued works of literature, art, music and other things, so that they may be encouraged to produce more valuable works. If sufficient protection is not given to such authors and artists, I think the society will lose because there will be no incentive for the authors to put in hard labour to produce good works.

While moving this Motion, the Deputy Minister did not point out the basis on which he was going to reduce the period of copyright from lifetime of the author plus 50 years to lifetime plus 25 years. In different countries, different standards have been set. But here in India, so far authors have been exploited, and are being exploited even now, by the publishers. Therefore, there must be some sound basis. I cannot put forward any scientific basis, but when the Deputy Minister was reducing this period from 50 years to 25 years, he should have indicated the basis of this reduction. I would suggest that we should not just now passing this measure reduce this period from 50 to 25 years. This should be allowed to remain as it is for the time being, and if after sometime necessity is felt for some reduction, it may be effected. I would like to point out that literary works and works of art are the property of society no doubt. And, in the socialist order that we are going to have, every property is social property and it should be utilised as such. But, so far, we have not been able to lay our hands on the different forms of property to be utilised for the good of society. So, there is no necessity to be in a hurry to reduce this period of 50 years in the case of works of art

and literature. I would, therefore, suggest to the Members of the Joint Committee to increase this period from 25 years to 50 years.

In clause 18 there is a provision for the reassignment of copyright to the author. It provides that after 7 years and not later than 10 years the author may, after making the necessary payment with interest, get back the copyright. That will happen after the passing of this Act. I would like to suggest that this right should accrue also to those persons who have already entered into agreements with some publishers. Supposing previous to the enforcement of this Act an author has entered into an agreement with a publisher and the book is valuable and the publisher has earned a huge amount, the author should be at liberty to cancel the assessment before 10 years. I would, therefore, suggest that the Joint Committee will bear this in mind and give retrospective effect to the provisions of this clause so that those who have already entered into an agreement also may benefit.

With regard to registration of assignment, clause 19 reads:

"No assignment or reassignment of the copyright in any work shall be valid unless it is in writing signed by the assignor or the person making the reassignment, as the case may be, or by his duly authorised agent."

I would suggest that this assignment or reassignment should also be registered so that there may be no complication. Assignment is also a question of dispute.

It is said in clause 21, proviso:

"Provided that where the identity of the author in question is disclosed publicly by both the author and the publisher or is otherwise established to the satisfaction of the Copyright Board by that author, before the expiry of the said period, the term for which the copyright shall subsist shall be as provided in section 20."

Here it is said that the copyright will expire just after 25 years from the death of the first author. I would like to suggest that this term should be allowed to be in operation after the death of the last surviving author. I think that will be an improvement.

Then, with regard to registration itself in the Statement of Objects and Reasons it has been suggested that the provision of registration which was optional is going to be made compulsory. I think this provision, 65(2), should be modified suitably so that registration should not be made compulsory. There must be some provision to indicate that such registration will not be necessary in cases of suits and other proceedings regarding infringement of copyright.

After the passing of this Act there will be a Copyright Office, a Registrar and a Copyright Board. I think this is a welcome provision. But, with regard to the membership of the Board, I would like to suggest that as there are different types of works, literary etc., the number of members should be more than 4, including the Chairman, as is prescribed. The number of members should be at least 7 so that different subjects might be represented. As per clause 10, there will be one Chairman, 3 other members and one Registrar. I would like to suggest that there should be one Chairman, one Registrar *ex-officio* and 5 other members so that every subject may be represented.

These are some of my suggestions, which I would like the Joint Committee to take into consideration. This measure was long overdue and as much protection as possible should be given to the intellectual property which is acquired after hard labour, sometimes after years. Sometimes one author is able to produce only one important work throughout his life. That should be safeguarded in every possible way so that others may follow and produce good and valuable works.

With these words I support the motion

**Dr. M. M. Das:** During the short period of time that was allowed for the discussion of my motion, a number of speakers have spoken. Hon. Members who have taken part in this debate represent a fair cross-section of this House, representing as they do different political parties. Therefore it can be said without any fear of contradiction that from their speeches we have a fair idea of the direction in which the minds of the hon. Members are working about this measure.

Many important issues have been raised by hon. Members and some very valuable suggestions have been offered. I have not the slightest doubt in my mind that the Joint Committee to which this Bill is being referred, will give due and adequate consideration to the criticisms and suggestions that have been made on the floor of this House. There can be no doubt that the Joint Committee will be guided in their deliberations and their task will be made much easier by the suggestions offered by hon. Members on the floor of this House. The Bill about which the present motion has been moved is of great importance. The importance lies in the fact that the provisions of the Bill deal with the most powerful section of our community, namely, the writers and authors. The writers, the thinkers, the master minds that think ahead of the times and guide the nation in times of stress and strain have great influence upon the intellectual section of the community. The pen, they say, is mightier than the sword, and history tells us that the greatest revolutions of the world have been made by men not wielding the sword but by men wielding the pen. The greatest empires of the world have been built in the intellectual domain of mankind. They have been based on the moral supremacy or rather on the intellectual supremacy of nations and of persons and not upon brute force. The writers and thinkers and artists have got different approaches to the human mind. The writers and thinkers appeal to the intellect, whereas the artists and sculptors and musicians appeal to the finer and

softer sentiments of the man. The former appeals to the head while the latter appeals to the heart. Moreover, the honour and prestige of a nation and the rightful place that a nation can hope to occupy in the comity of nations is largely determined by her thinkers, writers, and artists. No nation or government therefore, can afford to neglect the rights and interests of her authors and artists without endangering her own position and without jeopardising her own cause.

The copyright laws seek to protect the interests of the writers and artists. The Joint Committee to which this Bill is sought to be referred will have a very tough job and a complex job to perform. The difficulty of the Joint Committee will be due to two reasons. Firstly, the Bill is important not only within the boundaries of this country but it is important outside also. The provisions of the Bill have to deal not only with authors and artists of India but also of foreign countries. Every year we import books worth more than a crore of rupees. Last year we imported books worth about Rs. 1,14,00,000. The authors of these books, who belong to foreign nations, are vitally interested in the copyright laws that are going to be passed. They are vitally concerned with this legislation. The second difficulty that the Joint Committee will have to face is due to the technical and complex nature of the Bill, due to the development in the technical field relating to copyright in recent years. The field and scope of copyright laws have been increased many times. A copyright legislation must be able to cover all the different fields of copyright. The necessity of copyright was first felt when the printing press was invented. The copyright laws were applied to written matters, I mean, printed matters only, but with the developments in the technical field, they are now applied to other fields, namely, radio, television, gramophone records and many other methods of mechanical reproduction. As has been pointed out by my hon. friend, Shri Chatterjee, the copyright law is based on two funda-



mental principles. One has been elaborated by the distinguished lawyer, Shri Chatterjee, namely, "thou shalt not steal others' property." There is another fundamental principle upon which copyright laws are based and that is the recognition of the intellectual property right of man.

Literature or a work of art is a product of the intellectual labour of its author, and the State should see that the author and the artist are not unduly deprived of the fruits of their labour. I may mention here one particular point. Copyright subsists not in the ideas but in the expressions. The ideas have got no copyright but the arrangement of words, and the exact language in which those ideas are expressed by the author have got copyright. In other words, the ideas can be stolen but not the language and the arrangement of words or the expression of the author.

I was trying to impress upon this honourable House the difficulties that the Joint Committee will have to face when considering the individual provisions of the Bill. I have said that the scope and field of the Copyright Laws have increased many times during recent years due to the development in the technical field. Copyright laws started with the sole purpose of preventing copying of books, but now they extend to many other fields. In addition to books and printed matter, copyright today extends to public performance of the work of authors such as the recitation of a poem or the performance of a dramatic work in a public place or amplifying the music of a record for the enjoyment of the general public, as we often see on festive occasions. Secondly, there is the translation of a work in other languages. Thirdly, the conversion of a novel into a drama and vice versa. Fourthly, the reproduction of a work in a material form, that is, through the media of hearing and vision, for instance, the preparation of gramophone records, the preparation of cinema films of novels, or a drama broadcast by radio and by television, which is coming shortly to our coun-

try. All these come within the field of copyright.

**Shri V. M. Trivedi:** Next year?

**Dr. M. M. Das:** Not next year. There is a provision for this in the next Five Year Plan, I think. The multiplicity of the media of communication through which the work of an author can be carried to the people, such as printing press, that is, books, cinemas, public performance, radio, television, etc., has made the copyright laws of the present day very complex, and I am afraid the Joint Committee will have to deal with all these complex problems.

Next I come to the vexed question of the protection period. I find that the hon. Members of this House who have taken part in this debate are divided in their opinion on the provision about the period of protection, made in this Bill. The first speaker, Dr. Rama Rao, wants that the protection period should be reduced further from what is provided now in the Bill, whereas the other speakers are not in favour of reduction but want the original period, given in the Act that is in force in our country today, to remain, that is, 50 years after the death of the author.

I might submit to this honourable House that this period of protection is an arbitrary one. There is no hard and fast rule by which we can determine the exact period of protection that is necessary for a particular country. In fact, the period of protection accorded to copyright differs from one country to another. There are countries in the world even today where copyright protection is eternal or perpetual, that is, the period of protection never ends. In countries like Portugal, this protection is perpetual. If Kalidasa was born in Portugal, perhaps he would be enjoying the copyright of his dramas even to this day. In certain countries like Spain, the copyright period extends to eighty years, PMA—that is, after the death of the author. There are other countries where the period is sixty years. In most of the Berne convention countries—in this

[Dr. M. M. Das]

are included India, Pakistan, U.K. and some others—this period is fifty years. In USA, the copyright extends to 28 years from the first publication of the work and if the author is alive he can extend the term to another 29 years at the end of the first period. In such cases, the total period comes to 56 years. The period is the shortest in USSR—fifteen years PMA. i.e. after the death of the author. In our country we propose to reduce the period from fifty to 25 years after the death of the author.

Ours is an educationally backward country and the period should be lessened. Unless it is reduced the price of popular books cannot be reduced. The price of a book depends upon the cost of production plus royalty, plus profit of the publisher. So long as an author holds a copy right, he has to engage a publisher of his own; there cannot be another publisher against his wish. The price may be fixed by him in consultation with the publisher and in most cases where copyright exists, the price is too much. As soon as copyright is extinct, there is competition in the market. All publishers are permitted to publish that work and it is possible to have popular books at competitive prices. That is why Government thinks that the period of protection should be brought down from fifty years to 25 years after the death of the author.

Anyway, I think it is premature as well as to some extent prejudicial for me to enter into a threadbare discussion on the provisions of the Bill. It is being referred to the Joint Committee and the Committee will deal with these questions and take an independent decision.

**Shri U. M. Trivedi:** The hon. Minister explained the various provisions at great length. In the chapter headed "Offences", provision is made for imprisonment extending to six months and three months whereas in the case of infringement of an ordinary trade mark of businessmen, sections

485 and 486 of the IPC provide for an imprisonment of three and five years. Why has the Government been so solicitous in this case?

**Dr. M. M. Das:** According to the hon. Member, the penalty provided here is not sufficient.

**Shri U. M. Trivedi:** Absolutely.

**Dr. M. M. Das:** We can consider that matter in the Joint Committee.

**Shri U. M. Trivedi:** I wanted to know the reason.

**Mr. Speaker:** The Government may not have referred to the other provision.

**Shri U. M. Trivedi:** That is possible; it may have overlooked it completely.

**Dr. M. M. Das:** The other important point raised by Shri Chatterjee is about registration. He is of the opinion that registration should not be made compulsory for filing a case in the law courts. The provision in the Bill does not make registration compulsory. It is optional but it is the desire of the Government that every author should register his work. It has got its own advantages. In order to encourage registration, they have made this provision so that every author may register his rights with the Copyright Registrar before he goes to a law court for enforcing his rights if there is an infringement. I do not think that any additional hardship will be caused to the author by registration. Moreover, there will be some document with the Government office which will facilitate proceedings in the court.

It has been said by Shri Chatterjee that certain authors like Copinger have said that it is equal to the denial of the right. But, registration of copyright is compulsory in many countries of the world. It is in USA, Argentine, Chile, China, Columbia, Costa Rica, Venezuela, etc. The UNESO Convention on Copyright which met in 1952 also considered this



question. The main purpose of this Convention was to bring together the two Conventions, namely, the Berne Convention about which Shri Chatterjee has spoken and the Pan American Convention. According to this UNESCO Convention also, registration has not been completely done away with. They have changed it to a less hard job. A symbol or seal indicating that copyright is claimed together with the name of the author and the year of the first publication of the work has to be printed on the first page of the book.

I have explained to this House that different countries of the world have got different periods of protection. This difference gives rise to international problems. A book of real merit or universal appeal is sure to find a lucrative market in many other countries of the world. Especially, English books have got a flourishing market outside their own country. American books are also there. So far as books are concerned, we are not an exporting country; we import large quantities of books costing over a crore every year. For these reasons it is necessary for many countries of the world to give international copyright to their own authors. This necessity has given rise to several international conventions in the field of copyright. There are three Conventions in the world today. One is the Berne Convention; the other is the Pan American Convention and the third is the UNESCO Convention. The measure and basis of protection in these three Conventions are not identical and they differ from each other. Our Joint Committee has to find as to what is the best way of dealing with the foreign authors at the same time ensuring our own interests and the interests of our writers.

Now I come to the machinery that has been proposed to be set up to deal with matters relating to copyright. It has been provided in this Bill that a copyright register and a Copyright Board should be established. In the Act that is already in force in this

country—the Act of 1911 of the British Parliament which is in force in India—there is no provision for such a Copyright Board. But in this new Bill we have provided for it as we think it will be better for the management of our own affairs if such a Board exists in this country.

Hon. Members who have taken part in this debate have referred to some other points. I think it was Shri Tek Chand—I do not find him here who suggested that a few copies of every publication in this country should be given to the central libraries. I think my hon. friend is not fully acquainted with facts. About two or three years back we passed a Bill in this House called the Public Library Delivery of Books Bill. Under that Act it has been provided that every new book that will be published in India should be given to the four public libraries in this country. The National Library of Calcutta, then the Public Library—I think it is the Connemara Library—in Madras; the third one is the Bombay Town Hall Library and the fourth one is the library which is going to be established soon in Delhi. So, there is already a provision for sending books on the part of publishers free of cost to four of our public libraries. Again, in the Press and Registration Act of 1867—I may be wrong because I am speaking from memory—there is a provision for sending two or three copies of every publication to the State Government and the Central Government. Under that Act our Parliament Library most probably will be provided with copies. Therefore, provisions are already there and no new provision as suggested by my friend Shri Tek Chand is necessary. ●

The hon. Members who have taken part in this debate have made some criticism and offered some very valuable suggestions so far as the different provisions of this Bill are concerned. As I have said before, I have not the slightest doubt in my mind that all those criticisms and suggestions will guide the deliberations of the Joint Committee and the Joint Committee

[Dr. M. M. Das]

will give due consideration to the views that have been expressed on the floor of this House. Sir, as I have said, it is premature, and it is to some extent prejudicial, to entre into a threadbare discussion at this stage about the individual provisions of this Bill. I do not think the present occasion is opportune for that purpose. The Bill is being sent to the Joint Committee and the Joint Committee will examine in great detail the provisions contained in it, and will draw their own conclusions. The Joint Committee will consider the suggestions made by hon. Members and I have no doubt that the different provisions of this Bill, especially the controversial ones, will come through the Joint Committee in a much better and more acceptable form.

Sir, I commend this motion to the House for its acceptance.

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

That in the motion—

for "Shrimati Sucheta Kripalani" substitute "Shri Ramji Verma".

*The motion was adopted.*

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

That at the end of the motion the following be added:

"This House also recommends to the Rajya Sabha that the said Joint Committee be instructed to report on or before the 16th August, 1956."

*The motion was adopted.*

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

"That this House concurs in the recommendation of Rajya Sabha that the House do join in the Joint Committee of the Houses on Bill to amend and consolidate the law relating to Copyright made in the motion adopted by

Rajya Sabha at its sitting held on the 16th February, 1956 and communicated to this House on the 21st February, 1956 and resolves that the following members of Lok Sabha be nominated to serve on the said Joint Committee, namely, Shri B. S. Murthy, Shri N. C. Laskar, Shri Nageshwar Prasad Sinha, Shri Fulsinhji B. Dabhi, Shri Joachim Alva, Shri T. S. Avinashilingam Chettiar, Shri S. V. Ramaswamy, Shri Birakisor Ray, Shri D. C. Sharma, Shri S. C. Samanta, Shri Gurmukh Singh Musafir, Shri M. Hifzur Rahman, Dr. Suresh Chandra, Shri C. P. Mathew, Shrimati Tarkeshwari Sinha, Seth Govind Das, Shri Rohanlal Chaturvedi, Shri C. R. Basappa, Dr. Lanka Sundaram, Shri U. M. Trivedi, Shri V. G. Deshpande, Shri N. B. Chowdhury, Shri Sadhan Chandra Gupta, Shri Bahadur Singh, Shri Frank Anthony, Shri Ramji Verma, Shri M. S. Gurupadaswamy, Shri V. Veeraswamy, Dr. Mono Mohon Das and Maulana Abul Kalam Azad.

This House also recommends to the Rajya Sabha that the said Joint Committee be instructed to report on or before the 16th August, 1956."

*The motion was adopted.*

#### SECURITIES CONTRACTS (REGULATION) BILL

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** I beg to move:

"That the Bill to prevent undesirable transactions in securities by regulating the business of dealing therein, by prohibiting options and by providing for certain other matters connected therewith, as reported by the Joint Committee, be taken into consideration."

**Shri U. M. Trivedi (Chittor):** Sir, I rise on a point of order. I would like to know why today the Bills are not placed on the Table from where we used to get them before?

**Mr. Speaker:** I do not know how the hon. Member is saying that. I am informed by the office that the papers are there as usual.

**Shri U. M. Trivedi:** I have just been there. I did not find any copy. I had to get one from the Table Office myself. There is a big table. The man there is going on fixing the letters to show how the work in this House is progressing. There are no Bills on the table.

**Mr. Speaker:** All right, I will find out again. The hon. Member wants a copy of the Bill and it is being sent for. I will see that sufficient copies are placed on the table and if they are exhausted more copies will be placed from time to time.

**Shri M. C. Shah:** Sir, the House will remember that motion for the reference of the Bill to the Joint Committee of the two Houses of Parliament was adopted by this House on the 28th November 1955. The Rajya Sabha concurred in this motion on the 5th December. The Joint Committee then began its hearings on the 20th December and altogether held seven sittings. During these sittings, the Committee took into consideration several notes and memoranda, which had been submitted to it and also heard the evidence tendered by the representatives of the Bombay Share and Stock Brokers' Association, Ahmedabad and the Society of Assistant Members of the Stock Exchange, Calcutta. The report of the Committee was signed on the 27th February 1956, and then duly presented to Parliament. Notwithstanding the despatch with which the Joint Committee thus completed its task, it was not, unfortunately, possible for the House to take into consideration its report in the last session of Parliament. The House will remember the

importance which we attach to this measure. The Bill is the first all-India legislation on this subject and attempts to standardise stock exchange practice all over India. As was explained before in the course of the speech on the motion for the reference of the Bill to the Joint Committee, we consider the reform and standardization of our existing stock exchange laws, on the broad lines embodied in our Bill, as an essential complementary measure to the new Companies Act, which has come into force from 1st April 1956.

The House will recollect that the structure of the Bill and the general pattern of the regulatory provisions contained in it were fully explained by us in the course of the debate on the motion for the reference of the Bill to the Joint Committee. If I may remind the hon. Members once again, the Bill does not provide for any detailed or meticulous regulation over the day to day activities of the stock exchanges. Instead it lays down a general system and apparatus of control, which seeks to arm the Central Government with large powers to be exercised generally in consultation with the governing bodies of the stock exchanges, when Government consider the use of such powers necessary either in the interest of legitimate business or in the public interest. The Joint Committee has fully endorsed this approach to the problem of stock exchange reform and approved of the basic structure of the Bill.

As regards the detailed provisions of the Bill, the Committee has, however, made some important amendments, to which I shall now refer.

The Committee has amended the definition of "spot delivery contract" by requiring that the actual delivery of the securities and the payment for them must be completed either on the date of the contract or at the most, on the next day excluding the period that was required for the despatch of the securities or the remittance of the payment. The original Bill had provided three days in-

[Shri M. C. Shah]

cluding the date for contract but the Committee considered that that period was rather long and therefore they recommended that the period should be two days, exclusive of the time taken, as I said, for the despatch of the securities or the remittance of the payment.

As regards clause 4, relating to the grant of recognition of stock exchanges, the Joint Committee thought that in the conditions, there must be a condition with regard to the number of members which was not there. The Committee thought that while regulating the stock exchanges on an all-India basis we should be very careful to see that the monopolies are not created by members of the stock exchanges now existing, and therefore, they recommended that while the applications for recognition were submitted to the Government, that condition of Government determining the membership should be included. Therefore, whenever an application comes after the Bill is passed and it becomes an Act, this condition would be applied, as the Bill would lay down a condition with regard to the membership necessary for a particular stock exchange in a particular area.

The House will also remember clause 9 in the Bill, the key provision in it, which authorises a recognised stock exchange to make bye-laws for the regulation of contracts in securities, subject to the previous approval of the Central Government. The Joint Committee has made three important additions to the matters administered under clause 9. Under clause 9(2)(c), they have provided that the stock exchanges shall publish, as soon as possible, after the settlement, the total number of each category of security carried over from one settlement period to another; the total number of each category of security, contracts in respect of which have been squared up during the course of each settlement period; the total number of each category of security actually delivered in each clearing, and the total amount paid as difference in respect of each cate-

gory of security. Secondly, the Joint Committee have suggested that the bye-laws relating to emergencies in trade should also provide for certain abnormal situations that may be created by the working of pools or syndicated operations or cornering or similar activities. Thirdly, the Joint Committee have provided for the making of bye-laws for the separation of functions of jobbers and brokers. The object of the proposed publication of the trading statistics mentioned by the Committee is to furnish an overall picture of the transaction in the stock exchanges during a settlement period, which the Committee thought might be of help not only to the investing public but also to the Central Government in regulating the activities in exchanges.

As regards the emergencies in trade, the Committee felt that it was desirable to provide specifically in the bye-laws for the manner in which the situations created by the operations of pools or corners should be handled. The Committee also considered that in the interests of the better organisation of stock exchanges, a beginning should be made in the bye-laws for separating the functions of jobbers and brokers. Although the Committee realised that having regard to the present state of the exchanges and the volume of business obtaining in them, it might not be easy to separate these functions, however, wherever possible, there should be certain bye-laws separating the functions of jobbers and brokers.

The most important amendments made in the Bill as passed by the Joint Committee are however in respect of the provisions relating to the licensing of dealers in clauses 17 and 18 of the Bill. The House will remember that the scheme of the original Bill was that for the spot delivery contracts would be exempted from licensing provisions in areas notified under clause 13, that is, in areas where the Central Government has declared by notification in the official gazette that no dealing in securities should take

place otherwise than between the members of the recognised stock exchange or through or with such members. But in non-notified areas, that is, in areas not covered by the notification under clause 13, all contracts including spot delivery contracts were to be subject to licensing. The Joint Committee felt that this arrangement was discriminatory and therefore they proposed—and it has been provided now—that ordinarily spot delivery contracts would be exempt from the provisions of this Bill irrespective of whether such contracts are entered into in areas notified under clause 13 or not. But the Central Government would have the power to extend the licensing provisions of the Bill to such contracts, both in notified and non-notified areas, should it consider it necessary to do so in the interest of the trade or in the public interest.

As regards other types of dealings in securities, that will be subject to licensing in areas notified under clause 17, that is, in the areas where there is no recognised stock exchange, but even in these areas dealings in such contracts carried on by or on behalf of any member of the recognised stock exchange would be outside the scope of the licensing provisions of the Bill. The hon. Members will notice that the net effect of these provisions is not that spot delivery contracts which will, for all practical purposes, be cash contracts, be free from any regulation unless the Central Government considers it expedient to regulate such contracts in the interests of trade or in public interest. That will be done only when it comes to the notice of the Government that while dealing with the spot delivery contracts, there are other contracts entered into by those people who deal in spot contracts. Other types of contracts would, however, be subject to licensing except in notified areas, that is, in the areas within the limit of the recognised stock exchanges where the responsibility for regulating such exchanges would necessarily be that of the governing bodies of those stock exchanges.

I think the House will agree that the changes suggested by the Joint Committee in these somewhat complicated provisions of the Bill constitute an appreciable improvement on the earlier provisions inasmuch as, while they render the licensing of the spot delivery contracts unnecessary in all *bona fide* cases—thereby facilitating the legitimate business—they also invest the Central Government with the requisite powers to control all such dealings in securities wherever the interests of the trade or the interests of the general public require the Government to do so.

P.M.

As a corollary to these amendments, the Joint Committee has inserted a new clause 19 in the Bill, which prohibits the setting up or maintenance of non-recognised stock exchanges in any State or in any area except with the permission of the Central Government. Without such a provision there was a risk of non-recognised stock exchanges springing up in non-notified areas under the guise of licensed dealers. But, now the Government have taken the powers to see that without the previous sanction of the Central Government, there should be no association of persons for organising any stock exchange for the purpose of assisting in or entering into any contracts in securities. The moment they organise a stock exchange, that area will be notified. This is subject to the conditions which have been provided in the Bill regarding the recognition of stock exchanges.

The Joint Committee has elaborated the provisions of clause 23 by some important amendments to it, the effect of which is to strengthen considerably the scheme of regulation envisaged in clauses 13 to 19 of the Bill. These amendments penalise 'kerb' trading and/or touting by persons, who are neither members of a recognised stock exchange nor licensed dealers nor their authorised agents. Similarly, the penalties contained in clause 23 have been extended to the owning or keeping of places used for

[Shri M. C. Shah]

the purpose of entering into contracts in securities in contravention of the provisions of the Act, as also to the managing, controlling or assisting in the keeping of such places. These are useful amendments which have been treated as very important for the purpose of regulating contracts in some notified areas also.

The other important amendments of the Bill relates to clause 27. The clause as originally drafted debarred the holders of shares on blank transfers from claiming from the registered shareholders, after a prescribed limit of time, the dividends, bonuses and other rights attached to them. The Joint Committee in amending clause 27 have only stated that the shareholder whose name is there on the register of the company will be entitled to receive and retain the dividend, unless the transferee lodges the documents with the company within 15 days from the date on which the dividend becomes due. At the same time, I have already suggested one amendment that we have given notice of, whereby we have just tried to keep the companies absolutely separate from these provisions in the sense that the companies will be permitted to give dividends to those shareholders whose names are on their list on the day the dividends become due, though the transferee may have lodged the transfer papers and other documents with the companies concerned within the prescribed period of 15 days from the date such dividend became due. If the original clause is kept as it is, it will mean an unnecessary capital loss to those persons who have already purchased those shares and have kept those shares with blank transfers.

Those are the important amendments that we have made and I hope that the House will take into consideration the importance of those amendments which have been accepted by the Joint Committee. I am sure the House will agree that the Bill as amended by the Joint Committee is a great improvement on the original Bill that was

introduced in the House. By accepting this Bill and passing it into an Act, we will be doing a service to the investing public. We will be regulating the transactions of contracts in securities and we will be regularising the practices in the stock exchanges also. We will be vesting the Central Government with the necessary powers in order to see that there are no malpractices and that genuine business is being protected. We have already prohibited options, what are called *tezi mandi*. We have made it illegal and penalties have been provided for it.

There are two other points on which the Joint Committee have not put down anything definite in the Bill. This is with regard to carry over facilities or *badlas* and about blank transfers. The Committee have stated in their report that blank transfers should not be allowed to continue for a period more than six months; but, they have not put any such regulatory provision in the Bill itself and it has been left to the Government to frame rules with regard to that. The Government will consult the stock exchanges and without hampering legitimate business in any way try to make these blank transfers non-existence beyond a period of six months. About this *badla* business, if you allow forward trading, it is but legitimate that *badlas* or carry-over facilities should be there. It will be very difficult to regulate that unless you have a provision that except the spot delivery contracts, no other contracts will be allowed in the stock exchanges. As I explained at the time of the consideration of the motion for referring the Bill to the Joint Committee, it was necessary to regulate these forward transactions in securities; but, under the present circumstances, we have to allow *bona fide* forward transactions to continue. We want to check excessive speculation at times verging on gambling by the bull operators and in such emergencies, we have taken powers to take action in consultation with the governing



body of the stock exchanges. Throughout we have been very careful to see that there is no interference by the Central Government with regard to the day-to-day administration of the stock exchanges. The rules and the bye-laws will be there; they will have to be approved by the Central Government and the Central Government will see that while legitimate forward business on the securities is allowed, there is no excessive speculation, which should be controlled in the interests of the investing public and in the interests of the trade. That is all I have to say. I hope that the House will agree to the Bill being passed into an Act.

**Mr. Speaker:** Motion moved:

"That the Bill to prevent undesirable transactions in securities by regulating the business of dealing therein, by prohibiting options and by providing for certain other matters connected therewith, as reported by the Joint Committee, be taken into consideration."

In all, six hours have been allotted for all the stages of this Bill. I would like to know how many hours would be required for general consideration and how many hours for clause by clause consideration. There are 31 clauses. There are only 5 amendments so far. Three are from the Government.

**Shri U. M. Trivedi:** Five hours for general consideration.

**Dr. J. N. Parekh (Zalawad):** Four hours for general consideration, 1½ hours for the clause and half an hour for third reading.

**Mr. Speaker:** All right.

**Shri G. D. Soman (Nagaur-Pali):** Shri Tulsidas and myself have sent certain amendments this morning. I hope you will kindly allow the amendments.

**Mr. Speaker:** They will also be taken.

**Shri U. M. Trivedi:** Mr. Speaker, This is a measure thrust upon us by

the Government, I cannot find out for what reason. In the beginning one feels that dealing in stocks and shares is a legitimate business and is carried on all over the country. It is true that in big cities, gamblers indulge in this activity to such an extent that they actually offend the Gambling Act in running their shows. That could not have been the reason for introducing this Bill and having provisions of the nature which are provided for in this Bill.

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

If we go through this Bill, we are surprised to find that the Government has entirely missed the bus in making provisions of the nature which are embodied in this Bill. In various places the Bill says that whenever any emergency arises, Government will do this or that. Certain powers are vested in the Government. This word emergency in the stock exchange has not been in any manner described or defined. One never knows what type of emergency is contemplated by the Government. It is not stated at what stage the emergency will arise and in what manner an emergency is envisaged. The Government has taken full control of running the stock exchanges by the provisions of this Bill. Government has said in clause 4 (1) (b) that the Government will decide what will be the number of persons who will form the stock exchange. The clause says:

"that the stock exchange is willing to comply with any other conditions (including conditions as to the number of members)...."

You say that a particular privileged class of people will be created who will be the only persons who will remain as members of a stock exchange. Those who want to enter the business, intelligent people, hard-working people who will be able to stand on their own legs against the old people who may be there, may not be admitted into membership of the stock exchange.

[Shri U. M. Trivedi]

In other words, the right that has been conferred by our Constitution under article 19, to enter into any trade or business or profession is being denied by virtue of this control which is being introduced by way of this measure. I cannot understand the propriety of making such a provision in this law. After all it is a private business which any man can do. It is his investment. He will sell his investment or any person's interest and he will act as his broker. Why should a man who wants to do this business be deprived of his right to carry on this business or this profession? I am afraid that this provision is being copied out from some fascist or communistic countries where such control of the Government is contemplated, where everything that is to be done must be done by the Government and not by anybody else. We are tom-tomming, no doubt, for a socialistic pattern of society. But, a socialistic pattern, does not, in my humble opinion, mean that the pattern must be one which we want to impose from the top and say, you do this, or you don't do this business. The whole Constitution is wiped out and Government control is put on our head. I say this is a wrong provision and should not be kept in our law.

I wish to draw the attention of the House through you to clause 5 of this Bill. Under the provisions of an ordinary law, whenever you want to penalise a party in any manner, principles of natural justice demand that we must tell him the reasons why a particular action or a particular penalty is to be imposed upon him, or a particular action is contemplated. In this case, the Government very sweepingly says that the Government may serve on the governing body of the stock exchange a notice saying that the Central Government is considering withdrawal of recognition for reasons stated in the notice, and that after giving an opportunity to the governing body to be heard in the

matter, the Central Government may withdraw by notification granted to the stock exchange. My objection to this provision is that the Government should not only give the reasons, but the first notice must be to show cause why recognition should not be withdrawn. Why should the Government decide beforehand to withdraw the recognition and tell them that we are considering withdrawal of recognition? That means that Government should not prejudge the issue and should not start with the proposition that the Government has determined this way. What will happen is this. Once the Government has come to this decision, official prestige will be upheld under whatever circumstances, when our machinery is governed by bureaucratic officers. The position will be that the Government will make up its mind, that is to say this bureaucracy will make up its mind that recognition of such and such a stock exchange is to be withdrawn, then notice will be given and then only the stock exchange will be told that its recognition will be withdrawn, and then the recognition will be withdrawn, after going through these formalities of asking them to say anything they may want to say in the matter. In my opinion it should be left to an independent body or tribunal or a registrar or some such independent functionary to hold an enquiry into the reasons that are advanced, verify whether those reasons stand or not, hear the arguments against them and then come to a finding whether the recognition should be withdrawn or not. An appeal should also be provided against such a decision. Otherwise, it will create a very great hardship for those who are running the stock exchanges.

Then I come to clause 9(2)(n). It is a very curious provision which says that the laws will provide the limitations on the volume of trade done by any individual member in excep-



tional circumstances. What are these exceptional circumstances, and who is going to define them. What a vague term! We have not applied our mind to it. Why put an embargo on a man doing his business? A man may be intelligent enough to manipulate so many things. When you want to legalise and regulate gambling, there is no justification for putting this embargo, and that too in a vague language. What can be the exceptional circumstances and who determines them? When do they arise? What is the determining factor behind it? I therefore submit that this provision should not be kept in this law. This will work as a serious hardship on those against whom it is made.

Then I come to clause 11(4) which reads:

"The Central Government may at any time before the determination of the period of office of any person or persons appointed under this section call upon the recognised stock exchange to re-constitute the governing body in accordance with its rules and on such re-constitution all the property of the recognised stock exchange which has vested in or was in the possession of the person or persons appointed under sub-section (1) shall re-vest or vest, as the case may be, in the governing body so reconstituted."

This is taking too much power into the hands of the Government. Government can do away with the democratic powers enjoyed by the governing body of a stock exchange and the control of the Government will be such that it will give directions as to what particular persons it should select and what particular persons it should not select. The choice of the Government on the question of the selection of the office-bearers of the stock exchange will be a very dan-

gerous encroachment upon the liberty of a stock exchange. In my opinion, therefore, the Government should steer clear of the temptation to interfere with the private business of private individuals.

The provision in clause 12 is:

"If in the opinion of the Central Government an emergency has arisen and for the purpose of meeting the emergency the Central Government considers it expedient so to do, it may, by notification in the Official Gazette, for reasons to be set out therein, direct a recognised stock exchange to suspend such of its business for such period not exceeding seven days....".

It may not be a very harmful action that the Government may take, but the pernicious principle that is behind it is dangerous and has got to be avoided. Who determines this emergency, and what will be the nature of the emergency? I have gone through this Bill and I find that the word "emergency" has been nowhere defined in any manner. Who determines the emergency? An officer of the Government sitting at Delhi determines the emergency. The nature of the emergency must also be described. A situation should not be allowed to develop in which there may be a flood of litigation let loose upon the public and much harm done unintentionally or intentionally to the working of the stock exchange. This emergency cannot be an emergency of a national character as for that we have got ample provision under the Constitution. A big capitalist who may have a pull with the Government may be able to show to the Government that he would be ruined if they do not come to his rescue and suspend the whole business so that he may not have to pay for the contracts he has entered into. Can that be the emergency under the contemplation of the Government? What is this emergency which is contemplated? I would like to know and the House may also be apprised

[Shri U. M. Trivedi]

of the conditions that will constitute such an emergency.

The provisions in clauses 13, 14, 15 and 17 are of a restrictive nature. The provisions of clause 18 are said not to apply to spot delivery contracts, but the definition of spot delivery contracts is a very peculiar one. A and B, one living at Simla and the other at Nagpur, want to enter into a contract of spot delivery, and if they are not able to carry on the contract through the agency of a stock exchange they will not be able to carry on the contract, and the contract will be considered illegal and void because the terms of the spot delivery contract require that the payment must be made during a particular time-limit, and if the payment is not made during that particular time-limit it shall not be treated as a spot delivery contract. The definition of the spot delivery contract is like this:

“‘spot delivery contract’ means a contract which provides for the actual delivery of securities and the payment of a price therefor either on the same day as the date of the contract or on the next day, the actual period taken for the despatch of the securities or the remittance of money therefor through the post being excluded from the computation of the period aforesaid....”

This will create so many difficulties. Supposing a big contract has been put through by two persons. One of them wants to send the securities and the other wants to make payment through a remittance, and both or one of them falls ill. The money reaches, the securities do not reach. Then, by some unforeseen circumstance, one of them dies. This will make the whole contract invalid and illegal because it does not fall within the purview of the definition of spot delivery contracts, and the dishonest heirs, successors or legal representatives will get out of a contract of this nature. Why

this embargo on spot delivery contracts by defining it in such a way as to take the rights of those who innocently want to enter into such contracts and who have nothing to do with the stock exchanges? Government is trying to put an embargo upon the ordinary activities of a private investor. A private man may want to sell his securities. He cannot do so under this law except through a stock exchange. Why should he pay any brokerage to anybody? Why should he pay through his nose to any of these commission agents? Why should he go through any stock broker and make his contract? He can very easily make contracts himself. Two friends are there to make the contract, and they can very well make it. But if they do not come to make the contract and discharge the contract, as laid down in the definition of ‘spot delivery contract’ then the contract becomes an illegal contract. I cannot understand why this sort of provision should be there. Trying to put a premium on stock exchanges in one way, and then trying to control the stock exchanges in another way is the method of Government for entering into the occupation of everybody and controlling it. That means that they are trying to do away with all avenues of private enterprise.

I have offered my criticism on this Bill only in respect of those provisions which offend against the ordinary conception of a lawyer. I am not concerned with the various economic implications thereof, for I have not applied my mind to them, and I do not know much about them also.

So, I shall now confine myself to a brief observation on the provisions relating to penalties. It will have to be admitted, and it cannot be gainsaid, that this measure is a measure controlling the ordinary civil contractual life of the persons dealing in securities. Yet, the penal provisions which are being embodied in clauses 23 and 24 are exceptionable. We remember the days of the Defence of India Rules,

when the police could jump upon anyone on the slightest pretext. But here we have started the game first in respect of the forward contracts, and now we are coming forward with this measure which says that a police constable will have the power of taking cognisance of any offence under this law, which may or may not be prosecuted, which may or may not even go to court at all; the papers may not be placed before court, and yet the considerable could jump upon a person, arrest him, handcuff him and take him to the police station. I do not know why such a provision is contemplated for an offence which is entirely of a civil nature, or I would say, of a quasi-criminal nature.

In fact, the offence of breach of contract has never been taken to be a criminal offence. In those glorious days of British rule, the British thought that the offence of breach of contract should be punished by a criminal court. But now, those provisions in the Indian Penal Code, which provided for this, namely sections 490 and 492 have been taken away. Yet, you are now bringing forward these provisions of criminal nature, though you are dealing entirely only with securities. The public is not interested in it at all. The discharge of a particular contract or the manner in which it is to be discharged is no concern of the public. Yet, here you are imposing upon an ordinary innocent investor a penalty, which I would say, you should refrain from imposing. I should say that it is highly grotesque to suggest that a penalty of this nature should be imposed; and it is much more so that it should be provided that the offence shall be a cognisable offence. I should like to plead with Government, through you, and request them that they should open their eyes and not allow the police to be so oppressive and to arrest people in respect of matters with which the general public at large has absolutely no concern. It is not an offence of moral turpitude; it is merely a question of a man not fulfilling his contract in a particular manner, or not

following a particular law; it may be that he is ignorant of the law relating to securities, and yet his father might have left him one or two shares, and he might be dealing in those shares with an ordinary person whom he considers to be a fit person first and whom he finds later on to be a person who is not a proper person to deal with, and thus he might have committed an offence; but he will be punished under this law. I would say that we should steer clear of this position and not make this offence a cognisable offence. Breach of contract is never a cognisable offence. You have yourself provided in the law that cognisance of such an offence in a court of law will be taken only by a first class magistrate, which means that you do not want to trust a second class magistrate or a third class magistrate. You want to trust only a first class magistrate. At the same time, it is strange that you are prepared to trust, by some curious logic, a police constable to take cognisance of the offence that is reported.

I have nothing more to urge. I request that the remarks I have made may be taken into consideration by Government, and proper amendments suggested.

**Dr. J. N. Parekh:** At the outset, I wholeheartedly welcome this measure which has been long overdue. It is well known that various committees in the past the Atlay Committee, the Morrison Committee and the Gorwala Committee, went into the need for regulation of stock exchange markets, and after a good deal of deliberation on the draft Bill, this measure is now before this House.

Stock and shares markets play a very useful and vital role in the economic life of any progressive country. It is very well known that there is intimate correlation between stock prices and national economic progress, and as such the stock exchanges play the role of a very important market in the investment world, and can well be considered as the barometer of economic climate in the country.

[Dr. J. N. Parekh]

Industrial, scientific and technological advances represent the prosperity of the nation. Investment, capital formation and judicious savings happen to be the life-blood for any industrial undertaking, public or private, corporations or governments. Stock exchanges through equity and gilt-edged capital represent these activities and therefore, stock prices can well be said the heart-beats of the 'body-economic' indicating its health.

It is in the fitness of things, therefore, that our Second Five Year Plan has an industrial bias, and since stock exchanges are destined to play a vital and important role, the need to regulate them is all the more essential.

Looking to the speech of the Finance Minister at the time of reference of this Bill to the Joint Committee, it is clear that Government consider that the stock exchanges do fulfil a legitimate and useful role in their own sphere.

There has been spectacular economic activity all over the world, including India. Industrial activity and incomes reached record heights in many countries. The prices of goods, services and securities are showing an upward trend, and in many parts, near-inflationary tendencies are to be seen. In countries like England, monetary curbs and credit-squeeze had to be resorted to correct disequilibrium, and the Bank of England rate also stepped up to 5½ per cent.

This naturally transferred a substantial portion of the burden of financing India's growing foreign trade to the Indian money market. There was a heavier call on the Reserve Bank; there was a scramble for deposits by the scheduled banks and the call money rate jumped up from 3½ to 3¾ per cent. It was apparant therefore that the accelerated tempo of development expenditure was making itself felt, with inflationary pressure gaining upper hand.

The remark of the Finance Minister at the time of his budget speech regarding deficit financing and development expenditure in order that there may be development rather than stagnation is very significant.

At present, one finds the co-existence of contradictory and paradoxical economic patterns. On the one hand, there is increase in note circulation and inflation, and on the other there is a scramble for funds in the money market. On the one hand, there is increased production and on the other, one has to grapple with high prices. On the one hand, one finds great concern to check the rising spiral of inflation and on the other, a drive to export more and more which results in higher prices of the necessities of life. Such a paradoxical situation entirely baffles the common man. It is very clear that a correlation of money supply, production, export and credit facilities plays an important part in the development of inflationary tendencies. Deficit financing which was Rs. 19 crores in 1953-54 and Rs. 136 crores in 1954-55 rose to Rs. 240 crores in 1955-56. Scheduled bank advances which were Rs. 443 crores in 1953-54 had crossed the mark of Rs. 580 crores by March this year. Thus this year notes in circulation are higher by 20 per cent. and bank advances by 23 per cent. than last year. This has naturally resulted in higher prices of necessities of life, of commodities and of stock. This inflationary phenomenon needs very close and careful watching.

Viewed in the above background, part of the rise in stock exchange prices represents the growth that normally takes place in a market functioning under an expanding system of planned economy. The emphasis on industrial development in the Second Plan will yield results only if the rate of industrial progress, growth of national income and capacity for capital formation are co-ordinated. It is here that a well organised stock ex-

change plays a very useful role for capital formation and diversion of public saving for fruitful investment purposes. It provides, keeping public interest in view, a forum and a service both for buyer and seller, because there are those who want to buy shares to invest and there are those who want to sell for cash. Then there are those who buy in the hope of selling at a profit and there are those who sell to buy at a profit. Thus, the prime function of a stock exchange is to impart to the capital, that is, shares and stocks, easy negotiability, marketability and convertibility. If in this one finds an element of speculation, it is necessary to a particular level.

It may very well be argued that 'spot' market may be allowed to function where shares and cash could be exchanged across the counter. But such narrowing down of the function of the market would deprive it of the characteristic of continuity, liquidity and smoothness, so very essential from an investor's point of view. One has to be very cautious here. A buyer may not find a seller or *vice versa*. Thus a well-regulated stock exchange affords the best forum to the investing public.

Then I come to price fluctuations. Stock market prices are reported fluctuating and this is given a bad name. But it must be understood that different phenomena and factors cluster into a pattern resulting in orderly and rhythmic movements depending on various factors. The formative and diverting forces in trade, industry and economy influence the trend and determine the course and current of stock exchange prices. Thus there are long, medium—and short-term price movements. The long-term price movement depends on the trend of national economic progress reflecting monetary and technical factors, *viz.* rate of savings, level of industrialisation, changes in the rate of interest etc. The medium-term price movement depends on the trade cycle and its corollaries, that is, the board policy of State regarding nationalisation, State control, imposition of taxes,

over-production or under-production, international relations and factors like trade transport and consumption indices then there are diverting forces also which affect medium-term price movements, *viz.* changes in the rate of interest, changes in the value of money in terms of general prices etc.

Then there is the short-term price movement. This phenomenon is the result of the market's own resources depending on the structure of the market and its technical position. It may be the result of a snap bargain or distress sales, of 'shops' unloading or 'pools' accounting, of a 'bear squeeze' or a 'bull pull' all these resulting in a crash or a boom with undesirable consequence.

But in a regulated market, such 'bear raids' or 'bull corners' are unusual features, and mostly the market fluctuates within the legitimate ups and downs, within the prescribed limits of normal range of price movements. Besides these cyclical or seasonal forces, prices react to earning capacity, income rate of the stock, and asset value. Factors like capitalisation of reserve, changes of management, labour trouble, etc., also play a part in price movements.

Stocks and shares are divided into the following categories. The first is gilt-edged securities. They are the Central and State Government loans as also corporation loans. The next category, shares and debentures, are divided into ordinary, preference and deferred shares. Shares of the various types of companies are listed on the various stock exchanges. I would say that the influence of inflation and the rate of interest affect and determine share prices. During the war, Indian share prices behaved in exactly the same manner and reflected the same influences as operated on share prices in other parts of the world.

Thus the sustained production, gainful employment levels, buoyant corporation and company results, rising prices, cheap money policy and favourable cyclical phase produced an

[Dr. J. N. Parekh]

optimistic mood resulting in a boom-like condition. The boom is not the result of 'forward' trading peculiar to the Bombay market.

**Mr. Deputy-Speaker:** The hon. Member is discussing the subject very extensively.

**Dr. J. N. Parekh:** I will come to the Bill now.

I would say that in India the present climate is very good for a healthy growth of stock exchanges. It is very clear that the success of the State Government loans, capital formation, Central loans, municipal loans as well as equity capital issued by various companies represents the same.

At this stage, I would like to mention that the Government while granting permission to existing companies for floatation of new capital, insist that a premium should be charged on the par value of the shares. This phenomenon is unexplained and I wish it is carefully scrutinised.

Coming to blank transfers—I have detailed it in my Minute of Dissent—it has been argued by various sides that blank transfers encourage evasion of taxation, help in taking control of some of the companies, bring loss of stamp revenue to the Government and encourage speculation. As is very clear, the idea of tax evasion is probably the result of confusion because it is said that persons who want to avoid tax take advantage of benami transactions and blank transfers. If it was so then promissory notes and government securities are also blank transfers. This blank transfer system has stood the test of time in U.S.A. It imparts negotiability, liquidity etc. It seems that there has been some confusion in this.

The idea of taking control of the companies by resorting to these blank transfers is also erroneous in my view because the person who wants to have the voting strength would

naturally like to transfer and get the shares registered in his name rather than keep it blank so that he may be able to vote at the time. Moreover the latest Company Act of 1956 has given wide powers and that fear is absolutely unfounded.

The fear of avoidance of stamp duty is also equally unwarranted because the idea of evasion of stamp duty does not come under this Bill; it should be taken up somewhere else.

The idea that it encourages speculation also, in my view, is not correct because monetary supply can be available easily but the stocks are limited in the market. When in the market there is a floating stock in acts as a buffer or cushion and hence if this system of blank transfer is restricted it will become difficult. In India, we have not yet regulated the transfer system. The companies are situated far and wide; companies do not transfer their shares so easily. Since we have made these arrangements, unless somebody comes to know that a big floating stock is not available, it will result in more wide fluctuations in the market than otherwise.

Moreover in the clearing house this has to be done. In the clearing house a stock which has run for about 4 to 5 months will naturally not be accepted by anybody and a person would ask his broker to square up his business and there will be such wide price movement. The banks in India are also advancing on blank transfer and that pattern is likely to be disturbed. All this will have to be looked into and the stock exchanges themselves will naturally assess the implications of this thing before arriving at any conclusion. I am also glad that the Bill gives only regulatory powers, and there is no statutory prohibition or the like.

I come to clause 14(1). It is said that the breach of a specific by-law should meet with some punishment. Naturally, we would like to see that



guilty persons are punished. There is no excuse. Here it must be remembered that just as there is a broker and his client at one end—at the other end also there is a broker and innocent bazar parties. Now a situation may arise or may be manoeuvred that the parties at the other end may not know that there has been a breach of the by-law. A broker and his client may join hands and act in collusion to the detriment of the exchange and community. Therefore, I have suggested in my amendment that in 14(1) (i) after the words 'as respect the rights' the words 'as to his brokerage, commission or rewards' should be added. It will improve the matter a little.

About principal contract also three days' time is given. In my view the client should be asked to give his choice on the same day. It gives the right to change his ideas if there are price fluctuations.

In clause 20 we have provided for option trading. I personally feel that option trading is recognised in modern stock exchanges in the U.S.A. and in London also. It should be regulated rather than prohibited because the very existence of a forward market contemplates option trading in one form or another. Regulation is better than prohibition.

In 18 we have provided for licencing in a notified area where a stock exchange exists. This is quite understandable.

I agree with my hon. friend Shri Trivedi in feeling that the idea of punishment my imprisonment and the creation of a new class of criminals and cognizable offences in the commercial world is not desirable. Sir, in India there are very few organised stock exchanges like Bombay, Madras, Calcutta, Delhi and the like. Therefore, one has just to see that the pattern of working is really regulated in such a way that we have a standardised and well organised market. No doubt, Bombay Stock Exchange is a very well organised market and it

has stood the test of time and weathered many storms. It has a powerful unit and its President, Mr. Shroff is an expert. The idea is that if we have such full-time and experienced Presidents, it will go a long way.

**Shri G. D. Somani:** Mr. Deputy-Speaker, I would like to make only a few observations on two or three important features of the Bill which is now before the House for final decision. This, I think, is a necessary piece of legislation. It was rather long overdue. We passed a comprehensive Companies Bill sometime ago which has now come into operation from April last and while the Companies Act regulates the functions of the joint stock companies in the country, the Bill or stock exchanges regulate the dealing in various scrips. This Bill is, therefore, rather supplementary to the Companies Act which is now in operation.

As a matter of fact, this question of stock exchange reform was a matter of enquiry and examination by various committees and the present Bill is largely based on the recommendations of the Gorwala Committee. There is no doubt that a well-regulated stock exchange really plays a very useful role in the economy of the country and as such everything has to be done to ensure that the stock exchanges in the country are run really on healthy and sound lines.

Of course, in every good system there are also certain bad features. Similarly, although the stock exchanges have really been playing a very useful role, occasions have arisen where due to over-trading or manipulation or by over-speculation much harm has been done to the economy of the country from time to time. Therefore, there was every necessity for some sort of legislation to control and regulate the functioning of the various stock exchanges. At present we have only one State Act in Bombay which regulates the function—

[Shri G. D. Somani]

ing of the Bombay Stock Exchange. It does not mean that the well-organised stock exchanges like the Madras Stock Exchange or the Calcutta Stock Exchange are not functioning well or are not functioning under certain proper regulations.

3 P.M.

Nevertheless the need for such an all-India legislation is obvious, and, therefore, I am fully in principle in favour of the legislation being placed on the statute-book.

The stock exchanges really do provide a means for promoting investment in productive channels, and at a time when we are on the threshold of an ambitious plan of industrialisation in the Second Five Year Plan, it is but natural to expect that the number of public joint stock companies will increase considerably and there will be a lot of increased industrial activity in the country. Therefore, there is all the more need for a well-regulated stock exchange inasmuch as the activities of the stock-exchange will expand considerably during the period of the Second Five Year Plan.

Having therefore accepted the principle of the all-India legislation, I subscribe to the view that has also been endorsed by the Gorwala Committee that as far as possible, the functioning of the stock exchanges should be autonomous and that Government should not interfere in the day to day working and administration of the stock exchanges. As a matter of fact, they should interfere as little as necessary. In this connection I may just read out a few lines of the recommendations of the Gorwala Committee—

on the exchange and ensuring that it enforces its bye-laws properly."

Thus the basic idea before us is that the Government should take all necessary measures to ensure that the stock exchanges have got proper and suitable bye-laws under which they function, and at the time of granting the recognition, they should of course ensure that the administrative set-up and the bye-laws, etc., of the exchange are in conformity with the public interests. But having ensured that, it should be the policy of the Government to let the exchanges function independently and without any undue interference from the Government Department.

Here I would like to draw the attention of the hon. Minister to one or two points. The first is about the provision to have three Government nominees on the board of the stock exchange. In my personal view it would have been much better to let the boards of the stock exchanges be purely elected out of their own members. Since the Government will have to interfere only in cases of emergency and in cases of gross mismanagement, it would have been much more desirable not to allow the Government nominees concerned to be a party in the day to day functioning of the exchanges, and as such, it would have been desirable not to have any such provision in the Bill. Even if it is required or found essential that some sort of Government liaison should be there, I think it would be quite sufficient for the purpose to have one Government nominee on the board so as to ensure that he keeps himself in day to day touch with the developments that are taking place inasmuch as there is no question affecting the voting because the number of directors in any case will be much larger even if the number of Government directors is kept at three. Therefore, I think the purpose of the Government, namely, to keep

"Within its own sphere the exchange should have a large measure of autonomy, and Government's role should be limited to keeping in touch with happenings



a close watch on the functioning of the exchanges, will be properly served if only one Government nominee is kept on the boards of these exchanges.

Besides this, I would like to draw the attention of the Government to some more serious features of the Bill, that is, the powers that the Government are taking to supersede the governing bodies of the stock exchanges. For one thing I do not think there is any need for providing for supersession because after all, if a certain governing body is not functioning properly, the better course would have been for the Government to take the power to order fresh elections. After all, the members of the exchange concerned should be given an opportunity to replace their existing board by some new members who would take better responsibility or who would take better steps to ensure the proper functioning of the exchange. If by supersession it is meant that certain outside nominees are to be placed in charge of the stock exchange, then I am afraid the whole scheme will not work, and indeed it will be an undue interference. I would also suggest that the Government should be content to take the power to dissolve any governing body at any given period and to order fresh elections. The issue before the members will be quite obvious inasmuch as the reasons for dissolving prematurely any existing directorate will be given by the Government, and, therefore, it will be for the members to take the necessary measures to have a competent governing body which will ensure the functioning of the exchange in conformity with the Government policy and public interests. After all, the ultimate power to withdraw recognition of any stock exchange is there, and if after giving such opportunity for fresh elections it is persistently found that the members are not exercising their responsibility in a proper manner, and if even after fresh elections the exchange does not function properly, then, of course, its recog-

nition can be withdrawn. But I do not see any point in taking the power to supersede it.

I find that there are some deliberate changes in the wording about the procedure that will be followed by Government at the time of supersession. Previously it was intended that a 'show cause' notice will be given to the stock exchange to explain why its governing body should not be superseded. But as it is, it has only been provided that it will have a right of being heard. That might mean a mere formality, and indeed it may not be as effective as the words were in the original Bill. If the idea is to give a full and fair opportunity to the stock exchange before any such drastic action is taken, I do not see the slightest justification for changing the words as were contained in the original Bill, because if it is to be given a fair opportunity, then it is only just and proper that a 'show cause' notice should first be issued to the governing body. If after their explanation it is fully examined it is found that it is not satisfactory, then the necessary consequences should follow. I would suggest, therefore, the desirability of substituting these words and leaving them in the original form in which they were in the Bill and not to have a phraseology which might be interpreted as merely a formality and as not giving a fair opportunity to the body concerned to give its explanation before any such drastic step is taken.

Much has, of course, been said from time to time about blank transfers. While no statutory power has been taken, the majority of the members have expressed the opinion that a maximum period of six months should be laid down in the Bill in respect of blank transfers. In this matter there is, of course, a genuine difference of opinion and even in the Report of the Gorwala Committee, the members have expressed different views. So far as one can say from practical experience, the previous speaker has pointed out as to why under the present circumstances, under the various

[Shri G. D. Somani]

powers which the Government have taken under the Companies Act, it is now no longer necessary to have these blank transfers disallowed. These transfers provide facilities for negotiability and increase the floating stock in the market and thereby facilitate the day-to-day trade of those who are genuinely interested in trade. The whole position may be watched as to how the new Companies Act eliminates the malpractices or mischiefs which might have resulted from these blank transfers. That Act is able to deal effectively with this, then it may be left alone.

I would like to draw the attention of the hon. Minister to the assurance given by the Finance Minister while introducing this Bill. He assured us that a standing advisory council would be appointed to advise the administration dealing with the stock exchanges. It is essential that such a council consisting of the representatives of the various stock exchanges should be appointed as soon as this Act comes into force. It must not be forgotten that this is a specialised subject and any action should be taken after mature consideration and consultation with those who have got experience in the matter. We have in the President of the Bombay Stock Exchange a person who has no interest in the day-to-day dealing and as such there are no fears that the advice or association of such men will in any way prove harmful to the national interest. On the other hand, there are various complexities and complications arising out of the functioning of this Act and Government will be well advised to implement the assurance given by the Finance Minister forthwith. The words used by him, I think, were: "This appointment will be made in due course." The hon. Minister should give a definite assurance now that the Government has every intention to appoint such a standing advisory council as soon as this Act is placed on the States book.

Shri Sadhan Gupta (Calcutta South-East): Sir, the presence in our country

of a significant private sector makes it necessary that stock exchanges should exist. When we have joint stock companies floating their shares or when we have securities, it is necessary that there should be a stock exchange or there should be stock exchanges in different places to deal in those securities or shares.

The question arises: what kinds of dealings should be permitted? This Bill seeks to regulate dealings in stock exchanges. It does not seek to prohibit stock exchanges altogether, as it cannot do indeed. But, we must remember we are not for an unregulated private sector in our country. We are pledged to a very drastically regulated private sector which follows from our objective of the socialist pattern. Whether we look at it from the point of view of the socialist pattern or of the common people in whatever economy they live, there can be no doubt that dealings in stock exchanges need to be very drastically regulated.

In every country, stock exchanges have not done what they are supposed to do. They have indulged in activities which have seriously jeopardised the economy of the country which have seriously undermined the position of the common people and as such, even most of the capitalist countries who are avowedly opposed to the socialist pattern, have found it necessary to pass certain laws regulating stock exchanges.

In our country, when we are pledged to a Welfare State, leaving aside for the moment the question of socialism which is a far cry, even from the point of view of a Welfare State, the functions of the stock exchanges should be to assist the genuine investors in investing their money either in shares or in securities. The investor should be able to go to a stock exchange and find the share or securities which will give a good return for his investment. That should be the only legitimate function of a stock exchange. Any other function is fraught with great perils for the

common people. Therefore, I do not understand what the hon. Finance Minister means when he speaks of legitimate forward trading. I do not see how shares or securities can be the subject of legitimate forward trading. All you have to provide for, if really you want to run the stock exchanges in the interest of the investors, is that the investors should have advice as to the kind of securities in which they should invest. This is the legitimate function of the stock exchange. But, have the stock exchanges in our country confined themselves to this function? What is the necessity of regulating the stock exchanges if they have confined themselves to this function?

I must confess that I am not an expert in stock exchange matters. I look at it from the point of view of an ordinary member of the public. But, even from that standpoint, there are things sufficiently alarming which convince me of the necessity of drastic regulation of stock exchanges. The stock exchanges, I find, have not confined themselves to the interest of genuine investors; they have been the medium through which vast speculative transactions have taken place. Shares and securities have been speculated in and their prices have been so influenced by speculation as not to have any relation to their real intrinsic worth. For instance, I have heard that a certain gentleman bought up the controlling shares in a European company. First of all, he bought up about 9/16ths of the shares in order to get the controlling interest. The fact that so many of the shares were being bought up sent up the price soaring and the price became double. At double the price or a little more than that, he released half of the shares and got back the money he paid for those shares and a little more. It shows how speculation works. It has no relation to the intrinsic value. The shares themselves become commodities without any relation to the strength or otherwise of the companies to which they belong. In order to influence the price, all kinds of stimulus and all kinds of dampers are used. A rumour

is set afloat about the outbreak of a war when it is peace time or the outbreak of peace, if I may use that word, when it is war time; or about fresh taxes to be imposed just prior to the budget, or of taxes being remitted just prior to the budget. In this way the prices of shares are either pushed up or pulled down and in that way interested persons reap their harvest of profit. It is interesting to note that the Reserve Bank Report for October, 1955 says that the bearish tendency in Bombay Stock Exchange continued up to September, 1955 as a result of the sitting of the All India Congress Committee held previously. You will agree, Sir, that there is no relation between the All India Congress Committee and the intrinsic worth of any share or security. Therefore, this shows the danger in which unrestricted speculative activities in the stock exchange threatens to land us in and it certainly makes a strong case for regulation.

This speculation has very disastrous results in the lives of the common people. You are doubtless aware of the number of banks that have come to grief due to speculation with their funds. Of course, when banks come to grief it is not a calamity for everyone and it is the usual picture that when a bank comes to grief the directors become prosperous and the depositors become ruined. The same thing happens in the case of insurance companies and other companies which control the funds of people who are not the proprietors of the company. Therefore, I say again that very drastic regulation of stock exchange activities is necessary.

The question then is, is the regulation contemplated in the Bill sufficient? We are in this difficulty that the Bill does not reveal in what manner it seeks to regulate stock exchange transactions. Of course, we have certain clauses in the Bill which says that governing bodies may be superseded and certain controlling powers may be exercised on the stock exchanges; but, as to what kind of transactions are to be permitted, what kind of

[Shri Sadhan Gupta]

transactions are to be prohibited and subject to what regulatory rules the permitted transactions are to be carried out, we are told nothing about. The only thing that the Bill does, which we all welcome, is to illegalise the options in securities.

Now, although the Bill does not reveal anything, we have certain apprehensions, partly from the provisions of the Bill itself and partly from certain observations of the Minister. Firstly, we find in the Act that power is given to regulate or prohibit blank transfers. In the case of negotiable securities blank transfers might be necessary to a certain extent, but why leave the power to blank transfers unaffected in every case? For instance, in company shares I do not know why blank transfers should be continued. Why should not blank transfers be prohibited in respect of company shares?

Then, the Finance Minister, as I have already stated, made a reference to legitimate forward trading in shares and securities, which we cannot understand. Shares and securities are only things in which people should be able to invest and not things which people should buy and sell freely without a motive for investment. Therefore, these kinds of things raise great apprehensions about what kind of regulation there will be.

The other thing which raises apprehension is the very lenient penalties imposed in respect of contraventions of provisions of the Bill. The contraventions of the provisions of the Bill may lead to very serious economic results. Even then the penalty of imprisonment is only one year and no more. There is, of course, a provision for fine, but people who usually indulge in stock exchange speculation are not very much bothered about paying fines. What they fear is imprisonment and the imprisonment here is precious little. We had amended the Criminal Procedure Code and now offences which are subject to imprisonment up to one year are considered

as petty offences and transferred to the category of summons cases. Under these circumstances, we are very apprehensive that the Government should regard these offences as petty offences and prescribe punishments which are prescribed for petty offences under the ordinary law. I have no fear of Government interference in these matters as Shri Trivedi has expressed, because, if anything, the Government is apt to be too liberal to the class of people who will be affected by this Bill. In Calcutta it happened that some illegal stock exchanges were being run and in their avarice they had gone so far that they had set up a telephone system of their own with many telephones and a clandestine exchange. There were raids and a case was started, but nothing is heard of it now; apparently that has been hushed up. So, this shows in what light the Government authorities regard the infractions of these laws. It is these things that make us very diffident about the success of this Bill in the limited object which it has set for itself.

However, we would have preferred a Bill with a much wider scope. We would have preferred a Bill which would have really helped in creating a healthy stock exchange to help genuine investors. This Bill, as far as it goes, will not succeed in doing it. It is very necessary that forward trading in shares and blank transfers of shares should be illegalised if a healthy stock exchange is to be created and stock exchanges are to be run for investments only. But this Bill is not going to do it. Yet, we do support the Bill. It is better than the present chaos in which stock exchange transactions now are and if Parliament exercises vigilance, if the representatives of the people bring sufficient pressure to bear on the Government then only, within the four corners of this Bill, something useful may be done.

Shri Bhawanji (Kutch West): Sir, I rise to support the Securities Contracts (Regulation) Bill, 1954 as it has emerged from the Joint Committee.

The regulation of securities and stock exchange in our country was engaging the attention of the Government for the last 30 or 40 years. It was only in the State of Bombay that the stock exchange was regulated by an Act, but in the rest of the country so far no stock exchange is regulated by the Government. Therefore I welcome this all-India legislation for the regulation of the stock exchanges in this country. This regulation presupposes a unitary control either in that community or sector, though there is no specific provision in the Bill under discussion. But I suppose that is the intention of the Government, namely, to have one recognised association in an area or a State. If that is so, I believe that the Government would take into consideration, while giving recognition to a stock exchange, the existence of more than one association in one area. In many States today, we see that more than one association of stock exchange is functioning healthily and satisfactorily. Just as the Forward Markets Commission has done while giving recognition to the commodities market, I believe the Government while giving recognition to a stock exchange in any State, will take into consideration the existence of more than one association and would try to bring them together and if possible amalgamate them and compel the association, to which they want to give recognition, to make adjustments with the other associations. Some clarification on that point from the Minister in charge of this Bill will remove the apprehensions that are prevailing in some stock exchanges in our country.

I was very glad to find in clause 4 that while giving recognition, the Government will also take powers to impose conditions and vary the membership of the association. Most of the stock exchanges in our country are today a closed house to so many people. At the time of the formation of the association, the number of membership is fixed, and if any new member wants to enter, he has to pay a price. In Bombay, during the boom,

the price for a membership of a stock exchange went as high as Rs. 60,000. Even today, if I am not making a mistake, the price must be between Rs. 15,000 and Rs. 20,000. So, I am very glad that under clause 4(1) (b) the Government are taking powers, while giving recognition to the association, to see that the stock exchange is willing to comply with any conditions including the conditions as to the number of members. This is a very healthy provision and this will give scope to many upper middle-class people, respectable people, who have not got so much of means but have sufficient means to carry on their transactions honestly and straightforwardly.

Another provision is this. The Government have given powers, under clause 9, to the stock exchanges for making bye-laws and regulating the affairs of the recognised stock exchanges. I was surprised that my friend Shri G. D. Somani objected to Government nominating their representatives on the governing body of the stock exchanges. On the one hand, Government are giving monopoly to trade in the securities market to one association. On the other hand, they are giving tremendous powers to that association to conduct the business and also enforce the bye-laws, penalties, etc. It is but fair that Government should have representation on the governing body of that association so that they could know what is happening in that association from day-to-day.

Recently, we have seen that because the Government nominees were on the Board of the East India Cotton Association, the Government knew what was transpiring in the cotton trade, and the Forward Markets Commission advised the Government and the Government came down with full force and brought the Association to its senses. That is why it is necessary that the Government should have a nominee on the board. Later on, Shri Somani conceded that there might be one nominee. If he does not object to one nominee, he could not mind for even



[Shri Bhawanji]

three nominees. In the same way, Shri Somani pointed out some minor words which have been since changed by the Joint Committee, and I do not think that such trifling objections should be raised, when the fundamental point is accepted; that is, when Government recognises an association and gives a monopoly to trade in that particular sector, it is the duty of the Government, on behalf of the public to see that the affairs of that association are conducted straightforwardly. No honest or straightforward association should be afraid of this power. Shri Somani also opposed the provision where Government have taken powers for supersession of the governing body and he objected to that provision. This very power of supersession will check the members of the governing body in doing something which is not in the national interests. In these circumstances, I think that the powers which the Government are having under this Bill are proper powers to keep the association in its proper form and tone.

Similarly, we find that the powers of control and regulation, as we see in this Bill, are more or less on the lines of the Forward Contracts (Regulation) Act which this House passed in 1952. We have seen that so far, there has been no genuine complaint from the public that these powers were misused or excessively used by the Government. So, I believe that the House would not mind giving these powers to the Government.

I shall now refer to one more point and that is about the blank transfers. A lot of controversy is going on about this matter. One is not in a position today to say whether one should stop altogether the system of blank transfers or not. These transfers are there and they are used as a negotiable document for a number of years. To put a stop to this practice overnight will not be in the interests of the industry and commerce. That is why I am glad that the Government have

adopted a middle course in this matter. Under clause 9(2)(d), Government are giving powers to the Association to provide for the regulation or prohibition of blank transfers. I hope that this regulation will not be left entirely to the members of the governing body, but that the Government members who will be on the governing body will see that this sub-clause is properly used. After experience, some *via media* should be found out by which we could check if not stop altogether this practice of blank transfer.

There is one more thing which I wanted to refer to and with that, I shall resume my seat. Options under this Bill have been made a penal offence. I was agitating for the prohibition of options for the last 30 years. Formerly, in Bombay, under the Cotton Contracts Act, options were void. Even then I was agitating for making it penal, because experience has shown that making options void did not serve the purpose. Later on, in the Cotton Contracts Act, they were made penal, and again, in the Forward Contracts (Regulation) Act also, options have been made penal. But what is the experience? Even today, in spite of making them penal, we see that option business is so rampant and even the prices, though they are penal offences, are being quoted in the newspapers. If the Government, in spite of its machinery, are not in a position to stop this option, I think the time has come when they should examine the question whether options can be regulated. There are suggestions from different stock exchanges that if options are not stopped then it is better that they should be regulated. What happens now? Unscrupulous members of associations indulge in options and get away with it, while those people who have got some stake or reputation are afraid of the penal clause, because it is an unsocial act. They are at a disadvantage. So, I think Government should seriously consider this aspect of the question and I wish that the Minister

in charge of this Bill, while replying to this debate, says something in this respect and tell us what the intentions of the Government are. Are they serious about stopping this thing? If they are incapable of doing so, at least they should be prepared to regulate this option.

With these few observations, I support the Bill as it has emerged from the Joint Committee.

**Shri M. C. Shah:** I am grateful to the hon. Members for having given general support to this important Bill. They have made certain constructive suggestions. But, one Member was rather vehement in making certain observations on some of the provisions of the Bill. I do not find him there in his seat now, but from the speech he delivered, it appeared to me that he was not in favour of having any regulation whatsoever. He wanted to have an uncontrolled and unregulated business in the transactions on contracts in securities.

This piece of legislation is rather overdue; it ought to have been passed earlier. Many committees have submitted their reports after considering this question carefully. These reports were examined and there was a great necessity to have a legislation on the statute-book. But, as long as the Constitution was not passed, Parliament did not have the power to legislate on an all-India basis. After the Parliament got powers under the Constitution to legislate on an all-India basis on such an important subject, we have taken action as early as possible. We had introduced this Bill very early in 1954, but unfortunately because of the pressure of work in both Houses of Parliament, this Bill did not find a place on the agenda till the end of the year 1955, when it was referred to a Joint Committee. The Joint Committee also took great pains to present the report early to the Parliament in the hope that it could be taken up in the Budget Session this year. But, as hon. Members are aware, there was a great pressure of very

urgent work in the Budget Session and this Bill did not find a place on the agenda. Now I am glad and I am rather grateful to the Minister of Parliamentary Affairs for putting this Bill in the agenda of the first day of this session.

One hon. Member has asked, "Why are these regulations necessary?" While speaking on this Bill when the motion for reference to a Joint Committee was being considered, I made it very clear that there was no intention on the part of the Government to interfere with the day-to-day administration of the stock exchanges. But it was absolutely necessary that there should be an all-India legislation to regulate and control the activities of the stock exchanges all over the country. As was pointed out by my friend Shri Somani, the only Act that was in existence on this subject was in the State of Bombay. With the passing of the Companies Bill, this legislation has become all the more important. By passing the Companies Act, we have controlled them in a tighter way, if I may say so, and now it is absolutely necessary to have a well-regulated stock market. Hon. Members want that there should be healthy and strong investment markets to give opportunities to the intending investor to invest his savings by purchasing shares in a well-regulated stock market. If there is a well-regulated stock market on which investors can safely rely, then naturally we will be encouraging savings for investments in the industrialisation of the country. Therefore, it is absolutely necessary that we must have a regulated stock market.

As regards spot delivery contracts, there should be some limit of time within which the contracts must be completed. "Spot delivery contracts" means contract entered into on a cash basis. That means a contract which provides for the purchase of shares by the actual delivery of securities and the payment of a price therefor on the same day as the date of the contract. But in order to meet some



[Shri M. C. Shah]

unavoidable difficulties, we just gave some more time and said that spot delivery contracts should be completed within two days including the date of contract. But suppose a person resident in upcountry or in the South enters into a spot delivery contract in Bombay. Then, some time is required to send the securities and therefore, we have said that in the case of persons residing outside the place where a contract is entered into, the period taken for the despatch of the securities or the money may be excluded. We have defined spot delivery contracts in a way so that there can be no malpractice. It cannot be that instead of a spot delivery contract it is made into a forward delivery contract, in which delivery can be made within 15 days or within a month. Therefore, we have distinguished spot delivery contracts from forward delivery contracts. Therefore, these spot delivery contracts have been defined. Though we had originally intended three days for completion of delivery, the Joint Committee thought it advisable that the spot delivery contracts should not be converted into forward delivery contracts and only the time that was absolutely necessary for the completion of the transaction should be allowed. At the same time, it was pointed out that there should not be any hardship to those people who may be far away from the places where these transactions take place. I feel that my hon. friend Shri U. M. Trivedi has not realised completely the difference between spot delivery contracts and forward delivery contracts and therefore he has offered these remarks. He said that he had no particular knowledge about the working of stock exchanges. That is a very complicated matter. Those who have studied the working of stock exchanges can easily understand the difference between spot delivery contracts and forward delivery contracts.

Then, he wanted to ask why there are these penalties. If he had looked into the Forward Markets Act, he will

find that the same provisions are there. We have taken those sections as may be suitable to this Bill. There also the offence is made cognisable in serious matters of deliberate violation of certain provisions. For example, options, about which Shri Bhawanji spoke. If there is some transaction in option, we have made it illegal and therefore punishable. In those cases, the offence is made cognisable. Also we must understand that in such matters, the police cannot immediately arrest without a warrant, without having investigated into the matter, without sufficient evidence in their possession that the person has committed a violation of certain provisions of the Act which are punishable under one or the other of the provisions in the Bill. So far as minor matters are concerned, if there are any offences in respect of transactions between principal and principal or between a principal and agent, they are not made cognisable. We wanted that the prosecutions should be with the approval of the Government of India. The Joint Committee, enthusiastically and rightly, said that it should not be so. They said, if you want to enforce this Act rigorously, if you want to bring about a healthy development of the stock exchanges, serious breaches must be taken up very seriously, must be made cognisable and punishable with imprisonment. If you look at the working of the Forwards Markets Act which was brought into force somewhere about 24th August, 1953, these provisions have been in force for the last 3 years and we have not received any complaint so far, about the misuse of the powers given under that Act. Therefore, the arguments advanced against taking these powers do not stand.

My hon. friend Shri G. D. Somani raised certain points. He also is not here. However, I shall just try to meet some of his points. He has admitted that this is a necessary piece of legislation. He has also admitted that it was overdue. He has supported the Bill in general terms. Only he raised

two or three points. He said that the functioning of stock exchanges should be autonomous. We have already said that that is our intention and that the day-to-day administration of the stock exchanges should not be interfered with. We do not propose to use these powers in order to interfere with the day-to-day administration. Rather we want to see a healthy development of all the stock exchanges on a uniform basis. We have taken these powers; we do not propose to use these powers to put them in difficulties, or create difficulties in the way of the growth of stock exchanges. But, we take these controlling and regulating powers to be used in cases of emergency. My hon. friend Shri U. M. Trivedi said that the word emergency has not been defined. I do not understand how that could be explained. Everybody knowing the working of stock exchanges can immediately understand what is an emergency. Suddenly there may be bear raids. Some interested parties may combine and bring the prices down. That would be a disturbance to the economy of the country. If the prices are depressed unduly very low, we will have to come in the way. There may be cornering of sharers. Certain rich people may form themselves into syndicates and take the prices high, creating a situation wherein the well-being of the investing public is in jeopardy. We will have to come in. That is an emergency. Commonsense will immediately find out what is an emergency and what is not. It is not necessary to define emergency as my hon. friend Shri U. M. Trivedi wants.

My hon. friend Shri G. D. Somani objected to three Government nominees. If he looks at that clause, he will find that we have taken powers to nominate not exceeding three. In the original Bill it was not so. The Joint Committee rather curtailed the number by saying not more than three. It is not that we will always nominate three directors. If necessary, we may nominate one. He has no objection to that. If necessary, we

340 L.S.D.—5.

may nominate two or at the most three. There will be 12 or 15 directors. These three directors certainly are not going to interfere. They will only watch the working of the stock exchanges and report to the Government how the work is going on. The only interest that the Government has in regulating and controlling is public interest, the interest of investing public, the interest to see that they play their role usefully in the national economy of the country, in the industrialisation of the country, in the formation of companies where capital has to be obtained by providing a useful channel of purchasing and selling shares, so that they may use their savings in investment. Therefore, we have said, not exceeding three. I am sure, as was pointed out by my hon. friend Shri Bhawanji, that is absolutely necessary. In the past wherever there have been Government nominees, they have played a very important role in the working of these exchanges.

4 P.M.

**Shri Feroze Gandhi** (Pratapgarh Distt.—West cum Rae Bareilly Distt.—East): There is no quorum.

**Mr. Deputy-Speaker:** The bell is being rung. Now there is quorum. The hon. Minister may continue.

**Shri M. C. Shah:** I was just explaining to the hon. House that we have taken powers to nominate directors not exceeding three in number. So, really speaking, we have not taken very wide powers, and from experience it is found necessary to have such nominated members on the board of directors so that Government may be in constant touch with the working of the stock exchanges through their nominees.

He has also objected to the power of superseding governing bodies. He says why should we supersede them, you may just order fresh elections. If he goes through that clause, he will find that the clause is a permissive one. It is not that automatically they will be superseded. The

[Shri M. C. Shah]

Government will give them a hearing, and if the Government is satisfied that they can reform in their working, then Government will have no pleasure in suppressing a governing body. Originally it was provided that a show cause notice should be given, but here it says they should be heard. I do not think there is much to be said here or there.

They are to be given a hearing and if they show they can still work well and on ordered lines, and if there are any acts of omission or commission they assure Government that they will improve upon their working, then certainly the Government will allow them to work on certain terms and conditions.

He also raised a question about the standing advisory council, and he quoted the Finance Minister saying that it was his intention to attach a standing advisory council nominated from several interests like trade industry and the stock exchanges, to the company law administration. Certainly we want to see that the administration of this Act is helpful. It will be administered with a human approach and with a view to help the stock exchange authorities to develop themselves on healthy lines and play the useful role that they are expected to. Therefore, we stand by the assurance given by the Finance Minister even today, and nothing further I think will be expected from me by the hon. Member.

Shri Sadhan Gupta felt that this Bill, when it is passed into an Act, will not serve the purpose it is expected to. He would like us to go further and abolish this *budla* or carry forward transactions altogether. He would like us to have no blank transfers, but then one must say that we do not want to have these stock exchanges in forward delivery contracts. On the one hand it has been urged, and rightly urged, that forward market in stocks and securities is a necessity

in order to give facilities to the investing public to find certain channels for investment in industries. We want to industrialise the country rapidly, and I think it will be for the good of the country if we allow these stock exchanges to function properly under the regulation and control of the Government.

About these blank transfers I have already stated when I moved the motion for consideration that it is a very knotty problem. There are two sides to the question. Some say there ought not to be blank transfers. Some say it is necessary. There was sharp difference of opinion even in the Gorwala Committee which reported on this matter, and therefore we have thought it advisable not to have any provision in the Act itself, but to take powers to frame rules and regulations wherein we will consider this question very carefully. We will discuss this question with the authorities of the stock exchanges, the Reserve Bank and other bank authorities and try to find out a way which will not hamper the development of the stock exchanges and at the same time serve the purpose while doing away with the mischief that blank transfers are said to create. The Committee had also advisedly put in its report that the Government may consider this question and see that blank transfers are not allowed for an indefinite period to remain in the market, that a period of six months or so may be prescribed. But that can be done only after a very careful study of the whole question and we cannot immediately take any action which may create difficulties in the healthy development of the business in stocks, shares and securities.

My friend Shri Bhawanji supported us throughout. He only wanted to know about options, and also whether there will only one stock exchange in a notified area or more will be allowed. It has been made clear that there can only be one stock exchange in a notified area, but it will be our earnest

effort to see that, if there are more than one stock exchanges working, they are amalgamated to form one stock exchange only. Therefore, we have also taken powers to see that the membership is not confined only to those who are at present members of the stock exchange proposed to be recognised. We have specifically provided that when the stock exchange authorities come to Government for recognition, we shall prescribe certain membership. We do not want to create a monopoly for those who are today members of the stock exchange, but we want to give opportunities to all well-deserving honest people who want to be brokers of the stock exchanges, provided they accept the conditions and the qualifications that are prescribed in the rules and regulations. I hope my hon. friend Shri Bhawanji will be satisfied with this.

**Shri Bhawanji:** I am satisfied.

**Shri M. C. Shah:** With regard to options, he said that he was in favour of making these options illegal. He was absolutely right in advocating that options should be made illegal and should be penalised, there should be punishment to the extent of one year, though that is a small one, for I would have liked a greater period. It is true that certain operators are indulging in this option business. To my mind, the business of options is nothing but gambling, and that gambling should be curbed at any cost. I may assure my hon. friend that after this Bill is passed into an Act, and it is administered, it will be the earnest desire of the Government of India to see that this option business is curbed and those who are dealing in options are brought to book, that is to say, arrested, prosecuted and sentenced. Unless we do that, perhaps this option business will go on for ever.

There is no question of only regulating options, because it is nothing but gambling according to what I understand of options. Therefore, I feel that there is no case for allowing options even in a regulated form. If

we allow options in a regulated form, it will be nothing short of allowing gambling. I am sure the whole House will be one with me when I say that we cannot allow gambling in the form of options on the stock exchange. It has been declared illegal and made punishable in the forward markets case. I do not know why yet someone dealing in option on those exchanges should not be arrested and proceeded against. So far as contracts in securities and shares are concerned, when this Bill is passed into an Act and it comes into force, I feel that the administration will take all possible and necessary steps to bring to book those who are dealing in these options. I have already explained and answered the various points raised in the course of the debate, and I am sure hon. Members will agree to accept the motion I have moved for consideration of the Bill as reported by the Joint Committee.

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

"That the Bill to prevent undesirable transactions in securities by regulating the business of dealing therein, by prohibiting options and by providing for certain other matters connected therewith, as reported by the Joint Committee, be taken into consideration."

*The motion was adopted.*

**Mr. Deputy-Speaker:** The House will now take up the clause-by-clause consideration. There are no amendments to clauses 2 and 3. To clause 4, there are two amendments, namely amendments Nos. 6 and 7 in the names of Shri Tulsidas and Shri G.D. Somani, but I do not find any of them here. Similarly there is an amendment to clause 5, namely, amendment No. 8 in the names of the same hon. Members. I shall put clauses 2 to 5 to vote.

**The question is:**

"That clauses 2 to 5 stand part of the Bill"

*The motion was adopted.*

*Clauses 2 to 5 were added to the Bill.*

*Clause 6(Power of Central Government to call for periodical returns etc.)*

**Shri M. C. Shah:** I beg to move:

Page 5 line 34—

add at the end "whether directly or indirectly".

We have provided in sub-clause (4) of this clause that where an inquiry in relation to the affairs of a recognised stock exchange or the affairs of any of its members in relation to the stock exchange has been undertaken, every director, manager, secretary or other officer of the stock exchange, and so on, will have to come and give whatever information is in their possession.

There are sometimes cases wherein there is a case of cornering or there is a case of bear raid which may be indulged in through certain brokers. At the same time, there are cases where the persons who are the real culprits remain behind. They will not give their names, but they will try to take all other names. Therefore, we have provided that those who are concerned directly or indirectly also should come and give information when we make an enquiry in regard to the affairs of the stock exchange or any of its members in relation thereto. We want to rope in all those people who are under the cloak or disguise of an innocent person, but who really speaking, are the guilty persons. It is with this end in view that we have moved this amendment.

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

Page 5, line 34—

add at the end "whether directly or indirectly".

*The motion was adopted.*

**Mr. Deputy-Speaker:** There is amendment No. 9 also to this clause, but I find that the hon. Members in

whose names it stands are not present here.

The question is:

"That clause 6, as amended, stand part of the Bill".

*The motion was adopted.*

*Clause 6, as amended, was added to the Bill*

*Clause 7 was added to the Bill.*

*Clause 8—(Power of Central Government to direct rules to be made or to make rules).*

**The Deputy Minister of Finance (Shri B. R. Bhagat):** I beg to move:

Page 6, line 28—

for "the Indian Companies Act, 1913" substitute "the Companies Act, 1956".

This is just a formal amendment.

**Mr. Deputy-Speaker:** There is one other amendment to this clause, namely amendment No. 10, but the hon. Members in whose names the amendment stands, are not present.

The question is:

Page 6, line 28—

for "the Indian Companies Act, 1913" substitute "the Companies Act, 1956".

*The motion was adopted.*

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

"That clause 8, as amended, stand part of the Bill".

*The motion was adopted.*

*Clause 8, as amended, was added to the Bill.*

*Clause 9—(Power of recognised stock exchange to make bye-laws)*

**Dr. J. N. Parekh:** I beg to move:

(i) Page 7—

for lines 1 to 3 substitute:

"(c) the submission to the Central Government by the clear-

ing-house as soon as may be after each periodical settlement of all or any of the following particulars as the Central Government may from time to time require, namely:—".

(ii) Page 7—

omit lines 11 and 12.

(iii) Page 7—

after line 12, insert:

"(cc) the publication by the clearing-house of all or any of the particulars submitted to the Central Government under clause (c) subject to the directions, if any, issued by the Central Government in this behalf;"

Shri M. C. Shah: We accept these amendments.

Mr. Deputy-Speaker: The question is:

Page 7—

for lines 1 to 3, substitute:

"(c) the submission to the Central Government by the clearing-house as soon as may be after each periodical settlement of all or any of the following particulars as the Central Government may from time to time require, namely:—"

*The motion was adopted.*

Mr. Deputy-Speaker: The question is:

Page 7—

omit lines 11 and 12.

*The motion was adopted.*

Mr. Deputy-Speaker: The question is:

Page 7—

after line 12, insert:

"(cc) the publication by the clearing-house of all or any of the particulars submitted to the Central Government under clause (c) subject to the directions, if any, issued by the Central Government in this behalf;"

*The motion was adopted.*

Mr. Deputy-Speaker: The question is:

"That clause 9, as amended, stand part of the Bill".

*The motion was adopted.*

Clause 9, as amended, was added to the Bill.

Mr. Deputy-Speaker: Then regarding clause 14, there are two amendments, Nos. 19 and 29. But the hon. Members concerned are not present in the House. I shall put clauses 10 to 20 (both inclusive) to the vote of the House.

The question is:

"That clause 10 to 20 stand part of the Bill".

*The motion was adopted.*

Clauses 10 to 20 were added to the Bill.

Clause 21— (Power to compel listing of securities by public companies).

Amendment made: Page 13, line 37—

for "the Indian Companies Act, 1913", substitute "the Companies Act, 1956".

[Shri B. R. Bhagat]

Mr. Deputy-Speaker: The question is:

"That clause 21, as amended, stand part of the Bill".

*The motion was adopted.*

Clause 21, as amended, was added to the Bill.

Clauses 22 to 26 were added to the Bill.

Clause 27 (Title to dividends)

Shri M. C. Shah: I beg to move;

Page 16—

(i) re-number clause 27 as sub-clause (1) of that clause;



[Shri M. C. Shah]

(ii) line 16, for "who claims the dividend, lodges the security" substitute—

"who claims the dividend from the transferor has lodged the security";

(iii) omit lines 20 to 24; and

(iv) after line 35, add:

"(2) Nothing contained in sub-section (1) shall affect—

(a) the right of a company to pay any dividend which has become due to any person whose name is for the time being registered in the books of the company as the holder of the security in respect of which the dividend has become due; or

(b) the right of the transferee of any security to enforce against the transferor or any other person his rights, if any, in relation to the transfer in any case where the company has refused to register the transfer of the security in the name of the transferee."

I had explained this while introducing the Bill. We had in the original Bill a clause to the effect that the person in whose name the share, stock or security stood could claim and be paid the dividend unless the transferee had lodged his documents with the company before the date the dividend was due. There were some difficulties. It was stated that the companies might be affected. As a matter of fact, companies are entitled to pay dividends to those persons in whose names the shares, stocks or securities stand. Therefore, in order to obviate that difficulty, we have inserted this provision that the company will be entitled to pay dividend and also that the transferee's rights will be kept rather secure.

What will happen will be this. Suppose A is a registered shareholder in a certain company. He has already sold his share to B on blank transfer.

Now that company will give the dividend to the shareholder whose name is there. He can receive and retain it unless the transferee (B) lodges the documents with the company.

This is with a view to restrict the unlimited and indefinite period up to which blank transfers are kept, because whenever there is a dividend declared, if the person in whose name the share stands gets the dividend, even though he may have given the share on blank transfer to another person, there will be difficulty to the transferee to get that dividend from that man who has transferred his share, except when he has already shown his intention or has already deposited the transfer deed etc. with the company with instructions to transfer the share to his name. So this is with the sole object of preventing blank transfers being kept blank for an indefinite period.

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

Page 16—

(i) re-number clause 27 as sub-clause (1) of that clause;

(ii) line 16, for "who claims the dividend, lodges the security" substitute—

"who claims the dividend from the transferor has lodged the security";

(iii) omit lines 20 to 24; and

(iv) after line 35, add:

"(2) Nothing contained in sub-section (1) shall affect—

(a) the right of a company to pay any dividend which has become due to any person whose name is for the time being registered in the books of the company as the holder of the security in respect of which the dividend has become due; or

(b) the right of the transferee of any security to enforce against



the transferor or any other person his rights, if any, in relation to the transfer in any case where the company has refused to register the transfer of the security in the name of the transferee."

*The motion was adopted.*

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

"That clause 27, as amended, stand part of the Bill".

*The motion was adopted.*

*Clause 27, as amended, was added to the Bill.*

*Clauses 28 to 31, Clause 1, the Enacting Formula and the Title were added to the Bill.*

**Shri M. C. Shah:** I beg to move:

"That the Bill, as amended, be passed".

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

"That the Bill, as amended, be passed".

*The motion was adopted.*

## HINDU MINORITY AND GUARDIANSHIP BILL

**The Minister of Legal Affairs (Shri Pataskar):** I beg to move:

"That the Bill to amend and codify certain parts of the law relating to minority and guardianship among Hindus, as passed by Rajya Sabha, be taken into consideration".

This is a very simple measure and the simplest part of the original Hindu Code. We have already passed the Succession Act and the Marriage Act so far as Hindus are concerned:

This Bill which is in addition to the provisions of the present Guardians and Wards Act is intended to preserve some of the special features so far as

the question of guardianship amongst Hindus is concerned. Because, as I would presently explain, this is in addition to the provisions of the Guardians and Wards Act and not in derogation of it.

The history of this simple measure is this. This Bill was introduced as far back as 9th April, 1953; and, ultimately it was referred to a Select Committee. It was also considered, at a certain stage, by both Houses and it was passed by the Rajya Sabha also on the 7th April, 1955. On account of the importance of the other parts as well as of the fact that it was thought that it would be much desirable that this part and the remaining parts should be taken after the important parts of the Hindu Code had been taken up and passed by this House, this was delayed.

I would not take long and I would briefly—probably as it is now more than a year that this Bill was considered by this House—go through the few provisions that are contained in this Bill. This has got only 13 clauses. The first clause is a merely formal one. The clause relating to extent is also the usual one which has already been passed with respect to other Bills which we have passed.

Clause 2 is important. In order to assure persons that what is tried to be done by this Bill is in addition to the provisions of the Guardians and Wards Act, it is expressly mentioned here.

Clause 3 relates to the application of this Act and it is the same as has been inserted in the other two Acts which we have already passed. So, I need not say anything about that.

Clause 4 relates to definitions and they are also very simple. The first is a definition of a minor which is the same as is contained in the Indian Majority Act. 'Minor' means a person who has not completed the age of 18 years. Then there is a definition of guardian. It has been stated that

[Shri Pataskar]

guardians are of the following categories, natural guardians, guardians appointed by the will of the minor's father or mother, a guardian appointed or declared by a court and a person empowered to act as such by or under any enactment relating to any court of wards. As lawyers are aware, these are usual categories of guardians. Natural guardian is just a peculiar feature of Hindu law and he is defined in sub-clause (c), which means any of the guardians mentioned in section 6. Clause 6 lays down who are the natural guardians for the purposes of this Act.

Clause 5 is over-riding effect of the Act. I think it is the same as has found a place in other Acts relating to the other parts of the Hindu Code. Clause 6 is a very simple one and it is in accordance practically—with some slight modifications—with the present rule with respect to natural guardians. It says:

"The natural guardians of a Hindu minor, in respect of the minor's person as well as in respect of the minor's property (excluding his or her undivided interest in joint family property) are—

In the case of a boy or an unmarried girl—the father, and after him, the mother."

Then, in the case of an illegitimate boy or an illegitimate unmarried girl—the mother. We know that in the case of an illegitimate boy or girl, naturally the mother is the natural guardian and in the case of a married girl, naturally, the husband is the natural guardian. It is also provided that no person shall be entitled to act as the natural guardian of a minor if he has ceased to be a Hindu. It is a provision of Hindu law that if a person is converted to another religion, then, there is no reason why he should retain his right as a natural guardian which he can claim only as a Hindu. Therefore, I believe that that provision is there. Then there is the provision regarding those who have final-

ly renounced the world by becoming hermits etc. We know that so far as Hindus are concerned, there are people who sever their connections with worldly life. Naturally, in those circumstances, it is not desirable that those persons should continue to be guardians of minors. Therefore, I think, all of us will agree that clause 6 follows the lines on which natural guardians are, as a matter of fact, recognised at present.

Then, clause 7 is very simple. It only means that in the case of an adopted son, the adoptive father and after him the adoptive mother are the natural guardians. I think that also is in conformity with existing law.

There is clause 8 which defines the powers of a natural guardian and it is important to note that this is also one of the important sections. It only means that the natural guardian of a Hindu minor has power, "subject to the provisions of this section, to do all acts which are necessary or reasonable and proper for the benefit of the minor or for the realization, protection or benefit of the minor's estate; but the guardian can in no case bind the minor by a personal covenant."

I think, so far as this portion is concerned, there will be, probably, no dispute. What is said further is—

"The natural guardian shall not, without the previous permission of the court,—mortgage or charge, or transfer by sale, gift" etc. "any part of the immovable property of the minor, or lease any part of such property for a term exceeding five years or for a term extending more than one year beyond the date on which the minor will attain majority."

It will be seen that this provision is intended to protect the minor's property. It may so happen that a person is the guardian of a minor son who has inherited property from his mother. After the death of the

mother, the father becomes the guardian and he has again married and has children by that marriage. In such a situation it is thought desirable that if at all such a natural guardian were to alienate property, he should be able to do so only with the permission of the court, that is, when the matter has been examined at some stage by the court. My friend, Shri Chatterjee, will admit in most such cases the minor's interests are not properly looked after. That is the provision in this clause.

Clause 8 contains provisions as to the procedure to be followed. It is the same procedure as has been prescribed by the Guardians and Wards Act. At the time of the discussion of clauses we may have occasion to refer to this and so I will not go into the details of this clause now.

Clause 9 relates to testamentary guardians. The Hindu father has been given the power, as the natural guardian of the minor, to appoint a guardian if he wants to appoint somebody by will. But there is a restriction so far as the property is concerned that it shall be other than the undivided interest referred to in section 12. The appointment made shall have no effect if the father predeceases the mother. Supposing there is a minor. The natural guardian is the father. If after the death of the father, the mother is alive and the father has appointed a testamentary guardian, then, what is provided here is that that guardian shall be revived if the mother dies without appointing as guardian another person. "This is also a wholesome provision to safeguard the interests of the minor.

Here it is provided that:

"A Hindu widow entitled to act as the natural guardian of her minor legitimate children, and a Hindu mother entitled to act as the natural guardian of her minor legitimate children by reason of the fact that the father has become disentitled to act as such,

may, by will, appoint a guardian for any of them."

In certain cases, the mother also has been given the right to appoint testamentary guardian. Supposing the father has changed his religion; he is disentitled to act as the guardian. Then the power is given to the mother to appoint a testamentary guardian. I hope this provision will also be found to be in the best interests of the minor.

There is also a provision for the mother as the natural guardian of illegitimate children to appoint a testamentary guardian. I think these are all simple provisions and, probably, there may not be much controversy about them.

Clause 10 is very simple; a minor shall not be the guardian of another minor. I think it is obvious. At the same time, it was thought necessary to include a provision like that. This is what is done by clause 10.

On the last occasion I explained that *de facto* guardians are abolished. At the present moment, under the Hindu law, guardians are recognised. But as hon. Members will be aware, in all cases of *de facto* guardianships, that is, in the case of unfortunate minors who are left with no parents nor any near relations, it may be that somebody has to act as a *de facto* guardian of the minor. It is provided here that such a *de facto* guardian cannot dispose of or deal with the property of the minor. Naturally he can make application under the Guardians and Wards Act and get the permission of the Court to deal with the property, but it is not desirable to allow any person on the ground of his or her being the *de facto* guardian of the minor to dispose of the property of the minor. There have been various cases in the past where there was long drawn litigation as to whether it was in the interest of the minor or not. All such litigation will be avoided by this salutary provision.

[Shri Pataskar]

Clause 12 deals with the question of guardian for minor's undivided interest in joint family property and it says:

"Where a minor has an undivided interest in joint family property and the property is under the management of an adult member of the family, no guardian shall be appointed for the minor in respect of such undivided interest."

Consistent with the theory of joint family, in spite of the fact that we have passed the Hindu Succession Act, the joint family will continue, and, therefore, it has been provided that in the case of joint families it is not desirable to introduce a third party as guardian as there will be conflict between him and the adult member of the joint family who is the manager. It is from that point of view that this provision has been incorporated in clause 12.

It has been made clear in clause 13 that in the appointment or declaration of any person as guardian of a Hindu minor by a Court, the welfare of the minor shall be the paramount consideration. There might be cases where we have to follow strictly the rules and therefore it has been provided that primarily the only consideration that should apply in making the appointment of a guardian is the welfare of the minor himself. Then it is provided here—

"No person shall be entitled to the guardianship by virtue of the provisions of this Act or of any law relating to guardianship in marriage among Hindus, if the Court is of opinion that his or her guardianship will not be for the welfare of the minor."

This follows as a corollary of the principle underlying clause 13. I hope this is a very simple measure and non-controversial in its character and it is only intended for the purpose of protecting the interests of the minor as well as to make provision for recognition of natural guardians, which

is a peculiar feature of the Hindu law.

This is a very simple and non-controversial measure and its provisions have been considered by this House. The measure was also considered by the Joint Committee. Rajya Sabha also has carefully considered all these provisions. I am sure that this measure is simple in its character and does not give ground for any controversy in this matter. I know that probably there are some clauses here which are really repetitions of the clause—with respect to the application of the Act, with respect to the extent, etc. But I am sure that we have all thoroughly discussed every word of these clauses on two or three occasions before and I hope hon. Members of the House will now reconcile themselves to the present provisions—because some of them did not agree to some provisions. I hope that the hon. Members will not concentrate on the old controversies, but concentrate on the salient features of this Bill, which to my mind are the recognition of the natural guardians, which is a peculiar feature of the Hindu law, and the abolition of *de facto* guardians. These are the two main points. I think there is very little room for controversy in this matter. I commend this measure for the acceptance of the House.

Mr. Deputy-Speaker: Motion moved:

"That the Bill to amend and codify certain parts of the law relating to minority and guardianship among Hindus, as passed by Rajya Sabha, be taken into consideration."

Shri N. C. Chatterjee (Hooghly): I always dislike a Bill with thirteen clauses.

Mr. Deputy-Speaker: Sometimes one is helpless.

Shri N. C. Chatterjee: I am afraid the hon. Minister has oversimplified it by saying that it is a very simple measure of 13 simple clauses. I want to draw your attention to two clauses, that is, clause 5 and clause 6, which

require special consideration of Parliament.

We are saying in clause 6 that there should be natural guardians and that a natural guardian of a Hindu minor, in respect of the minor's person as well as in respect of the minor's property shall be, in the case of a boy or an unmarried girl, the father, and after him, the mother. In clause 11 we are pronouncing a doom on all *de facto* guardians. I am afraid this is not an improvement but it is a retrograde measure. It will not be for the welfare of minors throughout Hindusthan to say that from tomorrow there shall be no *de facto* guardians. The only guardians known in law, the natural guardians, shall be the father and the mother. Supposing the mother is dead and the father is married to another lady, then what happens? As you know, in Hindu society it often happens that in such cases there is persecution of the progeny of the first wife. Am I to understand that there is nobody except the father to look to the interests of the minor? I think the old Hindu law is far better in this respect. If the father and the mother are going to remain as natural guardians and nobody else to look after the minors under the law, there will be great difficulty. I find that Shrimati Ila Palchoudhury has put in a strong note of dissent and I maintain that she has put forward cogent arguments which should appeal to this honourable House. She says—

"The very fact of debarring other relatives from guardianship breaks up the mental effect of social customs and social pressure. As it is, sometimes there will be great difficulty in getting minor children cared for, particularly when there is not much money or property left for them. In such cases it has been the social pressure that played a great part in getting the children looked after. If law itself debars other relatives, it will give them a very good excuse to shirk their responsibility."

She has put forward another argument which also merits consideration, the psychological aspect. It will also have a very bad influence on the minors themselves. The minor is not always a child of three or four or five years of age, but may be 15 or 16 or 14 or 17 years old. In that most impressionable period of her life, she will have to be looked after by somebody. Therefore, I think it is not a wholesome provision. What is the harm in giving also the paternal grandfather or grandmother or the maternal grandfather or grandmother or the paternal and maternal uncles, in suitable cases, the right to be recognised as natural guardians? It is very very hard that when there is no father or no mother, the *de facto* guardian, who is competent to function, should be deprived of his right and responsibility in this matter. Supposing the father is dead and the mother is dead, what will happen to the minor? You cannot possibly expect that in every case the people will go to the District Judge, move the Court under the Guardians and Wards Act and get somebody appointed. You are declaring in clause 11—

"After the commencement of this Act, no person shall be entitled to dispose of, or deal with, the property of a Hindu minor merely on the ground of his or her being the *de facto* guardian of the minor."

That means that in the absence of the father and the mother—supposing there is a desirable boy available for marrying an unmarried girl of the age of 17 and her father and mother are not there, they are dead—even the uncle cannot do anything. If the grandfather is there, he cannot function and he cannot even deal with the moveable property for the purpose of marrying the girl. I do not think this is a desirable provision or this will really help the minor. I am quite sure that the hon. Minister is inspired by a good motive; his real objective is to do something good for the lasting welfare of the unfortunate

[Shri N. C. Chatterjee]

minors. I am afraid that doing away with the age old customs and rights and age old guardians will not be desirable in the society as it is constituted today. In other countries, the State or the Crown is looked upon as *parens patriae* and sometimes the Advocate-General or some State authority takes steps for getting a guardian appointed. There is no such provision here. What will happen if either of the parents is dead and the other is not competent or desirable to function as a natural guardian? I would like the hon. Minister and the House to give some thought to it.

Shrimati Renu Chakravartty has pointed out something which merits very serious consideration. She says:

"The Bill provides that the custody of a minor who has not completed the age of five years shall ordinarily be with the mother. But in our opinion the age limit should be raised to twelve because we hold that for the proper and healthy development of a child a mother's care and guidance upto that age is necessary."

Whether it is ten or twelve, I do not think that the age of five is a desirable age. Something should be done to raise that age.

Shri More has gone further and says:

"Girls, whether married or unmarried should ordinarily be in the custody of the mother till they attain puberty".

I do not like that expression. Anyhow, something should be done for the purpose of raising the age in such cases.

Shrimati Renu Chakravartty has said that in a secular India there should be no forfeiture of guardianship rights in the case of change of religion. I submit that the hon. Minister is right when he points out that when a man changes his religion he cannot continue to be the guar-

dian of a Hindu minor because he has got to rear up the child according to the customs and tenets of the faith to which he or she belongs. It would not be right to allow somebody who has changed the religion to become the guardian. It may be that the tenets of his religion may be completely at variance with the minor's.

There are also other clauses which require careful consideration. The powers of the natural guardian are also being very much restricted in clause 8. I maintain seriously that by passing this Bill you will put a very undesirable and unwholesome fetter on the rights of the father and mother. The father may be dead; the mother is there. She has got to marry a girl and the girl has got property, only immovable property. For legal necessity, she cannot even mortgage that property. There could be no better necessity than finding a suitable son-in-law for a marriagable daughter and the mother could not sell the property unless and until she goes through the cumbersome procedure of going to a court of law and getting its sanction. This is not a legislation to promote the welfare of the people for whose benefit you are legislating.

Look at clause 8. It reads:

"(1) The natural guardian of a Hindu minor has power, subject to the provisions of this section, to do all acts which are necessary or reasonable and proper for the benefit of the minor or for the realization, protection or benefit of the minor's estate; but the guardian can in no case bind the minor by a personal covenant.

(2) The natural guardian shall not, without the previous permission of the Court,—

(a) mortgage or charge, or transfer by sale, gift, exchange or otherwise, any part of the immovable property of the minor...."

Supposing there is a property worth Rs. 5 lakhs and a minor girl has got to be married, even then, the mother



cannot mortgage or sell any part of the property except with the previous permission of the court.

**Mr. Deputy-Speaker:** Perhaps the idea may be this. Now that the girl has a share, why spend anything on her marriage?

**Shri U. M. Trivedi (Chittor):** That is very logical. Perhaps the Minister forgot the existence of that law.

**Shri Pataskar:** I have not forgotten anything.

**Shri N. C. Chatterjee:** He is inducing us to enact, or inducing this Parliament in spite of us, to enact, this law. One has got to spend some money when one has got to marry one's daughter.

**Mr. Deputy-Speaker:** He thought that men like yourselves had reconciled themselves to the new position.

**Shri N. C. Chatterjee:** He is indulging in a wish. I wish it was correct. Anyhow, we have got to reconcile ourselves to so many things, at least temporarily.

Today the main difference between a court guardian and a natural guardian is this. The former cannot raise Rs. 100 or even 10 rupees on any property unless the permission of the court is taken. It is a costly procedure. In my part of India, it means a reference to a court nazir who makes elaborate investigation, invites objections, and so on and all this takes six months or more and then the thing is finalised. The father and the mother are placed on a high pedestal. Can anybody possibly think that a court would be more solicitous and in a better position to judge of the welfare of the minor than the father or mother? When you are restricting the natural guardianship to the father and the mother and giving powers to the natural guardian to do everything reasonable and pro-

per for the benefit of the minor, why do you not trust the father and the mother? Why drive them to a court of law and ask it to sit in judgment over the father's judgment or the mother's judgment and find out whether it is a desirable transaction, whether this property should be mortgaged or that, and so on. I submit that this is really bringing down the father and the mother to a lower pedestal. It is a retrograde step.

I have not clearly thought it out but it seems that there will be some difficulty with regard to the duplication of statutes operating in the same sphere or area. The Guardians and Wards Act continues to be in force. I do not know whether there will be any clash or inconsistency of authorities in the same sector. The Guardians and Wards Act shall apply to and in respect of an application for obtaining the permission of the court. It is provided in clause 8 (5). So, all this procedure shall have to be gone through.

Shri More has said that the necessity to secure the previous permission of the court will add to the volume of work of the courts, will entail expenses and cause delay. Permission given by a court, he adds, will give some foundation to the assumption that the transaction effected was for the benefit of the minor and when challenging the same it will have to be proved that it was not to his benefit and the onus in most cases will be difficult to discharge.

**Mr. Deputy-Speaker:** Is the hon. Member likely to take some more time?

**Shri N. C. Chatterjee:** Yes, Sir.

**Mr. Deputy-Speaker:** Then, he may continue tomorrow.

*The Lok Sabha then adjourned till Eleven of the clock on Tuesday the 17th July, 1956.*

5 P.M.



# DAILY DIGEST

[Monday, 16th July, 1956]

## COLUMNS

### MOTIONS FOR ADJOURNMENT 1—4

The Speaker withheld his consent to the moving of an adjournment motion given notice of by Shri S.L. Saksena regarding the havoc caused by floods in the country as the Minister of Planning and Irrigation and Power promised to make a statement on the subject shortly.

The Speaker postponed his decision on the admissibility of an adjournment motion given notice of by Shri M.S. Gurupadaswamy regarding the order of the District Magistrate of Delhi issued on Sunday, the 15th July, 1956 prohibiting the holding of meetings or demonstrations and taking out of processions in the areas around Parliament House.

### PAPERS LAID ON THE TABLE 4—7

The following papers were laid on the Table :

(1) A copy of the Notification No. AR/1937 (17), dated the 7th April, 1956, together with an Explanatory Note, under sub-section (3) of section 5 of the Indian Aircraft Act, 1934.

(2) A copy of each of the following papers, under sub-section (2) of section 16 of the Tariff Commission Act, 1951, namely:—

(i) Report of the Tariff Commission on the grant of protection and/or assistance to the Calcium Carbide Industry, 1956.

(ii) Ministry of Commerce and Industry Resolution No. 37 (1)-TB/56, dated the 30th June, 1956.

(iii) Statement under proviso to section 16 (2) of the Tariff Commission Act, 1951, explaining the reasons why a copy of each of the documents referred to at (1) and (2) above could not be laid within the prescribed period.

(3) A copy of the Notification No. S.R.O. 1476, dated the 30th June, 1956, under sub-section (3) of section 49 of the Tea Act, 1953, making

## COLUMNS

certain further amendment to the Tea Rules, 1954

(4) A copy of the Notification No. EV—11 (6)/55, dated the 18th January, 1956, under sub-section (2) of section 17 of the Requisitioning and Acquisition of Immovable Property Act, 1952.

(5) A copy of the Officers of Parliament, (Travelling and Daily Allowances) Rules 1956, under sub-section (2) of section 11 of the Salaries and Allowances of Officers of Parliament Act, 1953, published in the Department of Parliamentary Affairs Notification No. S.R.O. 1356, dated the 16th June, 1956.

(6) A copy of the Notification No. S.R.O. 1250, dated the 19th May, 1956, under sub-section (6) of section 3 of the Essential Commodities Act, 1955, making certain amendments in the Fruit Product Order, 1955.

(7) A copy of the statement showing progress of action, upto 31st May, 1956, in cases dealt with under section 34 (IA) of the Indian Income-tax Act, 1922, in pursuance of an assurance given on the 18th September, 1954, during the discussion on the Indian Income-Tax (Amendment) Bill, 1954.

(8) A list of concerns to which exemption under section 56-A of the Indian Income-Tax Act, 1922 has been granted during 1955-56, in pursuance of an assurance given on the 18th April, 1953, during the discussion on the Finance Bill, 1953.

(9) A copy of each of the following Central Excises Notifications, under section 38 of the Central Excises and Salt Act, 1944 :—

(i) Notification No. 3-CER/56, dated the 19th May, 1956.

(ii) Notification No. 4-CER/56, dated the 2nd June, 1956.

(iii) Notification No. 5-CER/56, dated the 9th June, 1956.

(iv) Notification No. 6-CER/56, dated the 9th June, 1956.

(v) Notification No. 7-CER/56, dated the 16th June, 1956.