

Friday,  
November 21, 1947  
A. Ck.

**THE  
CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE) DEBATES**

**Official Report**

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**Volume I, 1947**

*( 17th November to 27th November, 1947 )*

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**First Session  
OF THE  
CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)  
1947**



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# CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

Friday, 21st November, 1947.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### EXPLOITATION OF MINERAL RESOURCES

**205. \*Shri S. Nagappa:** (a) Will the Honourable Minister of Works, Mines and Power be pleased to state the total quantity of coal, iron and other minerals that are exploited from the mineral resources in our country every year for the last 3 years?

(b) Is there any scheme under contemplation of Government to increase the exploitation?

(c) If so, what is it, and if not, why not?

**The Honourable Shri N. V. Gadgil:** (a) A statement, showing quantities of coal, iron-ore and other important minerals produced in the country, during the last three years, for which complete figures are available, is placed on the table.

(b) Yes.

(c) As regards coal, the Government of India, with a view to implementing the recommendation of the Indian Coal Fields Committee, 1946, for stepping up production of coal, formed an interdepartmental committee to draw up a co-ordinated plan of coal production and transport, over the next five years.

With regard to minerals generally, exploitation is mostly in the hands of private concerns except production of coal from State Railways collieries, which are run by Government.

The following schemes are under contemplation of Government, and are intended, *inter alia*, to encourage and promote the exploitation of minerals:

(i) Expansion of the Geological Survey of India, to over five times its pre-war cadre, for an extensive search for minerals, with the help of modern instruments and methods. Several Sections which have recently been created in the Geological Survey of India for that purpose, are, the Geophysical Section, the Drilling Section, the Mineral Development Section, and the Rare Minerals Section.

(ii) Creation of a Bureau of Mines, manned by experts, in an advisory capacity for the present, for production, conservation and utilisation of minerals in the country.

(iii) Increasing the technical man-power in the country by reorganisation of the Indian School of Mines, Dhanbad, by implementing the recommendations of the Geological Education Committee, and by sending abroad on scholarship and on deputation, officials and non-officials, for higher education and training, in mining, geology, geophysics and allied subjects.

(iv) Encouraging domestic utilisation of ores and local processing, refining and treatment of minerals.

Statement showing figures of production of coal, iron ore and other minerals produced in the country, referred to in part (a) of starred question No. 205, dated the 21st November 1947.

	1943	1944	1945	1946
Coal . . . . . (Tons)	...	25,965,556	28,972,548	29,274,850
Iron Ore . . . . . (Tons)	2,655,173	2,363,640	2,264,116	...
Gold . . . . . (Ozs.)	255,228.4	188,205.9	168,366.3	...
Manganese-Ore . . . . .	595,347	370,980	210,230	...
Petroleum . . . . . (Galls.)	95,718,986	97,453,077	82,000,022	...
Mica . . . . . (Cwts.)	159,581	139,392	128,306	...
Copper-ore . . . . . (Tons)	359,789	326,017	329,325	...
Limonite . . . . . (Tons)	37,440	100,794	172,086	...
Chromite . . . . . (Tons)	33,255	39,555	31,142	...
Kyanite . . . . . (Tons)	12,513	13,099	13,497	...
Salt . . . . . (Tons)	1,926,893	1,864,725	1,943,593	...
Steatite . . . . . (Tons)	15,869	21,392	22,345	...
Bauxite . . . . . (Tons)	24,160	12,135	13,893	...
Monazite . . . . . (Tons)	1,908	2,016	1,567	...
Gypsum . . . . . (Tons)	82,267	83,706	90,772	...
Magnesite . . . . . (Tons)	49,070	41,936	28,333	...
Barytes . . . . . (Tons)	8,860	15,299	24,655	...

**Shri S. Nagappa:** Sir, may I ask, what sort of encouragement in the way of State aid Government will give to private agencies who will be responsible for exploiting these resources?

**The Honourable Shri N. V. Gadgil:** Such advice as can be given by the contemplated Bureau of Mines.

**Shri S. Nagappa:** May I ask only advice will be given or any financial aid will be given?

**The Honourable Shri N. V. Gadgil:** For the present the help is limited to advice, but in suitable cases where Government is convinced that by giving some financial help considerable result will accrue, that will be considered.

**Shri S. Nagappa:** May I ask, Sir, whether the Government is aware there was some investigation so far in Andhra Desa is concerned and it has been stopped now? May I know the reason for such stopping?

**The Honourable Shri N. V. Gadgil:** One reason may be that they did not have enough staff to continue quantitative surveys of certain areas, but if the demand comes from the Local Government concerned, some assistance may be made available.

**K. T. M. Ahmed Ibrahim Sahib Bahadur:** Sir, is it a fact that certain coal deposits were found in the districts of South Arcot and Tanjore and may I know whether any attempts have been made to exploit these coal deposits?

**The Honourable Shri N. V. Gadgil:** I require notice.

**Pandit Lakshmi Kanta Maitra:** Will the Honourable Minister be pleased to enlighten the House if the Advisory Body of Experts has already been established and where it is functioning?

**The Honourable Shri N. V. Gadgil:** The Bureau of Mines is not yet established but the proposal for the constitution of the Bureau of Mines is before the Finance Ministry and in a few days' time it will come into existence.

**Shri M. S. Aney:** May I know, Sir, whether in pursuance of the scheme that have been read out to us, any students have been already sent to foreign countries for education?

**The Honourable Shri N. V. Gadgil:** I require notice for this.

**Pandit Lakshmi Kanta Maitra:** Will the Honourable Minister of Works, Mines and Power be pleased to state if this Advisory Board will be part of the Annexe of the Geological Survey of India or an independent body?

**The Honourable Shri N. V. Gadgil:** It will be a different body altogether.

**Shri Raj Krishna Bose:** Is there any scheme for the Expansion of the Indian School of Mines in Dhanbad under the consideration of Government?

**The Honourable Shri N. V. Gadgil:** Yes; and the recommendations of the Committee will be implemented as far as possible.

#### MAJOR IRRIGATION PROJECTS

**206. \*Shri S. Nagappa:** Will the Honourable Minister of Works, Mines and Power be pleased to state province-wise the names of major irrigation projects:

- (i) in regard to which investigation has been completed;
- (ii) which are under investigation; and
- (iii) which will be taken up for investigation?

**The Honourable Shri N. V. Gadgil:** (i) Investigations have not been completed on any of the major irrigation projects. In the case of the Damodar Scheme in Bengal and Bihar, the Mahanadi Scheme in Orissa and the Bhakra Dam in Punjab investigations have reached a stage when construction work could be started in the very near future. In the case of the Tungabhadra Project in Madras and the Mor Project in Bengal construction is already in progress.

(ii) The following are under investigation:

(a) *The Central Waterways, Irrigation and Navigation Commission.*—(1) Mahanadi Valley Scheme in Orissa, (2) Kosi Dam Project in Nepal and Bihar, (3) Narbada, Tapti and Sabarmati projects in Bombay, Central Provinces, Baroda and Central India and Kathiawar States, (4) Indravati and Sabri Scheme in Bastar State, (5) Brahmaputra, Barak and Someshwari rivers valley development schemes in Assam, (6) Sone Valley scheme in Bihar, United Provinces and Rewa State.

(b) *The Central Technical Power Board.*—(1) The Damodar Valley Scheme.

(c) *The East Punjab Government.*—Bhakra Dam Scheme in East Punjab.

(d) *United Provinces Government.*—(1) Rihand Dam Scheme, (2) Nayar Dam Scheme, (3) Ramganga Dam Project.

(e) *The West Bengal Government.*—Mor Project.

(f) *The Madras Government.*—(1) Tungabhadra Project, (2) Ramapadsagar Project.

(g) *The Coorg Administration.*—(1) Lakshmanteertha Project, (2) Harangi Project, (3) Barapole Schemes.

(h) *The Patiala State.*—Dochi Dam Scheme.

(i) *Kotak, Indore and Merwar States.*—Chambal Scheme.

(iii) None else in view at present.

**Shri S. Nagappa:** Is it a fact that the Minister for Public Works in Madras has represented to the Central Government that the Krishnapennar project

is more feasible and cheap and has more utility value than other projects that are now under investigation?

**The Honourable Shri N. V. Gadgil:** The answer to the first part is in the affirmative. As regards the latter part, it is a matter of opinion and is still under investigation.

**Shri S. Nagappa:** In that case will the Honourable Minister be pleased to state whether he will sanction loans applied for by the Madras Government in order to execute these projects that have been already investigated and are ready for execution?

**The Honourable Shri N. V. Gadgil:** Each case will be judged relatively on its own merits and as part of the overhaul scheme for the whole of this country.

**Shri S. Nagappa:** In view of the food scarcity, specially in Madras, will Government consider schemes of that province and give them preference so that they may be executed at an early date and save the people from the food scarcity?

**The Honourable Shri N. V. Gadgil:** I only want to repeat what I said in answer to the question that was asked before this.

**Shri Ram Chandra Gupta:** What is the total cost of the projects that have been enumerated?

**The Honourable Shri N. V. Gadgil:** That has been laid on the table.

**Pandit Lakshmi Kanta Maitra:** With the exception of the Damodar Valley scheme have all these other projects also been investigated with regard to the generation of hydro-electric power?

**The Honourable Shri N. V. Gadgil:** Yes, Sir.

**Shri Rameshwar Prasad Sinha:** Are Government in a position to state as to how long it would take to finish up the investigation of the Kosi Dam project?

**The Honourable Shri N. V. Gadgil:** I cannot give the time off-hand but all attempts will be made to complete the preliminary survey as early as possible.

**Prof. N. G. Ranga:** Are Government trying to give preference or priority to those projects which are expected to give protection from famine in addition to being useful in regard to the Grow More Food Scheme? If so, do Government propose to give any preference to the Sangameswar project in the south?

**The Honourable Shri N. V. Gadgil:** That is the most important factor that has weighed with Government. As regards the particular project it will be governed by the same consideration.

**Dr. Pattabhi Sitaramayya:** May I know the difference between "scheme" and "project"?

**The Honourable Shri N. V. Gadgil:** "Scheme" is the first step; "project" is the second.

**Shri Raj Krishna Bose:** Has any time schedule been fixed for the completion of the Mahanadi Valley project of Orissa.

**The Honourable Shri N. V. Gadgil:** No time limit as such is fixed but our engineers generally think that the project can be completed within a period of seven years.

**Shri M. S. Aney:** May I ask what progress has been made as regards the investigation of the Tapti and Nermudda schemes?

**The Honourable Shri N. V. Gadgil:** As my Honourable friend is very much interested in it I should like to tell him that the first preliminary survey has been sanctioned at a cost of 1 crore and 20 lakhs.

**Seth Govinddas:** Is it a fact that as far as the Nermudda project is concerned, the C. P. Government has written to the Government of India that it should now be taken in hand immediately as the whole scheme is ready?

**The Honourable Shri N. V. Gadgil:** The C. P. Government as well as the Bombay Government and many other people have pressed us to expedite the scheme. I should like to state that just like a popular song the river valley projects have caught the imagination of the people but there are other limiting factors which have got to be taken into consideration, such as adequacy of technical man-power and finances.

**Shrimati G. Durgabai:** May I know what time limit has been fixed for the Ramapadasagar project and when it is to be completed?

**The Honourable Shri N. V. Gadgil:** As already stated, it is under consideration. Once it is approved the time limit will come automatically.

#### HELP GIVEN TO REFUGEES BY GOVERNMENT AND PRIVATE BODIES

207. \***Shri S. Nagappa:** Will the Honourable Minister of Relief and Rehabilitation be pleased to state;

(a) the total number of refugees that are given shelter and protection by the Indian Government;

(b) the various places where they have been sheltered;

(c) the nature of shelter and protection given to them;

(d) the cost of shelter so given;

(e) the amount of voluntary contributions collected by public organisations and their names;

(f) the number of women and children among refugees;

(g) the number of deserters; and

(h) the nature of shelter or protection given to each category?

**The Honourable Shri K. C. Neogy:** (a) to (h). Detailed information is being collected and will be laid on the table in due course. Meanwhile, I am confining my reply to the Kurukshetra camp which is under the direct control of the Central Government.

On the 16th November the population of the camp was 2,46,000. For the most part the population of the Camp is given shelter in over 12,000 tents and a few cottages. The tents were supplied by the Army authorities and the cost cannot be determined yet. A great many voluntary organisations have been working to ameliorate the conditions of the refugees. Among them are the Ramakrishna Mission, the Marwari Relief Society and the Delhi Central Relief Committee.

The census of the Camp is being taken roughly, half the population of the Camp are women and children. Residence in the Camp is not obligatory and there is complete freedom of movement. It is therefore difficult to give an estimate of the number of deserters.

**Shrimati G. Durgabai:** What special steps are Government taking to recover abducted women and children?

**The Honourable Shri K. C. Neogy:** I am afraid this question does not arise. There is a question on this subject later on.

**Shri S. Nagappa:** Have Government taken adequate steps to see that medical help is given to these refugees, in addition to the proper sanitary conditions that are made to prevail there?

**The Honourable Shri K. C. Neogy:** Yes, Sir.

**Seth Govinddas:** Is it a fact that the Central Government has written to the various provincial Governments to take a certain number of refugees in their provinces? Is it also a fact that the C. P. Government has agreed to take 10,000 refugees and has created the Mehgaon Camp? Why are not the refugees are sent out to these different provinces?

**The Honourable Shri K. C. Neogy:** As a matter of fact the movement of refugees from Kurukshetra and other transit Camps is expected to start within a week. I may remind my Honourable friend that due to limitations on the transport capacity of the railways, the places nearest to these Camps will be first of all tackled for the purpose of sending these refugees. The C. P. Camp, as the Honourable Member will realise, are stationed at a greater distance than many other places.

**Shri Santanu Kumar Das:** What is the number of refugees residing in India who are not getting shelter or help from Government?

**The Honourable Shri K. C. Neogy:** It is difficult to give a definite reply to this question because the number and location of the camps vary from time to time, and I might attempt an answer if my Honourable friend would give me written notice.

**Begum Aisaz Rasul:** May I know the number of refugees that the U. P. Government have agreed to take in their province?

**The Honourable Shri K. C. Neogy:** So far as the U. P. is concerned, the actual number of refugees there is approximately 8½ lakhs already. I do not know whether this particular number was agreed to by the U. P. Government at any stage.

**Shri H. J. Khandekar:** Are there any people in Pakistan and the Bahawalpur State who are ready to be evacuated and have any arrangements been made by this Government to bring them to India?

**The Honourable Shri K. C. Neogy:** That question, I am afraid, does not arise.

**Pandit Lakshmi Kanta Maitra:** In regard to the voluntary organisations referred to in the reply who are working at Kurukshetra, are they subsidised by Government? If so, under what conditions?

**The Honourable Shri K. C. Neogy:** It is not a question of voluntary organisations being subsidised. The entire financial responsibility for running the Kurukshetra Camp has been undertaken by the Central Government. These organisations render help of various kinds in running the Camp.

**Pandit Lakshmi Kanta Maitra:** Have they got any initiative in the matter of policy or otherwise?

**The Honourable Shri K. C. Neogy:** They have to act in close co-operation with the Camp authorities. I do not suppose they have any direct initiative in regard to policies about the administration of the Camp.

**Shrimati Renuka Ray:** Apart from giving shelter and protection, what steps have Government taken to rehabilitate and absorb the trained personnel among the refugees in new projects for nation-building services, such as having training centers for teachers, nurses, etc?



**The Honourable Shri K. C. Neogy:** All that is under active consideration and some projects are about to be started.

**Mr. R. K. Sidhwa:** May I know if Government intend to provide shelters for the very large numbers of refugees in the Kurukshetra camp who are living under the sky?

**The Honourable Shri K. C. Neogy:** The capacity of the Kurukshetra Camp is two lakhs and it is on the basis of this estimate that covered accommodation has been provided for. Unfortunately, however, streams of refugees continue to come to Kurukshetra, making it difficult not merely for Government to provide covered accommodation for them but even to organise the camp properly.

**Shri Ajit Prasad Jain:** Is the Honourable Member aware that apart from the Kurukshetra Camp, in other places a very large number of refugees are lying under the sky without shelter and what do the Government propose to do about their shelter?

**The Honourable Shri K. C. Neogy:** As I said in a reply to another question, the refugees who have to live under the sky do not, I imagine, have to live under such conditions for a very long time. They are in the nature of transit camps mostly and the refugee population is a kind of a transitory population. But I regretfully admit that there have been instances in which refugees have had to live under the sky for a fairly considerable period. But my Honourable friend would realize that it is difficult, having regard to the limitations on our resources, to provide roof accommodation to consider all the refugees who are coming in very large numbers.

**Diwan Chaman Lall:** Has the Honourable Member considered the possibility of the Government of India taking over all the reception, transit and refugee camps?

**The Honourable Shri K. C. Neogy:** I do not think the question has yet come up for consideration, because the points of entry are in East Punjab and the responsibility of running the transit and reception camps primarily rests upon the East Punjab Government.

**Diwan Chaman Lall:** Does the financial responsibility rest with the Government of India?

**The Honourable Shri K. C. Neogy:** So far as the financial responsibility goes, the East Punjab Government has been given an assurance that financial help will be rendered by the Central Government. It does not necessarily indicate a direct financial responsibility in regard to every scheme that the East Punjab Government may adopt.

**Shri Deshbandhu Gupta:** Has the attention of the Honourable Member been drawn to the statement made by Mahatma Gandhi on the refugees lying on Panipat railway station after his visit there, and the fact that the trains are received at Panipat station without any previous intimation, with the result that refugees have to lie there in thousands without shelter under the sky?

**The Honourable Shri K. C. Neogy:** I have seen that report and as a matter of fact I had an enquiry made into the state of things in Panipat, the day before yesterday by deputing a responsible officer from our Ministry. His report indicated that there were about 10,000 persons who were actually living on the station platform in Panipat, but on the day that he visited Panipat he found 5,000 or thereabout left, the others having been removed to Jind State by train. Actually this is what happens. When people come and are deposited at a particular railway station, they have to wait

for arrangements for their dispersal. In some cases these arrangements take rather long, as I regretfully admit. As regards the question of trains coming to different stations, like Panipat, without any previous notice, this is a fact and this is due to the arrangements that operate in regard to the transport of refugees from Pakistan to India. As a matter of fact, the destinations are agreed upon at Lahore, and they are communicated to us rather late, so that it becomes difficult for the local authorities to be promptly informed about the time-table. Besides, the time-table itself is very uncertain. In some cases the same distance has been covered in two days, and in other cases in four or five days. This question was taken up in a discussion with the East Punjab Government and the representatives of various departments recently, and now we hope to be able to make adequate arrangements for the reception of refugees at railway stations and we are hoping to get intimation about the time-table of these trains more promptly.

**The Honourable Pandit Jawaharlal Nehru:** May I add a word to what my colleague, the Minister for Relief and Rehabilitation has said in answer to Diwan Chaman Lall's question? The Government of India is prepared to take up every responsibility in East Punjab not only for the camps and other accessory issues but with regard to all other things which are the results of this catastrophe. We have, in fact, practically speaking taken full responsibility for the financial consequences of everything done in East Punjab, and we are even prepared to take executive or other responsibility. The difficulty has been that we do not wish to come in the way of the East Punjab Government from functioning as it wants to function. We do not wish to limit their provincial autonomy under the Constitution. But if the East Punjab Government is willing, we are prepared to take up every responsibility.

**Shri H. J. Khandekar:** Has the Government any information regarding the discrimination made between caste and caste of the refugees in giving shelter, clothings and food, etc.?

**The Honourable Shri K. O. Neogy:** I never heard about any such complaints.

**Shri Ajit Prasad Jain:** Has the Government passed an order that no refugee from the East Punjab will enter the United Provinces except under a permit. But in spite of that order any amount of refugees are infiltrating irregularly by rail and road from East Punjab into the U. P.

**The Honourable Shri K. O. Neogy:** No such order has been passed at all.

208\* and 209\* [WITHDRAWN]

#### CITIZENSHIP RIGHTS OF INDIANS IN BRITISH COMMONWEALTH OF NATIONS

210. \***Shri Biswanath Das:** Will the Honourable the Prime Minister be pleased to state:

(a) the number of Indians living in other States and Colonies included in the British Commonwealth of Nations—(number in each case to be given separately);

(b) the States that have conferred citizenship rights on Indians;

(c) the disabilities that are still attached to Indians in each of the States constituting the British Commonwealth of Nations as also the British Colonies; and

(d) the action taken, in each case, by the Government of India with the concerned States and Colonies to confer citizenship rights on Indians since September 1946?

**The Honourable Pandit Jawaharlal Nehru:** (a), (b), (c) and (d). A statement giving the information available is laid on the table of the House.

Action taken by Government with the concerned states to confer citizenship rights on Indians since September 1946

Disabilities of Indians

Citizenship rights

Indian population (latest available figures)

No.	Name of country	Indian population (latest available figures)	Citizenship rights	Disabilities of Indians	Action taken by Government with the concerned states to confer citizenship rights on Indians since September 1946
1	2	3	4	5	6

1 Australia

4,544

Indians who are permanently settled in that country do not suffer from any disability in respect of the Commonwealth franchise.

There are a few disabilities in some of the States. *E.g.*, certain sections of Widow's Pensions Acts, Family Endowment Act and Rural Workers' Accommodation Acts of New South Wales discriminate against British Indians as such. In Western Australia there are legal discriminations against British Indians along with other Asiatics and Africans with respect to Crown land, mining, certain occupations and employment. The Government of India instructed their High Commissioner to initiate negotiations with the Authorities concerned for the removal of these disabilities. The High Commissioner discussed the question of disabilities with the Premier of Western Australia and as a result of this discussion the Government of Western Australia have decided to take steps to remove the disabilities which attach to British Indians in that State.

No action was called for.

No.	Name of country	Indian population (latest available figures)	Citizenship rights	Disabilities of Indians	Action taken by Govern- ment with the concerned states to confer citizenship rights on Indians since September 1946
1	2	3	4	5	6
2	Canada . . . . .	1,500	There is no restriction against Indians who are already in Canada qualifying for citizenship.	The only disability which Indians suffer from is in respect of municipal franchise in the Province of British Columbia. Recently the Union of British Columbia Municipalities passed a resolution in favour of municipal franchise for Indians in British Columbia. Legislation on the subject will, it is hoped, be introduced shortly.	No action was called for.
3	New Zealand . . . . .	1,200	Indians who are domiciled enjoy complete equality of citizenship with other subjects of His Majesty's	Indians do not suffer from any disability.	Ditto.
4	Ceylon . . . . .	7,32,258	Full citizenship rights have not been conferred on Indians in Ceylon.	Indians do not enjoy equal rights of citizenship with the indigenous population. Discrimination is exercised in all important legislative and administrative measures by restricting benefits under them only to the "Ceylonese" who are defined as "persons of either sex domiciled in Ceylon and possessing a domicile of origin". Thus, the right to obtain Crown lands under the Land Development Ordinance, fishing rights under the	The Government of India propose to take up the question of citizenship rights for Indians in Ceylon during the forthcoming negotiations by the Ceylon Government.

Fisheries Ordinance, licences for plying of omnibuses under the Omnibus Services Licensing Ordinance, etc., are denied to Indians. Very few Indians can enter public service in Ceylon under the present administrative orders of that Government. Even in regard to the right of franchise, while the Ceylonese enjoy adult suffrage, Indian franchise is based on the difficult concept of domicile, or alternatively on property *cum* literacy qualification or the holding of a "certificate of permanent settlement".

5 United Kingdom

Figures of the total Indian population are not available, but the total number of Indians who fall under certain well defined categories, like students, pedlars, seamen, professional and business men, retired persons, persons on the High Commissioner's staff, persons in domestic, catering and industrial services, is estimated to be between 5,000 and 6,000.

Citizenship rights are enjoyed by Indians.

N4

Does not arise.

6 Pakistan

.....  
 In the prevailing conditions in India and Pakistan it is not possible to give any precise information.

No.	Name of country	Indian Population (latest available figures)	Citizenship rights	Disabilities of Indians	Action taken by Govern- ments with the concerned states to confer citizenship rights on Indians since September 1945
1.	2	3	4	5	6
7	Burma	1,017,825 (pre-1942)—  (1) This included ap- proximately 400,000 persons belonging to areas which now form part of Pakis- tan.  (2) In 1943 nearly 400,000 persons evacuated from Burma to India. In the post-war period the number of evacuees who have returned to Burma is about the same as the number of persons who have returned to India from Burma.	Indians so far enjoy full citizenship rights in Burma and Malaya. Under the new consti- tutions which are shortly to be introduced in the two countries, Indians will be able to acquire citizenship rights only if they fulfil certain con- ditions.	None.	It is expected that Negotia- tions with the Government of Burma will commence at an early date.
8	Malaya	748,829	...	None	The Government of India have addressed His Majes- ty's Government in the United Kingdom regard- ing qualifications for the acquisition of Malayan citizenship under the Revised Constitutional proposals.
9	Union of South Africa.	282,539 (Asiatics).	In the Cape Province Indians enjoy political and municipal franchise along with the Europeans, the only discrimination	Indians are subject to various disabilities in the matter of franchise, immigration, and inter-provincial migration, Africa to the United Nations General Assembly. land, facilities for trade,	The Government of India have referred the treat- ments of Indians in South Africa to the United Nations General Assembly.

education, marriage, travel, industries and professions, employment in public services, pensions, local Government, arms and ammunition and various other matters. For details of these disabilities attention is invited to Part III of the Memorandum of the Government of India submitted to the United Nations in 1946, copies of which are available in the Library of the House.

against Indians being that while political franchise for Europeans is based on adult suffrage and is enjoyed by both men and women, it is based on education and property or income qualification in the case of the Indians and is enjoyed only by males possessing the requisite qualifications. Under the Asiatic Land Tenure and Indian Representation Act 1946, Indians in Natal and the Transvaal provinces have been given communal franchise based on education and income or property qualifications, the right of franchise being extended only to males. The same Act provides that Indians in Natal and the Transvaal will jointly be represented by 3 members in the House of Assembly and by 2 in the Senate; the representatives must, however, be Europeans. Indians have also been given representation in the Natal Provincial Council by 2 members. Indians in the Transvaal have not been given representation in the Transvaal Provincial Council. The Act does not confer any municipal franchise on Indians in these two provinces.

No.	Name of Country	Indian Population (latest available figures)	Citizenship rights	Disabilities of Indians	Action taken by Govt. with the concerned states to confer citizenship rights on Indians since September 1946
			4	5	6
10	Kenya	47,000 (Asiatics)	Indians possess political and municipal franchise on a communal roll.	In practice Indians are not allowed to own or lease land in the Kenya Highlands for agricultural purposes. Anti-Asiatic clauses prevent purchase or occupation by Indians of a number of residential sites in Nairobi and Mombasa.	
11	Tanganyika	38,500	There is no elective system. Indians are, as a matter of practice, nominated to the Legislative Councils of these territories.	Indians do not suffer from any statutory disabilities.	
12	Uganda	1,26,972 (Asiatics)			
13	Zanzibar	16,000	Indians enjoy political and municipal franchise on common electoral rolls.	Ditto.	
14	Southern Rhodesia	2,547 (Asiatics)			
15	Northern Rhodesia	1,125 (Asiatics)	There is no elective system for membership of the legislative Council.	Ditto.	
16	Nyasaland	1,251 (Asiatics)			
17	Fiji	1,30,000	As far as the Government of India are aware, Indians enjoy the same rights of citizenship as any other residents of the colony.	(1) Under the Native Land Ordinance No. 1 of 1905 and the rules made thereunder, Indians and other non-natives are prohibited from buying land outright from natives.	Does not arise.



- (2) The Residential Tax which was first levied in 1923 with the object of raising additional income to effect improvements in the colony has in practice proved to be discriminatory in nature and the Indian Community is affected by it most.
- (3) Indian children lack adequate educational facilities compared to European and Fijian children. The Government of India, however, understand that the Board of Education which was set up by the Colonial Government to consider the report of Mr. F. R. Stephens on educational development plan in Fiji has recommended the introduction of compulsory education in the island.
- (4) The bulk of the Indian population in Fiji depends on the sugar industry and the price of sugar cane. This was painfully brought home to them during the strike of 1943. The whole trouble at the time arose as a result of the sugar cane farmers' demand for a higher price which the Colonial Sugar Refining Company was not prepared to concede. An enquiry by Dr. Shephard was ordered by the Secretary of State for the Colonies. Most of the recommendations made by Dr. Shephard in his report have not been finally implemented by the Colonial Government and are understood to be still under consideration.

Action taken by Govt wit  
the concerned states to  
confer citizenship rights  
on Indians since September  
1946

Disabilities of Indians

Citizenship rights

Indian Population  
(latest available  
figures)

No. Name of country

1 2 3 4 5 6

(3) Many of the Indian sugar cane farmers are tenants under the Sugar Refining Company and the agreement executed by them for the cultivation of the Company's land is for 10 years, but the right of termination of the tenancy is retained by the Company. This insecurity of tenure is resented by the tenants who demand what the same rules of tenancy which the Government give to its tenants should be made applicable to the Company's tenants.

(6) It is understood that Indian residents are not allowed admission in European-managed hotels and clubs or public play-grounds.

(1) The percentage of literacy among the Indian community is very low.

(2) Compared to the percentage of Indian Population in these colonies there are very few Indians holding posts in the public services.

Indians enjoy the same citizenship rights as any other resident of the Colony.

Indians who have been born in the Colony or who have completed 10 years of residence possess the same political rights as the native population.

18 British Guiana . . . 1,68,921 }  
19 Trinidad . . . 1,70,896 }

20 Jamaica . . . 26,507

(3) Hindus are not allowed to cremate their dead by the pyre system which has prevailed in India since times immemorial.

21	Mauritius	2,71,830
22	Hong Kong	1,900
23	Seychelles	503
24	British Somaliland	520
25	British Honduras	8,000
26	Gibraltar	41
27	British North Borneo	1,298
28	Aden	9,456
29	Malta	41
30	Grenada	5,000
31	St. Lucia	2,189
32	Sierra Leone	52

Indians enjoy the same citizenship rights as any other resident of the Colony.

Government have no exact information regarding the citizenship rights of Indians in these Colonies but so far as the Government are aware Indians do not suffer from any disabilities.

...

### GOVERNMENT'S PLAN TO ENCOURAGE INDIAN SHIPPING TRADE

211. \*Mr. B. K. Sidhwa: Will the Honourable Minister of Commerce please state:

(a) whether the Government of India propose to enter the Shipping Trade in view of the break-down of conversation with the London Shipping Companies;

(b) what steps Government propose to take in view of the reluctance of the Shipping Companies in England to part with their tonnage to Indian Shipping Companies; and

(c) whether Government propose to purchase ships for plying on the Indian coasts; and if not, what are the plans of Government for encouraging Indian Shipping on Indian coasts?

**The Honourable Shri N. V. Gadgil:** (a) to (c). Government have evolved a scheme of joint State-cum-private enterprise for the rapid acquisition of additional Indian owned tonnage and for the increased participation of Indian shipping in the various trades. These proposals have been placed before Indian ship-owners for their views and it is proposed to work out details in consultation with the interests concerned after the shipowners' views are communicated to Government.

**Shri M. Ananthasayanam Ayyangar:** Is there a proposal that the Government should hold more than 50 per cent. of the shares of the Corporation?

**The Honourable Shri N. V. Gadgil:** The policy of the Government has been issued in a press communique which is already placed in the Library.

**Shri K. Santhanam:** In such matters will the Honourable Minister place a resolution before the House and take the permission of the House before they are committed to any large expenditure?

**The Honourable Shri N. V. Gadgil:** It is perfectly open to any non-official Member to move a resolution on that matter. However, I shall bear in mind the suggestion made by the Honourable Member.

**Shri M. Ananthasayanam Ayyangar:** Is the Honourable Member aware that on a previous occasion when the last Government was in office, a similar proposal was put up for a corporation to operate road-rail transport was placed before the Government and we had discussions on it; and in view of that will the Honourable Member please bring forward the matter for the consideration of the House?

**The Honourable Shri N. V. Gadgil:** As I said, I will bear in mind the suggestion made.

### FUTURE OF ALL INDIA CONCERN IN VIEW OF INDIA'S DIVISION

212. \*Mr. B. K. Sidhwa: (a) Will the Honourable Minister of Commerce be pleased to state what measures Government propose to take, in view of the division of India, regarding those Corporations and Limited companies and other All-India concerns, which have their Head Offices in one of these two Dominions?

(b) If so, what is the plan of Government in this respect?

**The Honourable Shri N. V. Gadgil:** (a) None, Sir, the partition of the country has had the result of making a company with its head office in a Province of Pakistan a foreign company so far as the Dominion of India is concerned, and vice versa. This is legally unavoidable.

(b) Does not arise.

**Mr. B. K. Sidhwa:** May I know what will happen in case the head office of a company happens to be in Bombay and its branches in Pakistan. Will the Branches in Pakistan have to open a head office in Pakistan as well?

**Mr. Speaker:** The question is not admissible. It is problematical and involves a matter of opinion.

#### IMMIGRATION OF INDIANS INTO BURMA

**213. \*Prof. N. G. Ranga:** Will the Honourable the Prime Minister be pleased to state:

(a) whether any agreement has been reached with the Government of Burma in regard to the Indian immigration into Burma;

(b) whether any unilateral or bi-lateral immigration law or convention has been promulgated in Burma for the regulation of Indian immigration into Burma; and

(c) the facilities that are available for Indians, skilled and unskilled, to go to Burma and obtain employment and also civic rights?

**The Honourable Pandit Jawaharlal Nehru:** (a) and (b). On the 13th June, 1947, the Government of Burma promulgated the Burma Immigration (Emergency Provisions) Act, 1947. This is an emergency measure intended to check the unrestricted flow of immigrants into Burma. The Government of Burma have assured the Government of India that it will be replaced immediately an Immigration Agreement is concluded between the two Governments or when the emergency disappears. It is hoped to start negotiations with the Government of Burma in regard to the Immigration Agreement in the near future.

(c) The departure of unskilled workers from India for Burma was banned by the Government of India in July, 1941. Emigration of skilled workers is governed by Chapter IV of the Indian Emigration Act, 1922. Those Indian skilled workers whose emigration is permitted under this Act can enter Burma if they are in possession of immigration permits issued in accordance with the provisions of the Burma Immigration (Emergency Provisions) Act, 1947. There is no statutory restriction on Indians obtaining employment in Burma at present, nor do they suffer from any civic disabilities.

**Prof. N. G. Ranga:** In view of the fact that the Government of India is already taking steps to prevent unskilled workers from going over to Burma and also to discourage as many people as possible from going over there at all, how is it that this emergency is supposed to have arisen, as a result of which the Government of Burma had to promulgate the ordinance?

**The Honourable Pandit Jawaharlal Nehru:** It is for the Government of Burma to answer the question. The ordinance is not restricted to Indians alone, it applies to all.

**Prof. N. G. Ranga:** What steps are being taken by the Government to see that the Indians who are already there are being adequately protected from being molested or driven out of their homes as also the various other disabilities that are being imposed on them with or without the consent of the Government of Burma?

**The Honourable Pandit Jawaharlal Nehru:** We are taking every step that we can possibly take. There can be only two kinds of steps that the Government of India can take. Our High Commissioner there should protect the interests of Indians, which he is doing. He is fully reporting to us and is continually approaching the Government of Burma. The second step is for us to conclude some kind of agreement with the Government of Burma, which we propose to consider soon. I may mention for the information of the House that the Prime Minister of Burma Mr. Thakin Nu, at our invitation, is coming to New Delhi within a few days, early in December.

**Shri Biswanath Das:** May I know whether the Government would consider the question of convening a conference of the representatives of Madras, Orissa

and Bengal, from which provinces people go to Burma, to know the actual conditions now prevailing in Burma, because people in these areas get letters from their friends and relations who are in Burma and the information they receive is fairly horrible?

**The Honourable Pandit Jawaharlal Nehru:** I do not see what such a conference would do. We receive much more accurate and precise information from day to day from Burma through our High Commissioner than what we can get from odd letters from people in Burma to their friends and relatives in various parts of the country.

**Mr. B. Poteer Sahib Bahadur:** May I know whether Government is aware that there are many thousands of Indians who had their business and other concerns in Burma and who had to run away from there on account of the war and who are now desirous of going back but that they do not get facilities to go back? What steps are Government taking either to enable them to go back to Burma or to protect their properties and business concerns there?

**The Honourable Pandit Jawaharlal Nehru:** During postwar years many steps have been taken to send back people to Burma after finding out that they had properties or business concerns there and a very large number of them have returned to Burma. But we have not encouraged others to return to Burma, because generally the Government are not in favour of sending a large number of Indians abroad unless they have definite occupations there because if it happened that people had to return, it does not redound to our credit there.

#### POSITION OF INDIANS IN INDEPENDENT CEYLON

214. \***Prof. N. G. Ranga:** Will the Honourable the Prime Minister be pleased to state:

(a) the latest position, civic and otherwise, of Indians in the new set up of Independent Ceylon; and

(b) whether Indians are assured of equal citizenship rights along with all other peoples of Ceylon?

**The Honourable Pandit Jawaharlal Nehru:** (a) and (b). The new Constitution of Ceylon promulgated by the Ceylon (Constitution) Order in Council, 1946, has made no difference to the position of Indians in regard to franchise and other citizenship rights from what it was under the 1931 Donoughmore Constitution. Under the latter Indians were eligible for franchise on the basis either of domicile or of the possession of a certificate of permanent settlement, apart from property *cum* literacy qualification. In accordance with the Soulbury Commission's Report, His Majesty's Government in the United Kingdom left the question of Indian franchise to be discussed between the Governments of India and Ceylon, and we hope to start negotiations on this subject very early.

**Sri M. S. Aney:** May I know whether there was any assurance given by the Honourable gentleman who is now Prime Minister in Ceylon that immediately after the new constitution comes into force, attempts will be made by him to revive negotiations, with a view to come to a settlement with regard to Indo-Ceylon matters?

**The Honourable Pandit Jawaharlal Nehru:** The Honourable Member should be able to answer that question even better than I can, because he has been our distinguished representative in Ceylon. I do not know about any assurance but repeatedly statements have been made that as soon as the elections were over they would like to raise this question. In fact, they are desirous of doing so and so are we.

**Shri M. S. Aney:** Will the Honourable Prime Minister tell us whether he has received any communication that the Prime Minister of Ceylon is going to come here shortly for the negotiations?

**The Honourable Pandit Jawaharlal Nehru:** So far as I can remember we have received no official communication direct but our representative in Ceylon has been approached by the Government of Ceylon and has been informed to that effect.

#### FORMATION OF INDIAN NATIONAL TRADE UNION CONGRESS

**215. \*Prof. N. G. Ranga:** Will the Honourable Minister of Labour be pleased to state:

(a) whether Government are aware of the formation of the Indian National Trade Union Congress and also of the fact that some of the biggest Trade Unions are affiliated to it; and

(b) whether Government propose to recognise it as a nationally representative labour organisation; if so, when?

**The Honourable Shri Jagjivan Ram:** (a) The reply to the first part of the question is in the affirmative. As regards the second part, Government have no precise information about the Unions affiliated to the Indian National Trade Union Congress.

(b) I presume by the term 'nationally' is meant the most representative organisation of workers in the country. If so, the Indian National Trade Union Congress have not so far made any claim to be recognised as a 'nationally' representative labour organisation. The Ministry of Labour has however, been consulting the Indian National Trade Union Congress along with all-India Organisations of workers on labour questions coming before the Indian Labour Conferences and Committees and the International Labour Conferences.

**Prof. N. G. Ranga:** Is it not a fact that this organisation was not asked to send its representatives to the Asian Regional Labour Conference of the I.L.O. which was held in Delhi recently?

**The Honourable Shri Jagjivan Ram:** Under the conventions of the I.L.O. the most representative workers' organisation in a country is allowed to send its representatives. At present the Indian Trade Union Congress stands as the most representative organisation, and as such it was invited to send its representatives.

**Shri Harihar Nath Shastri:** In view of the fact that most of the genuine trade unions in this country particularly those run by Congressmen, have seceded from the All-India Trade Union Congress are the Government aware that the All-India Trade Union Congress is reduced to the status of a mouth-piece of the Indian Communist Party?

**The Honourable Shri Jagjivan Ram:** Obviously the strength of the All-India Trade Union Congress has suffered a reduction due to the secession of a number of trade unions which were affiliated to it but we are not yet in a position to state precisely whether the All-India National Trade Union Congress is the most representative organisation. However, we will take up an enquiry as we did in the case of the All-India Trade Union Congress and the Indian Federation of Labour to ascertain the relative strength of the all-India organisations and it is only after such enquiry that we will be in a position to say which of the organisations is the most representative.

**Shri S. Nagappa:** May I ask whether Government will be pleased to consult the Depressed Class League so far as agricultural labour problems are concerned?

**The Honourable Shri Jagjivan Ram:** In the tripartite organisation the Government nominates some independent persons to represent unorganized labour, and since I have been in office here I have been inviting some persons to represent agricultural labourers as well.

**Shri S. Nagappa:** If that is the case may I ask whom the Government has consulted from the Depressed Class League so far as agricultural labour problems are concerned?

**The Honourable Shri Jagjivan Ram:** The Depressed Class League as such was not consulted.

#### REMOVAL OF CONTROLS

**216. \*Prof. N. G. Ranga:** Will the Honourable Minister of Commerce be pleased to state:

- (a) whether Government have given any consideration to the Cut Motion passed by the last Assembly on de-controlling all commodities excepting food;
- (b) if so, what controls have been so far removed; and
- (c) what are the plans of Government to de-control other commodities, and how long do Government propose to take before de-controlling the internal production and trade of essential commodities of daily consumption?

**The Honourable Shri N. V. Gadgil:** (a), (b) and (c). The question should have been addressed to the Honourable the Minister of Industry and Supply. It has accordingly been transferred to the list of questions for the 26th November 1947 when it will be answered by the Honourable the Minister of Industry and Supply.

#### IMPOSITION OF CONTROL OVER IMPORTS AND EXPORTS

**217. \*Prof. N. G. Ranga:** Will the Honourable Minister of Commerce be pleased to state:

- (a) whether Government have imposed a strict control over exports and imports, and if so, for what purpose;
- (b) whose advice Government seek in deciding how these controls are to be imposed, relaxed, removed or worked;
- (c) whether it is a fact that there used to be Imports and Exports Advisory Committees; and
- (d) whether Government propose to consider the advisability of reconstituting these committees and providing thereon, representation of the organisations of rural people, Kisan and Mazdoor masses?

**The Honourable Shri N. V. Gadgil:** (a) Yes, Sir. Control over exports is retained in order to conserve commodities in short supply in the country and to ensure equitable distribution among the importing countries of Indian goods, in the long term interests of India's export trade. Import control is being strictly enforced with a view to making the best possible use of India's limited foreign exchange resources.

(b) These questions are generally decided at high level Inter-Departmental Conferences and in the case of export control in consultation also with the Export Advisory Council which has recently been reconstituted.

(c) There is an Exports Advisory Council with Port Committees also at Bombay, Madras and Calcutta. There is also a Cotton Piecegoods and Yarn Advisory Committee at Bombay. There are no Import Advisory Committees, except the Cotton Import Advisory Committee at Bombay.



(d) The Export Advisory Council has recently been reconstituted. The question of setting up an Import Advisory Council is under consideration. Government do not consider it necessary to include on these Councils representatives of the organisations mentioned by the Honourable Member, as they have no special interests which are not already represented on them.

**Prof. N. G. Ranga:** Is it not a fact that in regard to imports, for instance in helping Government to decide which imports are to be given high priority and which discouraged, and also in regard to exports, the agricultural masses and the rural people have a special interest, and therefore they ought to be taken into special consultation by Government?

**The Honourable Shri N. V. Gadgil:** There is no need because this Government feels that it adequately represents both the Kisan and Mazdoor masses.

**Prof. N. G. Ranga:** The Honourable Member has raised a very important question over which I do not wish to argue. But in view of the fact that Government, in spite of their claim that they represent Kisans and Mazdoors, have thought it fit to constitute these Advisory Councils, would it not be more equitable that these Councils should not be packed by merchants and industrialists alone but representatives of.....

**Mr. Speaker:** I am afraid it is an argument.

**Mr. B. Paker Sahib Bahadur:** May I know whether Government is aware that there is a great deal of discontent in the mercantile community about the manner in which these export licences are distributed, and whether Government will institute an enquiry into the matter?

**The Honourable Shri N. V. Gadgil:** The discontent is the legacy of the previous Government. So far as the present Government is concerned, all efforts are made to reduce discontent to a minimum.

**Dr. P. S. Deshmukh:** May I know what the Honourable Minister considers himself to be, whether a Kisan or a Mazdoor?

**Prof. N. G. Ranga:** Neither.

#### APPOINTMENTS IN FOREIGN SERVICES OF INDIA

218. \***Shri B. A. Mandlot:** Will the Honourable the Prime Minister be pleased to lay on the table of the House a statement showing:

- (a) the different grades of foreign service;
- (b) the strength of the present personnel in different grades with the scales of pay of each grade and the number of non-Indians, if any; and
- (c) the qualifications required for this service and the method of selection of candidates?

**The Honourable Pandit Jawaharlal Nehru:** A statement has been laid on the table of the House.

#### *Statement relating to the Indian Foreign Service*

##### *Grades of the Service.*

The proposed grades of the Indian Foreign Service, which have not yet been finalised, are as follows:—

Grade 1 will consist of the Foreign Secretary and heads of certain major Missions.

Grade 2 will consist of Heads of other major Missions and Additional Secretaries in the Foreign Office.

Grade 3 will consist of Heads of certain Missions.

Grade 4 will consist of Heads of other Missions and Joint Secretaries in the Foreign Office.

Grade 5 will consist of Heads of Minor Missions, Senior Consuls General, and Selection grade Trade Commissioners.

Grade 6 will consist of Consuls General Counsellors, Trade Commissioners, and Deputy Secretaries in the Foreign Office.

Grade 7 will consist of First Secretaries, Consuls, Assistant Trade Commissioners and Under Secretaries in the Foreign Office.

Grade 8 will consist of Second Secretaries and Senior Vice Consuls.

Grade 9 will consist of Junior Vice Consuls, Third Secretaries, and Paid Attaches.

*Present strength and Scales of Pay.*

The scales of pay for the members of the Indian Foreign Service are still under consideration. It is intended that the basic scale of pay of the Indian Foreign Service will be on a par with that of the Indian Administrative Service and that in addition the officers of the Indian Foreign Service should be granted representation and other allowances when serving on posts outside India.

So far, only ten officers have been appointed to the Indian Foreign Service as probationers and their pay has been tentatively fixed in the scale of Rs. 300—350—400—450—500 (for the first six years of service) pending final decision of Government in the matter. They are all Indians.

*Qualifications and method of selection.*

The normal method of recruitment to the Indian Foreign Service is through a competitive examination to be held by the Federal Public Service Commission. The candidates should possess a degree of a recognised University or its equivalent and should satisfy the conditions in regard to age limits, usually prescribed for such competitive examinations.

The age limit prescribed for the last examination held in July 1947 was 21—25, as will be seen from the attached copy of the advertisement (enclosure I) issued by the Federal Public Service Commission.

It must be recognised, however, that the new Service cannot be built up entirely by direct recruitment of young men from the Universities and that at the beginning at any rate it will be necessary to provide for an intake of candidates of higher age-groups from different walks of life. The method of selection being adopted for this intake are as follows:—

- (1) selection from amongst Emergency Commissioned Officers who had been recommended by the Federal Public Service Commission for appointment to the I. C. S. and I. P. S.
- (2) selection by the Federal Public Service Commission from candidates from the general public, between the ages 25 and 45 whose applications have been received in response to the attached copy of their advertisement (Enclosure II).
- (3) selection by the Federal Public Service Commission from persons belonging to the Provincial Services and those holding temporarily posts on or equivalent to posts borne on the cadres of Central Services Class I.
- (4) selection by the Board of Departmental Representatives, constituted for the purpose, from officers who belonged to the Secretary of State's Services and from officers of the Central Services Class I.

Since recruitment from the above sources is not likely to prove adequate to the needs of the Service, Government have also recently decided to set up a special Board consisting of the Secretary General, Ministry of External Affairs, Secretary, Ministry of Commerce, a representative of the Federation of Indian Chambers of Commerce and Industry, the President of the Inter University Board and a member of the Federal Public Service Commission to tap fresh sources, especially in the business community and the liberal professions.

Encls. I.

**FEDERAL PUBLIC SERVICE COMMISSION**

The Federal Public Service Commission will hold at Allahabad, Bombay, Calcutta, Delhi, Lahore and Madras a combined competitive examination on the 1st July, 1947 and subsequent

days for recruitment to the All-India Administrative Service, the Indian Foreign Service, the All-India Police Service, the Indian Audit and Accounts Service, the Indian Railway Accounts Service, the Military Accounts Department, the Income Tax Officers (Class I, Grade II) Service, the Imperial Customs Service, the Postal Superintendents (Class II) Service, Transportation (Traffic) and Commercial Departments of the Superior Revenue Establishment of State Railways and the Establishment Department of State Railways. Age:—Candidates must have attained the age of 21 and must not have attained the age of 26 (30 in the case of Scheduled Castes) on the 1st August, 1947. Educational qualifications:—A degree of a recognised University or its equivalent. Full particulars and application form may be obtained from Provincial Governments (Joint Public Service Commission, Punjab and N.-W. F. P., Lahore, in the case of Punjab), Administrations (Deputy Commissioner, Delhi, in the case of Delhi Province) Political Officers and Durbars after the 22nd March 1947. Closing date for applications with a Treasury Receipt for the combined application and examination fee of Rs. 82-8-0 (Rs. 20-10-0 for Scheduled Caste candidates) 15th May 1947.

Encls. 11.

### FEDERAL PUBLIC SERVICE COMMISSION.

Applications are invited from British subjects of Indian domicile or descent and subjects of Indian States for vacancies in the new Indian Foreign Service. Recruitment is open to all those who will have attained the age of 26 years but will not have attained the age of 45 years on the 1st August 1947.

**Qualifications.**—Candidates (i) must possess a first class degree of a recognised university, and should preferably (ii) have a working knowledge of one or more foreign languages, (iii) have some acquaintance with international affairs and (iv) have travelled outside India and Burma.

2. E. C. Os. who hold or have held Commissions which were granted to them before the 15th August 1945, who have not been considered for a war reserved vacancy to the I. C. S., I. P. or the Central Services under the Government of India and who had not attained the age of 30 years by 1st January 1947 are also eligible to apply for the Indian Foreign Service. They must possess a degree of a recognised university but candidates who have passed the Intermediate Examination in the first or second division and were prevented from obtaining a degree by joining the armed forces will also be eligible.

3. Closing date for applications 8th May 1947.

4. E. C. Os. will not be required to pay any fee. Other candidates must send with their application form Treasury Receipt for Rs. 25 (Rs. 6-4-0 in the case of a Scheduled Castes candidates).

5. All those who have already submitted applications to the External Affairs Department for appointment to the Indian Foreign Service are informed that fresh applications should be forwarded in accordance with the procedure prescribed above.

6. This notice does not apply to persons in civil employ under the Central or Provincial Governments, and belonging permanently to the Secretary of State's Services, Central Services Class I or the Provincial Civil Services from whom applications have been invited separately.

7. E. C. Os. who had attained the age of 30 years on 1st January 1947 and who possess the qualifications described in paragraph 1 above are also eligible to apply.

8. The basic pay scales for the All Indian Administrative and Indian Foreign Services will be the same and will shortly be fixed on the basis of the recommendations made by the Central Pay Commission. In addition officers of the Indian Foreign Service will get cost of living and other allowances when serving in posts overseas. In determining seniority and starting pay, consideration will be given *inter alia* to the age of the candidate.

### INDIA'S ANNUAL CONTRIBUTION TO U.N.O.

219. \*Shri B. A. Mandloi: (a) Will the Honourable the Prime Minister be pleased to state what annual contribution the Government of India is required to pay to the United Nations Organisation?

(b) Has any Indian been employed in any of the responsible posts of the United Nations Organisation?

(c) If not, have Government made any representation?

(d) If the answer to part (c) above be in the affirmative, what is the result of such representation?

**The Honourable Pandit Jawaharlal Nehru:** (a) The annual contribution to the United Nations Organization is fixed for each year separately. The contribution for 1947 for the whole of India, since divided, was paid in May 1947 and amounted to United States \$ 1,084,275 or about Rs. 35,91,800.

No intimation has yet been received of the exact amount to be paid for 1948. The contribution payable both by India and Pakistan has been jointly assessed at 3.95 per cent. of the total United Nations budget for 1948, and on this basis the combined liability of both India and Pakistan is expected to be approximately Rs. 46,00,000. In view of the complications involved in determining the share of the Government of Pakistan, it has been decided that for 1948 India will pay for both the countries, the relative share of each being determined later in accordance with the proportion fixed separately for 1949 for each country by the United Nations. The payment made on behalf of Pakistan during 1948 will, therefore, be recovered during 1949.

(b) Yes, there are eight Indian Nationals holding responsible posts in the United Nations Secretariat. A list of Indians at present employed in the United Nations Secretariat is laid on the table.

(c) Government of India are not satisfied with the existing position and have made representations to the United Nations Secretariat from time to time.

(d) The number has doubled; in February last there were only eight Indians employed in the United Nations Secretariat and now there are 16.

*Indian Employees in the United Nations Secretariat.*

		Dollars
1.	Lohanathan, P. S.	11,000 plus 3,000
2.	Subramanian, P. R.	10,000
3.	Ghate, R. G.	9,200
4.	Narayana, T. G.	8,300
5.	Behanan, K. T.	7,450
6.	Ghosh, Dwarkanath	7,450
7.	Ramar Tirunagari	7,450
8.	Obhrai, G. L.	6,700
9.	Mitra, Probedh	4,910
10.	Schand, Harcharan	4,910
11.	Guha, Thakurta, S.	3,970
12.	Das Kanalkumar	3,570
13.	Dalal, Bobby	3,210
14.	Sivasankar, Menon	2,890
15.	Chaplin, M. B.	2,610
16.	Sahni, Dewool	2,490

**Mr. B. Paker Sahib Bahadur:** Has there been any response from the United Nations as a result of the appeals made by the Government of India for better representation of Indians in their staff?

**The Honourable Pandit Jawaharlal Nehru:** I have already answered that: I have given the figures of increase.

**Shri B. Das:** May I know whether the contribution of Rs. 46 lakhs for India and Pakistan represents all the contributions that are made to the U.N.O. and its associated organisations, such as the Institution of Public Hygiene, UNRRA and other such bodies?

**The Honourable Pandit Jawaharlal Nehru:** I imagine there are some other contributions, possibly. But I do not know exactly.

**Prof. N. G. Ranga:** Is any effort being made by the Government of India to assess the total amount of money that is being paid to the various organisations associated with the United Nations Organisation, as well as the United Nations Organisation itself?

**The Honourable Pandit Jawaharlal Nehru:** I should try to find out and give the figure to the House, if it so desires.

**Pandit Lakshmi Kanta Maitra:** May I know if the Honourable Prime Minister has received a request from the Pakistan Government to make their contribution for the time being?

**The Honourable Pandit Jawaharlal Nehru:** This is a matter, I suppose, that fell within the purview of the Partition Council. I cannot say if any request was received, but normally speaking, India as the continuing body has assumed all obligations that came to the whole of India, to be adjusted later, because otherwise difficulties—legal and constitutional—might arise. We assumed all those obligations and proceeded as the continuing international body, as we are. Subsequently these matters can no doubt be financially adjusted.

**Pandit Lakshmi Kanta Maitra:** I want to know from the Honourable the Prime Minister whether we have taken for the time being, all responsibilities only for the liability and not for assets, incomes and all that?

**The Honourable Pandit Jawaharlal Nehru:** I do not quite understand the Honourable Member's question. We have taken the responsibilities that attached to the Government of India previously in regard to international obligations except such responsibilities as were automatically removed by virtue of the partition and the geographical facts following from that partition. For instance every treaty that India had engaged in is continued by us. But if there is some agreement which applies to Afghanistan and the Frontier Province we cannot fulfil it because of the partition, and it goes, otherwise every international treaty obligation continues to exist so far as we are concerned.

**Prof. N. G. Ranga:** In view of the fact that U.S.A. was willing to raise her own contribution of the usual 25 per cent. to the U.N.O. as well as the associated organisations, has the Government of India made any claim for a substantial reduction in her own contribution towards these organisations?

**The Honourable Pandit Jawaharlal Nehru:** These contributions are fixed on a percentage basis. As a matter of fact the percentage for 1947 has been reduced. The more the members that join the United Nations, the lesser the percentage falling to the lot of each nation: but while the percentage is reduced, the actual expenditure of the United Nations is going up, so that actually we have to pay more. The percentage now, I believe, is 3.95 per cent. so far as India is concerned, and I do not know whether it would be in the

fitness of things for us to plead for a reduction of the percentage which has been laid down in accordance with certain rules.

**Pandit Lakshmi Kanta Maitra:** May I have an idea from the Honourable the Prime Minister as to the method of machinery by which we could hope to recover the money due from Pakistan?

**Mr. Speaker:** Does not arise.

#### RECRUITMENT TO FOREIGN SERVICE

**220. \*Seth Govinddas:** Will the Honourable the Prime Minister be pleased to state:

(a) whether Government are aware of an announcement made by the Federal Public Service Commission calling for applications for recruitment to Foreign Service;

(b) whether it is a fact that no selection has been made uptil now;

(c) the number of persons sent abroad to work with Indian Embassies in the meantime,

(d) how these persons are selected; and

(e) when do Government propose to hold selection for the proposed Foreign Service?

**The Honourable Pandit Jawaharlal Nehru:** (a) Yes. The Honourable member presumably refers to the advertisement issued by the Commission on the 27th February, 1947.

(b) A few selections have been made.

(c) Since the issue of the advertisement mentioned in the answer to part (a), eight gazetted officers have been deputed to serve with our Diplomatic Missions abroad.

(d) Two of them, who were officers with war-service were selected on the recommendation of the Federal Public Service Commission, five are members of the Indian Civil Service and one a member of the Indian Political Service. These last six were chosen by a Selection Board of Departmental Representatives constituted for the purpose with the approval of the Cabinet.

(e) The Federal Public Service Commission is still interviewing candidates from among those who applied in response to the advertisement of the 27th February, 1947. Since recruitment from this source is not likely to prove adequate to the needs of the Service, Government have recently decided to set up a special Board consisting of the Secretary General, Ministry of External Affairs, Secretary, Ministry of Commerce, a representative of the Federation of Indian Chambers of Commerce and Industry, the President of the Inter University Board and a member of the Federal Public Service Commission to tap fresh sources, especially in the business community and the liberal professions. These are exceptional measures designed to meet the most urgent needs. Normal recruitment will, as in the case of other public services, continue to be made by means of a competitive examination conducted by the Federal Public Service Commission.

**Seth Govinddas:** With respect to the qualifications of these candidates, Sir, will this new Board or the Government keep in mind that the degrees of their educational qualifications taken from various important non-official institutions like Shantiniketan and Gurukul Kangra will also be taken into consideration

as the Honourable the Prime Minister had promised last year when this question was discussed that he would consider this question?

**The Honourable Pandit Jawaharlal Nehru:** So far as this Gurukul is concerned, it is not bound down by the strict terms of the advertisement which the Federal Public Services Commission issued. For instance that Commission said that a person must hold a first class university degree. That was done because we want men of the highest merit. Nevertheless it is conceivable that a person who gets a first class degree is not very competent for this particular work and a person who might get a second class degree subsequently gets other qualifications which make him more competent. Anyhow, in answer to the question put by Seth Govinddas I would say that it is open to the new Board to consider such questions.

**Shri Ajit Prasad Jain:** May I know, Sir, whether a competitive examination for recruitment to the Foreign Service was held in June last and whether any candidates appeared at that examination, and if none of them have been so far taken, why?

**The Honourable Pandit Jawaharlal Nehru:** No competitive examination specially for the Foreign Service has been held: but out of those who were selected in the competitive examination for the All-India Administrative Service, some persons were selected for the Foreign Service.

**Prof. N. G. Ranga:** Why is it, Sir, that representation is provided for the Indian Merchants Chamber and no representation at all for this House?

**The Honourable Pandit Jawaharlal Nehru:** This House is represented by quite a number of Members there. We are all Members of this House representing this House in those Committees. The Diplomatic Service is divided into two parts: One is purely Diplomatic Service and the other Consular Service. More or less they are taken together now, not separate as they used to be. Because there was this consular aspect, which deals with trade and commerce to a great extent, we thought we might have some representative of the Indian Chambers of Commerce.

**Shri B. Das:** Is it a fact that one or two persons have been sent abroad in the Diplomatic Service who have foreign wives, and is it not a fact that no other country sends out persons who have foreign wives in the Diplomatic Service?

**The Honourable Pandit Jawaharlal Nehru:** I cannot speak for other countries. Normally it is not considered desirable for diplomats, at any rate holding very responsible posts, to marry foreign wives as the Honourable Member puts. But there is no bar to that. It may only be the reason for reconsideration of the appointment. This matter was examined and it was considered that it should not be a bar, but that the question can be considered on individual merits.

**Seth Govinddas:** Will the Government under these circumstances see that no bachelor is sent?

(No reply)

**Begum Aizaz Rasul:** May I know if women with the requisite qualifications, are eligible for recruitment to Foreign Service through the Federal Public Services Commission?

**The Honourable Pandit Jawaharlal Nehru:** Yes, certainly in theory. I hope also to some extent in practice. Certain difficulties arose when this matter was being considered last year when we were framing our rules. I may tell the House that the rules as originally framed excluded women, but I struck out that clause and said women should not be excluded. The fact remains

there are certain difficulties about appointing women, and most Foreign Services do not employ women except sometimes in the highest grades of individuals whose services might be distinguished, but there is no bar at all.

**Shri Dashbandhu Gupta:** May I know, Sir, if the Selection Board referred to also deals with selections for Cultural Relations Services?

**The Honourable Pandit Jawaharlal Nehru:** What are the Cultural Relations Services?

**Shri Dashbandhu Gupta:** There are some representatives appointed for instance, for cultural relations between Iran and India.

**The Honourable Pandit Jawaharlal Nehru:** I do not understand the Honourable Member's question. There are persons in the Diplomatic and Consular Regular Service. They are chosen by a competitive examination except for top rank people who come from public life. The Attaches and others may be appointed. They may be members of the Service or they may be outsiders. For instance there may be a Scientific Attache, a Cultural Attache or a Military Attache. If they are members of the Service, of course they are there. If they are chosen from outside, they are members of some other Service.

### (b) WRITTEN ANSWERS

#### ANTI-INDIAN PROPAGANDA IN MIDDLE EASTERN COUNTRIES

**221. \*Seth Govinddas:** Will the Honourable the Prime Minister be pleased to state:

(a) whether Government are aware of the anti-Indian propaganda in the various Middle-Eastern countries; and

(b) the action the Government of India propose to take to save those Indians, whose life and property are in danger in those countries, on account of that propaganda?

**The Honourable Pandit Jawaharlal Nehru:** (a) Reports of such activities have reached the Government of India from time to time.

(b) The only request for protection came recently from Indians in Iran. Suitable representations were made immediately to the Iranian Government and India's Ambassador-designate to Iran has been instructed to look into the matter personally. As regards anti-Indian propaganda in the countries referred to by the Honourable Member, nothing systematic has been possible so far, but, with the opening of Indian Embassies in Teheran and Cairo, it is hoped that effective action will become possible.

#### AGREEMENT BETWEEN INDIA AND PAKISTAN TO FEED REFUGEES

**222. \*Seth Govinddas:** Will the Honourable Minister of Relief and Rehabilitation be pleased to state the terms of the joint agreement entered into between the Governments of Pakistan and India to feed the refugees in their own territory?

**The Honourable Shri K. G. Neogy:** The terms of agreement pertaining to the Provinces of East Punjab and West Punjab is contained in the Press Communiqué issued from Government House, Lahore on 3rd September, 1947 are as follows:—

"The Governments of East and West Punjab have undertaken the responsibility for running refugee and evacuee camps for Muslims as well as non-Muslims in their own areas and will provide food and other necessities in equal measure to all refugees."

This agreement would apply also to the North-West Frontier Province as the Province is included with West Punjab in the agreement for mass transfer of population, but in practice the obligation to supply free food to refugees has not been carried out fully by the North-West Frontier Province Government.



## PAYMENT OF REPARATIONS BY GERMANY AND JAPAN

223. \*E. B. Lala Raj Kanwar: (a) Will the Honourable Minister of Commerce be pleased to state whether any reparations in connection with the last Great War have since been claimed from—

- (i) Germany; and  
(ii) Japan?

(b) If the reply to part (a) above be in the affirmative, what is the amount recoverable in each case and how much out of it has since been recovered in cash or in the shape of materials and how much still remains to be recovered?

(c) If the reply to part (a) above be in the negative, when do the Government of India propose to take up this matter?

The Honourable Shri N. V. Gadgil: (a) Yes, Sir.

(b) So far as Germany is concerned, division of reparations among claimant countries was decided at the Paris Conference held in 1915 at which India was represented. In terms of the agreement reached, India is entitled to receive 2 per cent. of general reparations called Category 'A' and 2.9 per cent. of industrial and other capital equipment called Category 'B'. India has been allotted as her Category 'B' share German plant and machinery of an aggregate value of R.M. 12,000,514.27 up to 30th September, 1947. So far as Category 'A' share of German reparations is concerned, no items have so far been received.

The question of Japanese reparations is still under discussion in the Far Eastern Commission at Washington and India has claimed 12.5 per cent. as her share. The total amount of the reparations recoverable from Germany and Japan is not however yet known and it is not possible therefore to say how much is due for recovery.

(c) Does not arise.

## APPOINTMENT OF INDIA'S AMBASSADORS, ENVOYS AND HIGH COMMISSIONERS

224. \*E. B. Lala Raj Kanwar: Will the Honourable the Prime Minister be pleased to state the names of Ambassadors, Envoys, High Commissioners and other persons holding similar position, who represent India in foreign countries, and the date of appointment and emoluments of each?

The Honourable Pandit Jawaharlal Nehru: A statement is placed on the table of the House.

*Statement showing name of country, name of the Ambassador etc., date of appointment and emoluments.*

Name of the Country	Name of the Ambassador, etc.	Date of appointment	Emoluments
1	2	3	4
1. U.S.A.	Mr. Asaf Ali, Ambassador.	20th February, 1947.	(1) Pay Rs. 3,500 p.m. (2) Frais de Representation Rs. 4,500 p.m. (3) Free furnished house. (4) Free car and chauffeur at Govt. expense. (5) Free heating of the house.

1	2	3	4
2. China	Mr. K. P. S. Menon, Ambassador.	9th March, 1947 (A.N.)	(1) Pay (consolidated) Rs. 4,500 p.m. (2) Free furnished house. (3) Motor car and chauffeur at Govt. expense. (4) Free service in the house.
3. U.S.S.R.	Mrs. Vijaya Lakshmi Pandit, Ambassa- dor.	19th August, 1947.	(1) Pay Rs. 3,500 p.m. (2) Frais de representation Rs. 4,500 p.m. (3) Free furnished house and free heating of the house. (4) A car and chauffeur at Govt. expense.
4. Nepal	S. Surjit Singh Ma- jithia (Ambassa- dor designate).	Has not taken over so far.	(1) Pay Rs. 2,250 p.m. (2) Frais de Representation Rs. 750 p. m. (3) Free furnished house. (4) A car with chauffeur and a cleaner, the Ambassador bearing the running ex- penses.
5. Iran	Mr. Ali Zaher, Am- bassador.	16th November, 1947.	(1) Pay Rs. 3,000 p.m. (2) Frais de Representation Rs. 2,000 p.m. (provisional) (3) Free furnished house. (4) Provision of a car at Gov- ernment expense.
6. Japan	Sir B. Rains Rau (Head of the Indian Liaison Mission in Tokyo and Political Re- presentative of India with S.C.A. P. with personal rank of Amba- sador).	24th July, 1947	(1) Pay Rs. 3,500 p.m. (2) Representation allowance Rs. 2,000 p.m. (3) Free car with chauffer. (4) Free accommodation and free ration.
7. French Estab- lishment in India and Portuguese Possessions in India.	Mirza Rashid Ali Beg, Consul- General for French Estts. in India and for Portu- guese Possessions in India.	19th September, 1947.	(1) Pay Rs. 2,000 p. m. (2) Representation allowance Rs. 300 p.m.
8. Shanghai	Capt. R. D. Sathe, Indian Consul, Shanghai.	16th August, 1947 (A.N.)	(1) Pay of rank in the army. (2) Additional pay Rs. 350 p.m. (3) Special pay £200 P. A. (4) Local allowance £300 P.A. (5) Sumptuary allowance £200 P.A. (6) Free accommodation.

1	2	3	4
9. Siam	Mr. Bhagwat Dayal, Charge d' Affaires, Indian Legation, Bangkok.	2nd September, 1947 (the date on which the Consulate was raised to the status of a Legation).	(1) Pay Rs. 1,100 p.m. (2) Foreign Allowance £ 600 P.A. (inclusive of £ 150 as sumptuary allowan- ce). (3) House rent allowance £ 300 P.A.
10. Indo-China	Mr. A. N. Mehta, Consul for India in Indo-China.	1st June, 1947	(1) Pay of rank in the Army. (2) Special Pay Rs. 150 p.m. (3) Foreign allowance £ 400 P.A. (4) House rent allowance £ 300 P.A.
11. Indonesia	Mr. N. Raghavan, Consul-General for India at Batavia.	8th October, 1947 (A.N.)	(1) Pay Rs. 2,250 p.m. (2) Consolidated foreign allow- ance Rs. 1,250 p.m. (3) Free furnished accommo- dation. (4) Provision of a car at Gov- ernment expense the main- tenance charges being borne by the Consul-General and provision of a chauffeur at local rates of pay, as a special case.
12. South-Africa	High Commissioner	(Vacant)	
13. Australia	Sir R. P. Paranjpye, High Commis- sioner.	14th October, 1944.	(1) Pay £ 2,500 p.a. (fixed). (2) Equipment allowance £250 (once only). (3) Sumptuary allowance £ 700 p.a. (4) Car allowance £ 400 p.a. (including pay of chauffeur Car provided at Govt. ex- pense. (5) Free furnished house.
14. Canada	Mr. H. S. Malik, High Commis- sioner.	30th July, 1947	(1) Pay Rs. 2,250 p.m. (fixed). (2) Representation allowance \$ 10,000 p.a. (3) Free car and chauffeur, maintenance charges to be borne by the High Com- missioner. (4) Free furnished house.
15. Burma	Dr. M. A. Rauf, High Commis- sioner.	8th November, 1946.	(1) Pay Rs. 2,750 p.m. (2) Sumptuary allowance Rs. 750 p.m. (3) Car allowance Rs. 250 p.m. Car provided at Govt. cost. (4) House rent allowance, Excess over 10 per cent. of pay. (5) Cost of living allowance Rs. 300 p.m.

1	2	3	4
16. United Kingdom.	Mr. V. K. Krishna Menon, High Commissioner.	15th August, 1947.	(1) Pay (provisional) £ 2,000 p.a. (2) Sumptuary allowance £ 1,000 p.a. (3) Free furnished house, occupant bearing maintenance charges up to £ 250 p.a. (4) Free car and chauffeur maintained by Government.
17. Pakistan	Mr. Sri Prakasa, High Commissioner.	15th August, 1947.	(1) Pay Rs. 2,500 p.m. (fixed). (2) Entertainment allowance Rs. 500 p.m. (3) Free house. (4) Free car for official use.
18. Malaya	Mr. J. A. Thivy, Representative.	11th August, 1947.	(1) Pay Rs. 2,250 p.m. (fixed). (2) Local allowance Rs. 500 p.m. (3) Sumptuary allowance Rs. 500 p.m. (4) Car allowance Rs. 125 p.m. (5) House rent allowance Rs 150 p.m. (6) Cost of living allowance Rs. 350 p.m.
19. Ceylon	Mr. V. V. Giri, Representative.	2nd July, 1947	(1) Pay Rs. 2,250 p.m. (fixed). (2) Sumptuary allowance Rs. 500 p.m. (3) Local allowance Rs. 500 p.m. (4) Car provided by Government cost.

#### MIGRATION TO AND FROM INDIA AFTER PARTITION

225. \*R. B. Lala Raj Kanwar: Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) the number of Muslims who, since the partition of the country into two Dominions, have migrated from India into Pakistan; and

(b) the number of Hindus, Sikhs, Indian Christians and members of the Scheduled Castes who have, during the same period, migrated from Pakistan into India?

The Honourable Shri K. C. Neogy: (a) and (b) The Honourable Member is referred to my reply to Starred Question Nos. 1 (a) and 19 (a) on the 18th November, 1947.

#### EXPORT OF CRUSHED BONES

226. \*Shri R. E. Diwakar: (a) Will the Honourable Minister of Commerce be pleased to state whether it is a fact that the export of crushed bones is increasing by leaps and bounds since the cessation of hostilities?

(b) If so, what is the quantity exported during the year 1945-46?

**The Honourable Shri N. V. Gadgil:** (a) No, Sir.

(b) I may add for the Honourable Member's information that the actual figure of exports for 1945-46 was 46,791 tons.

#### APPOINTMENT OF ORIAS IN FEDERAL COURT OFFICE

**227. \*Shri Lakshminarayan Sahu:** (a) Will the Honourable the Prime Minister be pleased to state how many persons from the Province of Orissa have been appointed in the office of the Federal Court?

(b) Do Government propose to see that sufficient number of persons from the Province of Orissa are appointed in that office?

**The Honourable Pandit Jawaharlal Nehru:** (a) No person from the Province of Orissa has so far been appointed to the staff attached to the Federal Court.

(b) The Chief Justice informs me that the staff of the Court is recruited on considerations other than provincial (or communal), though he always endeavours to do justice to all provinces (and all communities).

#### HYDRO-ELECTRIC SCHEMES

**228. \*Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Works, Mines and Power be pleased to lay on the table of the House a list of all Hydro-Electric Schemes which have been started or which are under contemplation, showing the location of each?

(b) How far has each scheme advanced?

(c) What is the expenditure incurred on each project and the estimated total cost of each?

**The Honourable Shri N. V. Gadgil:** (a) and (b). A statement showing only the hydro-electric projects is placed on the table of the House. It does not include projects covering electric power transmission lines and thermal generating Stations.

(c) The estimated total cost of each project has been given in the statement. For those projects, however, which are still under investigation, estimates of the cost can only be made after the investigations have been completed. Information about the expenditure incurred so far on each project is not readily available.

Statement on Hydro Electric Schemes in India which are either under attention or under investigation.  
MW = Megawatts, i.e., 1000 KW (or 1000 Kilowatts)

Name of Hydro Electric Schemes.	Proposed installed capacity (MW)	Estimated Total Cost (Rs. in Lakhs)	Location & brief description of Project	Present stage of Progress
<b>West Bengal—</b>				
1. Jaldhaka Hydro Electric Scheme.	18.00	197.00	The power site is located on the Jaldhaka river in the same district. A diversion of the waters from the river will be taken off from a point near the junction of Bindu Khola and Jaldhaka so as to utilize the drop of about 645' available over a length of 3 miles between this junction and the proposed power house site.	The Scheme is under preliminary investigation.
<b>Bihar—</b>				
2. Unified Development of the Damodar River Valley— Tilaiya Dam Konar dams (3 dams) Aiyar Maithan Panchet Hill Bal Pahari Bermo Bokharo	6.00 26.75 45.00 40.00 30.00 18.00 3.3		This is a comprehensive multi-purpose project including in its scope irrigation, power generation, navigation and flood control.  Eight dams are proposed to be built on the Damodar river and its tributaries. A thermal station (capacity 160 MW) is also likely to be erected near Bermo in the Bokaro Coal fields.	The preliminary investigations have been carried out and detailed plans and designs for some of the dams have been completed by the Central Technical Power Board of the Government of India. It has now been proposed to establish a new organisation known as "Damodar Valley Corporation" who will proceed to the further implementation of the entire Damodar Valley Development.
3. Kosi River Project.	1000.00		A 750 ft. high dam and a power station will be located at Chhatra gorge in Nepal, before Kosi reaches the plains.	The Central Waterways, Irrigation and Navigation Commission of the Government of India is carrying out the preliminary investigations on this scheme.

Bombay--

4. The Tata Hydro Electric

Agencies :--  
Bhira Power Station  
Extension.

Bhirpuri Tail race Scheme  
Bhira Tail race Scheme

22.0 }  
6.50 }  
9.00 }

45.00

On the hill ranges in the Western Ghats—South of Bombay

These additions were under consideration. However, no final decisions on the implementation of these schemes have so far been reached.

5. Kalinadi Scheme

50.00

...

On the Kalinadi river in the North Kanara district near the junction of Kalinadi and Pandri. The scheme comprises a dam near Supa, a diversion weir at Bonnanhalli and necessary penstock and power plant.

The scheme is being studied by Messrs. Associated Consulting Engineers (Indi.) who are expected to submit their report to the Government of Bombay by the end of this year.

Preliminary survey work completed.

6. Koyna River Project.

300.00

This scheme is designed to develop the Koyna river for power-development by constructing a dam about 2 miles up stream from Helwak. A tunnel will take off from the reservoir and lead to the penstock. The power house is proposed to be located about 6 miles from Chipjua on Chiplun-Karad Road.

Preliminary survey work is being continued.

7. Bhandardara and Raudha Hydro Electric Project.

32.00

399.00

(1) Bhandardara site—On the Pravara river in the Ahmednagar District.  
(2) Raudha site—3 miles down stream.

The Govt. of Bombay completed the preliminary investigations on the scheme, but subsequently decided that on account of the prevailing high costs of plant of considerable size due to limited water supply during cold weather, the output from the station will be very low, and decided to postpone the project tentatively.

*Statement on Hydro Electric Schemes in India which are either under execution or under investigation.*  
 MW—Megawatts i.e., 1000 KW (or 1000 Kilowatts)

Name of Hydro Electric Schemes.	Proposed installed capacity (MW)	Estimated Total Cost (Rs. in Lakhs)	Location & brief description of Project	Present stage of Progress
<i>Coorg Division—</i>				
9. Burepoidi Hydro Electric Scheme.	26.00	..	On the Burepoidi river, dam at the junction of Koganna and Kalkattu Kobi.	A preliminary reconnaissance was carried out. Madras Government has agreed to take up on behalf of Coorg administration further detailed investigation, but no active work has yet been commenced mainly due to paucity of trained staff.
<i>Madras—</i>				
9. Fyzara Hydro Electric Scheme (third and final stage extension).	20.00	413.79	Location is in the Fyzara district 15 miles from Ootacamund. Present extension comprise a new dam on Pykara river, additional penstock line and 2.10,000 KW water wheel generating sets.	Camp buildings and road construction works are in progress.
10. Moyal Hydro Electric Scheme	36.00	268.00	The power site is located on the tail race of the Fyzara Power Station.	Plant and equipment are on order. Active site work is now in progress.
11. Papanasam Hydro Electric Scheme (Extension).	5.80	39.40	On the Tambraparni river, about 6 miles from Ambasamudram Ry. Station in Tanjore District.	Plant on order. Work in progress.
12. Periyar Hydro Electric Scheme (Extension)	77.50		Below Periyar reservoir and in the Cardamom Hills on the borders of Travancore Madras (Madura).	Investigations still in progress. No final decisions have been taken on the implementation of the project.
13. Maachikand Hydro Electric Project.	103.50	753.00 (The cost includes that for the thermal scheme under this project).	On the Maachikand river in Jaypore Estate on the borders of Madras and Orissa provinces. The site of the dam is at Jalapat. The Govts. of Madras	The scheme will be constructed in two stages of installed capacity 51.75 MW each. Preliminary surveys, site clearance and road-laying etc., are on



and Orissa have agreed to develop this project jointly. The capital expenditure for the power station and civil works will be shared by Madras and Orissa Govts. in the proportion of 70-30. Power supply from this project will be extended to both the territories.

14. Tungabhadra Project.

40.00  
(Tentative)

A dam will be constructed on the Tungabhadra river at Mallapuram near Hospet in the Bellary district. Two power sites are available — one below the dam and the second about 16 miles downstream on the irrigation canal from the dam.

Finalised details have not yet been worked out by Madras Govt. Meanwhile, they are proceeding with the construction of transmission and distribution lines in this area and propose to build up load by purchasing bulk power from the Mysore Jig System.

15. ~~Deccan~~ Godavari Project  
(Godavari Hydro Electric Scheme).

1000.00  
(Tentative)

A dam 393' having a reservoir capacity of 520,000 million C. ft. will be constructed on the Godavari river at Polavaram. The power plant will be located below the dam.

The project has been accepted in principle and preliminary work is in progress. The work is likely to take 12 years for completion and accordingly to be functioning for considerable time yet.

16. Orissa — Multipurpose development of the Mahanadi River Gursajyd Project.

350.00  
(Ultimate)

47.5 crores of Rs. 29.5 crores will be charged to "Power".

The Location of the dam is at Hirakud 7 miles from Sambalpur in Orissa Province. Two power stations are proposed one at the dam site and the second at the end of a power channel 20 miles below the dam.

The Central Waterways, Irrigation and Navigation Commission of the Govt. of India will be carrying out the work on behalf of Orissa. Preliminary investigations have been completed and active work is to be commenced shortly.

Tikkerpara Project  
Naraj Project  
(Tentative)  
2000.00

Under investigation of the Central Waterways, Irrigation and Navigation Commission.

Statement on Hydro Electric Schemes in India which are either under execution or under investigation  
MW—Magaratis i.e. 1000 K W (or 1000 Kilowatts)

Name of Hydro Schemes.	Proposed installed capacity (M W)	Estimated Total Cost (Ru. in Lakhs)	Location & brief description of Project	Present stage of Progress
<i>East Provinces—</i>				
17. Nangal Scheme— 1st Stage 2nd Stage 3rd Stage	167.00 46.00 28.00	1744.00	This is a combined power-cum-irrigation project and the power sites are all situated on the Nangal canals taking off from the Sutlej river.	Specifications for the plants are under preparation and tenders are likely to be invited shortly.
18. Bhakra Project.	660.00	4280.00	On the Sutlej river. This is also a combined irrigation and power project.	Studies on hand.
19. Jopindernagar Extension Scheme.	94.00	99.52	This Hydro Electric Station is on the Uhl river. The present scheme envisages the addition of a pipe line with 3-12,000 KW generating sets at Jopindernagar.	The scheme has been sanctioned but the plants and equipment have not yet been ordered. Tenders are likely to be invited shortly.
<i>United Provinces—</i>				
20. Mohammedpur Hydro-Electric Project.	10.50	55.00	At Mohammedpur on the Gan- gen canals in the United Provinces.	Plant being received in situ. Construction work in progress.
21. Sarla Canal Hydro-Elec- tric Project.	41.40	925.00	At Khatima on the Sarla canal in the United Provinces.	Plant and equipment on order. Civil works at site in progress.
22. Nayar Dam Project.	175.00		At Marora on the Nayar river, a tributary to the Ganges.	Preliminary investigation in hand.
23. Riband Dam Project.	230.00		On the Riband river, tributary to Son. Site near Pipri village.	Projects reports have been pre- pared. Implementation of the scheme is expected to be taken up shortly.

24. Tons River Project.	60.00	...	<p>The site is at Kalai on the Tons river (a tributary to Jumna) where Tons joins the Jumna. The Scheme will be developed in two stages. In the 1st stage the waters will be diverted through a tunnel and then dropped down to the power house. In the 2nd stage a dam and a reservoir will be built higher upon the river with a power house below the dam.</p>	<p>Survey work is in progress. Investigations and planning are on hand</p>
<i>Indian States—</i>				
<i>Cochin—</i>				
25. Proingalkuthu Hydro Electric Scheme.	18.00 (Initially)	100.00	<p>On the Chalakudi river in the Cochin State.</p>	<p>Preliminary investigations, jungle clearance, road laying, etc., being carried out.</p>
<i>Kashmir—</i>				
26. Sind Valley Hydro Electric Scheme (Ganderbal).	6.00	...	<p>At Ganderbal in the Sind Valley.</p>	<p>Tenders for plants have been received and orders are likely to be placed shortly.</p>
<i>Kolhapur—</i>				
27. Radhanagari Hydro Electric Scheme.	4.80	161.00 (inclusive of the cost for the irrigation portion of the scheme)	<p>Site at Radhanagari dam</p>	<p>The delivery of the plant on order is scheduled to start from May 1948 and end by March 1949.</p>
<i>Mysore—</i>				
28. Jog Falls Hydro Electric Scheme (2nd stage)	72.00	500.00	<p>At Jog on the Saravathi river on the borders of Mysore State and Bombay Province. This is the second stage development of the original scheme</p>	<p>The first stage of the project (48MW) is fast nearing completion and plant and equipment for the second stage development are on order</p>

Statements on Hydro Electric Schemes in India which are either under examination or under investigation  
MW - Megawatts, i.e., 1000 KW (or 1000 Kilowatts)

Name of Hydro Electric Schemes.	Proposed installed capacity (MW)	Estimated Total Cost (Rs. in Lakhs)	Location & brief description of Project	Present stage of Progress
<b>29. Lakkavalli Project.</b>	12.70	---	At Lakkavalli on the Bhadra river in Kachar District.	The project is under investigation.
<b>Tamilnadu—</b>				
<b>30. Pallivasal Hydro Electric Scheme (Extra.—I Stage)</b>	7.50	---	Near Munnar on the hill ranges in north Travancore (Pallivasal Estate).	The first 7.5 MW set has been erected completely except for some minor items and has been put into commercial service. The erection of the second is in progress. Delivery of third set is expected in 1949.
<b>31. Sengulam Scheme.</b>	45.00	200.00	On the fall race of Pallivasal power station.	Specifications for the plant and equipment are under preparation and tenders are likely to be invited shortly.
<b>Rajputana States—</b>				
<b>Kotah—</b>				
<b>32. Chambal Hydro Electric Scheme.</b>	100.00	---	The power site is on Chambal river in Kotah State. The proposal is to construct a dam on the Chambal with a view to generate power and also provide water supply for irrigation.	The scheme was proposed to be undertaken as a joint measure by a number of contiguous Rajputana States. Decisions on the implementation of the scheme are awaited.
<b>Jodhpur—</b>				
<b>33. Eriapura Hydro Electric Scheme.</b>	4.00	---	Near Eriapura on the B.B. and C.I. Railway. This is a small power scheme on the Eriapura reservoir under construction on the Jawai river.	The scheme is being studied by the Jodhpur Government.

Hydroelectric—	Hydro Elec-	18-00	85-91	Below the dam across Nisamagar reservoir.	Plant has been ordered and work is in progress.
34. Nisamagar Project.					
<b>Other Projects—</b>					
35. Narbada Valley Development	} 1000,000 KW (Tentative)		..	Several dams on the Narbada and Tapi rivers.	Under investigation by Central Waterways, Irrigation and Navigation Commission.
Tapti Valley development.					
<b>Assam Valley Development —</b>					
36. Dihang Dam Project.	} 3000,000 to 4000,000 KW (Tentative)			Located in the tributaries of the Brahmaputra and on the Barali and Suneshwar rivers.	Ditto.
Punas Dam Project.					
Barali Dam Project.					
Suneswar Dam Project.					

## INDIAN SUPPLY MISSION IN LONDON

229. \*Shri Mohan Lal Saksena: Will the Honourable Minister of Commerce be pleased to lay on the table of the House a statement about the Indian Supply Mission in London as to its personnel, working and annual expenditure?

The Honourable Shri N. V. Gadgil: A statement containing the required information is laid on the table.

*Statement*

With the termination of the war and the release of the pent-up world demand for capital goods on U. K. manufacturers, it was felt that, if India was to secure her due share of U. K.'s exportable surplus of these goods which were so vital to her economy and for the encouragement and orderly development of Indian Industries in the post-war period, it was most essential that she should have a separate organization on the spot to arrange for and finalise the purchase of all her requirements. With this object in view, the India Supply Commission came into being in November 1943. The work of this organization covers registration, co-ordination and processing of all imports on non-Government account, sponsorship of shipments, programming and progressing of requirements of machinery, plant equipment and their civil requirements.

The staff of the India Supply Commission in London consists of an India Supply Commissioner assisted by one Deputy and three Assistant Commissioners and the necessary complement of subordinate staff. The last incumbent of the post of India Supply Commission having opted for service under the Pakistan Government, the Indian Trade Commissioner, London, is, at the moment, as a temporary measure, in charge of the post in addition to his own.

The annual expenditure on the Commission as budgetted for the year 1947-48 is Rs 4.92.000.

## APPOINTMENT OF INDIAN TRADE COMMISSIONERS

230. \*Shri Mohan Lal Saksena: Will the Honourable Minister of Commerce be pleased to lay on the table of the House a statement about the Indian Trade Commissioners in different countries?

(b) Who are the present Trade Commissioners, how were they selected and what are their respective periods of appointment?

The Honourable Shri N. V. Gadgil: (a) I lay a statement on the table which will give the Honourable Member the information which I think he desires.

(b) A statement furnishing the required information is laid on the table.

*Statement I*

<i>Places where Indian Trade Commissioners have been appointed</i>	<i>Jurisdiction of the Trade Commissioners.</i>
1. London	United Kingdom and such other countries in the continent of Europe with which private trading is permitted, excluding countries under the jurisdiction of the Paris Office.
2. New York	United States of America.
3. Buenos Aires	Whole of South America as far north as and including Guatemala.
4. Toronto	Dominion of Canada.
5. Sydney	Australia and New Zealand.
6. Mombasa	East Africa (Kenya, Uganda and Tanganyika and Zanzibar).
7. Alexandria	Turkey, Syria, Palestine, Egypt, Trans Jordan, Saudi Arabia, Iraq, Arab shore of Persian Gulf including Bahrain and Kuwait, Muscat, the Sudan and Yemen.
8. Tehran	Iran.
9. Colombo	Ceylon.
10. Paris	Portugal, Spain, France, Switzerland, Luxembourg, Belgium, Holland, Denmark, Norway, Sweden, Czech-Slovakia.

The principal duties of a Trade Commissioner are :

- (a) to answer trade enquiries which are directed to the development of markets for Indian goods in the area for which he is responsible;
- (b) to compile an index of firms of good standing in his area dealing in goods such as India produces or is capable of producing for export;
- (c) to furnish commercial information directed to the development of Indian export trade required by Departments of the Central Government or by Provincial Governments, by Indian States, by the High Commissioner for India or by the Director General of Commercial Intelligence and Statistics;
- (d) to report spontaneously and with the least possible delay to the Secretary to the Central Government, Department of Commerce, the reactions of trade restrictions, regulations and other Government measures, in his area, on Indian export trade and other matters of special commercial importance;
- (e) to report, spontaneously to the Director General of Commercial Intelligence and Statistics, any local developments, official or unofficial, likely to affect Indian trade;
- (f) to visit local firms and represent to them the means of securing Indian goods suitable to their requirements;
- (g) to test the local markets for Indian goods by means of trial consignments if so desired;
- (h) to assist, by means of letters of introduction and advice, visitors to his area engaged in the development of the Indian export trade;
- (i) to take such steps as are possible to settle trade disputes arising in his area involving claims by merchants in India;
- (j) to maintain a library of Indian trade publications available for consultation by interested local enquiries;
- (k) to organise exhibits of Indian goods at local exhibitions or fairs on lines approved, and within the scope of funds allotted for the purpose, by the High Commissioner or by the Director General of Commercial Intelligence and Statistics, as the case may be; and
- (l) to represent the possibilities of Indian trade by means of lectures, the display of films and other suitable methods.

### Statement II

<i>Places where Trade Commis- sioners have been appointed</i>	<i>Name of the Trade Commissioners</i>	<i>How they were selected</i>	<i>What are their respective periods of appointment</i>
(1)	(2)	(3)	(4)
London	Mr. A. S. Lall, M.B.E., I.C.S.	Taken from the Commerce-Finance pool.	Mr. Lall, the Deputy Indian Trade Commissioner is officiating as Indian Trade Commissioner with effect from 1st June 1947 and will continue to hold that post till such time as a regular incumbent for that post is appointed.
Buenos Aires	Mr. J.R.K. Modi	Selected through the Federal Public Service Commission	Mr. Modi assumed charge of his present post on 25th February 1943.

(1)	(2)	(3)	(4)
Toronto . . .	Mr. M. R. Ahuja.	Selected through the Federal Public Service Commission.	Mr. Ahuja assumed charge of his present duties on the 7th November 1941 and is at present holding charge of the New York post also till such time as a Trade Commissioner can be appointed to hold charge of the New York office.
Sydney . . .	Vacant	...	Mr. V. G. V. Raghvas the Head Clerk in that office is carrying on the current duties of the Trade Commissioner in addition to his own till such time as a successor is appointed.
New York . . .	Vacant	...	Mr. Ahuja, the Indian Government Trade Commissioner, Toronto is officiating as Indian Government Trade Commissioner, New York, with effect from 6th August 1947, in addition to his own duties. He will continue till such time as a regular Trade Commissioner is appointed at New York.
Alexandria . . .	Vacant	...	Mr. J. A. Rahim, I.C.S., last incumbent, having opted for Pakistan, his services have been placed at the disposal of that Govt. Mr. M. R. Vaveja, the Head Clerk in that office is carrying on the current duties of the Trade Commissioner in addition to his own.
Tehran . . .	Do.	...	Major Hassan, the last incumbent, having opted for Pakistan, his services have been placed at the disposal of that Government. Mr. N. C. Sen, the stenographer, is looking after the office on a care and maintenance basis. He was appointed on the 7th February 1941 and his present term expires on the 31st December 1949.
Bombay . . .	Sardar Sahib Sardar Sangat Singh	By promotion	
Ceylon . . .	Mr. R. L. Tan Ion	Belongs to the Punjab Civil Service.	He was appointed to the post on 21st May 1946.
Paris . . .	Mr. G. S. Bajpai	Taken over from the Ministry of Information and Broadcasting.	He was appointed to the post on 22nd August 1946.



## VARIOUS AGREEMENTS BETWEEN INDIA AND PAKISTAN

232. \*Shri Mohan Lal Saxena: (a) Will the Honourable the Prime Minister be pleased to lay on the table of the House a statement showing the various agreements entered into by the Government of India with the Government of Pakistan?

(b) Which of them have not been fulfilled and to what extent?

**The Honourable Pandit Jawaharlal Nehru:** (a) There are two classes of agreements reached by the Government of India with the Government of Pakistan:

(i) Those entered into by the representatives of India and the representatives of Pakistan before August 15, 1947. Most of these have been embodied in Orders of the Governor-General. A list of these agreements is placed on the table of the House.

(ii) Agreements reached by the two Governments subsequent to August 15, 1947 at inter-Dominion conferences and otherwise. Details about these agreements are being collected and will be supplied to the House as early as possible.

(b) Some of the agreements have been contravened by the Central and Provincial Governments of Pakistan by the issue of ordinances and otherwise. For example, the ban imposed by the Government of Sind on the export to India of goods imported at Karachi and the imposition of duty on raw jute exported from Pakistan to India contravene the Agreement on Economic Relations (Trade) reached on the 5th August, 1947. Full details of these breaches are being collected from other Ministries and will be supplied to the House as soon as possible.

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*List of Agreements referred to in the reply to Part (a) of Question No. 232.*

(A) *Orders of the Governor General.*

1. The Executive Council (Transitional Provisions) Order, 1947.
2. The Joint Defence Council Order, 1947.
3. The Federal Court Order, 1947.
4. The High Courts (Bengal) Order, 1947.
5. The High Courts (Punjab) Order, 1947.
6. The High Court (Calcutta) Order, 1947.
7. The High Court (Lahore) Order, 1947.
8. Indian Independence (Partition Councils) Order, 1947.
9. The Arbitral Tribunal Order, 1947.
10. The Crown Representative (Transfer of Property and Liabilities) Order, 1947.
11. The Indian Independence (Legal Proceedings) Order, 1947.
12. The Indian Independence (Income-tax Proceedings) Order, 1947.
13. The Indian Independence (Miscellaneous Transitional Provisions) Order, 1947.
14. The India (Provisional Constitution) Order, 1947.
15. The India (Provincial Legislatures) Order, 1947.
16. The India (Adaptation of existing Indian Laws) Order, 1947.
17. The Indian Independence (International Arrangements) Order, 1947.
18. The Indian Independence (Rights, Property and Liabilities) Order, 1947.
19. The Pakistan (Provincial Legislatures) Order, 1947.
20. The Pakistan (Adaptation of existing Pakistan Laws) Order, 1947.
21. The Pakistan (Monetary system and Reserve Bank) Order, 1947.
22. The Pakistan (Provisional Constitution) Order, 1947.

23. The India Provisional Constitution (Amendment) Order, 1947.
  24. The Bengal State Prisoners Regulation (Adaptation) Order, 1947.
  25. The India Provincial Constitution and Provincial Legislatures (Amendment) Order, 1947.
  26. The Indian Naval Forces (Temporary Governance) Order, 1947.
  27. The India Provincial Constitution (Second Amendment) Order, 1947.
  28. The Indian Independence (Miscellaneous Transitional Provisions), No. 2 Order, 1947.
- (B) *Agreements on policy for the interim period.*
1. Agreement on economic relations (Trade) reached on 5th August 1947.
  2. Agreement on economic relations (Controls) reached on 5th August 1947.
  3. Agreement on nationality and domicile reached on 5th July 1947.

#### ANTI-INDIAN PROPAGANDA IN IRAN

233. \*Shri Mohan Lal Saxena: (a) Will the Honourable the Prime Minister be pleased to state the number of Indians in Iran?

(b) Is it a fact that the life and property of Indians in Iran have been greatly endangered as a result of the propaganda conducted by the Raja of Mahmudabad?

(c) If so, what action have Government taken to counter-act it, and what action they propose to take against the Raja?

The Honourable Pandit Jawaharlal Nehru: (a) There are approximately 500 Indians in Iran.

(b) and (c) We have received various telegrams from the Indian community in Tehran and Zahidan to the effect that their lives and property were in danger because of propaganda carried on against them. This was brought to the notice of the Iranian Government who have given assurances that the lives and property of the Indian community in Iran will be protected. Our Ambassador to Iran will shortly arrive there and will consider whether any further action is required to safeguard the interests of Indian nationals.

#### POST-WAR DEVELOPMENT SCHEMES

234. \*R. K. Sidhu: (a) Will the Honourable the Prime Minister be pleased to state what progress has been made by the Government of India in putting into operation, various post-war development schemes?

(b) Do Government intend to hold over the scheme, until normal conditions return, or would they proceed with the work?

(c) If the answer to the latter part of (b) above be in the affirmative, when do Government propose to give effect to the schemes?

(d) Do Government propose to give priority to the construction of roads in various parts of the country for the betterment of the life of the masses of India?

The Honourable Pandit Jawaharlal Nehru: (a) A start, but only a start, has been made both in the Provinces and in the Centre in putting these schemes into execution. A sum of approximately Rs. 18 crores has been paid to Provinces upto 31st March, 1947 as Central Government grants for Provincial schemes. The expenditure on Central Government schemes during the same period was estimated to be 11½ crores. Actuals are not yet available.

(b) and (c) Government have no intention of abandoning or retarding the progress of development schemes.

(d) 15 per cent. of the total cost of development plans is allocated to roads. Government consider this adequate.

## FORMATION OF PLANNING COMMISSION FOR INDIA

**235. \*Shri K. Santhanam:** Will the Honourable the Prime Minister be pleased to state:

(a) whether it is proposed to set up a Planning Commission for the whole of India; and

(b) if the answer to part (a) above be in the affirmative, what will be its strength, functions and powers?

**The Honourable Pandit Jawaharlal Nehru:** (a) and (b) The establishment of a Planning Commission was recommended by the Advisory Planning Board presided over by Mr. Neogy. The matter is now under consideration.

## REPORT OF HINDU LAW CODIFICATION COMMITTEE

**236. \*Shri K. Santhanam:** Will the Honourable Minister of Law please state:

(a) whether the Committee on the Codification of Hindu Law has submitted its final report; and

(b) whether and, if so, when it is proposed to introduce the Bill as recommended by the Committee?

**The Honourable Dr. B. B. Ambedkar:** (a) Yes.

(b) A Government Bill in exactly the same terms as the draft Hindu Code prepared by the Hindu Law Committee was introduced in the late Indian Legislative Assembly on the 11th April, 1947. A motion for the continuance of the Bill has also been adopted by this House on the 17th November, 1947.

## EVACUATION OF HINDUS AND SIKHS FROM WEST PUNJAB AND N.W.F.P.

**237. \*Shri K. Santhanam:** Will the Honourable Minister of Relief and Rehabilitation please state:

(a) the total number of persons evacuated from the West Punjab and N.W.F.P. up to the 15th November 1947;

(b) the number of Sikhs and Hindus who have still to be evacuated from these provinces; and

(c) the number of Hindus and Sikhs who have declined to avail of the facilities of evacuation and have decided to continue in their old places?

**The Honourable Shri K. G. Neogy:** (a) The Honourable Member is referred to my answer to question No. 19 (a). The number of persons evacuated between the 11th November, and 15th November, 1947, is not yet available.

(b) The Honourable Member is referred to my answer to Starred question No. 9 (b) on the 18th November. Figures subsequent to the 11th November, 1947, are not yet available.

(c) The reports suggest that all desire to be evacuated to the Indian Union.

## CONVERSION OF HINDUS AND SIKHS IN WEST PUNJAB AND N.W. F.P.

**238. \*Shri K. Santhanam:** Will the Honourable Minister of Relief and Rehabilitation please state:

(a) the estimated number of Hindus and Sikhs forcibly converted in the West Punjab and N.W.F.P.;

(b) the number of persons who have been rescued and reconverted; and

(c) the number of women abducted and the number rescued?

**The Honourable Shri K. G. Neogy:** (a), (b) and (c) No definite figures are yet available.

**APPOINTMENT OF AMBASSADORS, HIGH COMMISSIONERS, ETC.**

**239. \*Shri V. O. Kesava Rao:** (a) Will the Honourable the Prime Minister be pleased to state the number of Ambassadors, Representatives, Consuls-General, High Commissioners and Agents, etc., appointed after the popular Ministers took charge of Government?

(b) How many of them are Harijans?

**The Honourable Pandit Jawaharlal Nehru:** (a) The Honourable Member is referred to the statement placed on the table of the House in answer to Question No. 224.

(b) None.

**APPOINTMENT OF A LABOUR OFFICER AT COCHIN PORT**

**240. \*Shrimati D. Velayudhan:** (a) Will the Honourable Minister of Labour be pleased to state whether there is any Labour Officer in the Cochin Port at present?

(b) Was the post of Labour Officer sanctioned at any time?

(c) If the answer to part (b) above be in the affirmative, when was it sanctioned?

(d) If the answer to (a) above be in the negative, why was the appointment not made?

(e) Are Government aware that the majority of the workers there belong to the Scheduled Castes?

(f) If so, do Government propose to appoint a qualified Labour Officer in the Port preferably from the Scheduled Castes?

**The Honourable Shri Jagjivan Ram:** (a) No.

(b) Yes. A temporary post of Labour Officer has been sanctioned for the port for a period of three years in the first instance with effect from the date it is filled.

(c) On the 6th January 1947.

(d) It is proposed that the post should be filled by an officer from the pool of Labour Officers which the Ministry of Labour intend to constitute. The Federal Public Service Commission was asked to select suitable candidates for this pool on the basis of the requirements intimated to this Ministry by various Central Government Departments. A list of candidates suitable for appointment has been furnished by the Commission but no posting has yet been made as it has become necessary to consult the Departments concerned again as to whether their requirements as previously intimated have altered due to the partition of India, and this information is not yet complete.

(e) It has been ascertained that the majority of workers at the port do not belong to the Scheduled Castes.

(f) Due consideration will be given to the question of appointing a Scheduled Caste candidate at the time of filling the post.

**APPOINTMENT OF AMBASSADORS, AGENTS GENERAL AND REPRESENTATIVES**

**241. \*Shrimati D. Velayudhan:** (a) Will the Honourable the Prime Minister be pleased to state how many foreign countries have Government covered in the appointment of Ambassadors, Agents-General and Representatives?

(b) Who are the persons who accepted the jobs?

(c) How many of them are Muslims?

(d) Is there any Scheduled Caste member among the selected representatives? If none, why?

(e) How many officers are selected for the Diplomatic jobs?

(f) How many of them are Muslims, and how many Harijans?

**The Honourable Pandit Jawaharlal Nehru:** (a) Eighteen.

(b) It is not quite clear what the Honourable Member means by "jobs". According to the Oxford English Dictionary a job is a "piece of work; especially a small definite piece of work in one's own calling." Appointments in the Foreign Service are not jobs of this kind, but are selections of suitable and competent men for a career or calling which is highly specialised and requires the best talent available. Full information about our foreign representatives has been placed repeatedly before the House. A further list of persons holding posts of Ambassadors, Representatives, High Commissioners and Consuls is placed on the table of the House.

(c) Four.

(d) None. I regret that no member of the Scheduled Castes has so far been selected for appointment in this service. The criteria for diplomatic appointments are merit, capacity and suitability for a particular post.

(e) Ten officers have been appointed to the Indian Foreign Service so far by direct recruitment.

(f) One of them is a Muslim and none is a Harijan.

*List of countries in which Ambassadors, Representatives, etc., on behalf of the Government of India have been appointed.*

1. *America*: Mr. Asaf Ali, Ambassador for India at Washington.
2. *China*: Mr. K. P. S. Menon, Ambassador for India at Nanking.  
Captain R. D. Sathie, Indian Consul, Shanghai.
3. *U. S. S. R.*: Mrs. Vijayalakshmi Pandit, Ambassador for India at Moscow.
4. *Nepal*: Sardar Surjit Singh Majithia, Ambassador-designate for India.
5. *Iran*: Mr. Ali Zaheer, Ambassador-designate for India.
6. *Japan*: Sir B. Rama Rao, C.I.E., Head of the Indian Liaison Mission in Tokyo and Political Representative of India with the Supreme Commander of Allied Powers in Japan, Tokyo, with the rank of an Ambassador.
7. *Siam*: Mr. Bagwat Dayal, the Charge de Affaires, Indian Legation, Bangkok.
8. *Indo-China*: Mr. A. N. Mehta, Consul for India at Saigon.
9. *Indonesia*: Mr. N. Raghavan, Consul General for India at Batavia.
10. *French and Portuguese possessions in India*: Mirza Rashid Ali Baig, the Consul-General for India in the French Establishment in India, Pondicherry and Consul-General for India in the Portuguese Possessions in India, Nova Goa.
11. *Australia*: Sir R. P. Paranjpe, High Commissioner for India.
12. *Canada*: Mr. H. S. Malik, High Commissioner for India.
13. *Burma*: Dr. M. A. Rauf, High Commissioner for India.
14. *Pakistan*: Mr. Sri Prakasa, High Commissioner for India.
15. *United Kingdom*: Mr. V. K. Krishna Menon, High Commissioner for India.
16. *Malaya*: Mr. J. A. Thivy, Representative of India in Malaya.
17. *Ceylon*: Mr. V. V. Giri, Representative of India in Ceylon.
18. *South Africa*: The post of the High Commissioner is vacant at present.

## LORD ADDISON'S VISIT TO INDIA

242. \*Shri Brajeshwar Prasad: (a) Will the Honourable the Prime Minister be pleased to state the purpose of Lord Addison's visit to India?

(b) Do Government propose to lay on the table of the House a statement relating to the discussions which the Honourable the Prime Minister had with Lord Addison?

(c) Did Lord Addison come in his individual capacity or on behalf of the Government of England?

(d) Did Lord Addison bring any plan from England for a voluntary type of union between the Dominions of Pakistan and India?

(e) Is there any such plan in the knowledge of or under contemplation of the Government of India?

**The Honourable Pandit Jawaharlal Nehru:** (a), (b) and (c) Lord Addison spent a short time in Delhi en route from Canberra to London. He had no particular purpose in visiting India except to meet some people here. The Government welcomed his visit as that of a distinguished statesman. There were no formal discussions with him and no record was kept of informal talks.

(d) No. Lord Addison brought no plan of any sort.

(e) No.

243\*—246\* [WITHDRAWN].

## EVACUATION OF HINDUS AND SIKHS FROM PAKISTAN

247. \*Giani Gurmukh Singh Musafar: (a) Will the Honourable the Prime Minister please state whether the possibility of evacuation of the minorities, Hindus and Sikhs, was visualised by the Interim Government before the Partition of India into two Dominions India and Pakistan was agreed upon?

(b) If the answer to part (a) above be in the affirmative, what steps were taken to safeguard the life and property of such Hindus and Sikhs who were then living in that part of India which fell into the Pakistan area? If none, why?

**The Honourable Pandit Jawaharlal Nehru:** (a) and (b). No large scale evacuation of minorities was envisaged or thought desirable before the partition of India. The kind of political and communal convulsions that took place in the Punjab and some other areas could hardly be predicted. No large scale evacuation could possibly be arranged before the 15th August.

## MAINTENANCE OF REFUGEE CAMPS IN INDIA

248. \*R. B. Lala Raj Kanwar: Will the Honourable Minister of Relief and Rehabilitation please state:

(a) the number of refugee camps opened in India from the commencement of the operations with the name of the camp and the number of refugees placed in each camp;

(b) the number of wounded and disabled persons brought into these camps; and

(c) the approximate monthly or daily expenditure incurred on the maintenance of such camps?

**The Honourable Shri K. C. Neogy:** (a) Detailed information is being collected and will be laid on the table in due course. Refugee Camps are opened and maintained by Provincial Governments and Indian States. There are a great many camps all over India of which a full list is not yet available. It will be realised that in a fluid situation the numbers of camps and the population of such camps are subject to rapid change.

(b) This information is not available, but an attempt will be made to collect it as far as possible.

(c) Roughly the daily expenditure per adult on food alone is about eight annas. There are a great many other items which count for expenditure on maintenance of camps. They pertain to matters like shelter, warm clothing, medical arrangements, sanitation, water supply, watch and ward and administration. The total number of persons in Non-Muslim refugee camps all over India may be about 1½ millions of which about 5 lakhs are in East Punjab, 2½ lakhs at Kurukshetra, about 18,000 at Delhi and the rest spread over other parts of India including Provinces and States.

#### RELIEF AND REHABILITATION OF REFUGEES

**249. \*R. B. Lala Raj Kanwar:** Will the Honourable Minister of Relief and Rehabilitation please state the total number of:—

- (a) (i) teachers and (ii) doctors employed for the benefit of refugees;
- (b) refugees who have secured employment; and
- (c) refugees who have secured financial assistance in setting up business or industry and the approximate monetary value of such assistance?

**The Honourable Shri K. C. Neogy:** (a) A statement is laid on the table.

(b) 8,145 refugees have so far secured employment under some of the Ministries of the Government of India and some of the Provincial Governments. Replies from the Government of Bombay, East Punjab and Bihar are still awaited. Besides employment under Government a large number of refugees have found employment in mills, factories and other commercial establishments, whose number cannot be estimated at present. This does not include the persons settled on the land whose numbers are increasing daily.

(c) The Honourable Member is referred to paragraphs 3 to 6 of my answer to question No. 1 (e) on 18th November 1947.

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#### *Statement referred to in Question No. 249(a).*

(i) *Teachers.*—54 teachers have so far been employed in Delhi in six schools opened by the Local Administration for the benefit of refugees.

These figures do not include the number of teachers employed by Aided Institution in Delhi for the benefit of refugees.

The number of teachers employed elsewhere is being collected.

(ii) *Doctors.*—118 doctors have been appointed by Government as follows:—

East Punjab—71

Kurukshetra—39.

Delhi—8.

In addition 22 doctors, 9 medical students and 2 personnel of the St. John's Ambulance are working honorarily in different places.

Besides, the Director of Health Services, Delhi and the Medical Relief Commission, Punjab, have appointed some doctors details of these are not available.

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## INDIA'S EMBASSIES ABROAD

250. \*Shri Jadubans Sahay: Will the Honourable the Prime Minister be pleased to state:

(a) the names of the countries, in which Indian Embassies have been opened, the names of the Ambassadors, the strength of the staff under them and the expenditure incurred on each Embassy; and

(b) the number of persons from the province of Bihar serving in the different Embassies already opened?

The Honourable Pandit Jawaharlal Nehru: (a) A statement is placed on the table of the House. As regards expenditure incurred on Embassies, the attention of the Honourable Member is drawn to my answer given on 18th November, 1947 to the Honourable Professor N. G. Banga's starred question No. 81.

(b) This information is not readily available as appointments are not made on a provincial basis.

*Statement showing the names of the countries where the Government of India have opened Embassies, the names of the Ambassadors, and the strength of the staff under them*

Name of the Country	Name of the Ambassador	Strength of the staff under them excluding the lowest grade like messengers
United States of America	Mr. Asaf Ali	46
China	Mr. K. P. S. Menon	14
U.S.S.R.	Mrs. Vijayalakshmi Pandit	14
Iran	Mr. Ali Zabeer (Ambassador designate)	11
Nepal	Sardar Surjit Singh Majithia (Ambassador designate)	No staff has so far been appointed.

251. \* [WITHDRAWN].

INDUSTRIAL FINANCE CORPORATION BILL—*Concl'd.*

Mr. Speaker: The House will now proceed with further consideration of the following motion moved by the Honourable Shri R. K. Shannukham Chetty yesterday:

"That the Bill to establish the Industrial Finance Corporation of India be referred to a Select Committee consisting of the Honourable Dr. Syama Prasad Mookerjee, Shri K. M. Munshi, Diwan Chaman Lall, Shri M. Ananthasayanam Ayyangar, Shri T. A. Ramalingam Chettiar, Nawab Muhammad Ismail Khan, Shrimati Sucheta Kripalani, Shri C. Subrahmaniam, Prof. K. T. Shah, Shri B. Das, Shri S. K. Patil, Shri Jaspat Roy Kapoor, Shri Ram Sahai, and the Mover, with instructions to report on the opening day of the next session of the Assembly, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Prof. K. T. Shah (Bihar: General): Mr. Speaker, Sir, I associate myself with the other Honourable Members who have welcomed this motion by the Honourable the Finance Minister to establish an Industrial Finance Corporation. There can be no two opinions about the necessity and desirability of such a motion and such a corporation being instituted at this time in this country. I would have wished indeed that instead of being as it is a piecemeal legislation, taking up one problem by itself, it had been part of a well-knit and co-ordinated plan for the entire national development on all fronts of our economic and social life. As it is, however, I recognise that there are certain urgent problems that



cannot be deferred until a proper plan has been formulated of a comprehensive character that I have mentioned; and as such I would welcome this proposal with all the sincerity that I command.

At the same time I would like to point out that there are some features or provisions of this Bill which will require very careful scrutiny and revision, as indeed the Finance Minister has himself admitted. The Bill is an attempt to establish a semi-public organisation sponsored by the State, and not an entirely State enterprise as I would have wished. No private enterprise can succeed in this field, as I am sure the Honourable the Finance Minister knows from the history of the Tata Industrial Bank started some 25 years ago, which had to be amalgamated with an existing commercial bank after a short career of three or four years. There is in a private Corporation of this kind not only the danger of its being associated with and involved in the existing concerns with which the founders or promoters may have connection, but also the risk of its bringing one-sided or sectional development, rather than working on a truly national aspect and outlook which an organisation of this kind must maintain. An organisation on the lines of the Australian Commonwealth Bank, to which the Honourable the Finance Minister had himself referred, is far to be preferred over that which has been proposed in the Bill. I trust when the Select Committee goes into the matter in detail this point will meet with favourable consideration from the Committee as a whole.

There are several lacuna, moreover, in the scope and activities or functions of this Organisation to which also I would, with your permission, Sir, like to draw attention of this House. The operative clauses seem to confine the assistance to be rendered by this Organisation only to industrial concerns, which manufacture goods or which are engaged in processing and the production and distribution of electricity. Only one kind of power is mentioned, and no services are mentioned. As such I think a very important field of our economic life is left out of the purview or scope of the activities of this Bill. I hope it was not the intention of the authors to exclude such essential items in the economic life of this country from the help that it will be absolutely necessary for such an Organisation to extend. For instance, services like shipping or other transport services may come in, perhaps, in so far as the production or the manufacture of the goods—the vehicles—with which those services are to be operated; but not the operation of the service itself. Some weeks ago Government have declared their policy of organising two or three shipping corporations, for instance, which are not primarily intended to build ships but rather to run them. If that is so, then I do not see why the scope of a measure like this should be confined so as to exclude such important industries or services. The same may be said with regard to the automobile industry, which will not only produce the automobile vehicles, but also operate the road transport service; and thus would have to be on a sufficiently large scale to require Government aid or financial assistance from a semi-public Corporation like this.

I would like to mention in this connection another service which seems not to receive the attention that is its due, namely the Press—publications or journalism. There is a very considerable danger of the Press, particularly the Daily and Weekly Press, falling into the hands of private monopolists to the serious detriment of the nation's public interests. The Press may not doubt be a small scale enterprise but a large scale enterprise also is unavoidable especially in the regime of free competition it is to make a success. I do not know if it is the intention of the authors of the Bill; but, as I read it, it seems very likely that enterprises of this character may not receive the aid that the Corporation is designed to extend. If so, I hope that suitable changes would be made in the Bill, when it is enacted, to include also such enterprises as these.

[Prof. K. T. Shah]

A still more considerable omission as I read the Bill is in regard to Agriculture. There is, no doubt, a department or branch of the Reserve Bank of India which is supposed to extend financial assistance to agriculture; and there is also the system of co-operative credit which it is believed is intended for assistance to the agricultural growth of this country. But agriculture also tends to be industrialised and mechanised, and large scale of cultivation is not unknown even as it is in this country. I am sure the Honourable the Finance Minister is aware of such ventures as exist in some parts of the country which specialise not only in the cultivation of land by mechanical aid in large blocks of 85,000 to 40,000 acres—but which also develop industries from the raw materials produced by this cultivation to the finished product ready for consumption of the general public.

These are not entirely agricultural operations but also agriculture and industry combined, and as such if only some of these are to be aided and others are not qualified for receiving the aid, I think the measure would be lopsided. It is therefore to be hoped that in this case also the Select Committee will scrutinise the provisions carefully and make appropriate changes, if they meet with their approval.

The danger, in my opinion, of confining the operations of the Bill only to industrial concerns pure and simple as defined in Clause 3 of the Bill would be that inasmuch as industry is in private hands and mutually competing, inasmuch as there are various competing establishments in the same industry, there is a risk that while some may receive the aid the others may not. Those who cry the loudest, those who are able to command the ear of the powers that be, may receive the assistance; while those who are perhaps not so loud in their demands may go unheeded though their need may not be less urgent. This consideration is all the more important with regard to the differences in the various provincial or regional developments in this country. It is well known, Sir, that not all provinces in this country are equally advanced in their economic development, notwithstanding the availability of very considerable natural resources in their midst. Some provinces, which are much more advanced in industrial matters than others, are able to wield influence, in my opinion, disproportionate to their population or even to the initial natural endowment of those provinces. Care should be taken, therefore that an organisation like this is of uniform and universal benefit and not restricted in a large proportion, at any rate, to one or other region or industry as against the other provinces. To avoid this danger it would be necessary to have this organisation wholly as a State enterprise rather than a semi-private or statutory body which would be predominately under the influences of private capitalist. I do not think that there would be any difficulty in obtaining not only the initial capital provided for in this Bill for founding and working this organisation, but if proper instruments are devised, if proper means are taken so as to make the instrument issued for this organisation easily negotiable and easily recognisable, the small savings would be attached. Incidentally, the problem of what we call today "inflation" may also be solved. I think if the bonds of this organisation not only as regards the initial share capital, but also as regards the guarantee given to industrial corporations or concerns assisted by it, are issued guaranteeing the securities of those Corporations, in forms or denominations which are easily accessible to small savers, then I think the benefit and utility of this Corporation would be very much wider than is perhaps likely to be the case if the provisions stand as they are today. The problem of associating the small man, whether an industrialist or as the saver of capital, is much more important, especially in these days of almost uncontrolled inflation which meets the eye. I am not going to enter into any controversy just now about the relative chances in the future of the small scale as against the large scale mechanised industry.

But whatever that might be, I think if proper steps are taken and if proper instruments are issued by this body, the small worker, handicraftsman and even the ordinary middle-class or lower middle class worker who has some savings would be very much more benefited than is the case today.

These are points which I hope will be duly considered in the Select Committee when it meets and when the Bill finally comes before this House for further consideration and many of these, if not all, would have been duly attended. I again support the motion made by the Honourable the Finance Minister which is all the more remarkable in that he has brought forth a child which has been conceived by another.

**Pandit Hirday Nath Kunzru** (U. P.: General): Mr. Speaker, I agree in principle with the Bill that has been placed before the House by my Honourable friend the Finance Minister. It is a Bill which we have been expecting for a long time, but it has seen the light of day only today. We hoped last year that it would be brought forward at an early date, but as my Honourable friend Mr. Chetty told us yesterday, it had been laid aside on account of constitutional difficulties.

Sir, while I recognise that the Bill deals with a very important matter and that it is a matter of satisfaction to all of us that the Government are at last going to take steps to take an active part in promoting the industrial development of the country, there are a few remarks which I should like to make in regard to the capital and character of the Bank, which I hope will receive from the financial authorities the consideration which they deserve.

As regards the character of the Bank Sir, I should like to ask my Honourable friend the Finance Minister why he has restricted the subscription of the share capital practically to the Banks and Insurance Companies and the larger Investment Trusts. As industrial development is a matter which concerns the whole country, I think it is a matter of psychological and practical importance that the ordinary man should be associated with it to as large an extent as is possible. I see no reason why the ordinary investor should not be given a chance of taking up shares in this Bank.

In these days when we want that industry like other things should be democratised—indeed it should be socialised—it is rather strange that the Finance Minister should ask us to accept the provisions which would make the bank entirely a capitalists bank. I think, Sir, that even now it is not too late for him to accept changes which would make the ordinary man feel that the bank is his own, and that it is not merely the big, capitalists who are going to derive substantial benefit from it.

The second point that I should like to urge is in connection with the share capital of the bank. Had this Bill been brought forward when the Central Banking Committee reported or even before the war, it would have been hailed with delight all over the country. But coming as it does at a time when we feel that there is urgent need for the rapid development of the economic resources of the country, it seems to me that the capital which will be at the disposal of the bank will be small in comparison with the needs of the country. The share capital will amount to about five crores and as the bank can in various ways allow accommodation to the extent of 20 crores, that is, four times the share capital, it means that it will be able to provide assistance to the tune of 25 crores. I am sure that my honourable friend the Finance Minister will be the last person in the country to claim that this is an adequate sum for the promotion of the industrial development of the country. I suggest, Sir, that the share capital of the bank should be increased, or at least that following the precedent set by the Reserve Bank of India Act, power should be taken to enable the bank, or power should be conferred on the bank to increase the share capital with the sanction of the Government and the approval of the Central Legislature. I

[Pandit Hirday Nath Kunzru]

hope that both these suggestions for which I claim no originality, will receive the consideration of the Government and the Select Committee.

Sir, there are questions relating to the management of the bank and its connection with the planned development of the country which should receive as much attention as those which I have already pointed out. In consonance with the character which Government have assigned to the bank, the management will be in the hands of the capitalists, that is, particularly the banks and the insurance banks, subject to the control of the Government.

Now, Sir, I think that the points which I urged in regard to the democratization of the bank apply with greater force to the management. I think it is not merely desirable, but necessary that the management should not be wholly in the hands of the larger capitalists. Though this bank is intended to provide credit facilities, to industries I am afraid that the constitution will place overwhelming power in the hands of the bigger banks and Insurance companies and the more powerful industries. I am not sure whether according to the preamble the bank will be in a position to give help to minor industries. But assuming that it will be in a position to do so, I should like to ask Government what measures they have got under consideration for assisting such industries. If, however, this bank may help all kinds of industries, it is absolutely necessary that its management should be such as to inspire confidence among all classes of industrialists and all sections of the population generally. I cannot suggest the specific means by which popular control though not uniformed control over the affairs of the bank might be brought about. I am not asking that the directors of the bank should be men who have no knowledge of industry or commerce or business of any kind. It is possible to lay down qualifications which would effectively ensure that the Directors are men who are well acquainted with trade and commerce and yet to so alter the character of the management as to make the common man feel that the bank will be managed not in the interests of big capital or of any particular class of business but in the interests of the country as a whole.

Sir, I have already said that I am unable to make any specific suggestion which would enable us to achieve this. But I am prepared to say that if the Government and the Select Committee are together unable to devise suitable means of achieving the purpose that I have in view, the bank should be completely under the control of the Government. It should be a Government bank so that we might feel fully assured that it would look after the interests of the country as a whole and would not restrict its attention either mainly or wholly to the needs of the larger industries.

Sir, Even if the share capital of the Bank were to be increased, as some of those who have spoken on the Bill have suggested, I think it will still be necessary for Government to ask the provinces to start industrial banks with a view to helping small industries. While there is no reason why the all-India Industrial Finance Corporation should not take an interest in such industries it is obvious that provincial banks which will be in touch with local needs and conditions will be in a much better position to provide the credit facilities which smaller industries—particularly the cottage industries—will need. I was rather disappointed when my Honourable friend Mr. Chetty made no reference to this point in his excellent speech yesterday. I hope his silence on this point does not mean that he will not bear it in mind and that he is not already considering measures for assisting the smaller industries whose operations are usually of a provincial character.

There is just one more Sir that I should like to say before I conclude. This Bill will enable us to set up an organisation for promoting the industrial development of the country; but it will not be in a position to lay down the lines on which future development should take place. The Planned development of

the country is a matter which can be suitably dealt with only by Government. It is they alone who after a full consideration of the problem and consultation with the interests concerned as to the industries to which priority should be given with in a position to determine the channels in which the capital of the country should flow. It is for them to devise suitable means to collect the savings of the people and utilise them for the promotion of the best interests of the country. In order to be able to discharge this responsibility I think it is necessary, as suggested by Sir Archibald Rowlands last year, that a national investment board should be set up. I do not know whether the inquiries that were to be made in connection with this matter have been undertaken, but I have no doubt that the establishment of such an authority is one of our urgent needs. And if my Honourable friend Mr. Chetty democratises the bank, urges the provincial Governments to start banks of their own which will be complementary to the all-India bank and establishes a national investment board, I think he may well claim to have laid the foundations of the future economic development of the country and to have laid down the lines along which the country might safely advance, to promote the standard of living of the people and produce all those things which a free country like India would need in an ever-increasing measure in the days to come.

**Shri K. Santhanam** (Madras: General): Sir, I, like other previous speakers, welcome this Bill. I wish, however, that the Honourable Minister for Finance had devised it according to his own conceptions and brought in a Bill in his own name instead of taking it over bodily from his predecessor. As the present motion is only for reference to a Select Committee I shall not take the time of the House by going into details. I want to make a few suggestions on the main principles underlying the Bill. The idea governing the Bill is not quite clear. Is it intended to finance all industries in the country? Is it primarily intended to finance and assist large-scale industries or the medium industries or the small-scale industries? In my view the large-scale industries do not require the help of this Corporation; they should be able to go to the investing public directly. Therefore I think its scope should be confined to medium industries. I think an all-India institution cannot effectively assist small-scale industries and some other machinery should be devised to assist them. I therefore suggest that the present Industrial Finance Corporation should be confined to assisting medium industries. Of course any definition would be arbitrary, but I suggest a limitation of a minimum capital of 10 lakhs and a maximum capital of 2 crores for the definition of medium industries. If a company has got a capital of more than 2 crores it must be asked to go to the public direct: if it is less than 10 lakhs some other machinery should be devised. That machinery also should be of the same nature. It should be a provincial or a State Finance Corporation.

And this leads me to a matter of fundamental principle. I think, Sir, it should not be a purely unitary concern. This Industrial Finance Corporation should consist of a federal structure. It should have a central body but affiliated to it should be an industrial corporation in every province and acceding State, and its constitution should be so framed that this affiliation is organic. It should not be forced. It should not be a sort of unintegrated structure—as if connected by accident. For this purpose I suggest that a certain part of the share capital should be allotted to the provinces and States as well. It is only when the Provincial Governments and the State Governments are offered a share that they will naturally come to take a vital interest in the Corporation, and I make this suggestion for another purpose. There is a terrible lack of economic and financial knowledge on the part of the provincial Governments and the association of all these Governments in the Reserve Bank, in this Corporation and in all other central concerns will give them that atmosphere, that background which they so badly need today.

**Prof. N. G. Ranga** (Madras: General): Sense of co-operation and co-ordination!

**Shri K. Santhanam:** In this manner, I would like to extend the scope in such a way that it will be the centre of a federal structure consisting of many industrial corporations. I do not agree with Professor K. T. Shah that the scope should be widened to include distributive concerns and agricultural concerns. I do not think any single institution can tackle the entire economic problem of the country. To undertake it is to undermine the solidity of the institution and it will break down. It will require such a huge capital that 1,000 crores or even 2,000 crores will not be sufficient to finance all aspects of economic planning. Each aspect must have its own separate specific institution.

Then, Sir, I wish to make a concrete suggestion regarding the function of this Industrial Corporation. It is said that it will give advances, it will underwrite the shares and give such financial assistance. But I think it is not sufficient. Supposing, a concern to which loans or advances have been made fails, or is in difficulties, the only provision is that this Corporation can apply to a District Judge, or attach its property or sell it. But I suggest it should be taken over and managed for two or three years, and then when financially solvent it may be restored. If it cannot be made solvent, liquidation proceedings must be taken. But that must not be only way to deal with these concerns. We are in an infant stage of industrialisation. Of course industrialists promote concerns hoping that they will succeed but there are difficulties such as non-arrival of plant and the lack of skilled labour. In all such matters the Industrial Corporation will be better able to provide the facilities needed. It may be possible for the Government of India to acquire the equipment which a private company is not able to. It may be able to import technical skill which a private concern is not able to get. Thus it should be a constructive concern. It should not be merely a lending concern. We do not want there moneylenders whether in the form of industrial corporations or otherwise.

Many speakers before me have suggested that the capital is not sufficient. I agree with that view and I made the positive suggestion that the capital should be increased to 15 crores, of which half should be contributed by the Reserve Bank and the Central Government, one-quarter by the Institutional Investors mentioned in the Bill and the other quarter by the Provinces and States: in this way it will become a much more national institution than as it is now proposed.

**Shri M. S. Anoy** (Dccan and Madras States Group): You mean by provinces; Provincial Governments?

**Shri K. Santhanam:** And the Government of States which have acceded to the Indian Union.

And having made the share capital 15 crores, I would like that it should be able to float debentures and get loans for five times the capital amount. That will give about 90 crores, and with 10 crores of deposits its finances will be of the order of 100 crores which I think is a minimum to start with for a bank of this type.

Then, Sir, it is provided that in helping those concerns, no single concern should get more than 10 per cent. of the share capital. But I do not think share capital is a proper basis for determining the percentage.

**The Honourable Shri B. K. Shanmukham Chetty** (Minister for Finance): This point has been repeated. The 10 per cent. refers to 10 per cent. of the capital of the Corporation.

**Shri K. Santhanam:** That is to say it should not give more than 50 lakhs to any company. That is exactly what I am referring to. I contend that it should not be more than one per cent. of the entire assets of the Corporation. It is not the capital that should be the criterion but the total assets. What does it matter whether you get the money by capital, or debentures or other

ways. We do not want just a few to monopolise the capital of the Corporation. Therefore it should be confined to one per cent. of the total assets at any amount of the Corporation. No single industrial concern should be given assistance which exceeds this percentage.

Lastly, a word about the management. I do not see any purpose in having an executive committee. You have a Board of eleven members of whom at an ordinary meeting, only five to six people may attend: and then you have an executive committee of five. I think the whole thing is unworkable. If you had a Board of 30 members, I could see the reason for an executive committee of five. This is wholly unnecessary. I would rather that you should have a Deputy Managing Director or a General Manager, and these two people should be directly responsible to the whole Board, and the Board should meet as often as necessary. I do not think this sort of hierarchical management contributes to efficiency. It will make the ordinary Directors quite indifferent. They will say that the executive committee is there, which will manage the affairs of the Corporation and they will not read the papers at all. The Directors must be given direct responsibility to the public, to the Reserve Bank, and to the Government of India as to the proper executive management of the bank.

Sir, I have made all these suggestions for the consideration of the Select Committee. I hope they will be given due consideration. I have made the points very brief so that I should not waste the time of the House by going into them in detail. If any further argument is needed, I shall be glad to assist the Select Committee by submitting a memorandum for their consideration.

**Prof. N. G. Ranga:** Mr. Speaker, there is no doubt whatsoever that all people are agreed in welcoming this proposal. But let us understand the real significance of this. This proposal means that today the capitalist structure of this country is not able to provide all the capital that is needed for the industrial development of this country: that our capitalists are so keen on making assured profits that they are not prepared to take sufficient risks for developing the industrial structure. Therefore, there is the need for the Government to come forward with this proposal and offer also to the capitalists that if only they agree to invest funds in these various industries they would be assured of their minimum profit of 2½ per cent., their capital would not be lost and all they are asked to agree to is not to claim any more than 5 per cent. maximum profits. My honourable friend, Mr. Krishnumachari, was yesterday wondering whether this limit would be enough, in view of the fact that many people have been willing to subscribe to Government loans carrying 2½ per cent. interest. I wish to assure him that there are plenty of people in the country who do not know where to put their money, but who at the same time are anxious not to take too great risks, and therefore they are anxious to put their money in Government loans. But those who are keen not only in putting their money in Government loans but also in having the satisfaction that their investments would go to the industrial development of the country would be quite happy to accept this offer of the Government. What is more, there is the question of control over this concern. They will gain control over this great corporation to be developed in our country.

Then there is the limit proposed to be fixed, *vis.*, the maximum limit of 5 per cent. profits. I am very much satisfied with it. I think 5 per cent. is about the highest maximum profit that it will be possible to agree to. Various provincial governments have already fixed 6 per cent. as the maximum rate of interest that can be taken by moneylenders.

Next comes the question of the democratisation of the control of this corporation. Should we or should we not democratise this? I am all in favour

[Prof. N. G. Ranga]  
of democratisation, especially in this direction. One or two suggestions have already been made. I am inclined to agree with my Honourable friend Prof. Shah when he said that the smaller investors should be encouraged to place their money in this corporation. Every possible step should be taken by the Government to adopt the suggestion. Here it is put that the price of each share should be not less than Rs. 25,000. Who can buy these shares except big capitalists. I want it to be reduced to Rs. 100. I do not see any reason why smaller people who have got Rs. 100 or more should not be encouraged to come into this corporation.

**Shri M. Ananthasayanam Ayyangar** (Madras: General): Only banks are allowed and not individuals.

**Prof. N. G. Ranga:** That is another point which my Honourable friend Mr. Ananthasayanam Ayyangar has brought to my attention. I want that lacuna also to be removed. I want that individuals also should be allowed to come into this corporation. Why should it be restricted to institutions alone. Speaking about institutions, I do not see any provision being made for co-operative banks to come into this Corporation. I want Presidency and District Co-operative Banks to be encouraged to come into this Corporation. I want also representation to be reserved for these co-operative concerns on the Management Board.

**Shri Raj Krishna Bose** (Orissa: General): Have they capital enough to invest in this Corporation?

**Prof. N. G. Ranga:** They have got crores and crores of rupees. I know that it is in Madras and they would be quite willing to place as much of it as possible at the disposal of this Corporation.

As regards the purposes for which this Corporation is to function, I cannot agree with my Honourable friend Mr. Santhanam that it should not extend its operations to the development of agriculture and cottage industries. Agriculture and cottage industries must be the most important aspects of industrial development, which should come in for protection and help from this Corporation. I am not satisfied with this proposal that there should be only one Corporation. There ought to be two—one for all those concerns which have been suggested by Mr. Santhanam such as middling concerns—those with a share capital of ten lakhs to two crores of rupees. But there are so many other concerns with only a share capital of less than that, may be 5 lakhs to 50 lakhs. All those concerns also are badly in need of assistance and what is more, there is much greater need for the development of these middling or smaller concerns in this country. Thus we want more and more decentralisation. We are all in favour of decentralisation of power not only in politics but also and perhaps more so in industry. It is no good encouraging these bigger concerns to get all this encouragement and assistance and guarantee from this Corporation in order that all industrial power should be concentrated in the hands of a few handful who in times to come will be able to control the political destinies of this country also. Therefore I am in favour of establishing two corporations or rather the same corporation having two wings, one separately from the other. I am in favour of the suggestion of Mr. Santhanam that there should be a federal structure but I wish to make the suggestion that every province, every provincial government and its legislature should be free to float their own provincial organisations or corporations but those corporations should be welcome to be affiliated or federated with this central federation, not that they should only be mere units to be dovetailed into this central federation.



I am also anxious that the Indian States as well as the provincial governments should be encouraged to contribute the share capital as well as to debentures and also that they should be given separate allotted representation on the Board of Management of this industrial corporation. It is for these reasons that I am anxious that the strength of the Board of Directors should be increased from 11 to 15 or 16 or some other suitable figure, so that the Indian States and Provinces, cottage industries and co-operative banks should all be accommodated and suitable representation might be given to them on the Corporation.

I am not satisfied with the quantum of representation sought to be given to the Central Government. I want it to be more. It may be argued that the Reserve Bank also would be more or less representing the point of view of the Central Government on this Corporation and therefore in the proposed Board of Directors of 11 the Central Government would be having five Directors. I do not think that is quite satisfactory. Government should be able to have a majority of the Directors to represent their case. The representatives coming in as directors on behalf of the provincial governments should also be taken into consideration and if thereafter Government sees to it that there is a majority of representation for the Government point of view on this Corporation, I shall be quite content.

There is one feature which is particularly welcome to me and it is this. If this Corporation was to be properly strengthened with a suitable amount of share capital, not as it is proposed here, which is a small share capital, it should be much bigger. I am not even satisfied with what my Honourable friend suggested, *viz.*, that it should be 100 crores. It should be a much greater figure, only then it would be possible for the State to have some direct control over the management as well as the direction of a large number of industrial concerns that are likely to be brought into existence under the aegis of the Corporation. We want this sort of control of the state over as many of these industrial concerns as possible. One thing more has got to be proposed and that is that when this Corporation advances money to any industrial concern it should also seek to insist upon its right of representation on the Board of Management of these concerns. Many industrial magnates are doing it even today in this country as well as elsewhere. They contribute the share capital to the various companies. They have what is known as holding companies and various other devices by which they come to have effective control over a large number of associated industrial concerns. I do not see any reason why the Government through this Corporation should not be able not only to finance these concerns, assuring them of minimum rates of profits, but also to have an effective say in their Board of Directors, so that they will be able to see how industrial production is being carried on in various concerns, to what extent these profits are being distributed and in what manner in the shape of salaries and others, how labour is being treated in all these concerns, etc. Therefore I do not know whether it will be quite possible from a legislative point of view to bring in any such provision into this Corporation but I would like the Select Committee to keep this idea before them and see whether they cannot possibly incorporate a suitable provision in this Bill.

Then there is the question of the total amount of capital. I do not think 100 crores will be anywhere near our needs at all. The Bombay Plan had planned for 12,000 crores worth of industrial development in this country. Even if we think of 1,000 crores worth of industrial development as was proposed by the previous Government within the first five years after the war (and already two years have passed), we will need not less than 200 crores. Therefore this is more or less an apology to what we are expected to develop in this country rather than being an earnest attempt to help the industrial

[Prof. N. G. Ranga]

development of our country. We must take every possible care to see that this Corporation does not become the private property of a few concerns. Mr. Krishnamachari has already made one point, that one class of people should not be given major control over this Corporation. We should see that a few concerns in a few Provinces are not allowed to control this.

Some provision should be made whereby as large a number of people will be brought into direct contact with this as shareholders and contributors to debentures and no few individuals will be able to corner the shares or debentures and control this Corporation.

**Mr. Speaker:** The House may now adjourn and reassemble at half past two.

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

*The Assembly re-assembled after Lunch at Half-Past Two of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.*

**Shri Khandubhai K. Desai** (Bombay: General): Sir, while supporting the motion for reference of the Industrial Finance Corporation Bill to the Select Committee, I would like to make a few observations for the consideration of the Select Committee. The Bill that has come before this House, I think, has been prepared under the old setting and, under these circumstances, it has naturally got the defects which are bound to arise from the old setting, and I am quite sure that had our present Finance Minister drafted the Bill himself, he would have brought before us an entirely new Bill. Sir, the criticisms that have been offered in the course of discussion, if carried out in the Select Committee would, I am quite sure, result in the Bill being entirely scrapped and the Finance Minister would certainly bring before us a Bill incorporating most of the important criticisms that have been made on the floor of this House. Assuming for the sake of argument that the Select Committee is not prepared to redraft or to bring before us entirely a new Bill, then I would make a few suggestions for the consideration of the Select Committee.

The Board of Directors, as it has been set out in this Bill, consists of about eleven Directors, out of which the Government is to nominate only two Directors. Apparently the idea behind it appears to be this, that the Government is making a contribution of about 25 per cent. of capital, and therefore in that proportion the number of Directors to be nominated by the Government has been made two: but the Bill appears to ignore the fact that Government is taking on itself very huge responsibilities. It has taken upon itself the responsibility of guaranteeing the whole capital and also the minimum interests of 2½ per cent. So when the Bill is going before the Select Committee, the present structure of the director's board should be so amended as to include at least 50 per cent. of the Directors, nominated by the Government. It has been said that the bank's structure and constitution should be made democratic: but as far as I can see, a democratic government functioning under the democratic franchise would certainly be responsible to the people, and the persons nominated by that Government would certainly reflect the opinions of the people and therefore the nomination would lose much of the old odium. As it is, the Bill contemplates a structure for the Industrial Finance Corporation, which is going to be a sort of close preserve for the big business, and as it is, the industrial development of the country is not delayed because there is lack of capital. There is a lot of it available and therefore there is no need for creating a corporation for the benefit of only big business. The Directors

coming on behalf of the Reserve Bank, as well as those on behalf of the scheduled banks or other industrial corporations are naturally going to be those who will represent the big business in the country.

My friend Mr. Santhanam has suggested a sort of federation to assist the cottage industries or the development of agricultural industries, but as a separate entity. I should think that the Industrial Finance Corporation should be the one body. This should deal with finances both of the big industries to the extent that is necessary in the interests of the country, and cottage industries as well as agricultural development. Otherwise, what may happen is that the cottage industries or small industries or agricultural development will get under the present circumstances a stepmotherly attitude. The economy that our country wants to develop should be by its very nature in a decentralized form, and unless there is a centralized Industrial Finance Corporation or whatever name one may give it, should, while investing money, have in view the development of large industries as well as small industries. Otherwise what may happen, and it is bound to happen as we have seen, is that it would be lop-sided development which it has been our misfortune to see during the last generation.

Then there is one other point to which I want to refer, and that is that certain obligations appear to have been thrown upon this corporation under section 21, that is if a particular industrial concern has misused its finances or if its efficiency has gone down or the administration has been very inefficient, it should apply to the District Judge. But I think it is imperfect. How is the Finance Corporation to know whether the particular industry concerned has mismanaged? For ought we know, most of the industrial concerns continue to be mismanaged for a series of years by window-dressing its financial position. So what I would suggest is that this Industrial Finance Corporation should be statutorily asked to have a continuous audit and inspectorate for the concerns to which finance has been advanced. Otherwise, I should think that at the end of 20 or 25 years for which a long term loan is given, probably the Financial Corporation would have nothing to take from the companies.

In this connection, I feel that if the Select Committee is not able to bring in a Bill properly amended by taking into consideration all the criticisms and comments made on the floor of this House, I would very earnestly request the Finance Minister, even before taking it before the Select Committee, to redraft the whole Bill taking into consideration all these criticisms so that when the Bill comes up before us again it will be under an entirely new setting, under a new psychology. Because, as it is, Sir, to make an improvement on the Bill for a different purpose is very difficult—it will be expensive or it will be something which we do not want. So even though I support the motion to refer the Industrial Finance Corporation Bill to the Select Committee Government should reconsider the Bill in the light of criticisms. I think some time is being given to the Honourable the Finance Minister and the Select Committee to see if they can build up on this basis something that will be acceptable to the country.

With these few words, Sir, I commend the criticisms which were made on the floor of this House to the Select Committee.

**Mr. Naziruddin Ahmad** (West Bengal: Muslim): Mr. Speaker, Sir, in view of the large variety of criticisms which have already been made in the House, I propose to be very brief. In a word, I welcome the principles of this Bill but I think that the Bill requires to be altered and amended; as the last speaker has said, it should be an entirely new Bill in keeping with the new set up; indeed it should be changed lock, stock and barrel. The Bill

[Mr. Naziruddin Ahmad]

was drafted under circumstances entirely different from those prevailing to-day. I do think that the most important problems before the country is the production of consumer goods. We should industrialise the country and finance follows as the corollary for the proper development of industry and of our natural resources.

So far as the general principles are concerned, I am in full agreement but then, as has been repeatedly pointed out here from authoritative quarters, the Corporation should be democratized. First of all, its capital structure should be entirely re-cast. In fact, the share value is placed too high: the share value should be reduced as much as possible, even to Rs. 100. Then again, share-holding should not be confined to a capitalistic class. The Bill was drafted under entirely different circumstances when capitalism prevailed over other considerations. The Bill should be democratized so as to introduce some popular element in share-holding. It is no good confining this vast capital within a powerful class so as to enable them to entirely dominate the entire situation. As has been pointed out, the largest corporations and companies do not directly require any help from this Corporation; it is the medium-sized companies, by which I mean a much smaller companies than have been suggested, which deserve and require financial assistance. A group of big capitalists can hardly inspire confidence in this respect.

Then with regard to the Directorate, the popular element should be largely represented. I do not agree with the suggestion that it should be entirely a Government concern. In fact there should be some amount of autonomy in the Corporation so as to allow it to develop on natural lines; the Government should only have some voice in the affairs of this Corporation. Much should be left to individual initiative and to democratic principles. The control should pass from a financial aristocracy to a real democracy.

With regard to the amount of capital, I should submit that I agree with the suggestion that the capital should be vastly increased. There should be practically no limit to the share capital. It may be 10, 15, 20 or 25 crores or more; that would not be too much. In increasing the capital, if we err, we would be erring on the right side. The borrowing power should also be practically unlimited. In fact, the share capital and the borrowed capital, together, minus the amount locked up in the block account of the Corporation, that is, the amount that is left as the working capital, would be the measure of its utility. If the share capital is left at a very small sum of 5 crores and the borrowed money at only 10 crores, then from this 15 crores if we set apart the capital expenditure, then very little will remain for feeding the growing needs of our industrial concerns. In these circumstances I should suggest that the capital structure should be so arranged and the borrowing power so enhanced as to leave a very large margin in the hands of this Corporation to enable it to adequately finance small, medium and big concerns. This, to my mind, is the very essence of the undertaking.

Then, the amount which may be lent to any particular concern, as has been explained, is 10 per cent. of the share capital of the Corporation, not of the borrowing companies. That would, I think, be too large. We should democratize the Bill and give help to a larger class than is possible under the scheme suggested in the Bill.

In these circumstances, I suggest that the capital structure, the Directorate and the shareholding should be made available to the common man. After all the people should feel that they have some interest in this national concern.

The illustration of the Reserve Bank has been cited, namely that there the share capital was brought down to Rs. 100, that each applicant was limited to five shares, and that the entire share-holding was rationed out to the different Provinces. I should suggest something of that sort. The share capital should be made available to the public, to corporations and others and shares should be rationed out on a provincial basis. If that is done, I think more good will follow than harm. These, Sir, are the few broad suggestions which I hope the Select Committee would take into consideration in revising the Bill. There is consensus of opinion in the House on this aspect of the case. With these few words, I suggest that the criticisms made in this House be fully considered and a new Bill—a practically new Bill—is made out of the Bill under consideration.

**Shri P. Govinda Menon** (Cochin State): Sir, to the loud chorus of compliments paid to the Honourable Minister in charge of Finance I wish to add my humble voice of appreciation in his having brought this Bill before the House. I intervene in this debate to urge one and only one point for the consideration of the Honourable Minister and of the Select Committee. The Bill as laid before the House seeks to help industrial concerns in the provinces of India. It does not appear from the provisions as they stand, that industrial concerns started in the Indian States will get the benefit of the provisions of this Bill. The Preamble of the Bill as also the definition of the expression "industrial concern" make this clear. From the statement of objects and reasons of the Bill, I find that the Bill was prepared on the 1st of November, 1946. Government in the then context of affairs were probably justified in framing a Bill of this nature, but, Sir, things have changed subsequently and the word "India" has a different meaning and significance now. The territories of India include the territories of the acceding Indian States as well at the present time. The very fact that Government thought it fit to bring a legislation of this nature is evidence to show that the industries in our country require to be helped financially. This is all the more so in Indian States, which are comparatively backward industrially. The Governments of Indian States will not be in a position to sponsor such institutions in order to promote industries in Indian States. The Scheduled Banks and the Reserve Bank of India are some of them in Indian States also and the Insurance Companies whose funds will go to finance this Corporation derive, in no small measure, their revenues from the people of the Indian States. Under the circumstances, I would request the Honourable Minister to consider whether he would not enlarge the scope of the Bill in order to extend its helping hand to industries in Indian States also.

I can imagine, Sir, several objections which may be raised against this suggestion. It may be stated that this House is incompetent to legislate for Indian States, but what I suggest is not a legislation for Indian States; it is only a suggestion to make provisions to enable the Corporation which will come into existence in India to extend its operations to Indian States as well. I can also see another difficulty. There are certain special provisions in clause 22 of the Bill. The Finance Minister in his speech yesterday explained that an institution of this type would require some special power to enable it to realise its debts when they fall due. Under clause 22, the district courts are under an obligation to do certain things when an application is made by the Corporation against an industrial concern which has defaulted to pay its dues. Probably, if this Bill becomes law, that provision in the Act may not bind the district courts in an Indian State. There are one or two ways in which this difficulty can be removed. For example, it can be provided that the Corporation will help industries in those States only which will enact a similar provision as is contained in clause 22 of this Bill, or it may be provided that

[Shri P. Govinda Menon]

those industrial concerns in Indian States which would seek the help of this Corporation should have the backing of the Governments of those States, so that the amounts due from such concerns can be realised through the Governments of those States. Whatever the device adopted, I would submit before this House that it would be highly improper to bring into being a Corporation for promoting industries in the provinces of India alone. This is the only point I have to submit at this stage and I am sure the Honourable Minister and the Select Committee will go into this question and so modify the provisions of the Bill that the industrial concerns in Indian States would also be able to get the help sought to be given by this Bill.

With these words, Sir, I support the motion before the House.

**Shri B. M. Gupte (Bombay: General):** I rise, Sir, to support the motion moved by the Honourable the Finance Minister. The speakers who preceded me have congratulated the Honourable Minister and I should like to join in those congratulations. It is indeed remarkable that he should have thought of this long-term measure in the midst of distractions, anxiety and the burdens of the troublous times in which we are living. I therefore congratulate him all the more sincerely. As with congratulations, I also agree with some of the criticisms that have already been levelled against this measure. I shall not repeat those points. I shall merely confine myself to one point which I think is more important and deserves to be considered by the Select Committee.

My Honourable friend Mr. T. T. Krishnamachari had a complaint against the minimum rate of dividend. He wanted that it ought to be raised to 2½ per cent. from 2¼ per cent. I shall not grudge him that small increase; but I was surprised that my Honourable friend Prof. Ranga was satisfied that the maximum is to be at 5 per cent.

I am surprised that a Kisan leader like him should have consented to this figure of 5 per cent. In my opinion the maximum should not exceed 4 per cent, and I take my stand on the analogy of the Reserve Bank of India. The Reserve Bank shareholders do not get more than 4 per cent. In the beginning they did not get more than 3½ per cent. and the maximum they got was 4 per cent. I do not see any substantial reason why there should be any difference between these two rates of dividends. This Industrial Finance Corporation would also be a monopolistic concern. There is no competitor in the field today and there is likely to be none coming into the field, because this Corporation is endowed with special privileges, and I do not think there will be any competition in this matter. Thus practically this is also a Semi-Government monopolistic concern. Moreover in this business also there is no risk. As is evident from the provisions of this Bill, all the finance would be on security. It will be entirely a secured business and nothing on credit. In the circumstances there does not seem to be any likelihood of any loss being incurred. I personally, therefore, think that in the circumstances, there is no reason why a departure should be made from a similar lower rate obtaining in a similar institution. I may be told that there is this difference that for some years they will not be getting this 4 per cent. It will be some years no doubt, because the reserve has to be built up and possibly therefore some years might elapse. I do not think at that time the rate will be even what it is today. We do not know what it will be and therefore it is not necessary to put that larger figure. I am not complaining against what the shareholders will actually get then, but I think once the standard is set commercial magnates will take advantage of it now. Well, they may argue this semi-monopolistic Government concern says 5 per cent. is reasonable. Why should we not then get 8 or 10 or 12 per cent.? Therefore in setting the standard care should be taken that no mischief is done. Therefore I think that there is

no reason why this rate should be fixed at 5 per cent. It is possible, of course, as I said, that in the course of years perhaps the rate might go even below that. Then I might be again told that the shareholders of the Reserve Bank of India were getting 3½ per cent. from the beginning. That would not be the case in respect of this concern. But I think that even those shareholders were getting what was the ordinary borrowing rate of the Central Government in those years. At that time 3½ per cent. was the Government borrowing rate, and shareholders of this concern would also be getting what is the Central Government borrowing rate. I therefore think that there is no difference and I therefore suggest that it should be considered by the Select Committee whether the rate can be reduced to 4 per cent. With this, Sir, I support the motion.

**Shri S. V. Krishnamurthy Rao** (Mysore State): In supporting the suggestion that this Bill should be extended to the States also I would like to put before this House one other reason. No province or State can afford to start a heavy industry without an All India Planning. Heavy industries have to be started on an All India basis to prevent overlapping and working at cross purposes and this Industrial Corporation will have a large part to play in promoting the starting of heavy industries in India. So I suggest that if it is not possible to extend the operations of this Act, some such provision like Section 85 in the Bill for providing better facilities for workmen, which extends the operation of that Bill to the States may also be provided in this Bill, so that the benefits that may be conferred on the heavy industries by this Bill may be available to these industries to be started in the States also. That is my suggestion and I support the reference of this Bill to the Select Committee.

**Prof. Shibban Lal Saksena** (U. P.: General): Sir, I am unable to congratulate the Honourable Minister on this Bill. As my Honourable friend Mr. Khandubhai Desai has pointed out the Bill needs to be scrapped and be substituted by an entirely new Bill. For the last three or four days I have been feeling that the Ministers have not tried to incorporate the new spirit into the Bills. We hope that the New India will have planned development, industrial as well as agricultural, and I am rather surprised to find that this Bill which was prepared by the Honourable Mr. Liaquat Ali Khan has been bodily taken over and put here. I had wished that it had not been done. Really what is needed is a planned development of our own country and the labour devoted by the Planning Commission and its Committees for so many years should now have been utilised in framing these Bills. Here we have this Industrial Corporation Bill brought before us and we are required to ratify it. I do not know when the Planning Commission sits and makes a plan how this will fit in with the final plan. I therefore think that the Honourable Minister would be well advised to accept the suggestions which have been made in this House and withdraw this Bill at this stage and bring a new Bill when the plan for the new development has been drafted and submitted to the House for approval. As it is, the Bill has got very glaring defects. The shares are valued at 25,000 rupees and 2,000 shares have to be sold. Now none but the capitalists can purchase these shares. This will only mean that 2,000 persons in the country will control this Corporation. I was reading sometime back an analysis of the industrial corporations in the United States and I found there that 60 families in the United States own 56 per cent. of the total wealth of the United States.

**Mr. Hossain Imam** (Bihar: Muslim): What is the percentage in India?

**Prof. Shibban Lal Saksena**: I cannot definitely say. If this Bill is passed, these 2,000 families will really control the destinies of the country. Therefore I think that this clause should not be allowed to stand as it is. My Honourable friends have suggested that Rs. 100 should be the value of each share and 5 shares should be the maximum that each man should be allowed to purchase. I would suggest that the limit should be reduced in our poor country and Rs. 10

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should be the minimum value of the share, though the number of shares which each man should be allowed to purchase should be increased. Then every cultivator and labourer will be in a position to purchase these shares, and they shall be able to control the policy of the corporation. This will remove the fear that this corporation will become the monopolistic concern of only 2,000 families. About the appointment of Directors, criticism has already been voiced in the House. At present out of eleven directors, eight will belong to Big Business. I would suggest that this should not be so. My friend Mr. Khandubhai Desai suggested that more than half should be Government directors. I would say that if the shareholders become smaller then probably the Bill will become more democratic; still, the Government must have a controlling voice to see that this does not become a Monopolistic Corporation. I also support the suggestion that the interest of 5 per cent. is too high and it must not be more than 4 per cent. I would have probably made a detailed criticism, but I feel that the Bill is not what it ought to be and it should be substituted by a new Bill and should come after we have got before us the whole picture of what we plan to be the industrial future of India. But the complete plan for India's future development must come before us very quickly. We are already at war with Pakistan in Kashmir. We have already probably also other very important engagements in other states and unless we show the spirit which a country must show in war we cannot probably survive and therefore I say that an immediate beginning must be made by putting the new plan for India's future development before this House and if this Bill or some Bill of this sort becomes a part of this plan, I shall be very willing to support it and I hope the House will also support it.

**Shri M. Ananthasayanam Ayyangar:** Sir, I do not agree with my Honourable friend, the previous speaker, nor with Mr. Khandubhai Desai that this Bill is to be scrapped and a new Bill introduced. I am very sorry that both my Honourable friends have overlooked this matter that for a long time before the advent of the British in this country we were one of the most highly industrialized countries of the world but after that we had practically been the producers of raw materials and importing machines from foreign countries. Our economy has become absolutely agricultural and it is why our standard of life has been very low. Our national income is not more than Rs. 100 per year, per head. Are we to be still waiting until a new plan is set up? My Honourable friends are not aware that plans are already there and recently a Committee was appointed over which Mr. Neogy presided who co-ordinated all these plans and evolved a plan. I am sure that this is the plan which is being adopted by the Government for the purpose of industrialization of this country. The Honourable the Finance Minister referred to the Policy Committee which was enunciated on the 25th November 1945 by the then Government. There is not much to change. It is true if my honourable friends said that the whole of the United Kingdom is also swinging towards the left and introducing nationalization of industries and if that is their intention, I would certainly agree with them. But what are the industries that ought to be Nationalised? It is agreed in this Policy Committee report that the Defence industries must be nationalised. I am sure that all the defence industries in this country are in the hands of the State. There are other industries which come under the Provincial control. But even there the Policy Committee lays down that some industries by their very nature have to be taken charge of by the centre because they have got an all-India importance and they are largely used in various provinces. One single province may not sustain or support a particular industry though there may be branches in various parts. That is why they have divided industries into two *viz.* central and provincial. So far as central industries are concerned they have laid down in paragraph 5 that:—

"they attach particular importance to the development of these industries which constitute



the foundation of modern industrial life, such as the iron and steel industry, the heavy engineering industries, the machine tool industry, heavy chemical industry and so on.

They also do not forget that so far as consumption goods industries are concerned they must also be helped to a large extent, but while the development of these industries must take high priority it must form part of a balanced plan in which due place is given to consumption industries also."

Now therefore the policy of Government is clear. These industries which the State itself has taken, it is running; there are other industries which the State may promote by advancing its capital and taking a large share in the management. And so far as single industries are concerned, like the shipping industry, our Government is contemplating bringing into existence a separate corporation for that industry alone, because it requires a separate corporation to manage its resources. It is not only in the field of industry; we have, for instance, got irrigation projects to increase the agricultural output of the country. The Honourable Minister for Works, Mines and Power said the other day that the Damodar Valley Project Corporation is being sponsored by Government. Therefore both in relation to agriculture and in relation to industry wherever a particular industry or a particular source of irrigation has to be tapped, if they are very big, instead of having a centralised corporation of this kind which must cater to lesser industries, they will bring into existence particular corporations to deal with particular sets of industries. That is the policy of Government. Therefore they are also attempting to have a corporation for the air transport industry.—transport from this country to foreign countries.

Then after these State-owned and State-managed industries come those other industries which will be left to private enterprise and management but in which Government is rightly interested, and on account of the hugeness of an industry they establish particular corporations to manage that industry. The basic industries necessary for the growth of the country as a whole are the iron and steel industry and the heavy chemical industries. If finance is not available for these the State may have to advance finance. Honourable Members are aware that the existing banks, including the scheduled banks and the Reserve Bank, have been so incorporated that they cater to short-term loans and by their very foundation do not advance long-term loans. A Banking Amendment Bill is also on the anvil of the legislature. It may come up during the budget session after the Select Committee has reported. One of the important clauses of that Bill is that no bank shall engage itself directly or indirectly in any trade and it shall give only short term loans. Take a commercial bank. The definition of a bank shall be applied only to such institutions as admit demand liabilities. Therefore the essence of a bank according to the Banking Act is fluidity. And so various restrictions have been imposed on the manner in which money can be lent. It can never be contemplated that money can be lent for a period of more than three years or five years; and even if immoveable property is purchased it shall never be owned by an ordinary bank. Therefore commercial banks as they are constituted were modelled on western banks whose essence is liquidity, who depend mainly on demand liability and current liabilities. Such banks do not cater for long-term loans for industrial concerns. It is to complete that part and to fill up that deficiency that this Industrial Corporation is being sought to be brought into existence. There is an analogy in this respect with respect to agricultural banks. To improve agriculture in this country and to finance agricultural enterprises cooperative societies have been established under the Central Cooperative Societies Act and also under the provincial Cooperative Societies Acts. The cooperative credit societies are working; there are provincial cooperative central banks. The Reserve Bank has a particular department to cater to this and give advice from time to time and also to give financial aid. It is not generally large and I believe that is why Government instead of making this Industrial Finance

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Corporation merely a branch of the Reserve Bank have thought it wise to introduce and establish a separate industrial bank. I know, of course, as I hear Prof. Ranga saying, that the Reserve Bank unfortunately has not done all that was expected of it, so far as agricultural finance is concerned. That is an argument for separating that portion and starting an apex bank for agricultural needs is one part of the Industrial Corporation that is sought to be introduced here. Honourable Members are also aware that to give long-term credit for agricultural operations like digging wells or repairing irrigation sources there are land mortgage banks established in the various provinces. For short-term credits the ordinary cooperative credit societies are there; and for long-term credits there are these land mortgage banks. So far as agricultural credit is concerned, we have got these two institutions. No doubt at the apex for cooperative purposes on an all-India basis there is no central bank which is specially devoted to agricultural purposes. I am sure my Honourable friend Prof. Ranga with his enthusiasm will induce the Finance Minister to bring into existence some such corporation. So far as the present Corporation is concerned it is long overdue. It is good and it can certainly be improved in the Select Committee. I therefore do not agree that this ought to be taken back. Once it is taken back we do not know how long it will be kept away and once gone it will be put into the waste paper basket. This does not stand in the way and I would like the Honourable Finance Minister to make a statement. I have already read in the Policy Committee Report that this will be utilised. Therefore, to say that this relates only to big business is not true. We want big and small business. I am not an industrialist nor even a capitalist. There appears to be a kind of apathy in two opposite sides and there is a warfare between big and small business. I am sorry to see the repercussions of it in the share market. It goes against the good of industry. I believe that the imposition of the excess profits tax had its own reactions on the growth of industry in this country. We must make up our mind that if the State takes various industries, avoid big business. If on the other hand, the State takes up a particular kind of industry, allow a sufficient margin for other industries to grow up. The want of a definite policy has made all these industrialists hard. They are not coming forward to start these industries. I know that there are floatations but they are only in the air. In the monthly statements and statistics of various joint stock companies, especially in the monthly statements of August and September, if 25 companies came into existence, 20 companies have closed down.

**Dr. B. Pattabhi Sitaramayya** (Madras: General): No material!

**Shri M. Ananthasayanam Ayyangar**: It is not a question of material. The money is not forthcoming. For large scale industries, there ought to be a Corporation of this kind. For small scale industries provincial Governments may start provincial Corporations. Therefore when we are starting one kind of Corporation in big industry, there is no need to say I will help only smaller industries. They will have their own turn. Till now cottage industries have not been helped. From the time an application is made for aid, by the time the budget comes when the application matures, the cottage industry closes down. As far as the Cottage Industry Act is concerned in the provinces, the Finance Minister will have his eye on various aspects of the industrial structure. It is true that he must have a federation. As a matter of fact Mr. Santhanam suggested that there must be a federation. The bank must have a federation of various units. I hope the Finance Minister will have this in mind and try to add many more units to this federation.

As regards the persons that are allowed to be shareholders in this Corporation: I do not agree that the shares should be reduced to Rs. 100 or Rs. 15

and should be sold in the market along with other shares of various joint stock companies. The object of this measure is to provide capital wherever it is not available. In the day to day work there are other departments, to help the industries concerned. For enlarging the scope of it, purchasing capital goods and buildings which do not repay immediately, a long-term loan is necessary. A central institution should be made to be the shareholders of an institution of this kind. For other loans there will not be sufficient money coming forward. If the Provincial Governments want to bring into existence smaller corporations to cover smaller industries, and if the ordinary man is also tapped, from where can you get the money? When provincial loans are floated then they have to be under-written. Money does not easily flow. Therefore it is not for the purpose of competing. It is not the intention of this Bill to make this institution compete with the others in the open market. As a matter of fact, insurance companies do not know what to do with their monies. Therefore for insurance companies there will be an outlet. They depend on their statement of policy when they settle the premium which has to be paid. They say one of the important elements is the amount of interest they can get on their investments. Insurance companies and financial corporations are those who are tapped for the purpose of subscribing to this Corporation by way of shareholders. I do not agree that the share value ought to be lower. It is not as if some big business or industrialist will capture. The institution will capture. Let there be no alarm with this institution. It has come into existence. It must come into existence early.

Then as regards the volume of business. I agree with Mr. Santhanam. I find that the textiles themselves—some of the important industries—have a capital of 80 crores: iron and steel 40 crores: sugar 20 crores. In all the volume of their share-capital and the debentures they have floated come to 700 crores. If that is the amount that is floating in this industry, what is this amount of 20 crores for which my honourable friend, the Finance Minister, is responsible in calculating. It was originally in the hands of a gentleman who was not a financier himself.

**Pandit Balkrishna Sharma** (U. P.: General): Finance Minister!

**Shri M. Ananthasayanam Ayyangar**: I am sorry. It is because we are still in a Dominion that I am feeling that we are not yet independent! I am glad to see that I am correct in assuming that they are really Ministers! The Honourable the Finance Minister is eminently suited for this task. No doubt he did not want to waste time. He is very suited for this business because he is an industrialist himself and he was at one time President of the Tariff Board. I am sure he will modify it.

I would make one or two suggestions. It is necessary that an industrial planning commission ought to be established immediately, otherwise the money here may be flattered away in cosmetics. A cosmetic, or tobacco or cigarette industry may be established. The persons who are in charge of this Corporation may be interested in getting quick returns in that industry which is first stabilised. For instance, cosmetics and tobacco sell much more freely than foodstuffs and they yield larger profits. I would ask that he should immediately plan out and have a plan which would suggest to this Corporation what those industries have to be, otherwise this money may not go to that field or industry which is really in need of it. In that way he must prescribe priority.

I would also urge that the scope of this measure is a little small. It has to be enlarged. It is not merely financial but technical advice also that has to be given. I shall now read for you the scope of a similar institution in Australia. Under the Commonwealth Bank Act of 1945, of Australia, the functions of an

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industrial corporation of this kind are as follows:

"(a) to provide finance for the establishment and development of industrial undertakings, particularly small undertakings;

(b) to assist in the establishment and development of industrial undertakings; and

(c) to provide advice on the operations of industrial undertakings with a view to promoting the efficient organization and conduct thereof."

It seems as if they have not only efficient technical men such as engineers, etc. to give them advice as to stability but also persons who have enormous experience in industry to advise them as to whether a particular industry would prove useful to the community.

Then again there is a suggestion in the statement of the Government's industrial policy that in a particular place alone all industries should not be located. That was referred to by my honourable friend Prof. Shah. I agree with him. One way to avoid it is by introducing a system of licenses, whereby the location of these industries will be distributed in places where raw materials and the men are available. The Industrial Corporation must have such a plan before it and try to help the establishment of industries according to localities. Let there be industries whether by Birla or the Tatas. We have absolutely no industries in this country. Today from a pin to aeroplanes we have to depend on foreign countries. I request these industrial magnates to start industries. After all 96 per cent. of the people are poor like myself and Prof. Ranga and ultimately it is up to us to deprive them of their property and take it over. Therefore let us not have an eternal bias or prejudice against these people. Let us take advantage of them as much as possible.

I also want this institution to come into existence to train up the men for purposes of administration. We are having a centralised civil service. We should pick up the best of men for industries. I was very anxious during the war that the state itself should take up all these mills and run them, because even though there is a shortage of cloth the mills are producing 500 and odd varieties to make money. Who are to man these mills? The I.C.S. man may be the best product of the university and he may be a double graduate but is he competent immediately to take charge of a mill? Therefore it is equally essential that we must have men who are competent to give advice to industry. Let us not have the eternal impression that there is an undeclared war between us and the industrialists. They are bringing in the money and the country as a whole will benefit by it. It is only a question of distribution. I therefore welcome this measure and I also want that the scope of this Corporation ought to be enlarged in the terms that I read out from the Commonwealth Bank Act 1945 of Australia.

I would like to make one or two other suggestions. I want that before this Corporation lends to various industries they must make sure that the industries are run properly, that labour is paid properly and treated properly, their wages are decent and are provided with housing accommodation etc. As regards the prices of the commodities manufactured by the industries they must have a controlling voice. Not that they must strictly control it but they must have an influence or voice in it. They must also see, when they are gathering public money, that the industries do not pay exorbitant dividends to their shareholders. After all industry is a risky concern. It is not a savings bank. All industries which are to be helped should not pay more than nine per cent. dividend to their shareholders. Only those industries should be helped. When industries are developed in this country we should be equally careful that they do not exploit the ordinary man. The man that pays is the poor consumer ultimately. Therefore these are all the things that the Industrial Corporation should address itself

before helping an industry. They should also see that the consumer is equally well protected.

As regards audit, I want that the Government itself must audit. There is a provision that two auditors appointed under the Company Law should audit such a big concern as that. Government audit alone will satisfy the public. Enormous funds of the public are invested in a corporation of this kind.....

**Shri B. Das** (Orissa: General): That is a very funny idea.

**Shri M. Ananthasayanam Ayyangar**: I see fun in the talk of my honourable friend but not in what I have said. I do want Government audit for this purpose. My honourable friend was not a member of the Select Committee on the Banking Bill. Even there I insisted that the Government alone should audit. The audit must be through the agency of the Government.

As regards management there seems to be alarm that the management of this concern will be in the hands of big business. I find that they have not calculated the number. Under clause 7 two directors are nominated by the Central Government, three by the Central Board of the Reserve Bank and that makes five. The total number is eleven. Three directors are elected by the banks, that is scheduled banks, and two directors by the shareholders of the Corporation, other than the Central Government, the Reserve Bank, etc. Thus there are five against five. The Managing Director is a person who is appointed by the Central Government.

The predecessor of the Honourable the Finance Minister, who was called the Finance Member then, said that he was going to introduce legislation very soon in this Assembly to nationalise the Reserve Bank. I expect that the Reserve Bank will be soon nationalised. There is no meaning in having small shareholders and run a shareholders' bank. Similarly the Bank of England was also nationalised. I expect that all these reforms will be introduced by the Honourable the Finance Minister who has had experience in this direction. Sir, I welcome this measure and I feel that it can be improved in the Select Committee.

**The Honourable Shri B. K. Shanmukham Chetty** (Minister for Finance): Mr. Speaker, Sir, I am glad to find that the debate has disclosed a perfect unanimity about the need for an Industrial Finance Corporation in our country. My Honourable friend, Prof. K. T. Shah, used an unnatural metaphor and said that I brought forth a child which somebody else had conceived. If I may be permitted to use a more natural metaphor, I might say that I found an orphaned and abandoned child and I adopted it. When I examined the child before deciding to adopt it, I found that it was not perfectly to my liking. But I thought that the child as I found it had immense possibilities and under the care of the eminent nurses of the Select Committee it could be improved. In view of the fact that the Bill is going before a Select Committee, I am sure the House does not expect me to answer the various criticisms and suggestions that have been made.

Apart from the criticisms relating to the detailed provisions of the Bill, the main criticisms might be classified under three categories: the scope of the Corporation, the adequacy of its resources and its constitution. All the suggestions made during the course of the debate may be classified under one or other of these three heads.

With regard to the scope of the Corporation some criticism was made that the activity of the Corporation will not extend to helping service concerns and to helping small scale industries. Sir, this criticism misses the entire point relating to the scope of the Bill as I conceive it. I must frankly say that the object of this Bill is to set up a finance corporation for the purpose of financing the large scale industries in our country. When I make this deliberate state-

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ment it does not mean that I ignore the need for having similar corporations to help agriculture or to help the small scale industries. If we believe that there is need for large scale industrialisation of this country and that for some considerable time to come we must give scope to private enterprise also in addition to the State's enterprise in the building up of large scale industries, then we must accept the logical corollary that we want an industrial corporation to help these industries. The object of this Bill has got that restricted scope and I would very much like that the Select Committee will confine the scope of this Corporation to that limited purpose. As I said, I frankly recognize the need for other corporations. In fact it is my intention, after this Bill has been placed on the statute book, to persuade the Provincial Governments to set up similar industrial finance corporations in each Province, and also to persuade the acceding States—at least the major States—to set up corresponding corporations within their jurisdictions. Such Provincial and State corporations will be expected mainly to finance the small scale industries. I would also make an attempt to do something definite and concrete for the helping of our agricultural economy. Criticism was rightly made that the Reserve Bank has not achieved very much in this direction. Without being an apologist of the Reserve Bank I am bound to say that the Reserve Bank of India was not expected directly to finance agricultural operations. I happened to be a Member of this House when the Reserve Bank Bill was passed and I also at one stage sat on the Joint Committee of both Houses which shaped that measure. The object of asking the Reserve Bank to set up an Agricultural Credit Department was to give a guidance in the direction of setting up the necessary machinery for helping our agricultural economy.

Shri B. Das: Section 54 went further.

**The Honourable Shri R. K. Shanmukham Chetty:** It is quite true that even in this restricted field enough has not been done. But in any case there is no use our bemoaning of what has not been done in the past. We have now got the power to do what we like. There is no outsider who stands in our way. We may therefore go ahead. Apart from the co-operative credit societies, whose main function is to help the agricultural economy of the country, we must do something to set up a Central Agricultural Finance Corporation on the lines of the Industrial Finance Corporation. When these have been set up we would then have the necessary machinery for tackling the entire economic activities of our country. At this stage I want Honourable Members to realize that this Bill does not aim at creating a corporation which will help all the Industrial and economic activities of the country; it has got a restricted scope. In fact, in view of the recent catastrophe that has overtaken the country, especially in the East Punjab, I find that over and above the industrial Finance Corporation, the Provincial Finance Corporation and the Agricultural Finance Corporation, there is a need for a special Reconstruction Finance Corporation. The problem of the rehabilitation and resettlement of refugees is of such a tremendous magnitude that it would require all the energy, expert knowledge and resources of a special Reconstruction Corporation to tackle that problem. I hope, Sir, that in the coming months, with the help and co-operation of this House, I might be enabled to set in motion the machinery for all these purposes.

With regard to the adequacy of the resources at the disposal of the Corporation I am afraid there has been some misconception. This Corporation is not intended to supply all the finances, or even a substantial part of the finances, necessary for the large-scale industrialisation of the country. We contemplate that the Government itself, as State concerns, will set up some of these large-scale industries. In such a case there is no need for any help from this Corporation. This Corporation is intended to help the large scale industry started

by private enterprise. Even in this field, normally a private industrial concern is expected to raise all its capital requirements from the market and to obtain from the commercial banks the accommodation necessary for the day to day running of the concern. But anyone with industrial experience will tell you that whatever might be the capital structure of a private industrial concern, occasions do arise when substantial help for meeting capital expenditure is required, and it is difficult to raise such additional capital in the open market. The raising of that capital may mean prosperity or decay for that concern. It is at such a critical time that an Industrial Finance Corporation of this type is expected to come to the rescue of the industrial concern. If you compare the capital requirements for the industrialisation of the country which will run into many hundreds of crores, you will probably go away with the impression that the paltry amount of 30 or 40 crores which this Corporation will command as its resources is a totally inadequate figure. But I might assure you that 30 or 40 crores at the disposal of a centralised corporation of this kind can finance industries which have got a capital of probably 700 or 800 crores of rupees. But it will be open to the Select Committee to increase the resources available to this Corporation.

And now, Sir, I would say a word regarding the constitution of the Corporation. The aim of this Bill has been deliberately to restrict the shareholding to certain categories of institutions. I am in agreement with the purpose of the original Bill regarding the constitution of the Corporation. We want a responsible corporation to finance our industries which will not become the monopolistic concern of any group of individuals, which will guarantee state control in public interests, and which will at the same time utilise all the experience and efficiency of private business men. The running of a Finance Corporation of this kind is a very technical and complicated process. A layman cannot manage this concern. It requires the expert knowledge and efficiency of men who have been long engaged in business and in industry. By deliberately restricting the shareholding to certain specified institutions, it was the intention of this Bill to bring to the service of the State under the control of the State the experience gained by private captains of industry.

Sir, my honourable friend Mr. Anathasayanam Ayyangar asked us not to carry the prejudice against the capitalist. I think he has given very sound advice to us. I do not want the House to be under the impression that I am an apologist for any capitalist. I am not myself a capitalist. I do not consider myself a capitalist.

**Prof. N. G. Ranga:** Who else can be a capitalist?

**The Honourable Shri B. K. Shanmukham Chetty:** Every workman who earns Rs. 60 a month and saves two rupees a month and puts it in the savings bank is a capitalist. That is the scientific and technical meaning of the word capital. I think we must frankly recognize that whatever might be our ultimate objective in shaping the economy of our country, for a long time to come we would do well to utilise the experience gained by private individuals in the management of industry and business. I do not think that a Sovereign Legislature like ours need have any apprehension that any individual or group of individuals will be allowed to exploit the common man. If we allow anybody to exploit the common man, I would blame ourselves, and not the man who exploits. A modern State has got ample resources and ample powers to curb exploitation of any kind. If we are to follow a wise economic policy, what I would suggest is, Sir, that the Indian Government with a popular backing should exploit in its turn all the resources, the ingenuity, the experience, the knowledge, and the efficiency of every individual in this country, whether he is a capitalist or a workman. All this is aimed at achieving the good of the common man. There is really no difference of opinion. At any rate I have no doubt Honourable Members would feel satisfied that whatever they might

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think about the individual Ministers of the Government, the Government as a whole can be trusted to look after the interests of the common man.

As this measure is going before the Select Committee, it is not necessary for me to answer the other detailed points of criticisms that were made in the course of debate. I have no doubt the Select Committee will take note of all these criticisms, and so far as I am concerned, I may give the assurance that I am not committed to any particular course of action and that I would be prepared to fall in line with the opinion of Honourable Members of the Select Committee, and I hope that I might be in a position to bring again before this House a measure which will be more acceptable to them.

Before I conclude, I would propose an amendment.

**Mr. Speaker:** Let some other person propose.

**The Honourable Shri R. K. Shanmukham Chetty:** With these words I commend the motion to the House.

**Shri Mohan Lal Saxena (U.P.: General):** With your permission, Sir, I move:

"That in the motion the names of Mr. Hossain Imam and Dr. B. Pattabhi Sitaramayya be substituted for the names of Nawab Muhammad Ismail Khan and Shrimati Sucheta Kripalani."

**Mr. Speaker:** I will first take the amendment to the motion.

The question is:

"That in the motion the names of Mr. Hossain Imam and Dr. B. Pattabhi Sitaramayya be substituted for the names of Nawab Muhammad Ismail Khan and Shrimati Sucheta Kripalani."

The motion was adopted.

**Mr. Speaker:** I now put to the House the amended motion.

The question is:

"That the Bill to establish Industrial Finance Corporation of India be referred to a Select Committee consisting of the Honourable Dr. Syama Prasad Mookerjee, Shri K. M. Munshi, Diwan Chaman Lall, Shri M. Ananthasayanam Ayyangar, Shri T. A. Ramalingam Chettiyar, Mr. Hossain Imam, Dr. B. Pattabhi Sitaramayya, Shri C. Subrahmanyam, Professor K. T. Shah, Shri B. Das, Shri S. K. Patil, Shri Jaspal Roy Kapoor, Shri Ram Bahal, and the Mover, with instructions to report on the opening day of the next session of the Assembly, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

## FOREIGNERS (AMENDMENT) BILL

**Mr. Speaker:** The next business to be taken up will be item No. 5 of the List of Legislative Business.

**The Honourable Sardar Vallabhbhai Patel (Minister for Home Affairs, Information and Broadcasting and States):** Sir, I move:

"That the Bill to amend the Foreigners Act, 1946, be taken into consideration."

This is a short measure. The necessity for the Foreigners Act was amply proved by the passing of the Bill in the last Assembly, and the amending Bill which is now proposed to be put before the House is necessary on account of certain verbal changes as necessitated by the partition of the country and of some changes found necessary on account of a further examination of the section of the Act which gave general powers. The first is that the words "Indian State" wherever they occur in clause (a) of section 2 of the Act be substituted by the words "acceding State".



Then, where there is mention of "Tribal areas", we propose to use "Assam tribal areas" because that is the only area with which we are concerned here.

The other amendments which we propose, arose out of the fact that Section 3, which we thought gave ample general powers, would not give us 4 P.M. powers to exercise the control contemplated by the amendments now proposed. If a ship or vessel has in it a foreigner who has been brought here, and if we want to compel the Master of the ship to take the foreigner back, Section 3 as we have it does not give that power. So also, if a foreigner is brought in an aircraft and we want to return him, the present Act does not give the powers to compel the pilot to take him back.

Then you will all agree that it is necessary to have full and detailed information about the movements of foreigners—at least a certain class of foreigners—in this country, and the only source from which we can generally get the information is the occupant of the premises in which the foreigner lives or makes his temporary stay. At present there is nothing in the Act which would compel the owner or the occupier or the manager of the premises to give us that information and the amendment proposed is to secure powers to fill up that lacuna.

There are certain places where undesirable activities are carried on by foreigners—some places such as disreputable houses, gambling dens and other places—where power is necessary to close down such houses. In the Act that has been passed no such power has been given.

Then, if a foreigner is to be deported, under the present Act there is no provision to recover the expenses of deportation although that foreigner has considerable assets in this country, and the Government has to bear all the expenses. We consider it only reasonable that if the foreigner has got his assets, the Government would have the power to recover the expenses of deportation.

These, in general, are the powers that are proposed to be given by the amendments. It is a short Bill for which I do not propose to take up the time of the House. Sir, I move.

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

"That the Bill to amend the Foreigners Act, 1946, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

**Shri M. S. Aney** (Deccan and Madras States Group): Sir, here for the words "Tribal areas", the words "Assam tribal areas" are proposed to be substituted. I really do not see the propriety of this thing at all. Now the only tribal area that exists is the Assam tribal area; the other tribal areas are outside the Indian Union. Therefore the words "Tribal area" in any Act of the Union Government can only mean tribal areas that exist inside the Union and not any tribal area which has altogether been taken out of it. I therefore submit that there is no need to qualify the word "Tribal" by adding "Assam" to it.

**The Honourable Sardar Vallabhbhai Patel:** If, as the Honourable Member says, there is no other tribal area in the Union except the Assam tribal area, is there any harm in keeping the word "Assam" there?

**Shri M. S. Aney:** There is no harm.

**Dr. B. Pattabhi Sitaramayya** (Madras: General): Sir, to single out Assam tribal areas would be to suggest that there are other tribal areas.

**The Honourable Sardar Vallabhbhai Patel:** If mention of "Assam tribal areas" suggests that there are other tribal areas, they are not included here.

**Dr. B. Pattabhi Sitaramayya:** Therefore omit "Assam".

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

"That clause 3 stand part of the Bill".

The motion was adopted.

Clause 8 was added to the Bill.

Clauses 4 to 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sardar Vallabhbhai Patel:** Sir, I move:

"That the Bill be passed."

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

"That the Bill be passed."

The motion was adopted.

[At this stage Mr. Speaker vacated the Chair, which was then occupied by Mr. Hossain Imam (one of the Panel of Chairmen)].

## WORKMEN'S STATE INSURANCE BILL

**The Honourable Shri Jagjivan Ram (Minister for Labour):** Sir, I beg to move:

"That the Bill to provide for certain benefits to workmen employed in or in connection with work of factories in case of sickness, maternity and accident and to make provision for certain other matters in relation thereto, be referred to a Select Committee consisting of the Honourable Rajkumari Amrit Kaur, Pandit Lakshmi Kanta Maitra, Shri K. Santhanam, Shri Mohan Lal Saksena, Shri T. T. Krishnamachari, Haji Abdus Satter Haji Ishaq Seth, Shri Bawanath Das, Shri H. V. Kamath, Prof. N. G. Ranga, Shri Harihar Nath Shastri, Dr. Bakshi Tek Chand, Shri S. V. Krishnamurthy Rao, Mrs. Benuka Ray, and the Mover, with instructions to report on the opening day of the next session of the Assembly, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee, shall be five."

Sir, the Workmen's State Insurance Bill was introduced in the Legislative Assembly on the 6th of November 1946. The provisions of the Bill were the result of a prolonged study extending to about three years in the course of which different interests concerned were closely consulted. The Bill provides for a unified scheme of insurance for workers in perennial factories and provides for medical care and treatment and up to certain limits cash benefits during sickness and maternity, cash benefits in the form of periodical payments in case of employment injury which in the event of permanent, total or partial disablement, takes the form of a pension. Where death arises on account of employment injury, a pension becomes payable to the family of the deceased. The Bill is a beginning of a scheme of Social Security on the lines followed in countries much more advanced economically.

The scheme of insurance will be financed mainly by contributions from employers and workers except that workers in the lowest category, that is, those drawing below ten annas as average daily wage will be exempted from contributing, though eligible for the benefits. Provincial Governments will, as their share, bear one-third of the total cost incurred within the respective Province, on medical care and treatment. The Central Government will, for a period of five years in the first instance, bear two-thirds of the cost of administration of the Fund. The incidence of cost on account of employment injury

benefits and maternity benefits will fall wholly on the employer, this being the position in existing laws relating to such benefits.

Workmen insured under the Act will, besides getting facilities for medical care and treatment on efficient standards, also get cash benefits during periods of certified sickness for periods not exceeding in the aggregate eight weeks during a year. The amount of payments will be approximately half the average earnings of the workman. Women workers will get maternity benefits at a flat rate of twelve annas per day for a maximum of twelve weeks in all, partly before and partly after confinement. In case of both cash and maternity benefits, there is a qualifying period prescribed.

Employment injury benefits are a substitute for the lump sum payments now payable under the Workmen's Compensation Act in cases where a workman suffers injury arising out of his employment. Payment of a pension for life and to the family in case of death of the bread-winner affords obviously better security than a lump sum payment. In case of complete permanent disablement, the pension is approximately equivalent to half the average wages of the preceding twelve months.

An insurance scheme of this nature should be on a country-wide basis and this is what the Bill provides. The administration will vest in a statutory Corporation which will include, among others, representatives of employers, workmen and of the medical profession. The medical administration will vest in the Provincial Governments though, in view of the contributions paid by the employers and workmen, the standard of medical care and treatment provided will be of a much higher standard than is available to the general public.

Workers in perennial factories number about two million. If the Bill is enacted, it will apply to all perennial factories four months from the date of commencement of the Act. The administrative machinery including medical personnel and equipment needed for efficient functioning of the Act will be of a large magnitude. It may not be easy to apply the Act within the time indicated to factories in outlying areas and power of exemption has therefore been provided to deal with such cases for periods not exceeding one year at a time. This is necessary as it is unjust to make a levy on a section of the public until Government are certain that the services for which the levy is made are available at the same time.

The Bill, as I said before, was introduced in the Assembly just over a year ago. It was the pressure of legislative business that prevented its further progress till now. But the Ministry of Labour, to save time, has departmentally circulated the Bill for expression of opinion to all those included in the usual circulation list of the Legislative Assembly. Most replies have come in and copies of all replies are expected to be ready by the end of this month and if the motion for appointing a Select Committee is carried, the members thereof will have time to go through these replies before they meet. There has been some misunderstanding in some quarters and there have been criticisms—obviously wrong—that this scheme has been cold stored. I do not, of course, attach any importance to that when I am satisfied that the delay was wholly unavoidable, but I do feel that any further long delay might invoke justifiable criticism. The Select Committee will have before it all material that is possible to obtain and which will enable it to improve on the provisions of the Bill to the maximum extent.

I may add, Sir, as I have remarked previously, that this is just a beginning of the social security measures for the working classes of this country and as the task before the Corporation will be of tremendous magnitude only the industrial labourers and rather a fraction of them are to be covered in the first instance. The intention of the Government is gradually to extend these benefits to all the industrial workers and to other categories of workers in the coalfields, in

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in the plantations, in the docks and also in agricultural pursuits, but in the present conditions of our country it will take some time and the working classes might have reasonably to wait for some time before all of them are in a position to be given all these facilities. I would like to repeat, Sir, once again that this is just a beginning and we must have this beginning as early as we can.

With these words, I move that the Bill be referred to the Select Committee.

Mr. Chairman: Motion moved:

"That the Bill to provide for certain benefits to workmen employed in or in connection with work of factories in case of sickness, maternity and accident and to make provision for certain other matters in relation thereto, be referred to a Select Committee consisting of the Honourable Rajkumari Amrit Kaur, Pandit Lakshmi Kanta Maitra, Shri K. Santhanam, Shri Mohan Lal Saksena, Shri T. T. Krishnamachari, Haji Abdus Sattar Haji Ishaq Seth, Shri Biswanath Das, Shri H. V. Kamath, Prof. N. G. Ranga, Shri Harihar Nath Shastri, Dr. Bakshi Tek Chand, Shri S. V. Krishnamurthy Rao, Mrs. Renuka Ray, and the Mover, with instructions to report on the opening day of the next session of the Assembly, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion is now open for discussion of the House.

Shri Harihar Nath Shastri (U. P.: General): Sir, both as a member of the House and as a humble representative of the Indian working class, it is my privilege to offer my hearty congratulations to the Honourable Minister of Labour for bringing forward this measure, which is a big step towards realising the goal of Social Security in this land. I am sure, Sir, the Honourable Minister will earn for himself the deep gratitude of the working classes of this country for this measure.

In the life of very human being, Sir, there are two stages of dependency child-hood and old age and between the intervening period there are occasions during which a man or a woman is unable to earn his or her living. In the life of a worker such occasions include unemployment, sickness, accidents while working—I mean disability and maternity. Now so far as accidents are concerned, the Government of India moved in the matter as far back in the year 1928 when they passed the Workmen's Compensation Act. As far as unemployment is concerned, that too is an urgent problem. But no serious efforts have been made in this direction so far. I am sure, Sir, with the genuine sympathies as is possessed by our Honourable Minister a bill on unemployment insurance will also be brought forward before this House in near future. Sir, apart from maternity and compensation for disability that are to a certain extent already covered under the existing laws prevalent in some of the Provinces and the country as a whole, the main problem that this Bill seeks to tackle is the problem of sickness. Now, Sir, the object of sickness insurance are two-fold. Firstly, it provides opportunities to workers of a curative nature, that is to say, it provides medical benefits, so that it may be possible for them to meet or to do away with diseases or occasions for sickness. Now, the other object of this Sickness Insurance is to provide suitable compensation to workmen to enable them to make both ends meet, while they are unfit to work as a result of sickness. Now Sickness Insurance in our country is a new thing. But it has been in existence in most of the European countries since the close of the 19th century. The system of compulsory Health Insurance was for the first time introduced in Germany in the year 1883 and since then and particularly between the war that ended in 1918 and the last war this system of Sickness Insurance spread in most of the countries and the result is that at present it is in existence in 29 countries with a population of about

50 crores. Now so far as our country is concerned, Sir, the question of Sickness Insurance for the first time came up for consideration before the Royal Commission of Labour that was set up in the year 1929. The Royal Commission on Labour considered over this question and it came to the conclusion that in view of the fact that incidence of sickness in our country was much higher than in other countries, it was necessary that Sickness Insurance scheme should be introduced. They made two suggestions. They suggested a long-term plan and a short-term plan. Their long-term plan was that the question of Sickness Insurance should be entrusted to an Expert Committee which should go into the details of the question and formulate schemes on an All India basis. Their short-term plan was that the schemes for Sickness Insurance should be split into two parts. Firstly, so far as medical benefits were concerned, they should be tackled by the State, and so far as the question of compensation was concerned, it should be tackled voluntarily by contribution from the employers, and from the workers. Now the Government of India later on considered these schemes and elicited the opinions of Provincial Governments. The Provincial Governments gave their opinions and then it was referred to the Advisory Committee of Industries and Labour of the Government of India. That Committee came to the conclusion that a scheme of Sickness Insurance would be formulated only after a close study of the problem was made for a number of years; The Government of India thought that the expense and labour that was likely to be incurred for such a study was much more than the benefits that were likely to be conferred as a result of that scheme, and for some time the scheme had to be given up. Again the question was reopened in the 1937 and the opinion of various Provinces was again elicited and the Government thought that the best course was that instead of making any detailed investigation, a beginning should be made by making an experiment in certain industries and in certain Provinces on a voluntary basis. But that too ultimately proved a failure. Then in the year 1940 there was a conference of Provincial Ministers convened by the Government of India and that Conference decided that the opinion of labour and employers should be ascertained in connection with the question of Health Insurance. These opinions came forward. Labour readily agreed and so far as the employers are concerned, they too agreed, subject to certain conditions, *i.e.* that such a scheme should cover the whole country including the Native States and that the expenses of the scheme should be met equally by the Government workers as well as the employers.

In the light of those observations and those suggestions this problem was considered afresh in 1941 and 1942 by conferences of Labour Ministers, and it was then decided that the whole question should be referred to an experienced economist who could go into the details of the question and formulate a scheme. Accordingly they appointed Prof. B. P. Adarkar who was assisted by an advisory committee which also consisted of certain experts besides representatives of labour and employers. And this Bill that is now before us is in fact based on the findings that were arrived at as a result of investigations carried on by Prof. Adarkar.

Now, Sir, this is not the stage to offer any detailed criticism on the Bill or to go into the merits of every clause in it, but with your permission I shall just deal with two or three points for consideration of the Honourable Minister and the Select Committee. I was a little disappointed when I came across the Bill a few months ago. In the very first clause I found that the Bill is not applicable to a class of workers known as seasonal workers. Now seasonal labourers in this country are quite big in number and most of them do a certain nature of work which is of supreme importance from the point of view of the community as a whole: for instance, workers in the sugar industry. In other countries where this scheme of health insurance is in operation not only

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seasonal labour but even farm labour, i.e., agricultural labour and domestic labour also are covered by the health insurance scheme. I was very carefully listening to the speech of the Honourable Minister and I was happy to know from him that he is willing to extend the scope of this Bill later on as a result of experience. What I might suggest at this moment is that no such discrimination as between seasonal and perennial should be made in this Bill. The best course would be that in the first instance it may be left to Government to decide the categories of workers to whom this Bill will first apply and then later on it should be left to them to decide how this Bill will operate. I humbly suggest that the discrimination that is proposed to be introduced in this Bill between seasonal and non-seasonal workers should be done away with.

The second point is about composition. The Honourable Minister just said that representatives of employers and workers are included in the proposed board that will be set up after this Bill is passed. Sir, you will see that the board is to consist of 20 members of whom there are only 3 who will be labour representatives. I feel that in a measure which is primarily, rather exclusively, concerned with the welfare of workers it is only proper that adequate representation of labour should be assured so that the board may enjoy the confidence of the people for whom it is meant. Similarly in the standing committee that is proposed to be set up we find that out of eleven members only one labour representative is proposed. I suggest that this point may also receive the attention of the Honourable Minister.

The third point is about exemptions. In the Bill it is provided that workers who get ten annas per day will be exempt from the payment of any contributions to this fund. Sir, if this Bill were introduced before September, 1939 I would have been quite content with an exemption up to a wage limit of ten annas a day. But, as everybody is aware, the times have changed since then and what was ten annas in September 1939 is hardly equivalent now to 2½ annas. Perhaps there are no workers in this country—even if there are they are very few in number—who get ten annas or less. So this exemption in fact has no meaning if it is confined to workers who are getting only ten annas. I shall even draw the attention of the Honourable Minister to the report prepared by Dr. Adarkar in which he has suggested 13 annas as the limit for exemption. I personally suggest that the minimum should be at least Re. 1 per head,—the basic wage which has already been introduced in certain industries. And I think it is the intention of Government that Rs. 30 should be the minimum wage in all the industries of this country. Under the circumstances I feel that if any exemption is to be given the workers to be exempted should be at least those who get Rs. 30 per month.

Coming now to the total period for which the benefits under this fund are permissible to workers, the Bill provides that the maximum period for which a worker will get sickness benefit will be eight weeks. I shall explain the position.

In most of the countries whether this Bill is in operation, for instance in Germany and in various other countries, the maximum period for which a worker is entitled to get benefits under a scheme of health insurance is 26 weeks. There are certain countries where 50 weeks are provided whereas there are certain countries like Czechoslovakia, Hungary and Brazil, where a worker is entitled to get benefits under schemes of health insurance as long as he is unfit to work or as long as he absents himself as a result of sickness.

Shri B. Das (Orissa: General): Is it pre-war practice or present day practice?

Shri Haribar Nath Shastri: Pre-war.

**Shri B. Das:** But Germany does not give anything now.

**Shri Harihar Nath Shastri:** Anyway, that question does not arise at the present movement.

Even with regard to conditions in other countries I may put only two points before you. In the first place, as I said in the very beginning, incidence of sickness in our country is much higher than in other countries. Secondly, it may be noted that wages in our country are extremely low as compared to other countries.

**Shri H. V. Kamath** (C. P. & Berar: General): I submit that members of the Select Committee will do well to cut down their speeches.

**Shri Harihar Nath Shastri:** I shall accede to your wish and conclude in a few minutes.

Now, the other point is Mr. Adarkar's report, which forms the basis of this Bill. I would draw the attention of the Honourable Minister to this report in which he has said that the maximum period should be 90 days, which come so about 13 weeks. I should suggest humbly that if the European standards are not accepted, at least the suggestions which have been made as a result of close study by a very qualified and competent economist, who has thoroughly gone into the problem, should be accepted by the Government.

In accordance with the wishes of my honourable friend, Mr. Kamath, I will not pursue the matter further. I would conclude by once again congratulating the Honourable Minister, especially for two of the clauses in the Bill, presumably Clause 62 and Clause 63, in which it has been laid down that during the period of sickness no employer shall be competent either to reduce the wages or to punish or to dismiss any of the workers.

I hope, Sir, that after the Bill emerges from the Select Committee, it will come back in a form that will enable it to rank amongst the model schemes or model legislation that is prevalent in this connection in other parts of the world.

With these few words, I once again support the motion.

**Shrimati G. Durgabai:** (Madras: General): Mr. Speaker, it is with great pleasure I rise to congratulate the Honourable Minister in charge of this Bill for having brought such a measure which promises great boons and benefits to the workmen employed in various factories. It is really a pity that we could not have this kind of legislation earlier when the other progressive countries in the world had made a great onward march in this direction of having social securities of this nature. I do not know whether I should say that it would go to the credit or discredit of the regime previous to ours.

But the fact is there that we could not have a measure of this kind. So I congratulate the Member who is the author of this Bill in bringing forward a Bill which is intended to give great benefit to the workmen.

Of course I have had an occasion to go through some of the provisions of this Bill. I find that it has been very well planned out and very well conceived and it really speaks of the very sympathetic attitude taken and the great vision which the Honourable Minister has shown in planning out the whole thing. Of course it deals with the matter quite extensively and also very liberally. But some of the clauses in the Bill, I feel, require some kind of reconsideration by the Honourable Minister and also by the Select Committee which is going to scrutinise this Bill. My difficulty is this. I just wanted to bring to the notice of the House and also to the Honourable Minister some clauses, for example, clause 40, sub-clause (3)—relating to maternity benefit. I wonder how the rate of twelve annas a day, a period of twelve weeks, of which not more than six weeks shall precede the confinement, was arrived at. My friend, the honourable Member the previous speaker, has just said that ten annas in the

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olden days would only mean two and a half annas now. I stand subject to correction but he has said that that is the value of the money today. Applying that to the case of a lady who has to undergo a confinement or who comes under the benefit of this clause, she would not really be well provided by the rate given to her, that is twelve annas. But in considering this, I really feel, Sir, that she has to be counted as two and not one, because she not only has to be provided for but also the child whom she is to give to the world as a national fortune or wealth. Therefore, I feel Sir, that the Honourable Minister may please consider this suggestion and see that the rate of twelve annas may be a minimum rate and not the maximum. I hope that the Honourable Minister and the Select Committee would give due consideration to this aspect.

Another consideration which has troubled me as much is that some kind of limitation is placed on the ability of women coming under the benefit. She is required to fulfil certain conditions in order to come under this benefit clause, namely, sub-clause 8 which says:

"A woman shall not be qualified for the maternity benefit unless—

- (i) not less than 26 weekly contributions in respect of the woman have been paid within a continuous period of twelve months immediately preceding the week in which she is confined or in which she gives notice of pregnancy before confinement, etc. . . . ."

But if this is to be applied I do not know how many women will really be able to benefit under this. Many women may have to go without having the benefit of this legislation. Even men may not be really conversant with the law, the rules and the technicalities. That being so, how many women will be conversant with the rules and regulations so that they would know that they should pay their premiums regularly in order to take advantage of this legislation and that it is only when they duly comply with all the formalities that they would be entitled to the benefit under this legislation and not otherwise. I request the Honourable Minister and the Select Committee to see that they are exempted from the operation of this qualification imposed upon them for at least a period of two years. Otherwise many women who have not registered their pregnancy or who have not given notice of it may be excluded from the benefit of this clause. That is another essential point which I would bring to the notice of the Honourable Minister and the Select Committee for consideration. .

Then, I notice here that in the case of maternity benefit not less than 26 weekly contributions are to be paid but in the case of sickness under clause 89 sub-clause (b) not less than 17 weekly contributions in respect of workmen should have been paid. I do not know why in the case of sickness it has been only 17 weekly contributions and in the case of maternity it is 26 weekly contributions. I would suggest for the consideration of the Honourable Minister and the Select Committee that they should see that this kind of imposition of a rule, which is not going to work to the benefit of the women is removed or relaxed to some extent or at least for a period of two years.

Clause 86 of the Bill says.

"At any time when the funds of the Corporation so permit, the Board may enhance the scale of any benefit admissible under this Act and the period for which such benefit may be given."

I do not know what the future would be like. But if the Corporation so permits and if the fund so permits I would urge the Honourable Minister and the Select Committee to provide for some kind of recreation, for some kind of vocational activities and also for the establishment of some training institutions for enabling the women and children to equip themselves with the necessary



knowledge and also to have some kind of enjoyment through the recreational activities provided for them.

There is one other important point that I want to bring to the notice of the Honourable Minister. In the Preamble it is stated that the benefits of this legislation will be open only to workmen working in the factories. As the previous speaker pointed out, the benefits should be open not only to the workmen in factories but to all kinds of workmen in any occupation, such as workers in agricultural operations, domestic servants, etc. India is predominantly an agricultural country and roughly a crore of people are employed in agricultural operations. I do not know why this very useful social security measure should give the benefit only to the workmen in factories but not to the large number of workmen in other occupations and institutions other than the factories. With these few observations I would request the Honourable Minister once again and the Select Committee to give due consideration to these facts and I once again congratulate the Honourable Minister.

**Shri S. Nagappa (Madras: General):** Sir, I rise to join the previous speakers who congratulated the Honourable Minister for Labour. I find in the Statement of Objects and Reasons that the sickness benefit given to a man will not exceed eight weeks. In a year of 12 months after all there is every likelihood of a man falling sick for more than eight weeks. Even if he recovers he will require sometime, at least some weeks, to become fit enough to resume work. For this period nothing is given to him. When the man is on the way to recovery he requires more money in order to recoup himself and become fit to work again. No doubt the Honourable Minister has done a good deal in the interest of the workers but I would request him to do a little more. I would suggest that instead of eight weeks it should have been twelve weeks per man and 15 weeks per woman.

**An Honourable Member:** Why?

**Shri S. Nagappa:** My Honourable friend asks, why make a distinction between man and woman.

A woman is a tender creature and requires more care than a man. A man can take care of himself better than a woman.

**An Honourable Member:** Question.

**Shri S. Nagappa:** My Honourable friend says that ladies are capable of taking care of themselves and can do so better than men. However, I do not want to enter into a controversy over that.

The Honourable Minister has not been kind enough to include in the scope of this Bill seasonal labourers. The Honourable Members who spoke before me were kind enough to emphasise this particular point. I hope the Select Committee will go into this matter and try to include seasonal labourers also, so that they may also get the benefit.

I do not find any clause in this Bill as regards old age pension. A man or woman is expected to work during her life time but there is a time in old age, if a man or woman has no children who is to take care of them. They have been working all their lives in order to produce more and more national wealth. They have been exploited so long as they were strong and sturdy enough to work but when they grow old what will happen to them? In all countries, especially the Western countries there is the system of old age pension prevailing. The Honourable Minister was kind enough to say that we have only made a beginning and I would request him to include this particular benefit in the Bill in order to give old age pension benefit to those poor workers. As the Honourable Lady Member said the scope of the Bill need not be confined to the workers in industrial concerns only but it should be extended to other

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workers, especially agricultural labourers, who have been responsible for producing the main essentials of our day to day life. Without agricultural labourers you cannot have raw materials, without the raw materials you cannot have industrial magnates and then only you require industrial labour. Therefore first of all you have to take care of the agricultural labourer who is responsible for the whole production of the national wealth. The Honourable Minister said that he has made only a beginning and I hope he will not stop with the beginning but would go further in order to give benefit to all classes of labourers in whatever walks of life they may be working in this country. With these few remarks I once again congratulate the Honourable Minister for having brought in such a beneficial measure before this House. One more point, Sir. Now there are 29 Members on the Board. But very few representatives belonging to the labouring classes have been put on the Board. There is another thing I wish to mention. While making selection of Members to the Select Committee I do not find Members belonging to the labouring classes, who can understand labour problems better than others. There are only a few who will I think can do some thing. I have however full confidence in those Members who have been appointed to the select Committee and I hope they will be able to see that the Bill is made more beneficial to all classes of workers.

With these few observations I once again congratulate the Honourable Member.

*The Assembly then adjourned till Eleven of the Clock on Saturday, the 22nd November, 1947.*

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