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CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE) DEBATES

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1948



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# CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

Monday, 9th February, 1948.

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

#### PRICE OF BULLION, SILVER AND GOLD IN INDIA, ENGLAND AND AMERICA

169. \*Mr. R. K. Sidhva: (a) Will the Honourable Minister of Finance please state the price of bullion prevailing in India at present?

(b) What is the present price of gold in New York, London and Bombay?

(c) What is the present price of silver in New York, London and Bombay?

(d) Is it a fact that before War, the price of bullion imported from Europe and America was almost the same as that in every country?

(e) What steps do Government intend to take to bring down the prices of gold and silver in India?

(f) How much gold and silver are imported from foreign countries?

(g) Have Government any information about the quantity of gold and silver in the possession of the people in this country?

**The Honourable Shri R. K. Shanmukham Chetty:** (a) The spot prices on the Bombay Bullion Exchange which is the chief market for bullion in India on 5th February were:

(1) *Gold*.—Rs. 106-4-0 per tola. (Rs. 283-5-4 per ounce.)

(2) *Silver*.—Rs. 164-12-0 per 100 tolas (Rs. 4-6-3 per ounce.)

(b) The U. S. Treasury price of gold is \$35 or Rs. 116-3-0 per ounce. The U. K. Treasury price of gold is £8-12-3 or Rs. 114-13-4 per ounce. The Bombay free market price is Rs. 283-5-4 per ounce. The New York and London prices are, however, not comparable with the Bombay price. There are no official free market dealings in London and New York. Consequently a quotation comparable to the Bombay free market quotation is not available.

(c) The price of silver in New York is 74 5/8 cents or Rs. 2-7-9 per ounce. In London the price of 'official silver' is 45d. or Rs. 2-8-0 per ounce. "Official silver" is made available only for certain essential purposes to authorised domestic users. There are three other categories of silver in the London market whose prices vary from time to time and are not available. The Bombay free market price is Rs. 4-6-3 per ounce.

(d) Yes.

(e) Government have the position constantly under review but the Honourable Member will appreciate that it is not possible to bring down the prices of gold and silver in the free markets of India to the same level as the official prices in New York and London which I have given above. With the exception of New York silver these official prices are applicable only to officially approved

transactions and private individuals cannot trade in these metals at these prices as they can in India.

(f) I would invite the attention of the Honourable Member to statements IX and X of the Reserve Bank's Report on Currency and Finance for the year 1946-47.

(g) No.

**Seth Govinddas:** Is it not a fact that these high prices of gold and silver in India are due to speculation in Indian markets, and are Government thinking of stopping this speculation at least in gold and silver?

**The Honourable Shri R. K. Shanmukham Chetty:** It is difficult to say whether the high price of bullion in India is entirely due to speculation or to the desire of people to invest in bullion. The question of controlling forward dealings in bullion is under the consideration of Government.

**Mr. R. K. Sidhva:** With regard to part (e), what are the difficulties in bringing down prices?

**The Honourable Shri R. K. Shanmukham Chetty:** Nowhere in the world is there a market for gold and silver as in India. The habit of the Indian people to hoard their money in bullion is a feature which is unique in Indian society and not found elsewhere. Normally in London or in New York, apart from the transactions in bullion required for the currency authorities, the other transactions in bullion are chiefly confined to industrial and other similar uses. Therefore in a country like India where there is so much demand by private individuals for gold and silver it is not possible to bring down the prices to the same level as they are in New York or London.

**Mr. R. K. Sidhva:** Is it not a fact that these prices of gold and silver in India, particularly in the Bombay market, are fictitious?

**The Honourable Shri R. K. Shanmukham Chetty:** I have answered that question.

**Shri M. Ananthasayanam Ayyangar:** Does the Honourable Minister mean to say that there is no private market for gold and silver either in the United Kingdom or in the U. S. A.?

**The Honourable Shri R. K. Shanmukham Chetty:** Not anything like the extent to which it prevails in India.

**Shri M. Ananthasayanam Ayyangar:** Is it not a fact that in America there is hoarded gold by Government there which is many times more than all the hoardings by private individuals in India?

**The Honourable Shri R. K. Shanmukham Chetty:** In dealing with gold that is one of the points which is very often overlooked. Gold held by the currency and monetary authorities of a country is entirely different from gold in the hands of private individuals.

**Shri M. Ananthasayanam Ayyangar:** In view of the fact that some arrangement is sought to be made regarding sterling balances and we have dealings with sterling so far as our currency backing is concerned, is it not in the interest of the Government of India to have gold backing for the currency that they are issuing and which they have already got? Are any steps being taken in that direction?

**The Honourable Shri R. K. Shanmukham Chetty:** The accretion of gold as currency reserve very largely depends upon our balance of payments. As the



position stands in India today, our balance of payment is against us, and there is therefore no question of the possibility of our acquiring further gold as currency backing.

**Shri M. Ananthasayanam Ayyangar:** Is any attempt being made to convert any portion of the sterling balances which is due to us into gold?

**The Honourable Shri E. K. Shanmukham Chetty:** I am prepared to make an attempt, but I know what that attempt will be doomed to.

**Dr. B. Pattabhi Sitaramayya:** Is it not a fact that the increase in the price of gold, like the increase in the price of grains or in the scale of salaries, is merely due to the depreciation of the silver rupee?

**The Honourable Shri E. K. Shanmukham Chetty:** No, Sir. The increase in the price of gold in India is entirely governed by supply and demand, and gold as an instrument of dealing between private individuals stands on the same footing as any dealings in commodities.

#### BUDGET PROVISION UNDER HEAD 'ECCLESIASTICAL'.

**170. \*Mr. E. K. Sidhva:** (a) Will the Honourable Minister of Defence please state whether under Demand No. 39, under head 'Ecclesiastical' the sum of Rs. 2,21,000 is provided in the current budget for this department from general funds?

(b) Is it a fact that from the Railway and Defence Services Budgets also a certain amount is provided under this head?

(c) Is it a fact that for maintaining the establishments of all the churches in India Government have provided Rs. 15,03,800 in the current Budget?

(d) Do Government intend to continue maintaining these churches from the revenues of this country?

(e) If so, why?

**The Honourable Sardar Baldev Singh:** (a), (b) and (c). Yes.

(d) Churches will not be maintained at State expense after 31st March 1948.

(e) Does not arise.

#### NOMINATION OF PRESIDENTS OF CANTONMENT BOARDS

**171. \*Mr. E. K. Sidhva:** (a) Will the Honourable Minister of Defence please state whether it is a fact that even after 15th August 1947, the Presidents of Cantonment Boards are nominated?

(b) Do Government intend to amend the Cantonment Act to give the majority of elected members absolute power as far as their jurisdiction is concerned?

(c) If so, when?

**The Honourable Sardar Baldev Singh:** (a) Yes.

(b) and (c). Government have no such intention at present, since elected members already enjoy full powers in respect of matters affecting the Bazar areas in Cantonments, and in the rest of the area military interests should, it is suggested predominate.

**Mr. E. K. Sidhva:** May I know the reasons why Government do not intend to amend the Cantonments Act at present?

**The Honourable Sardar Baldev Singh:** I have already stated that as far as elected members are concerned they enjoy full powers and they have a right to

elect the Vice-President of the Cantonment Board.

**Mr. B. K. Sidhva:** What is the total number of elected members as compared with the nominated ones? Is there a majority of elected members on any board anywhere?

**The Honourable Sardar Baldev Singh:** I have not got the information with me. But my information is that where there are elected members they elect the Vice-President.

**Mr. B. K. Sidhva:** Are Government thinking of amending the Act so that they may elect the President also?

**The Honourable Sardar Baldev Singh:** That is not the intention at present.  
**Diwan Chaman Lall:** Is this a step in the direction of advancing democracy that the Government has no intention of changing the old procedure?

**The Honourable Sardar Baldev Singh:** As far as the civil population is concerned, the elected members have full power. But in military matters the military interests must predominate.

**Diwan Chaman Lall:** Are the other matters not the same: namely, sanitation, education, taxation?

**The Honourable Sardar Baldev Singh:** As far as these matters are concerned, my information is that the voice of the elected members is predominant.

**Mr. B. K. Sidhva:** What are the other matters in which the voice of the military predominates?

**The Honourable Sardar Baldev Singh:** I will give the information later if the Honourable Member wants it.

**Diwan Chaman Lall:** May I suggest that there are no other matters?

No reply

**Mr. B. K. Sidhva:** Is it a fact that in hygiene and sanitation, most of the Cantonment Boards have not improved the needs of the civil population?

**The Honourable Sardar Baldev Singh:** I have no information.

**Mr. B. K. Sidhva:** Will not Government consider taking steps to see to the education needs of the people under these Boards?

**Mr. Speaker:** I am afraid Education is a provincial subject.

**Mr. B. K. Sidhva:** In the cantonments it is not so, Sir. It is to be managed by the Cantonment even Hygiene, Sanitation and Education.

**Dr. B. Pattabhi Sitaramayya:** In view of the fact that in Cantonment of Mhow, the majority of members are elected, will they remove the nominated members?

**The Honourable Sardar Baldev Singh:** There are nominated members and elected members, and as I have said in reply to this question, at present there is no intention of amending the Act. But if it is the desire of the House that the Act should be amended, I am prepared to examine the matter.

**Seth Govinddas:** As there are various complaints with respect to these Cantonments, will the Government think it advisable to call the elected representatives of a few important cantonments and discuss the whole matter with them and then bring in a new legislation in this respect?

**The Honourable Sardar Baldev Singh:** I will bear that in mind.

#### DELEGATION OF POWERS BY CANTONMENT BOARDS IN INDIA TO BAZAR COMMITTEES

172. **Mr. B. K. Sidhva:** (a) Will the Honourable Minister of Defence please state whether it is a fact that no powers have been delegated by any Cantonment Board in India to Bazar Committees?

(b) Is it a fact that statutory Bazar Committees are Advisory Committees who make reports only on building applications to Boards and do not act autonomously?

(c) Is it a fact that Bazar Committees comprise of an elected majority?

(d) Do Government propose to change the rules so as to enforce the decision of the elected representatives of the Cantonment Boards?

**The Honourable Sardar Baldev Singh:** (a) No.

(b) Bazar Committees are subject to the control of the Boards but their decisions are seldom interfered with.

(c) Yes.

(d) I would refer the Honourable Member to my answer to parts (b) and (c) of Starred Question No. 171.

**Mr. R. K. Sidhva:** As the Honourable Minister has given an assurance in answer to a question of Mr. Govinddas that he is going to consider this matter for amending the Act, I do not want to put supplementaries.

**Mr. Speaker:** I thought the Honourable Member was putting a question!

**The Honourable Sardar Baldev Singh:** What I have said is that I will refer the suggestions made here to the Department, and after I have obtained the Department's views, I will inform the House and then we can discuss the whole matter.

**BUILDINGS UNDER REQUISITION FOR MILITARY PURPOSES IN VARIOUS TOWNS IN INDIA**

**173. \*Mr. R. K. Sidhva:** (a) Will the Honourable Minister of Defence please state the number of buildings under requisition for military purposes as on the 1st January, 1948 in various towns in India and the names of such towns?

(b) Do Government still propose to retain these buildings for the use of military personnel?

(c) If so, for how long will this necessity continue?

**The Honourable Sardar Baldev Singh:** (a) I lay a statement on the table of the House.

(b) Yes.

(c) It is very difficult to estimate the period for which requisitioned buildings will be required. The position is under constant review, the object being to release such buildings as early as possible.

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Bombay and Suburbs . . . . .		58
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Madras . . . . .		36
Deolali . . . . .		9
Jubbulpore . . . . .		2
Bangalore . . . . .		14
Lucknow . . . . .		1
Ranchi . . . . .		43
Patna . . . . .		32
Dhanbad . . . . .		7
Gaya . . . . .		4
Monghyr . . . . .		3
Chandil . . . . .		1
Balmain . . . . .		1
Puri . . . . .		1
Ramgarh . . . . .		1
Calcutta . . . . .		24
Howrah . . . . .		2
Dum Dum . . . . .		5
Kenkinara . . . . .		2
Kumarhatty . . . . .		1
Barrackpur . . . . .		6

Kanchanpara	1
Sodepur	1
Budge Budge	1
Tollygunj	4
Belgariah	1
Noapara	1
Baranagar	1
Rajahutty	1
Darjeeling	1
Ondal	2
Sibpur	2
Silakia	1
Burdwan	2
Asanaol	1
Midnapur	1
Kharagur	1
Hijli	1
Total	318

**Seth Govinddas:** May I know how many buildings have been released within the last three months?

**The Honourable Sardar Baldev Singh:** I am afraid I have not that information with me but the total number of buildings that are with the Defence Department at present is 318 all over India.

**Mr. R. K. Sidhva:** What has been the practice in the event of the Defence Ministry not requiring any house? Does it automatically go back to the owners or does the Defence Ministry transfer it to the civil authorities?

**The Honourable Sardar Baldev Singh:** The practice is that if any building is surplus to our requirements, it is offered to the Government of India in the Works, Mines and Power Department, and if it is surplus to their requirements, they offer it to the Provincial Government.

**Mr. R. K. Sidhva:** Is it not a fact that in Bombay some of the buildings which were not required for military purposes were handed over by the Military authorities to private persons—civilians?

**The Honourable Sardar Baldev Singh:** I think the Honourable Member knows more about this matter than I do!

**Shri Rohini Kumar Chaudhuri:** May I know if the Committee which was appointed some time in 1947 to go into the whole question of derequisitioning of properties under the Military has ceased to function? There were Committees in Assam and Bengal for this purpose.

**The Honourable Sardar Baldev Singh:** It is still functioning.

**Shri Rohini Kumar Chaudhuri:** Is the Honourable Minister aware that the Committee never sat at all in Assam because there the Commissioner of the Division refused to preside over the meetings of such a committee?

**The Honourable Sardar Baldev Singh:** I have no information but as far as I remember the Committee did function.

**Shri Rohini Kumar Chaudhuri:** Did not the Honourable Minister receive a telegram which I sent on the subject? I was asked to come to the meeting and then I was informed that the Commissioner would not come to preside and then I sent the telegram.

(No Reply)

**Shri Khurshed Lal:** Is the Honourable Minister aware that the agricultural lands not required by the Defence Ministry have been returned to the zamindars and not to the tenants?

**The Honourable Sardar Baldev Singh:** They have been returned either to the owners or tenants from whom they were requisitioned.

**Dr. B. Pattabhi Sitaramayya:** In view of the fact that at the time of the return of these buildings to the owners, claims and counter claims have been put forward for damages, will the Government be pleased to state what mecha-

nism is in force to settle those claims, and whether steps are being taken to expedite the settlement of such claims?

**The Honourable Sardar Baldev Singh:** Complaints have been received in certain cases and they have been referred to the local officers and most of the claims have been settled by mutual adjustments.

**Shri P. Govinda Menon:** I have been requested by Dr. B. V. Keskar to put his question.

**Mr. Speaker:** Yes, I know, but the usual practice is that all such questions come at the last round after all the other questions are answered.†

#### UNIFORM PROCEDURE FOR HOISTING OF NATIONAL FLAG IN STATES IN INDIAN UNION

†174. \***Shri P. Govinda Menon** (on behalf of **Dr. B. V. Keskar**): (a) Will the Honourable Minister of States be pleased to state whether Government are aware that in many States the flying of the tricolour flag, the official flag of the Indian Union, is banned?

(b) If so, do Government propose to find out the names of such States?

(c) What steps do Government propose to take with regard to any disrespect shown to the national flag?

(d) Do Government propose to see that a uniform procedure is followed with regard to the national flag in all the States?

**The Honourable Sardar Vallabhbhai Patel:** (a) No acceding State has banned the flying of the Union Flag.

(b) Does not arise.

(c) No such case of disrespect has arisen and all the acceding States have recognised and respected the Union Flag.

(d) All States are flying the Union Flag on State buildings etc. on appropriate occasions. The necessity for laying a uniform procedure does not therefore arise.

**Dr. B. Pattabhi Sitaramayya:** Are Government aware that in certain States there is a difficulty as to the choice of the flag on certain occasions and if so, will the Government be pleased to take steps to evolve a formula by which you can piece in the State flag with the tricolour flag on all such occasions?

**The Honourable Sardar Vallabhbhai Patel:** If any question or difficulty is raised, Government will consider the question. No such reference has yet been made and according to our reports no controversy has arisen so far as the Union Flag is concerned.

#### SHIFTING OF CONSTITUENT COLLEGES OF DELHI UNIVERSITY TO UNIVERSITY SITE

†175. \***Shri Deshbandhu Gupta:** (a) Will the Honourable Minister of Education be pleased to state whether Government still adhere to their declared policy of shifting the Constituent Colleges of the University of Delhi to the University site?

(b) What are the financial implications of the scheme and how long will it take to implement this policy?

(c) Are Government aware that it entails heavy expenditure to Government and the managements of the colleges concerned and add to the difficulties of the students in regard to expenditure and convenience?

(d) If so, do Government propose to consider the desirability of dropping the idea?

†Taken in the second round. Printed serially in the Debates.—Ed. of D.

آنریبل مولانا ابوالکلام آزاد : (a) ہاں۔

(b) گورنمنٹ آف انڈیا اپنی اس پالیسی پر قائم ہے۔ اور کالجوں کو گرانٹ دینے کے معاملہ پر غور کرتی ہے۔ تاکہ وہ دہلی یونیورسٹی کے احاطہ میں اپنی جگہ بنا سکیں۔ امید کی جاتی ہے کہ دو برس کے اندر اس سکیم کے ابتدائی حصہ پر عمل ہوگا۔

(c) اور (d) ظاہر ہے کہ اس طرح کے سکیم بغیر اخراجات کے عمل میں نہیں لائے جاسکتے۔ لیکن کوآپریٹو teaching کے مقصد کے پیش نظر یہ خرچ اٹھانا ہی چاہئے۔

**The Honourable Maulana Abul Kalam Azad:** (a) Yes, Sir.

(b) The Government of India have still under consideration the question of the grant that may have to be given to the Colleges to enable them to shift to the University enclave. It is hoped that it will take about two years to implement the first phase of the move of the colleges to the University enclave.

(c) and (d). The shifting of the Colleges to the University enclave does involve expenditure but this expenditure would be necessary in the interest of co-operative teaching.

شری دیپن بندھوگپتا : کیا آنریبل منسٹر یہ بتائیں گے کہ کیا ان کے پاس ایک representation ایسی آئی ہے۔ جس میں کہ اس سکیم کو drop کرنے کی تجویز کی گئی ہے۔

**Shri Deshbandhu Gupta:** Will the Honourable Minister please state whether he has received any representation which contains a proposal to drop this scheme?

آنریبل مولانا ابوالکلام آزاد : نہیں۔

**The Honourable Maulana Abul Kalam Azad:** No.

شری دیپن بندھوگپتا : کیا اس چیز کو محسوس نہیں کیا جاتا۔ کہ یہ سکیم کئی برس سے چل رہی ہے اور کالجوں کو اپنی موجودہ عمارتوں میں توسیع کرنی ہے۔ تو اس صورت میں اس سکیم کو عملی جامہ پہنانے کی کب امید ہو سکتی ہے۔ تاکہ وہ کالج اپنی عمارتوں میں مستقل میں توسیع کر سکیں۔

**Shri Deshbandhu Gupta:** Is it not realised that this scheme has been in existence for several years past and the colleges have still to extend their buildings? How can, under such circumstances, the colleges be expected to carry this scheme out for extending their buildings in the future?

آنریبل مولانا ابوالکلام آزاد : بلڈنگ (Buildings) بنانے کی مشکلات سے آنریبل ممبران بے خبر نہیں ہونگے۔ لیکن امید کی جاتی ہے۔ کہ یہ سکیم جلد عمل میں لائی جائیگی۔

**The Honourable Maulana Abul Kalam Azad:** The Honourable Members are not unaware of the difficulties experienced in the construction of buildings. But it is hoped that this scheme will be enforced early.

شری دیپن بندھوگپتا : کیا بلڈنگ material خریدنے کے بارے میں ان کالجوں کو کچھ priority دی جائیگی تاکہ وہ material آسانی سے وصول کر کے بلڈنگیں بنا سکیں۔

**Shri Deshbandhu Gupta:** Will any priority be given to the Colleges for purchasing the building material, so that they may be able to secure the material without any difficulty and construct the buildings?

آنریبل مولانا ابوالکلام آزاد : ضرور کوشش کی جائیگی -

**The Honourable Maulana Abul Kalam Azad:** Efforts will certainly be made.

**SHIFTING BACK OF RAMJAS COLLEGE, DELHI AND CONTINUANCE OF AGRICULTURAL COLLEGE AT ANAND PARBAT**

173. \***Shri Deshbandhu Gupta:** (a) Will the Honourable Minister of Education be pleased to state whether Government are aware of the fact that Ramjas College, Delhi, was shifted from Anand Parbat to Daryaganj when Anand Parbat was requisitioned by the Government of India in 1942?

(b) Are Government further aware that at present Ramjas Higher Secondary School is handicapped for want of sufficient accommodation for day scholars as well as for resident students?

(c) Are Government aware that Ramjas College authorities have provided hostel accommodation for some of their students at Anand Parbat which is four miles from the college?

(d) Do Government propose to consider the advisability of allowing Ramjas College to shift back to Anand Parbat?

(e) How long do Government intend to continue the Agricultural College at Anand Parbat?

آنریبل مولانا ابوالکلام آزاد : (a) ہاں جناب -

(b) اور (c) نہیں جناب -

(d) چونکہ گورنمنٹ یہ چاہتی ہے - کہ رام جس کالج جلد ہی دہلی یونیورسٹی کے احاطہ میں چلی جائے - اسلئے یہ مناسب نہیں ہوگا کہ اسکو آئند پربت پر Shift کیا جائے - جو عمارت آئند پربت پر ہیں وہ رام جس کالج سوسائٹی کی ملکیت نہیں ہیں - بلکہ رام جس ٹرسٹ کی ملکیت ہیں جس کے ساتھ کالج کا کوئی تعلق نہیں ہے -

(e) آئند پربت پر جو ایگریکلچر کالج ہے اسکے لئے جو بھی مناسب زمین دہلی میں یا دہلی کے قریب کہیں مل جائے تو عمارت بنادی جائیگی اور اسکو وہاں Shift کر دیا جائیگا -

**The Honourable Maulana Abul Kalam Azad:** (a) Yes, Sir.

(b) and (c). No, Sir.

(d) As the Government of India desire that the College should soon shift to the Delhi University enclave it is not desirable to allow the Ramjas College to shift to the Anand Parbat. The buildings at the Anand Parbat do not belong to the Ramjas College Society which runs this College, but belong to the Ramjas Trust with which the College has no concern.

(e) The Agriculture College at Anand Parbat will be shifted as soon as suitable land is made available in or near Delhi and the necessary buildings are put up.

شری دیہی بندھو گپتا : جسوقت ایگریکلچرل کالج ( Agricultural College )

دہلی عمارت میں چلا جاویگا - تو کیا اسوقت آئند پربت کی عمارت رام جس کالج کو واپس دی جائیگی -

**Shri Deshbandhu Gupta:** Will the buildings at the Anand Parbat be returned to the Ramjas College when the Agricultural College shifts to its own building?

آنریبل مولانا ابوالکلام آزاد : اس سوال پر گورنمنٹ نے غور نہیں کیا ہے۔

**The Honourable Maulana Abul Kalam Azad:** The Government have not considered over this matter.

#### INTRODUCTION OF PERIODICAL COMPULSORY RE-VACCINATION FOR SMALL-POX

**177. \*Shri Rohini Kumar Chaudhuri:** (a) Will the Honourable Minister of Health be pleased to state whether the Government of India have considered the desirability of introducing periodical compulsory re-vaccination for protection against small pox, apart from re-vaccination during serious outbreaks of the disease in epidemic form?

(b) If so, what is Government's policy in the matter?

**The Honourable Rajkumari Amrit Kaur:** (a) and (b). Except in Madras there is no statutory provision for compulsory re-vaccination. The Health Survey and Development Committee recommended that other provinces should follow the example of Madras and introduce compulsory re-vaccination. The attention of the Provincial Governments will be drawn to this recommendation. The question of introducing compulsory re-vaccination in the centrally administered areas will also be examined.

**Shri Rohini Kumar Chaudhuri:** Will Government consider introducing legislation making re-vaccination compulsory?

**The Honourable Rajkumari Amrit Kaur:** That is the intention of the Government.

**Shri H. V. Kamath:** Will conscientious objectors be exempted from the operation of such an Act?

**The Honourable Rajkumari Amrit Kaur:** People who are conscientious objectors are nearly always exempt from such Acts.

**Shri Rohini Kumar Chaudhuri:** Is the Honourable Minister aware that compulsory re-vaccination has a very good effect? In certain countries, where it was, notably in Germany, small-pox was practically eradicated?

**The Honourable Rajkumari Amrit Kaur:** I have not the figures of Germany with me but doubtless it is so.

#### TREATMENT FOR CURE OF DENTAL TROUBLE AMONGST JUVENILES

**178. \*Shri Rohini Kumar Chaudhuri:** Will the Honourable Minister of Health be pleased to state whether any research has been made to find out a treatment for the cure of dental troubles amongst juveniles and young adults, without extraction of the painful teeth?

**The Honourable Rajkumari Amrit Kaur:** Under the auspices of the Indian Research Fund Association a certain amount of research on dental problems has been carried out. A list is laid on the table showing the dental problems so far dealt with by the Indian Research Fund Association.

*List of Dental Subjects on which the Indian Research Fund Association has carried out research*

1. Flourine and Dental Caries in India.
2. Eruption Age of Teeth in India.
3. The Effect of Pregnancy on the Incidence of Dental Caries in Indian Women.
4. Antiscorbutic Deficiency during Lactation as a cause of Infantile Scurvy and Dental Dysrophias.
5. A Dental Survey in Ajmer-Merwara.
6. Hypertrophic Gingivitis in Indian children and Adolescents.



7. Attrition and Tempero-Mandibular Joint changes in relation to Dental Prosthesis in India.

8. A Radiological Survey of Parodontal Disease in India.

**Shri Rohini Kumar Chaudhuri:** Does the Honourable Minister appreciate the idea of introducing some measures of relief in dental troubles when extracting teeth?

**The Honourable Rajkumari Amrit Kaur:** The matter is in the hands of dental experts.

**Shri H. V. Kamath:** Is the Honourable Minister aware that modern dental science is tending more and more to the view that pulling out teeth is a pernicious practice?

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

**Mr. E. K. Sidhva:** Is it not a fact that in the Homeopathic system of medicine the removal of teeth is not permissible?

**Mr. Speaker:** There can be no discussion on that question.

#### MERGER OF MANIPUR AND KHASI HILLS STATES WITH PROVINCIAL ADMINISTRATION

179. **\*Shri Rohini Kumar Chaudhuri:** Will the Honourable Minister of States be pleased to state whether any agreement has been reached with the Manipur State and the small states of Khasi Hills as to their merger with the Provincial administration?

**The Honourable Sardar Vallabhbhai Patel:** No.

**Shri Rohini Kumar Chaudhuri:** Has any negotiation been going on?

**The Honourable Sardar Vallabhbhai Patel:** No negotiations for merger are going on.

#### MAINTENANCE OF ROADS PASSING THROUGH MANIPUR AND KHASI STATES

180. **\*Shri Rohini Kumar Chaudhuri:** (a) Will the Honourable Minister of States be pleased to state whether a major portion of the roads from Dimapur to Imphal in the Manipur State, and from Gauhati to Shillong in Khasi States which pass through Indian Dominion are maintained by the Government of India?

(b) Is there any proposal to transfer these roads or any portion thereof to the states through which they pass and if so, what steps do the Government of India propose to take in the matter?

**The Honourable Sardar Vallabhbhai Patel:** The question should have been addressed to the Honourable Minister of Transport. It has accordingly been transferred to the list of questions for February 13, 1948, when the Honourable Minister of Transport will answer it.

#### PRIVILEGES, FUNCTIONS AND POWERS OF INDIAN AGENT IN MANIPUR

181. **\*Shri Rohini Kumar Chaudhuri:** (a) Will the Honourable Minister of States be pleased to state what are the privileges, functions and powers of the Indian Dominion Agent in Manipur State?

(b) Are they the same as those of the former Political Agents of Manipur?

**The Honourable Sardar Vallabhbhai Patel:** (a) and (b). The Agent at Manipur State is the Agent of the Governor of Assam whom the Central Government has appointed as their Agent for Manipur and Khasi Hill States. He has the privilege of serving the people in his area, the function of looking after the relations between the Dominion of India and the Manipur State and safeguarding our interests there, and the power to report to the Government of India.

**Shri Rohini Kumar Chaudhuri:** May I know the answer to part (b) of the question, viz., are the functions the same as those of the former Political agents of Manipur?

**The Honourable Sardar Vallabhbhai Patel:** More or less the same.

**Shri Rohini Kumar Chaudhuri:** Is there any difference in any important particular? The old political agent had judicial powers, which were similar to those of the high court; does the Dominion Agent exercise the same power?

**The Honourable Sardar Vallabhbhai Patel:** The position which existed before August 15th, 1947 is maintained.

POST-WAR PLANS FOR TRAINING OF TECHNICAL PERSONNEL AND FACILITIES TO  
ANDHRA UNIVERSITY

182. \***Shri V. G. Kesava Rao:** Will the Honourable Minister of Education be pleased to state:

(a) whether there are any post-war plans for training an adequate number of men in mechanical, electrical, highway, civil and marine engineering;

(b) the facilities Government propose to grant to the Andhra University to train this kind of personnel; and

(c) the number of Andhra students sent to over-seas universities for higher training in the subjects mentioned in part (a) above?

آنریبل مولانا ابوالکلام آزاد : (a) ہاں - جناب ! اور سینئر اسکالرشپ اسکیم کے سلسلے میں ودیارتھیوں کو باہر بھیجا گیا ہے تاکہ انجینئرنگ کی الگ الگ شاخوں میں اونچے درجہ کی تعلیم حاصل کریں - جہاں تک اس بات کا لگاؤ ہے کہ ہندوستان میں انجینئروں کی ٹریننگ کیلئے زیادہ سے زیادہ آسانی پیدا کی جائے گورنمنٹ فیصلہ کر چکی ہے کہ موہائیپر تکنیکل انسٹیٹیوٹ کلاکتہ اور بمبئی کے آس پاس قائم کئے جائیں اور پوری کوشش کی جا رہی ہے کہ یہ کام جلد سے جلد پورا ہو جائے امید کیجاتی ہے کہ تین برس سے زیادہ وقت اسمیں نہیں لگے گا - جو انسٹیٹیوٹوں اسوقت ملک میں موجود ہیں انہیں بھی زیادہ مضبوط کرنے اور انکی تعلیم کی طاقت بڑھانے کی ایک اسکیم بن چکی ہے - اور اسے عمل میں لایا جا رہا ہے -

(b) تکنیکل ایجوکیشن کی آل انڈیا کونسل نے سفارش کی ہے کہ آندھرا یونیورسٹی کے چیور ویکرم دیو کالج کو کیمیکل تکنالوجی ڈیپارٹمنٹ بڑھانے کیلئے گرانٹ دیجائے کیویٹل گرانٹ پانچ لاکھ پچاس ہزار ایک کی اور ریکرنگ گرانٹ ستر ہزار تک کی ہے اس سفارش پر گورنمنٹ نے خاص طور پر دھیان دیا ہے -

(c) جہانتک ان اسکالر کا تعلق ہے جنہیں سنٹرل گورنمنٹ بھیجتی ہے یہ بتلانا مشکل ہے کہ آندھرا کے کتنے اسکالر بھیجے جا چکے ہیں کیونکہ امیدواروں کو اپنی درخواست میں صرف یہ بتلانا پوتا ہے کہ وہ کسی صوبے کے رہنے والے ہیں ؟ یہ بات نہیں بتلائی جاتی کہ صوبے کے کس حصہ میں رہتے ہیں چونکہ آندھرا مدراس پرائونس کا ایک حصہ ہے اسلئے وہاں کے امیدوار مدراس ہی کے نام سے درخواست بھیجتے ہیں - باقی رہے وہ اسکالر جنکے نام پرائنٹوں سے آتے ہیں تو انکے لئے مدراس گورنمنٹ سے دریافت کیا جا سکتا ہے وہ غالباً بتلا سکیگی کہ اسکے چلے ہوئے اسکالرز میں آندھرا دیہوں کے کتنے اسکالر بھیجے گئے ہیں -

**The Honourable Maulana Abul Kalam Azad:** (a) Yes. Government have been sending students abroad for higher studies in various branches of Engineering under the Overseas Scholarships Scheme.

With regard to facilities for training Engineers in India, Government propose, to start with, to establish as early as possible within the next three years or so, two regional Higher Technical Institutions near Calcutta and Bombay. There is also a scheme for strengthening and improving the existing technological institutions in India.

(b) The All India Council for technical Education, appointed by Government, has recommended that a recurring grant of upto Rs. 70,000 and a capital grant of upto Rs. 5½ lakhs should be made from the Central Revenues for the improvement of Chemical Technology Department of the Jaipur Vikram Dev College of the Andhra University. This proposal is being given urgent consideration by Government.

(c) So far as the Central Scholars are concerned, the information is not available as the candidates are required to indicate in their applications only the Province or State and not its particular part to which they belong. With regard to Provincial Scholars, the Government of Madras may perhaps be able to give the information desired by the Honourable Member, but the information with the Government of India is incomplete.

**Shri M. Ananthasayanam Ayyangar:** How many students are proposed to be sent for any of these courses overseas during the ensuing year?

انریبل مولانا ابوالکلام آزاد : اور سینئر اسکالرشپ کا سلسلہ اس سال روک دیا گیا ہے۔ گورنمنٹ ڈاکٹر رائے کمیٹی کی سفارشوں پر غور کر رہی ہے۔ تاکہ آئندہ نئے تھلگ سے یہ کام جاری کیا جائے۔

**The Honourable Maulana Abul Kalam Azad:** The Overseas Scholarships Scheme has been discontinued this year. The Government are considering over the recommendations made by Doctor Rai's Committee so that this work may be restarted on new lines in future.

**Shri V. C. Kesava Rao:** May I know the number of Andhra graduates undergoing training in foreign universities at the present moment?

انریبل مولانا ابوالکلام آزاد : میں یہ کہہ چکا ہوں کہ سنٹر کیلئے یہ بتانا مشکل ہے۔ کیونکہ آندھرا الگ پروونس نہیں ہے۔ مدراس پروونس کا ایک ٹکڑا ہے۔ وہاں سے امیدواروں کی جو درخواستیں آتی ہیں اس میں مدراس کا نام ہوتا ہے۔ جہاں تک میں معلوم کر سکا ہوں۔ تکنیکل ایجوکیشن کیلئے شاید ۸ یا ۹ اسکالر آندھرا کے ضرور بھیجے گئے ہیں۔

**The Honourable Maulana Abul Kalam Azad:** I have already stated this that it is not possible for the Centre to give this information, because Andhra is not a separate Province. It is a part of the Madras Province. So far as I have been able to ascertain probably eight or nine scholars from Andhra were definitely sent for undergoing training in technical education.

**Dr. B. Pattabhi Sitaramayya:** The Honourable Member who has put the question does not understand the language in which the question has been answered and hence he is repeating his question. If possible you may, Sir, order the answer to be rendered either into Telugu or English.

**Mr. Speaker:** That may be done after the question hour is over.

**Shri M. Ananthasayanam Ayyangar:** Arising out of the answer to clause (a) of the question, may I know what post-war plans are for training an adequate number of students in mechanical, electrical and other kinds of engineering? At what stage is the proposal to open technological institutions in four places

in India, viz., Bombay, Calcutta, Delhi and one in the South? Has anything been done in this direction and if so, what progress has been made?

انریہل مولانا ابوالکلام آزاد : تکنیکل کونسل نے سفارشات کئے تھے - کہ چار ہائپر تکنیکل انسٹی ٹیوشن کھولنا چاہئے - جس میں سے دو کھلئے بمبئی اور کلکتہ قرار دیا گیا تھا - کام جاری ہے - اور امہد کی جاتی ہے - کہ تین برس کے اندر یہ دونوں کھل جائیں گے -

**The Honourable Maulana Abul Kalam Azad:** The Technical Council had recommended that four higher technical institutions should be opened, two of which should be located at Bombay and Calcutta. The work is in hand and it is hoped that both these will start functioning within three years.

**Shri M. Ananthasayanam Ayyangar:** May I know what is going on in Madras?

انریہل مولانا ابوالکلام آزاد : ابھی ساؤتھ کا معاملہ شروع نہیں کیا گیا ہے - اسلئے کہ ایک ہی وقت میں چاروں انسٹی ٹیوشنوں کا قائم کرنا مشکل تھا -

**The Honourable Maulana Abul Kalam Azad:** The matter concerning the South has not yet been taken in hand as it was not possible to set up all the four institutions simultaneously.

**Shri M. Ananthasayanam Ayyangar:** Why has it not been taken in hand?

انریہل مولانا ابوالکلام آزاد : اس کا جواب میں دے چکا ہوں -

**The Honourable Maulana Abul Kalam Azad:** I have already answered this.

شری ایم - انلتھاسیانم آئیٹنگر - کب شروع کریگی ؟

**Shri M. Ananthasayanam Ayyangar:** When will this be taken up?

انریہل مولانا ابوالکلام آزاد : گورنمنٹ کوشش کریگی - کہ جلد شروع کر سکے -

**The Honourable Maulana Abul Kalam Azad:** The Government will try to take this up soon.

**Shri V. C. Kesava Rao:** In view of the fact that the Andhra province will be separated soon, will Government consider the question of training more men of Andhra for the efficient administration of the future government?

**Mr. Speaker:** That is more or less hypothetical today.

**Shri Biswanath Das:** While deciding to start technological institutions in Bombay, Calcutta, Delhi and in Madras may I know how the Government propose to cater to the needs of provinces which are less developed and want more technological institutions?

انریہل مولانا ابوالکلام آزاد : اس طرح کے انسٹی ٹیوشن قائم کرنے میں پروونس کو سامنے نہیں رکھا جاسکتا - کونسل کی سفارشات تھی - کہ چار جگہوں میں اسکو قائم کرنا چاہئے - اور الگ الگ اسکے سرکل بنا دیئے جائیں -

**The Honourable Maulana Abul Kalam Azad:** The Provinces cannot be kept in view while starting such institutions. The Council had recommended that these should be established at four places and four separate circles set up for this purpose.

श्री एच० वी० कामथ : क्या हवाई जहाज बनाने के सिलसिले में गवर्नमेंट कोई

कदम उठा रही है ।

**Shri H. V. Kamath:** Are the Government taking any steps for the building of aircraft?

آنریبل مولانا ابوالکلام آزاد : اسکے لئے کوئی اسکیم نہیں ہے۔

**The Honourable Maulana Abul Kalam Asad:** No such scheme exists in this connection.

श्री एच० वी० कामथ : क्या गवर्नमेंट इस पर गौर कर रही है।

**Shri H. V. Kamath:** Are Government considering it?

آنریبل مولانا ابوالکلام آزاد : ایسی گورنمنٹ کے سامنے یہ چیز نہیں ہے۔

**The Honourable Maulana Abul Kalam Asad:** No such matter is under the consideration at the moment.

#### INCOME TAX COLLECTION FROM ANDHRA DISTRICTS.

**183. \*Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Finance be pleased to lay on the table of the House a consolidated statement of the Income tax collections for the years 1946-47 and 1947-48 from the Andhra districts excluding the city of Madras?

(b) What is the revenue income from the ports of Vizagapatam, Cocanada and Masulipatam for the years 1946-47 and 1947-48?

**The Honourable Shri B. K. Shanmukham Chetty:** The information has been called for and will be laid on the table in due course.

#### POST-WAR PLANS FOR TRAINING OF MEDICAL PERSONNEL AND FACILITIES TO ANDHRA UNIVERSITY.

**184. \*Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Health be pleased to state the Post-War plans of the Government of India for training doctors, nurses, midwives and public health personnel?

(b) What facilities do Government propose to give to the Andhra University to train an adequate number of Andhra graduates for such work?

(c) What is the number of Andhra doctors who have been deputed to foreign Universities and Research Institutions for training in higher branches of medicine, surgery, radiology, etc.?

**The Honourable Rajkumari Amrit Kaur:** (a) A statement showing the post-war plans of the Government of India for training doctors, nurses and other health personnel is laid on the table of the House.

(b) Facilities are not given by the Government of India directly to any Provincial University.

(c) The number of Medical scholars selected from the Madras Province for overseas training is 30. Information is not available here as to how many of these come from the Andhra districts.

#### Statement

*Showing the Post-War plans of the Government of India for training doctors, nurses and other Health personnel.*

1. *Overseas Training Programme.*—(i) *Training of doctors.*—A scheme was started in 1946 to send selected medical graduates for postgraduate training in universities and institutions abroad primarily to fit them for higher teaching and research posts. Under this scheme 49 candidates were selected in 1946 and 76 candidates in 1947 from all parts of India. Candidates were selected for all branches of medicine. The selections were made on an all-India basis by a Central Selection Board.

(ii) *Training of Dentists.*—Similarly, in 1947, 13 candidates were selected from the whole of India by a Central Selection Board for higher training abroad in Dentistry.

(iii) *Nutrition workers.*—In 1947, 10 candidates were selected from the whole of India for higher training in nutrition in institutions abroad.

(iv) *Nurses.*—In 1945, 1946, 1947 respectively 6, 3 and 4 qualified nurses holding certificates were sent to the United Kingdom for postgraduate training. In 1946 and 1947 respectively 10 and 27 probationer nurses were also sent to that country for training.

2. *Training in India.*—(i) *Public Health Personnel.*—The number of seats for the Diploma in Public Health at the All-India Institute of Hygiene and Public Health, Calcutta, has been doubled.

(ii) *Nursing.*—A college of Nursing has been opened in Delhi.

(iii) *Further education and training of demobilised medical personnel.*—The Government of India share 50 per cent. of the expenditure incurred by the Provincial Governments on the further education and training of demobilised medical personnel. A Medical College called the Lake Medical College has been established in Calcutta to enable demobilised medical licentiates to take medical degrees.

**Shrimati G. Durgabai:** Will the Honourable Minister be pleased to state whether these plans include plans for carrying out campaigns for recruitment and enrolment of nurses for undergoing training?

**The Honourable Rajkumari Amrit Kaur:** It is not clear whether the Honourable Member refers to training in India or training abroad, because the question before us relates to overseas training?

**Shrimati G. Durgabai:** I refer to training both in India and abroad.

**The Honourable Rajkumari Amrit Kaur:** We have recruitment schemes in India; those candidates who are found suitable for overseas training, will be given scholarships and sent abroad.

**Shri Deshbandhu Gupta:** May I know, Sir, if it is a fact that a general directive has been issued by the Government of India to all provinces directing them to proceed with only such schemes as are remunerative?

**The Honourable Rajkumari Amrit Kaur:** Only those students who are really fit to be sent abroad will be considered for scholarships.

**Shri H. V. Kamath:** Are Government going to exclude men from the nursing profession?

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

**Shri Rohini Kumar Chaudhuri:** Does these schemes include training of male nurses, particularly in places where women trainees are not available?

**The Honourable Rajkumari Amrit Kaur:** Men nursing orderlies are already being trained.

**Shri Deshbandhu Gupta:** I have not had an answer to my question. I want to know, whether in the face of the Finance Ministry's directive that only those schemes should be proceeded with which are paying, the scheme for the training of nurses, etc., will be proceeded with?

**The Honourable Rajkumari Amrit Kaur:** That is a matter of policy of the Government of India.

**Shri Deshbandhu Gupta:** May I know whether any such directive as I have mentioned has been issued by the Government of India?

**The Honourable Rajkumari Amrit Kaur:** I am not aware of any directive having been issued.

#### RETRENCHMENT OF UNQUALIFIED CLERKS AND ASSISTANTS IN GOVERNMENT OF INDIA SECRETARIAT.

185 \***Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Home Affairs be pleased to state the number of Assistants and lower grade clerks in the Central Secretariat who are not qualified in the prescribed tests conducted by the Federal Public Service Commission?

(b) Do Government propose to retrench all these unqualified personnel?

(c) Do Government propose to take into consideration the hardships these personnel are likely to face if they are retrenched?

(d) Is it the intention of Government to re-organise the Secretariat and if so, what steps have they taken and what steps do they propose to take in the matter?

**The Honourable Sardar Vallabhbhai Patel:** (a) The information is being collected and will be placed on the table of the House when it is ready.

(b) Instructions have already been issued that unqualified persons should be replaced by qualified persons as soon as possible.

(c) Unqualified temporary employees have been given special concessions in order to enable them to qualify themselves if possible. Retrenched employees will be eligible for gratuity according to prescribed scales, subject to certain conditions regarding duration of service. The facilities provided by Employment Exchanges will be available to them for securing alternative employment.

(d) The reorganisation of the Secretariat, in so far as it relates to the division of work and the settlement of superior officer strength of the different Ministries of the Government of India, has been completed. The question of the reorganisation of the Central Secretariat Service, consisting of certain categories of officers and ministerial establishment in the Secretariat is at present under consideration.

**Shri V. C. Kesava Rao:** What is the policy of the Government of India with reference to the retrenchment of un-qualified persons who have acquired sufficient working knowledge in the Ministries?

**The Honourable Sardar Vallabhbhai Patel:** They have to pass certain tests.

**Shri T. A. Ramalingam Chettiar:** By whom are recruitments made for these services. Sir?

**The Honourable Sardar Vallabhbhai Patel:** You refer to the new recruitments?

**Shri T. A. Ramalingam Chettiar:** I mean recruitments to the subordinate services, except those who come through examinations.

**The Honourable Sardar Vallabhbhai Patel:** By the authorities concerned under the rules.

**Shri T. A. Ramalingam Chettiar:** Will Government consider leaving the recruitment to the subordinate services to the Public Service Commission?

**The Honourable Sardar Vallabhbhai Patel:** Of course, Sir.

**Shri V. C. Kesava Rao:** Do Government believe that qualified and new recruits will do more work than the experienced, but unqualified personnel?

**Mr. Speaker:** That is a matter of opinion.

**Shri M. Ananthasayanam Ayyangar:** May I know, Sir, whether, in the case of persons who have been recruited on the understanding that they will be absorbed provided they qualified in an examination, their seniority will count from the date of their entry into service, or from the date of their qualifying at an examination, which will mean new recruits who have passed the qualifying examination getting above them?

**The Honourable Sardar Vallabhbhai Patel:** I am sorry I have not been able to follow the Honourable Member's question.

**Mr. Speaker:** The question is so far as unqualified personnel who are to be absorbed are concerned, will their seniority be counted from the date of their appointment or from the date of their passing the examination?

**The Honourable Sardar Vallabhbhai Patel:** The service of such persons will be taken into account.

**Shri M. Ananthasayanam Ayyangar:** Has Government received any representation from various persons who have put in years of service, but over whom qualified, but new recruits have been placed in the matter of seniority? Will the Hon'ble Minister consider this matter?

**The Honourable Sardar Vallabhbhai Patel:** I have not received any such representation; but I shall certainly look into this matter.

RELAY OF B. B. C. NEWS BY A. I. R.

186. **\*Shri V. C. Kesava Rao:** Will the Honourable Minister of Information and Broadcasting be pleased to state:

- (a) the terms under which the A.I.R. relays the B.B.C. news;
- (b) What special privileges are given to B.B.C. correspondents; and
- (c) why the news of the bomb incident which took place at Mahatmaji's prayer meeting was relayed by the B.B.C. before the A.I.R. did it?

**The Honourable Sardar Vallabhbhai Patel:** (a) There is no specific agreement under which All India Radio relay B. B. C. news.

(b) None.

(c) The omission was due to the fact that a full and authentic account of the incident was not available in time for inclusion in the bulletin.

RELEASE BY PAKISTAN GOVERNMENT OF INDIAN AIRCRAFT LYING AT KARACHI

187 **\*Shri Damodar Swarup Seth:** Will the Honourable Minister of Defence be pleased to state:

(a) whether the Government of Pakistan have yet released the Indian Aircraft, which they had been holding at Karachi;

(b) if not, why not; and

(c) the number of aircraft with the number of each type of machine not yet released?

**The Honourable Sardar Baldev Singh:** (a) Yes. Two ships carrying a number of cases containing the aircraft have already arrived in Bombay and the remaining cases are now in the process of being loaded on a ship in Karachi.

(b) and (c). Does not arise in view of the answer to part (a).

**Shri Deshbandhu Gupta:** Have Government made it certain that these shipments were not tampered with in Karachi?

**The Honourable Sardar Baldev Singh:** The cases seemed to be intact. I do not know whether the contents are intact or not; but I think they are all right.

**Shri Deshbandhu Gupta:** Have Government received any information to the effect that there has been an attempt in Karachi to tamper with some of these boxes?

**The Honourable Sardar Baldev Singh:** I have received no such information, Sir. And as to the contents of these cases, I cannot reply definitely, until they have been opened and examined.

TOTAL STRENGTH OF ARMED FORCES IN INDIA *vis-a-vis* THE MARATHAS.

+188. **\*Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Defence be pleased to state the total strength of the Armed Forces in India in the years 1935, 1939, 1941, 1945 and 1947?

(b) What was the total strength of the Marathas in the whole of the Army for the respective years?

(c) What was the total number of Maratha officers in each of these years.



**The Honourable Sardar Baldev Singh:** (a) and (b). I lay a statement on the table of the House.

(c) This information is not available.

Statement

(a) The total strength of the Indian Army on the 1st July of the years in question was as under:—

1935	1,82,923
1939	1,85,821
1941	5,25,000
1945	20,28,368
1947	4,94,149

(b) The total strength of Marathas (V. C. O's. and I.O.R's.) for the respective years was as under:—

1935	4,829
1939	5,032
1941	15,721
1945	46,343
1947	10,330

*Note.*—Figures for categories other than V. C. O's. and I. O. R's. are not available.

GOVERNMENT'S POLICY FOR RECRUITMENT TO INDIAN ARMY, NAVY AND AIR FORCE

†189. \***Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Defence be pleased to state the policy of Government in regard to the recruitment to the Indian Army, Navy, and Air Force?

(b) Have Government settled any definite proportions to be allotted to particular Communities? If so, what are they?

**The Honourable Sardar Baldev Singh:** (a) Recruitment to the Armed Forces is open to all personnel of Indian domicile irrespective of class, creed or religion, who satisfy the conditions laid down as regards age, physical standard and educational qualifications.

(b) No definite proportion has been allotted to any class or creed for recruitment to the Armed Forces.

PRESENT STRENGTH OF COMMISSIONED AND NON-COMMISSIONED OFFICERS IN ARMY

†190. \***Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Defence be pleased to state the total number of Commissioned and Non-commissioned officers in the Army today?

(b) How many of these are Marathas, Rajputs, Sikhs, Scheduled Castes and Muslims?

**The Honourable Sardar Baldev Singh:** (a) It will not be in the public interest to disclose this information on the floor of the House. I am, however, prepared to give the information confidentially to any Honourable Member of the House who might care to ask for it.

(b) Figures by class of Indian Commissioned Officers are not available. Similar information in regard to Viceroy's Commissioned Officers and Other Ranks can be collected, but it will not be in the public interest to give publicity to information of this kind.

†Answer to this question laid on the table, the questioner being absent.

NUMBER OF GAZETTED OFFICERS IN GOVERNMENT OF INDIA IN THE YEARS  
1940, 1945 AND 1947

+191. \***Dr. P. S. Deshmukh**: Will the Honourable Minister of Home Affairs be pleased to state the number of Gazetted Officers in the Government of India in the years 1940, 1945 and 1947?

**The Honourable Sardar Vallabhbhai Patel**: The information asked for is not readily available and the time and labour involved in collecting it would be incommensurate with the value of the results.

RETRENCHMENT OF SIKHS IN MILITARY ACCOUNTS DEPARTMENT IN COMMUNAL...  
PROPORTION

192 \***Giani Gurmukh Singh Musafar**: (a) Will the Honourable Minister of Finance be pleased to state whether it is a fact that the Government of India have, *vide* a resolution dated the 21st August, 1947, passed by the Ministry of Home Affairs, fixed percentages for communal reservation in the Central Services, and that the percentage thus fixed for "Other Minorities" (categories included therein: Sikhs, Indian-Christians and Anglo-Indians) is ten per cent?

(b) If so, in the orders issued recently for effecting retrenchment in the Military Accounts Department, why has no provision been made for maintenance of the above proportion in respect of the Sikhs?

**The Honourable Shri R. K. Shanmukham Chetty**: (a) The answer is in the affirmative only in regard to posts which are filled otherwise than by competition. If posts are filled by competition, no reservation is made except in favour of scheduled caste.

(b) The policy of the Government is that where it is necessary to retrench temporary employees, merit should be the guiding criterion in determining the persons to be retrenched and communal considerations should not be taken into account. This is the policy followed in the Military Accounts Department where the present retrenchment is confined to individuals possessing relatively low educational qualifications who are being retrenched in order of their juniority.

ENQUIRY INTO TRIBAL PATHANS' RAID ON JAISALMER STATE

193 \***Pandit-Mukut Bihari Lal Bhargava**: (a) Will the Honourable Minister of States be pleased to state whether it is a fact that a number of tribal Pathan armed marauders infiltrated into the territory of Jaisalmer State and committed various acts of plunder, looting, and arson on a number of villages of the State? If so, have Government made any enquiries into the matter and with what result?

(b) What was the number of casualties, abductions, etc., and what was the extent of the damage caused by the raid and what action has been taken by the Government of India to protest against this act of hostility and to call upon the Bahawalpur State and the Pakistan authorities to compensate for this loss?

(c) What steps have been taken so far by the Government of India, to strengthen the defence of the border of the Indian Union adjoining the Pakistan frontier?

**The Honourable Sardar Vallabhbhai Patel**: (a) Yes.

(b) According to a report received from the Dewan of Jaisalmer State, 144 houses have been burnt in 4 villages, the total damage caused by loot, arson, etc. comes to Rs. four lakhs and sixty-one thousand, 20 men, 7 women and 1 child were killed, one man and two women were wounded and three men are missing, believed killed. No case of abduction has been reported. Government have already lodged a strong protest with the Pakistan Government in the matter but have not yet received any reply.

† Answer to this question laid on the table, the questioner being absent.

(c) I would invite the Honourable member's attention to the reply given by my Honourable colleague the Defence Minister to a short notice question No. 4 on the 7th February 1948.

**Pandit Balkrishna Sharma:** May I know, Sir, when our Government protested against this raid to the Pakistan Government?

**The Honourable Sardar Vallabhbhai Patel:** This was a recent incident. Immediately the report of the raid was received, a protest was lodged with the Pakistan Government.

**Shri H. V. Kamath:** Have Government demanded any compensation from the Government of Pakistan?

**The Honourable Sardar Vallabhbhai Patel:** We are awaiting a reply to our protest. Our future course of action will depend on the nature of the reply.

#### FORMATION OF CONFEDERATION OF SMALL RAJPUTANA STATE

194 \***Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of States be pleased to state whether Government have received any representations or proposals from some of the Chiefs in the Rajputana States or from the Praja Mandals or from the States Peoples' Conference, for the merger of any of the States in Rajputana with the neighbouring province or for the formation of a Confederation or some Union of such States?

(b) If so, do Government propose to lay on the table of the House a statement showing the details of such schemes?

(c) Has the question of merger of the small States of Rajputana with any of the neighbouring provinces or the question of the formation of a Confederation of such States been receiving the attention of Government, and have Government arrived at any decision in the matter?

(d) Do Government propose to give an assurance that the factor of the cultural, geographical and linguistic unity of Rajputana as a whole, will be given due weight to and that the wishes of the people of the States concerned will first be ascertained before taking any final decision in the matter?

**The Honourable Sardar Vallabhbhai Patel:** (a) Government have not received any such proposal.

(b) Does not arise.

(c) No.

(d) Does not arise.

#### RAIDS BY NIZAM'S FORCES ON INDIAN UNION TERRITORIES

†195. \***Prof. N. G. Ranga:** (a) Will the Honourable Minister of States be pleased to state whether any representations have been made to the Government of India by the Provincial Governments about the encroachments and raids made in their areas by the Nizam's forces and police and members of the Ittehad-ul-Musilmen?

(b) If so, from which provinces and in regard to how many raids or encroachments or violation of their territories, have such representations been received?

(c) What are the main incidents in respect of which such representations were made?

(d) How many of our Union subjects were killed in these raids?

(e) What is the estimate of the destruction of property, villages etc. caused by the Nizam's forces and Ittehad-ul-Musilmen volunteers?

(f) What action has so far been taken by Government in regard to the reported incidents and what action is proposed to be taken to prevent the repetition of such incidents?

† Answer to this question laid on the table, the questioner being absent.

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) Reports about several border incidents have been received from Madras and Bombay Provinces.

(c) to (f). Although several incidents have been reported details of the number of people killed and the estimated loss of property are not available. Our Agent General in Hyderabad has taken up the whole question with the Prime Minister of Hyderabad and it is hoped that as soon as the arrangements, they have agreed upon, are put into effect, there will be no recurrence of such incidents.

**OPPRESSION OF RURAL POPULATION IN NIZAM'S STATE AND INFUX OF REFUGEES IN ANDHRA DISTRICTS**

†196 \*Prof. N. G. Ranga: (a) Will the Honourable Minister of States be pleased to state whether Government are aware that more than a lakh of the rural population of the Nizam's State have come into the neighbouring Andhra villages of the Union, even after the Agent General of the Government of India took charge of his office in Hyderabad, due to the burning down of their villages or other kinds of oppression inflicted upon them by the State forces or the Ittehad-ul-Musilmen volunteers?

(b) Are Government aware that the Home Minister of the Government of Madras actually saw from a distance while coming through the Union territory villages burning within the Hyderabad territory and that several of the affected villagers ran to him to ask for protection?

(c) Have Government of Madras made any representations to the Government of India about the special difficulties created by this new and large influx of refugees?

**The Honourable Sardar Vallabhbhai Patel:** (a) We have had a report that about 80,000 persons have left Hyderabad and taken refuge in the Province of Madras. This happened before our Agent General took charge of his office in Hyderabad.

(b) We have asked the Government of Madras to furnish the information required.

(c) No.

**RECRUITMENT CENTRES IN BIHAR, BENGAL, ORISSA AND MADRAS PROVINCES**

197 \*Shri Ramnarayan Singh: Will the Honourable Minister of Defence be pleased to state whether there are any military recruitment centres in the Provinces of Bihar, Bengal, Orissa and Madras and if so, what are the agencies and methods for recruitment?

**The Honourable Sardar Baldev Singh:** I lay a statement on the table of the House.

*Statement*

*Recruitment for the Army and the Navy*

Recruiting agencies in the Provinces mentioned in the question are:—

(i) Bihar.—Assistant Recruiting Officer, Patna.

(ii) Bengal.—Recruiting Officer, Calcutta.

(iii) Orissa.—Extra Assistant Recruiting Officer, Berhampore, District Ganjam.

(iv) Madras—

Recruiting Officer, Bangalore.

Assistant Recruiting Officer, Coimbatore.

Assistant Recruiting Officer, Trichnopoly.

Assistant Recruiting Officer, Madras.

†Answer to this question laid on the table, the questioner being absent.

In addition, there are a number of Honorary Assistant Recruiting Officers in all these Provinces, Honorary Assistant Recruiting Officers are appointed in consultation with civil authorities from men of influence and backing in various districts.

Method of recruiting is :—

- (i) by personal contact through recruiters on the staff of recruiting offices,
- (ii) through advertisements in the press,
- (iii) by liaison with civilian officials and non-official institutes, associations, Employment Exchanges.

*Recruitment for the Air Force*

There are Air Force Recruiting Officers located at Calcutta and Madras. Bihar, Bengal and Orissa are the areas of the Air Force Recruiting Officer at Calcutta. Air Force Recruiting Officer, Madras is in charge of Madras Presidency. There is no other agency for recruitment to the R. I. A. F. The method of recruitment is for Air Force Recruiting Officers to interview the candidates in the recruiting offices and while on tour in their areas. Candidates have to pass prescribed tests on the results of which they are selected for training.

**Shri Biswanath Das:** Is the Honourable Minister aware of the fact that we are not able to know the details of what are given in the statement when they say that statements are laid on the table? For instance even on this day we have not been able to get the printed proceedings of even the first day of the meeting in November, 1947.

**Mr. Speaker:** I believe the statements are available to Honourable Members. They are also placed in the Library.

**Shri Biswanath Das:** But I am representing to you that I attempted and found it was not possible to get them.

**Mr. Speaker:** I am told that they are placed in the Library from Lunch Hour.

**Shri Biswanath Das:** From today you might be keeping them in the Library. But they were not available till yesterday. At the same time need I appeal and represent to you, Sir, that copies of these may also be placed here for our ready reference—may be one or two copies?

**Mr. Speaker:** They are available here.

**Shri Rohini Kumar Chaudhuri:** May I ask what are the agencies and methods of recruitment?

**The Honourable Sardar Baldev Singh:** The required information is given in the statement and the Honourable Member can have a copy of it.

**Shri Ramnarayan Singh:** Does the statement contain the information that military recruiting centres have been opened in the places I have mentioned?

**The Honourable Sardar Baldev Singh:** Yes, Sir, there are recruiting centres in the places mentioned by the Honourable Member.

**Mr. E. K. Sidhva:** What is the number of men recruited in a month approximately, may I know?

**The Honourable Sardar Baldev Singh:** I require notice, Sir.

**Shri H. V. Kamath:** May I know what steps Government have taken to encourage recruitment to our Army?

**The Honourable Sardar Baldev Singh:** Different steps are taken by the Department to encourage recruitment. I shall later on also make statement.

**Shri Rohini Kumar Chaudhuri:** May I ask whether the same method is adopted throughout India in this matter or whether a particular method is adopted only in respect of these four Provinces?

**The Honourable Sardar Baldev Singh:** The practice is uniform throughout India.

**Shri Ramnarayan Singh:** Is it the policy of the Government to recruit soldiers from all parts of the country?

**The Honourable Sardar Baldev Singh:** Yes, Sir.

**Shri M. Ananthasayanam Ayyangar:** May I ask the Honourable Minister whether any of these agencies are made available to any Provinces which might try to raise Home Guards for purposes of internal defence?

**The Honourable Sardar Baldev Singh:** No, Sir, they are meant only for recruitment in the Armed Forces.

**Shri M. Ananthasayanam Ayyangar:** May I ask whether any other kind of assistance is given to the Provincial Governments—by way of technical advice—in raising Home Guards? Are the Defence authorities helping them in any manner?

**The Honourable Sardar Baldev Singh:** This organisation is only for recruitment to the Armed Forces. In case no recruitment is necessary in the Army, then only is it possible to give assistance to the civil administration.

**Diwan Chaman Lall:** May I ask my Honourable friend whether recruitment takes place on a community-wise basis and if so what sort of percentage has been fixed for the different communities?

**The Honourable Sardar Baldev Singh:** There is no communal proportion for the Armed Forces today.

**Shri Ramnarayan Singh:** Has any province-wise proportion been fixed?

**The Honourable Sardar Baldev Singh:** There is no proportion fixed either province-wise or community-wise.

#### NUMBER OF STATES ACCEDED TO INDIAN UNION

198. **\*Shri Ramnarayan Singh:** Will the Honourable Minister of States be pleased to state the names of the States, which have hitherto acceded to the Indian Union?

**The Honourable Sardar Vallabhbhai Patel:** I refer the Honourable Member to the reply given by me to Shri Nagappa's question No. 62 in the last Session of the Assembly and the statements laid on the table of the House on the 19th November, 1947.

**Seth Govinddas:** May I know what steps are being taken by the Government to see that smaller States which are still existing in various places of this country are merged in the Provinces to which they are neighbouring States?

**The Honourable Sardar Vallabhbhai Patel:** That question does not arise out of this.

#### ENFORCEMENT OF RULES FOR ACCREDITATION OF PRESS CORRESPONDENTS

199. **\*Dr. N. B. Khare:** Will the Honourable Minister of Information and Broadcasting be pleased to state:

(a) the date of enforcement of the Rules for Accreditation of Press Correspondents accepted by the Standing Committee of the All-India Newspaper Editors' Conference at its meeting on October 13, 1946;

(b) the date of their publication in the *Gazette of India*; and

(c) the names of persons admitted to the Accreditation under those Rules till 1st July 1947, together with the particulars of the Newspapers and Agencies they represent since 1936?

**The Honourable Sardar Vallabhbhai Patel:** (a) The rules came into force on 26th October, 1946.

(b) The rules have not been published in the *Gazette of India*.

(c) This will involve labour not commensurate with the purpose to be served.

†Answer to this question laid on the table, the questioner being absent.

CONSTITUTION OF CENTRAL PRESS ADVISORY COMMITTEE.

†200. \*Dr. N. B. Khare: Will the Honourable Minister of Information and Broadcasting be pleased to state:

- (a) how the Central Press Advisory Committee is constituted;
- (b) the authority for its constitution;
- (c) how the interest of Editors, who are not members of the All-India Newspapers Editors' Conference is safeguarded;
- (d) the duty and function of the said Committee together with the procedure prescribed for the transaction of its business; and
- (e) whether copy of the proceedings of the said Committee are available to this House or to the Public and if not the reasons therefor?

**The Honourable Sardar Vallabhbhai Patel:** (a) and (b). The Central Press Advisory Committee is an organisation of the All-India Newspaper Editors' Conference.

(c) to (e). The enquiry should be addressed to the Central Press Advisory Committee.

DECLARATIONS OF EXEMPTIONS UNDER THE REGISTRATION OF FOREIGNERS ACT.

**The Honourable Sardar Vallabhbhai Patel** (Minister for Home Affairs, Information and Broadcasting, and the States):—Sir, I beg to lay on the table a copy of each of the following Declarations of Exemptions issued under the Registration of Foreigners Act, 1939, namely:—

- (1) No. 1/42/47-Poll (E), dated the 30th October, 1947,
- (2) No. 1/44/47-Poll (E), dated the 15th November, 1947,
- (3) No. 1/46/47-Poll (E), dated the 19th December, 1947,
- (4) No. 1/2/48-Poll (E), dated the 5th January, 1948,
- (5) No. 1/1/48-Poll (E), dated the 6th January, 1948, (5 Declarations), and
- (6) No. 1/4/48-F. 1. dated the 15th January, 1948,

No. 1/42/47-POLL. (E).

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

New Delhi, the 30th October 1947.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to Mr. William S. Tyson, an American national, for so long as he is attending the International Labour Conference and working at the American Embassy, New Delhi.

F. SINGH,

Asstt. Secy. to the Govt. of India.

No. 1/44/47-POLL. (E).

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

New Delhi, the 15th November 1947.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors; who are not foreigners shall not apply to, or in relation to Mrs. Agens La Barr, an American national, for so long as she remains in India in the employ of the American Embassy, New Delhi.

F. SINGH,

Asstt. Secy. to the Govt. of India.

†Answer to this question laid on the table, the questioner being absent.

No. 1/46/47-POLL. (E).

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

*New Delhi, the 19th December 1947.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to Mr. Copeland H. Marks, for so long as he is employed at the American Consulate-General, Calcutta.

F. SINGH,

*Under Secy. to the Govt. of India.*

No. 1/2/48-POLL. (E).

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

*New Delhi, the 5th January 1948.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to Mr. Herbert Reiner, Jr., an American national, for so long as he is employed in the American Embassy, New Delhi.

F. SINGH,

*Under Secy. to the Govt. of India.*

No. 1/1/48-POLL. (E).

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

*New Delhi, the 6th January 1948.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to Mrs. Fadhila Maroof Naji Mahmoud Nadim, for so long as she remains in India in the employ of the Consulate-General for Iraq, Bombay.

F. SINGH,

*Under Secy. to the Govt. of India.*

No. 1/1/48-POLL. (E).

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

*New Delhi, the 6th January, 1948.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to Mr. Naji Mahmoud Nadim, for so long as he remains in India in the employ of the Consulate-General for Iraq, Bombay.

F. SINGH,

*Under Secy. to the Govt. of India.*



DECLARATIONS OF EXEMPTIONS UNDER THE REGISTRATION OF FOREIGNERS ACT 441

No. 1/1/48-POLL. (E).

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

*New Delhi, the 6th January, 1948.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to Mr. Ali Abdul Majid, for so long as he remains in India in the employ of the Consulate-General for Iraq, Bombay.

F. SINGH,

*Under Secy. to the Govt. of India.*

No. 1/1/48-POLL. (E).

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

*New Delhi, the 6th January, 1948.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to Mrs. Khadija Raof Hamid, for so long as she remains in India in the employ of the Consulate-General for Iraq, Bombay.

F. SINGH,

*Under Secy. to the Govt. of India.*

No. 1/1/48-POLL. (E).

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

*New Delhi, the 6th January, 1948.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to Mr. Raof Hamid, for so long as he remains in India in the employ of the Consulate-General for Iraq, Bombay.

F. SINGH,

*Under Secy. to the Govt. of India.*

No. 1/4/48-F. 1.

GOVERNMENT OF INDIA.

MINISTRY OF HOME AFFAIRS.

*New Delhi, the 15th January, 1948.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by Section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to Dr. Sverre Petterssen, a Norwegian Meteorologist and his wife for so long as he is working in the Indian Meteorological Department.

F. SINGH,

*Under Secy. to the Govt. of India.*

**Shri M. Ananthasayanam Ayyangar** (Madras: General): May I know from the Honourable Minister what do these six cases refer to, what are the specific exemptions for, and in whose favour?

**The Honourable Sardar Vallabhbhai Patel**: They relate to certain foreigners; not necessarily Ambassadors.

#### ELECTION TO INDIAN CENTRAL TOBACCO COMMITTEE

**The Honourable Shri Jairamdas Doulatram** (Minister for Food and Agriculture): I beg to move:

"That in pursuance of clauses 7 to 9 of paragraph 3 of the late Department of Education, Health and Lands Resolution No. F. 40-26/44-A, dated the 10th April, 1945, constituting the Indian Central Tobacco Committee, the members of this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, three members from among their number to serve as members of the Indian Central Tobacco Committee."

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

"That in pursuance of clauses 7 to 9 of paragraph 3 of the late Department of Education, Health and Lands Resolution No. F. 40-26/44-A, dated the 10th April, 1945, constituting the Indian Central Tobacco Committee, the members of this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, three members from among their number to serve as members of the Indian Central Tobacco Committee."

The motion was adopted.

#### ELECTION TO INDIAN CENTRAL COCONUT COMMITTEE

**The Honourable Shri Jairamdas Doulatram** (Minister for Food and Agriculture): I beg to move:

"That in pursuance of clause (g) of section 4 of the Indian Central Coconut Committee Act, 1944, the members of this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, three members from among themselves to be members of the Indian Central Coconut Committee."

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

"That in pursuance of clause (g) of section 4 of the Indian Central Coconut Committee Act, 1944, the members of this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, three members from among themselves to be members of the Indian Central Coconut Committee."

The motion was adopted.

#### ELECTION TO INDIAN COUNCIL OF AGRICULTURAL RESEARCH

**The Honourable Shri Jairamdas Doulatram** (Minister for Food and Agriculture): I beg to move:

"That in pursuance of Article 5(2) of the Rules and Regulations of the Indian Council of Agricultural Research, the members of this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, three members from among themselves to be members of the Indian Council of Agricultural Research."

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

"That in pursuance of Article 5(2) of the Rules and Regulations of the Indian Council of Agricultural Research, the members of this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, three members from among themselves to be members of the Indian Council of Agricultural Research."

The motion was adopted.

## ELECTION TO INDIAN OILSEEDS COMMITTEE

**The Honourable Shri Jairamdas Doulatram** (Minister for Food and Agriculture): Sir, I beg to move:

"That in pursuance of clause (s) of Section 4 of the Indian Oilseeds Act, 1946, the members of this Assembly do proceed to elect in such manner as the Honourable the Speaker may direct, six members from among their number to be members of the Indian Oilseeds Committee."

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

"That in pursuance of clause (s) of Section 4 of the Indian Oilseeds Act, 1946, the members of this Assembly do proceed to elect in such manner as the Honourable the Speaker may direct, six members from among their number to be members of the Indian Oilseeds Committee."

The motion was adopted.

**Mr. Speaker:** I have to inform Honourable Members that the following dates have been fixed for receiving nominations and holding elections, if necessary, in connection with the following Committees and Council, namely:

—	—	Date for nomination	Date for election
1.	Indian Central Tobacco Committee	11-2-1948	14-2-1948
2.	Indian Central Coconut Committee	11-2-1948	14-2-1948
3.	Indian Council of Agri- cultural Research	13-2-1948	17-2-1948
4.	Indian Oilseeds Com- mittee.	13-2-1948	17-2-1948

The nomination for these Committees and Council will be received in the Notice Office upto 12 noon on the dates mentioned for the purpose. The elections, which will be conducted by means of the single transferable vote, will be held in the Assistant Secretary's room (No. 21) in the Council House between the hours of 10-30 A.M. and 1 P.M.

## REHABILITATION FINANCE ADMINISTRATION BILL

(PRESENTATION OF REPORT OF SELECT COMMITTEE)

**The Honourable Shri E. K. Shanmukham Chetty** (Minister for Finance): Sir, I present the report of the Select Committee on the Bill to establish the Rehabilitation Finance Administration.

### MINIMUM WAGES BILL—concl'd.

**Mr. Speaker:** The House may now proceed with further consideration of the Bill to provide for fixing minimum wages in certain employments as reported by the Select Committee. When we adjourned on Saturday, the House was considering clause 23.

**Pandit Thakur Das Bhargava** (East Punjab: General): Sir, I am grateful to you for your having very kindly called my attention to clause No. 22 which we have passed and the definition of the word 'employer' while considering clause 23. A comparative study of clauses 22 and 23 and the definition of the word

[Pandit Thakur Das Bhargava]

'employer' leads to certain very anomalous conclusions. If we read section 22 by itself, all that the prosecution needs to prove against an employer is (1) that he is an employer; (2) that he personally paid the amount; and (3) that he paid less than the minimum rates of wages fixed for the employee's class of work. If these three things are proved, the prosecution will be deemed to have proved its case. But in case any of these ingredients fails, then the prosecution fails in proving its case: whereas if the application of clause 23 is considered as apart from clause 22 and the employer is unfortunate enough to suggest that some other person has done the deed, and not he, then to earn acquittal he has to prove that such other person committed the offence in question. Now if this fact alone is proved under section 22, that the employer did not commit this act, he stands acquitted, whereas under section 23 if he proves that some other person committed the offence, he is not acquitted. He has to further prove that the act was done without his connivance or consent. This itself is a sufficient burden. Under section 22 there is no burden like this. If a man is charged with the offence of having committed the offence under section 22, all that he need prove is that he did not actually commit it. He has to prove nothing further. I can understand in a proper case of abetment under section 22 the employer may be called upon to prove want of consent, knowledge or connivance. But if he is charged with the principal offence, it is no part of his duty to prove that the act was done without his connivance, knowledge or consent, if he only proves that he himself did not make the payment.

Then again, this is not all. Even if the employer proves that another person has committed the offence, even if he proves that it was done without his knowledge, consent or connivance, yet the law has another obligation on him—he must prove to the satisfaction of the Court that he has used due diligence to enforce the execution of this Act. It appears that even if it is proved that he is not in any manner responsible for the act, yet unless he has proved his previous good character, his antecedents, he will not be freed from the meshes of the law. I think this provision exceeds the limits which the law seeks to impose upon an accused person.

This is not sufficient again because the other condition is that the other person should be convicted. If that other person is not convicted I do not know what would happen. According to the plain implications of this Section 23 the employer shall not be discharged; he will only earn his discharge if all these conditions are fulfilled though it is not specifically given here that to earn his acquittal the other man must be convicted.

Further on we find in the proviso another extraordinary thing unheard of in criminal jurisprudence:

"Provided that in seeking to prove, as aforesaid, the employer may be examined on oath, and the evidence of the employer or his witness, if any, shall be subject to cross-examination by or on behalf of the person whom the employer charges as the actual offender and by the prosecution."

Now, Sir, two sets of persons will begin to cross-examine the employer and he will be in the midst of two fires. But in cases where the employer produces a substitute for himself and it is proved to the satisfaction of the Court that neither the employer nor the person who is charged by him as the actual offender is proved guilty of the offence charged, what is the alternative for the Court? Supposing it is proved to the satisfaction of the Court that neither the substitute nor the employer but a third person is guilty, who is not before the Court, the result will be that the employer, according to the plain meaning of the Section, will not stand discharged, though it may not be the intention behind the back of the minds of the framers of this Section that an innocent person should be convicted. My own humble submission is that according to this Section an extraordinary burden is placed upon the employer which should not be placed there.

There is another point from which I want to attack this position. In Section 23 the words are:

"Where an employer is charged with an offence against this Act, he shall be entitled, upon complaint duly made by him, to have any other person whom he charges as the actual offender, brought before the Court at the time appointed for hearing the charge;" and kindly mark these words—

"and if, after the commission of the offence has been proved, the employer proves to the satisfaction of the Court."

So it follows that even in spite of the fact that you cannot charge any person, and you cannot find out who the actual culprit is, who the man is who paid the money less, if even then the commission of the offence is regarded as proved, may I know what is the real gravamen of the charge under Section 22? Is the mere fact that less payment has been made enough to constitute an offence? I humbly submit it is not sufficient. Under no canon of jurisprudence can mere less payment be regarded as constituting a criminal offence. But the words appear "if, after the commission of the offence has been proved." The proof of commission of an offence without the committer of the offence is an unknown thing.

I will just illustrate my point. If a person living in London has got ten villages in the Punjab or U. P., he employs three or four *mukhtars* in each village. He comes back to India and he is hauled up under this Section. What is he to do? He does not know which of the *mukhtars* made payment. Under Section 23 he may prove his *alibi* in a court of law and I think no court of law will convict him because he did not make the payment. But according to Section 23 he says, "My *mukhtar* made payment and if it appears to the Court that 'A' and not 'B' made the payment, he will be held guilty under the provisions of this Section." How is he to know which man made the payment? Again, when I speak of the actual offender, may I humbly enquire from the Honourable the Labour Minister what is an actual offender and what is a constructive offender? According to the plain meaning of the Section, if the actual offender is known, there is no constructive offender according to law. If he is guilty of abetment proceed against him. But when you find an offender, can you speak of an offender other than an actual offender? My humble submission is that it is not right to say so. The man who makes the less payment consciously is the only offender known to law; otherwise there is no offence at all. I submit that to my mind under Section 22 the word "payment" is not mechanical payment, it is a conscious payment. Unless and until the man who is accused of less payment knows that whatever he is paying he is paying less, he cannot be held guilty. A mere error in calculation, a mere error of judgment, whether a particular amount should be this or that, will never amount in law to a criminal charge. The words "an employer who pays to any employee less" imply two things. First of all, he must actually pay the mechanical act of paying should be proved against him. Secondly it must be proved that he paid it consciously with the idea and knowledge that he was making less payment. Otherwise he will not be guilty. Supposing Section 22 is there; that man is bound to be acquitted if it is proved that he did not make payment less than what is due.

**Mr. Speaker:** May I invite the Honourable Member's attention to the fact that the words of Section 22 do not put in any words which necessitate the *mens rea*. It does not say "willfully pays or dishonestly pays."

**Pandit Thakur Das Bhargava:** Yes, Sir. You were pleased to make these remarks. I gave my full thought to the question. My humble submission is that the word means that he pays it with knowledge or intention; otherwise there is no payment at all. In Criminal Law you will be pleased to see that the words "who possesses or receives stolen property" have a definite meaning. The possessor of stolen property is charged. If a friend of mine puts the stolen property into my pocket, I am not conscious of it, I am not in possession of it.

**Shri M. Ananthasayanam Ayyangar** (Madras: General): You will be imputed with the motive. You have to explain.

**Pandit Thakur Das Bhargava**: My lawyer friends tell me that if I am in possession of stolen property put in my pocket by a friend of mine . . .

**Shri M. Ananthasayanam Ayyangar**: You have to prove that you are not guilty.

**Pandit Thakur Das Bhargava**: If it is proved that I did not know it was in my pocket, I will be acquitted. Then it means that it must be conscious possession, otherwise I am not guilty. I am not guilty of killing a man if I kill him under the impression that I am killing a ghost. Unless and until the man's mind travels with the act, he is not guilty. Suppose my *mukhtar* tells me that my labourers have got wages to be paid for three days and the labourers say they have got to be paid for four days, and I pay for three, will I be guilty even if I believe that the statement of my *mukhtar* is true and act accordingly?

**Shri M. Ananthasayanam Ayyangar**: You will be acquitted.

**Pandit Thakur Das Bhargava**: Yes. Then, if my friend says that unless and until it is proved that I did a thing consciously I am not guilty, I and he are on the same ground.

**An Honourable Member**: The intention is presumed.

**Pandit Thakur Das Bhargava**: If the intention is presumed, then the question is I am charged, and I have to answer that charge and I can disprove that charge.

**Mr. Speaker**: The burden of proof is the real point.

**Pandit Thakurdas Bhargava**: I am coming to that, Sir. So far as the burden of proof is concerned, we have been putting the burden on the accused in many Acts. For example, we have said: "Where any Director or an officer is bound to do anything, he will be liable to conviction unless he proves that as a matter of fact he did not commit the offence." If you say: "Every employer shall be presumed to be guilty unless he proves etc..." then I will have no quarrel, but this proceeds further. This goes on to say that if he produces a man and says that he himself is not the actual offender and alleges that the man he produces, is the actual offender and proves and gets him convicted then he will be discharged. This is too much. This goes beyond all the provisions we have made so far and that is my real objection to it.

I would like to call your attention to the definition of the word "employer". You will see that it includes the Manager of the Factory, the Head of the Department and the Chief Executive Officer of the Department. Now, these exactly are the three class of people who do not make the payment and if they are hauled up under Section 22 and they are called upon to substantiate their defence according to the terms of Section 23, it will be a very very hard day for them. Therefore, I can never believe that it was ever intended that the Chief Executive Officer and the local authority or the Manager of a factory or the Head of the Department will be liable to prove these things in a court of law under Section 23 to secure their discharge. Therefore, the plain meaning is that the employer must be there and he must be proved to have paid—and paid consciously—less or presumably that he at least knew that less payment was made. If these three things are not there, he is sure to be acquitted.

Now, if you will kindly refer to Section 20, you will be pleased to see that the civil liability of payment in the terms of Section 12 of this Act is there. An employer is liable to pay full. He must see that full payment is made. I have no sympathy with an employer who wants consciously that less payment should be made to the employees and I do want that the law should be very strict against him. I do not want to see him saved, but at the same time.

I do not want that innocent employers who are absent from the place of payment be hauled up in a court of law as they will be able to secure their acquittal only after proving these impossible things. This is my complaint. According to the terms of Section 20, again, if there is a deficient payment, there is a penalty attached to that and the deficient payment should be made up together with ten times more penalty. You will see there, the word "pays" never occurs, but the word "paid" only occurs. Therefore, it appears that the civil remedy is also accompanied by penal remedy as far as this Section is concerned.

Then, if you will kindly refer to Section 22, sub-clause 3, you will be pleased to see that before a case comes to a court of law there should be a complaint under Section 20 not that the payment was deficient but the complaint must be in the very words of Section 22. Therefore, the employed is not merely to make a claim, but the claim should be that the employer paid less. If this is the complaint then the officer or the court or whosoever it may be under Section 21 will consider the question and then sanction it. The officer is invested with the discretion to sanction it or not. If mechanical payment of deficient amount constitutes offence why should he be invested with the discretion to sanction the complaint? Then it must be imputed in all cases to the employer that he did pay consciously less amount. As this imputation is not compulsory the officer who is to enquire into the matter is invested with discretion to see whether the offence has been committed or not and that is why he is given the power to sanction the complaint. If he does not sanction, then there can be no complaint. Therefore, the meaning behind this safeguard is that the law wants that an employer who is innocent should not be brought to the court. But if we proceed according to Section 23 the question of safeguard is gone. We know how sanctions are obtained. Once a sanction is given there is no question of getting out of it unless the employer produces a substitute and the substitute confesses the offence; if he does not and says he is not guilty, then the innocent man is convicted. Under Section 23, the words are: "Where an employer is charged with an offence, . . . he shall be entitled to have any other person etc. . . . and that other person shall be convicted as if he were the employer." By these words, Sir, I conclude that the person who is sought to be substituted under this provision will ordinarily be a non-employer. But supposing it is not the non-employer but it is the employer himself. According to the definition of employer here, namely, "so and so and includes, etc." there can be two employers or more out of whom if one is hauled up, he makes a complaint against the second employer that he and not the other is the culprit, and second man says "I am not responsible" and points to a third man, then what will happen? The first man will not be acquitted unless the second man is convicted, and the second man will not earn his acquittal unless the third man is convicted. We do not know how far we can go like this. In its anxiety to see that the dishonest employer does not get out of the meshes of the law, the Select Committee has produced an absurd proposition before us in the shape of Section 23. I am at one with those who want that the dishonest employer should not be let off. At the same time, Sir, in order even to be fair to the employee we should not murder the principles of Criminal Jurisprudence according to which guilt should be judged and fairness and justice meted to all equally. The provision of Secs. 20, 22 and 23 have not been framed in this spirit. The perusal of Sec. 20 shows that if the complaint is malicious or vexatious the penalty is only Rs. 50 and the complainant can get out scot free easily. We are giving the power to make a complaint to so many persons that in case of false complaints the real accused will not be brought to book. An Inspector makes a complaint and the Inspector says in this case less payment was made and when it is brought home that the statement is wrong, he says "this is hear-say". And if this is "hear-say" according to the present law, malice cannot be attributed. Thus there are great chances of employers being harassed by false complaints.

[Pandit Thakur Das Bhargava]

Now again, Sir, a fine of Rs. 50 is proposed under section 20 and under clause 22 the punishment is Rs. 500 and 6 months imprisonment. I have no great quarrel with the punishment as it is neither too little nor too much. Rs. 50 is not an insignificant amount for a labourer and Rs. 500 is not too much for an employer, and if the punishment of imprisonment is not provided for, I think many persons would like to commit the offence and just pay the amount. So far as the persons who are given the right to make a complaint, my submission is that in many cases vexatious and frivolous complaints will be made and complainants will not be brought to book. In so far as Section 23 is concerned, we will not be doing the right thing even if we accept the amendment moved by the Honourable the Mover. My humble submission is that I am absolutely opposed to section 23 and I want that it should be deleted, for if you read section 23 it does not make an exemption; it only wants to enmesh fresh people who are non-employers and at the same time grants exemption to the employer under clause 22 if it is proved that the man did not pay the amount personally. He is sure to be exonerated. Who is that un-thinking man who will come and say that although he may be acquitted because he has proved his *alibi*, because he proved that he did not pay, yet he would produce another man. If it is behind the mind of the framers of this section that they will be able to get some persons who will bring complaints for them and act gratuitously, I think they will not be justified in hoping like this. The more honest course will be to add another section instead of section 23 to the effect that all these employers will be held guilty in case deficient payment is proved and it will be upon them to prove that in respect of short payments they had no knowledge because they were not there and they had made good arrangements for fair payment etc. This will be the honest course. If you keep section 23, my own fear is the principles of this section will go on in other legislative enactments also and we do not know where it will stop and we will be tampering with the accepted principles of Criminal Jurisprudence. I oppose Section 23. I give my qualified support to the amendment in this way that after all it is the law, as you have been pleased to suggest, and the mere fact of deficient payment may be regarded as penal; even then this amendment which goes to say that if a man proves some of his *bona fides* may be acquitted may do some good to the accused. But on principle, Sir, I am opposed to the amendment and the clause 23.

**Pandit Balkrishna Sharma** (U.P.: General): Mr. Speaker, Sir, while I was hearing the very able speech of my Honourable friend Pandit Thakur Das Bhargava for whose forensic abilities I have very great respect; I was reminded of an anecdote, Sir, about Robert Browning and Carlyle. Robert Browning the great poet had written a poem called 'Sordello' and he sent that poem to Carlyle. Now after about a fortnight Carlyle wrote to Browning: "My dear Browning, Mrs. Carlyle has read 'Sordello' with very great interest and she wants to know whether 'Sordello' was a man or a city or a dog." It is exactly that sort of confusion which my Honourable friend Pandit Thakur Das Bhargava has created in regard to section 23. All sorts and manner of legal phraseology, all sorts and manner of quibblings have been introduced in the discussion of clause 23. I beg to point out, Sir, that it is only a sort of an enabling clause and there is absolutely no burden of proof thrown on anybody against his wishes. I may point out that in the Factories Act of 1934 a similar clause finds a place. That clause is clause 71 and I would read that clause to the House:

"Where the occupier or manager of a factory is charged with an offence against this Act, he shall be entitled upon complaint duly made by him to have any other person whom he charges as the actual offender brought before the court at the time appointed for hearing the



charge; and if after the commission of the offence has been proved the occupier or manager of the factory proves to the satisfaction of the court :

- (a) that he has used due diligence to enforce the execution of this Act, and
- (b) that the said other person committed the offence in question without his knowledge, consent or connivance, that other person shall be convicted of the offence and shall be liable to a like fine as if he was the occupier or manager and the occupier and the manager shall be discharged from any liability."

More or less the same phraseology occurs in this clause 23. And as we all know, this Act was passed in the year of Grace 1934. Since then it is well nigh 13 years that this Act has been in operation and it has not in any way operated against the interests either of the employer or of the employee. I for the life of me cannot understand how this clause 23 shall operate against the employer.

**Pandit Thakur Das Bhargava:** How many cases have been brought under section 71?

**Pandit Balkrishna Sharma:** If the Honourable Member wants to know the number of cases he can refer to the Provincial Governments and he can get copy of the lists thereof, and it is no use confounding me by asking the question as to how many cases were brought before the court.

**Pandit Thakur Das Bhargava:** There must have been many cases.

**Pandit Balkrishna Sharma:** If the section is there the employers must have taken advantage of it and even though it is there the employer did not want to take advantage of it, how do you think that he will be bringing many cases under section 23? Well, when the Minimum Wages Act is in operation that sort of question leads one nowhere. This clause 23 has purposely been placed here because generally it is the Inspector or the Trade Union, who after taking sanction prosecutes an employer and the employer generally advances the plea that he was not there. Then again the poor Inspector has to find out as to who the real culprit was who paid less than the minimum wages fixed by law. In the first instance this law only gives an opportunity to the employer to plead not guilty and to place the responsibility on someone else who happens to be his employee and who has made the payment and prove to the satisfaction of the Court that it is that man and not he who is responsible for that act. I do not think there is any principle of equity involved in this procedure. As a matter of fact this clause 23 has been attacked from two points of view. One was the view of my learned friend Dr. Pattabhi Sitaramayya who says that this is a clause which will work in favour of the employer, because in every instance the employer will be coming forward to say: "I am not the man who made payment; it was such a man." My Honourable friend Pandit Bhargava says that this clause puts an extra burden on the employer. I should very much like to know where that burden comes in. He is not required by the clause to produce another man. The clause only gives some protection to the employer; if he thinks that he can in all conscience produce another man employed by him who is responsible for the less payment of wages, he can produce him. Otherwise there is no burden placed upon him to produce another man. All the argument put forward by Pandit Bhargava was on the assumption that the law requires him to produce a man and that if he does not produce such a man he will not be acquitted. It is nothing of the kind. Suppose an employer is hauled up and he pleads not guilty; if he can prove that he is not guilty he is bound to be acquitted. But if while pleading not guilty he also wants that he should help the law by producing a man who has actually been guilty of the offence, it is only then that this clause will come into operation. The clause imposes no burden on the employer and I think it should remain as it is.

[Pandit Balkrishna Sharma]

One thing more. I can quite understand the fear that prompted Dr. Pattabhi Sitaramayya to raise his voice against this clause because he all along felt that this gives a sort of opportunity to an unscrupulous employer to get out of the clutches of the law every time he is hauled up for less payment of wages. I only wish to point out that after all it is not possible for an employer to catch hold of an employee to undergo six months' imprisonment every time he commits an offence. Therefore I say that this clause may remain there. Moreover, if this clause is not there, suppose an inspector has challaned the employer and the employer feels that his challan has not been quite in conformity with facts, the inspector can ask him to produce another man so that he can haul him up in the first instance; otherwise that period of six months which has been given will elapse and the offence may continue to be committed and no one brought to book. It is for that reason that this clause has been inserted here, and I support its retention.

**Shri M. Ananthasayanam Ayyangar:** Sir, but for the fact that my Honourable friend Pandit Thakurdas Bhargava has found some difficulties in this clause I would not have intervened in this discussion. The object of the Bill is that some minimum wages must be secured to a workman. We have accepted that principle and are trying to give effect to it. Now take the wording of clause 22: "Any employer who pays to any employee", etc. It is not easy here for the employer to say that on the day of the disbursement he was at Bombay and his clerk paid it. But even here I am not satisfied with the word "pays". In clause 12 the wording is, "Where in respect of any scheduled employment a notification under section 5 or section 10 is in force, the employer shall pay to every employee", etc. Here an obligation is imposed on the employer to pay. Then if he does not pay the minimum wages the penalty is prescribed in clause 22: "An employer who pays", etc. But it is not happily worded. Unless it is established that the employer himself paid the workman he may escape; it is open to him to say that it was his clerk who paid and not he. We will assume that he did not pay the wages in that month or for several months; this measure will not apply though he may be liable under any other law. But if he pays less than the wages due clause 22 will apply. Then it is open to him to say that he did not pay but some other person did; and he will thus escape this clause. Therefore instead of the word "pays" I think some such words should be there as occur in clause 20(2), namely, "Where an employee is paid less than the minimum" etc. In that case the employer does not escape at all, because the wages are paid from the employer's institution and he has to take care to see that the minimum wages are paid. I will assume that that is done, in which case the employer is the person who has to pay, and if he pays less he is the person against whom the law will proceed in the first instance. Now under clause 23 it is open to him to say that in spite of his instructions his clerk paid it. But some one who is responsible for the payment in his establishment must be penalised; otherwise he can go on shifting the burden to other people. The clerk must be prepared to be made the scapegoat once but he cannot be the scapegoat on every occasion. On the first occasion it may be that the employer will produce his clerk, but on the next occasion the clerk will perhaps say that in this case the employer himself disbursed the money. Therefore for all human contingency this provision is being made.

Then my Honourable friend talked of inversion of the rules of procedure in the Criminal Procedure Code. My Honourable friend knows that there is such an offence as culpable homicide not amounting to murder and there is also murder. Murder relates to cases of deliberate killing; culpable homicide relates to cases where an ordinary man as a prudent man must be deemed to have

that knowledge. Therefore an employer who pays a workman takes the benefit of his work. If he gives this work to another man he must be presumed to know the consequences of that act and he must take those consequences.

Therefore, he ought not to be. This is an easy way of escape. A provision is made to allow him to escape in *bona fide* cases but he must show who is the person who actually paid.

There is another provision which Mr. Thakur Das Bhargava forgets under section 180 of the Evidence Act. As between two persons, the burden rests on that man who has greater knowledge, or intimate knowledge of the facts of the situation. As between the two, the workmen and the other we must find out who is in a position to say that such and such a man has paid. Therefore, it is the employer who has to do it.

Lastly, so far as theft and the receiving of stolen property is concerned, my friend enunciated another proposition. According to him it is enough to say that an offence was committed. Should we not say the perpetrator of the offence? Even there there is confusion. When we accuse a particular person of having received stolen property, we prove a theft irrespective of the person who committed a theft. Say there is house-breaking. Someone has come in by making a passage in the wall and the house property has been stolen. I prove the offence. Then the person who is charged is the person who is in possession of the money. It is for him to say that he was not responsible. But an offence can be proved even though a particular man was not involved in it. A man might have been shot dead. Is there no offence of murder? But it will not be an offence until the man is actually prosecuted.

So all the arguments against giving up Clause 23 are of no avail. But if it is possible to amend Clause 22—we have a passive voice as in Clause 20—that will make it better. Otherwise the employer will escape easily. It is a question of payment. If he says I did not pay but my clerk he will get out of clause 22. But I do not know how it can be done at this stage. However, I would urge upon the House to retain clause 23 as it is. It would do no harm. I am opposed to the suggestion.

**Mr. Speaker:** I was just considering what would happen to the employer if a wicked accountant made it a point to pay less.

**Shri M. Ananthasayanam Ayyangar:** I can answer that. Once he might say the accountant paid less. So long as the workman takes it and does not complain there is no question at all.

**Pandit Thakur Das Bhargava:** But four persons can make a complaint.

**Shri M. Ananthasayanam Ayyangar:** So long as he does not see the light of it, you and I are not in the picture. The employer can pretend he has not noticed it until some complaint is made. Even then he says I trust to my accountant. I am wedded to him. There is an indissoluble tie as husband and wife between us. That kind of a man should not be sent to jail for six months but 600 times six months!

**Mr. Hussain Imam (Bihar: Muslim):** The position of this clause is being made too difficult because of the ingenuity of the Honourable Members. I personally think the clause is unnecessary. My reasons are that there are two kinds of offences contemplated in this. One is under section 22 clause 2 and the other in clause 1. As far as offences under clause 1 are concerned, you have the advantage of a first try in which the matter at issue, whether there was a mistake by the employer or not, had already been adjudicated. And it seems to me unfair that a judgment of a Court, who may be a judge or magistrate, as contemplated under section 20 (1) should be called in question again,

[Mr. Hussain Imam]

and no complaint will be heard unless it has been first adjudicated under clause 20. Therefore, it is initially wrong that one Court decides one way and the second Court, which is going to decide the matter on the permission of the first court should be called in question and reopened and revised.

**Pandit Thakur Das Bhargava:** Does it not happen in every defamation case that the Criminal Court decides and then the Civil Court has to decide and is not bound by the judgment of the other Court?

**Mr. Hussain Imam:** Although it may be fair, still it is open to the employer at the preliminary enquiry which is going on under section 20 to bring in this plea that he was not actually guilty. If he fails to bring forward that plea at that time ordinarily he should be debarred from making this plea at the later stage. My own conclusion is that the definition of "Employer" should be so widened as to include not only the actual owner but his agents, who disburse the pay on his behalf.

**Shri B. Das** (Orissa: General): The Company Act so provides!

**Mr. Hussain Imam:** That is why I am asking for the clarification of this. Take an offence under section 22 (2)—keeping of registers: It would be absolutely wrong to haul up an employer because his clerk did not keep the account books in proper order. It is really in fairness to the employer and the employee that the person who is really responsible for the Act should be hauled up. But how to achieve that end? That is the question before us and I have made a suggestion that the definition of "employer" should be so amplified as to include all the officers who discharged that particular work. So if and when an enquiry is being made, it should be open to the Inspector when he is filing a complaint to mention whom he finds to be the actual culprit. If he is not the culprit, the Court will ordinarily on your plea that you have not committed this offence, that you have taken full care and diligence to avoid this thing, and it was a mistake of someone else, hold that good and no Court of justice will prosecute a person for the offence of his agent if it was not with the direction and connivance of the principal. The difference between the principal and agent is that the agent is not responsible when he does a thing under the direction of his principal. But if he controverts the direction of the principal, the agent is liable for prosecution.

There is nothing new in Section 23 in assuming that the employer should be let off if he can prove to the satisfaction of the Court that he was not actually guilty. That is presumed and that is what it should be. No one will ask that an employer should be gratuitously punished for the offence of his agent. And as you very ably pointed out that if an accountant habitually commits a kind of mistake of that nature, why should the employer be hauled up.

We have to realise, when we are considering this Bill, that it may involve big concerns and you will have to safeguard not only the employee but the employer also. There are a number of cases in which the employer will be a non-existing person, e.g., in a public limited liability company, that is a Factory Manager. If the factory manager is hauled up, why should not the other employees be hauled up, who are actually in charge? My plea is for widening the scope of the "employer" so that the need for section 23 may not exist.

**Shri Rohini Kumar Chaudhuri** (Assam: General): Sir, I had the unusual good luck of being one of the members of the Select Committee on this Bill but I had the misfortune, at the same time, of not being able to be present at the meetings on account of certain changes in the meeting. I have, however, set my signature to the report of the Select Committee and I should stand by it and support it as if it were my own child.

**An Honourable Member:** Without producing it!

**Shri Rohini Kumar Chaudhuri:** But after mature consideration and after hearing my Honourable friends in this House I think that we might reconsider the provisions of this Bill. I submit that the provisions of the Bill go against the very root of the principles of criminal law. If an employer is hauled up before a court, ordinarily speaking if he comes within the exception to the law, he is entitled to acquittal. But this clause says that he will not get an acquittal: he may prove that he used due diligence but he is not entitled to acquittal, unless he produced somebody who committed the offence and that somebody can be punished. He cannot get off merely by proving that he was honest but he must produce somebody who committed the offence. It seems that according to the provisions of this clause somebody must be punished. Unless somebody is brought before the court and somebody is convicted you cannot get away.

**An Honourable Member:** No, it is not so.

**Shri Rohini Kumar Chaudhuri:** That goes against the very principles of criminal law.

Another thing which has been suggested here is that such an enquiry will commence only after the proceedings have gone a little way and after the court or somebody has come to the conclusion that the case has been proved against the man. It is only then that he will seek to prove his due diligence and go about to find the other person who committed the offence.

**Mr. Speaker:** What section will support that view?

**Shri Rohini Kumar Chaudhuri:** The clause says:

"Where an employer is charged with an offence against this Act, he shall be entitled, upon complaint duly made by him, to have any other person whom he charges as the actual offender, brought before the Court at the time appointed for hearing the charge; and if, after the commission of the offence has been proved, the employer proves to the satisfaction of the court—

- (a) that he has used due diligence to enforce the execution of this Act, and
- (b) that the said other person committed the offence in question without his knowledge, consent or connivance . . . . ."

So the offence must be proved first. Will the court tell the man that his offence has been proved?

**Mr. Speaker:** That is why I was inviting the attention of the Honourable Member to the question of *mens rea*. I am trying to clarify the position, as I find that the discussion is being confused. Perhaps, I may be also wrong in taking the clause as I interpret it. Since I feel that the discussion is being confused, I am intervening at this stage. All that the section requires is that, at the time appointed for the hearing, the employer "shall be entitled to have any other person whom he charges as the actual offender brought before the court." The section further says "after the commission of the offence has been proved." The proof of the offence is absolutely a formal business, as section 20 deals with the ascertainment of the amount. It does not deal with the question as to who was responsible for paying less and the determination of the amount under section 20 by itself is proof of the offence. No further proof of the offence is necessary. (I do not know what happened in the Select Committee nor what is in the mind of the Honourable the Minister.) Then the employer comes in and says "It is true the offence is committed but I can prove my *bona fides* that I have exercised due diligence. It is this other fellow who is responsible for having done so." There seems to be some more misapprehension in the arguments of Pandit Thakur Das Bhargava and that is that the conviction of that other person is a *sine qua non* of the acquitted of this man. It is not so, because the wording of the section is "if after the commission of the offence has been proved, the employer proves to the satisfaction of the court that he has used due diligence to enforce the execution of this Act, and that the said other per-

[Mr. Speaker] son committed the offence in question without his knowledge, that other person shall be convicted." But it is not a condition precedent to the acquittal of the employer.

**Pandit Thakur Das Bhargava:** Further on it will be seen that he will be convicted and then the other man will be discharged.

**Shri M. Ananthasayanam Ayyangar:** Otherwise he will be liable.

**Mr. Speaker:** The word "and" is there. The whole point seems to me as to how far the doctrine of agency should go into the matter of criminal law. That seems to be the difficulty in settling the whole problem satisfactorily.

**Shri M. Ananthasayanam Ayyangar:** Sir, you are aware as also other lawyer friends here that a plea of *alibi* is open to the accused. We assume that there is a plea of *alibi*. He is not able to prove that some other man did so. This man is acquitted and the other man is convicted. If the man escapes is it not the duty of the court to ask him to bring in some other man? If that other man fails this count holds.

**Mr. Speaker:** I wanted to point out the legal position.

**Mr. Naziruddin Ahmad:** (West Bengal: Muslim): I would suggest that the Honourable the Law Minister be asked to intervene in the debate. His presence will be useful as enough confusion has already been created.

**Mr. Speaker:** The confusion is there because different members seem to have different intentions, as to how we should formulate the final proposition. It is not a question of formulating the wording of a section. One difficulty is that if you do not make the employer responsible even without *mens rea* it is not possible to get any man convicted. The idea is not to convict him. It is always open to the employer to say that he was not present there and you must accept his plea. Even if he is present, he employs thousands of people and it is not possible for a manager to know every case where payment was made improperly. If you take the actual offender, say a clerk, the difficulty is, in whose interest did he pay less. It is not in his interest to pay less. He acts in the interest of his master and you cannot hold him responsible criminally for that and you cannot hold the master responsible unless you raise a presumption against the master. Therefore it is a question how far the doctrine of agency should apply in this case. If members are clear on that point, drafting will not present any difficulty. I believe there is some such provision also in the Merchandise Marks Act.

**The Honourable Shri Jagjivan Ram:** Also in the Food Adulteration Act.

**Mr. Speaker:** There are provisions in the law which are stringent against the employer and leave no loophole at all. Certain conditions are laid down and it is open to a man to prove or establish his innocence.

Clause 23 only seeks to place such conditions. That is how I look at it.

**Shri Rohini Kumar Chaudhuri:** I think we are all of one mind at least in one respect namely that we want to punish the employer if he has committed the offence.

**Mr. Speaker:** The point is what will constitute the elements of that offence—his intention, things which he ought to have known or presumed to know. I P. M. have known or things in respect of which you want him to take the greatest possible precaution.

**Shri Rohini Kumar Chaudhuri:** If the employer had known that such things are being done then of course he ought to be punished.

**Pandit Balkrishna Sharma:** On a point of information, Sir. If any employer fails to take advantage of section 23 and at the same time proves his innocence, is he likely to be convicted?

**Mr. Speaker:** I cannot express any opinion on that.

**Shri Rohini Kumar Chaudhuri:** At the same time we do not want the employer to be punished if it is clearly established that somebody else had done it without the knowledge of the employer. But what I do not approve of is this: if the employer can merely prove that he is not guilty, and somebody else has done it, but if he cannot spot him he cannot get off. My whole grievance is that this law enjoins upon the employer either to take the punishment for what has taken place or to find out the real offender. Under the provisions of this law, however honest or diligent the employer may be, if he cannot find out the offender he will be punished. That is my whole grievance.

Then, Sir, I do not understand why the employer should wait till the proceedings have gone in a criminal court. Clause 20 provides that there shall be an enquiry before the order for compensation is passed and before any sanction is given for prosecution. The employer gets a sufficient opportunity under clause 20 to make out his own case. If really he was not responsible and somebody else was responsible, what prevents him from disclosing the identity of that person who, according to him, was the real culprit? If at that stage he did not know the real culprit how can it be assumed that after proceedings in the court he will be able to find him out? There is the job of finding out somebody else as the culprit.

Then, Sir, I do not agree with my Honourable friend Mr. Hussain Imam that this provision is not necessary. This provision may not be resorted to in all cases, but there will be cases where this provision will be necessary. If for the first offence a man pays compensation and then the authority does not consider it proper to sanction his prosecution, he may repeat the offence. Will you allow him in each case to get off merely with paying the compensation? It will be necessary in some cases to prosecute the employer actually and punish him. The whole difficulty is that even under clause 20 the authority would not be able to allow the man to get off and sanction the prosecution of another man because the other man, his clerk, is not an employer but an employee. Suppose the employer proves that he was not responsible but that his clerk was responsible, the sanctioning authority cannot give sanction to prosecute the clerk because the clerk is not an employer but an employee. If I am correct that there is no provision here for granting sanction for the prosecution of an employee and that prosecution is not possible without some sort of sanction, then these two clauses read together become absolutely meaningless.

There is another difficulty with regard to the provision which requires the complaint of the Inspector. There is no provision, strictly speaking, of an Inspector being required to carry on an investigation before he makes a complaint. An Inspector may complain in those cases where an Inspector's complaint is sufficient. He can complain to the court without holding any previous enquiry or without holding an enquiry in the presence of the accused. Therefore in such cases there is great danger of a hasty prosecution. We all seem to be agreed on the principle and the whole thing depends upon proper drafting of these two clauses. The principle is that in cases of payment of less than minimum wages we should not be merely content with having a payment of compensation but that there should be some prosecution. I have seen some such things in cinema shows: a man is prosecuted and is about to be sentenced; somebody comes and stays the prosecutor; the accused suddenly plays the role of the prosecutor, he brings somebody else and gets off.

**Shri Satyanarayan Sinha** (Bihar: General): Sir, the question may now be put

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

"That the question be now put."

**The motion was adopted.**

The Honourable Shri Jagjivan Ram (Minister for Labour). Sir, after hearing all the speeches of my learned friends I am more and more convinced that the retention of this clause is absolutely necessary. My friend Pandit Thakurdas Bhargava has so closely examined this clause that the arguments that he has urged in favour of the amendment or in favour of the deletion of this clause have simply convinced me about the necessity of its retention. I would invite the attention of my friend Pandit Thakurdas Bhargava to read the clause once more, especially the words "shall be entitled". It gives some scope to the employer who is charged with an offence: it does not place a burden upon him that he shall have to produce another person who has committed the offence. He may produce another person who has actually committed the offence, if he so desires. The burden is not put upon him by this clause; he has only been given an opportunity to prove his innocence and to point out to the court that the offence was committed not by him but by another person.

Then I will again invite his attention to the definition of "employer" which is very wide in scope. In spite of the fact that the definition of "employer" is very wide in scope it is just possible that in so many cases the principal employer himself may not be responsible for any offence. It is not possible in the definition itself to embrace all people who may be responsible for the actual offence, for example, as pointed out by you, Sir, an accountant or a clerk. It is not possible to embrace all those people in the definition of 'employer' itself. Another alternative may be that a provision in the Act itself may be made that every principal employer will nominate a person who will be responsible for the payment of wages and the observance of the provisions of this Act. That is also not a practical proposition from the administrative point of view. That will require a huge staff of inspectors, more so when we are thinking of bringing agriculture in the scope of this Act. Then I will place for the consideration of my Honourable friends this question as well, that when this Act comes into operation and is made effective for agricultural workers, this provision, namely section 23, will be necessary in order to safeguard genuine employers who might not have committed any offence and I look at it from that point of view and find it is very necessary. This provision has been attacked as if it was a novel provision in criminal jurisprudence. I am not myself a lawyer, but it has been brought to my notice that this provision finds a place not only in labour legislations but in other legislations as well. I have just looked into the Food Adulteration Act and I find the clause finds a place there word for word and that Act was passed so far back as 1918. I do not agree that it is a novel provision: neither do I agree that it is a provision only in labour legislation. It finds a place in other legislations as well. Therefore I do not know how my friend Pandit Thakurdas Bhargava, who is an experienced lawyer, says that it is a novel provision or it is against criminal jurisprudence. The whole intention is that an employer who does not wilfully commit the offence may place the burden of the offence on the actual offender. It has been attacked from two points of view. One point of view was voiced by my friend Dr. Pattabhi Sitaramayya. Well, I do not agree that the example of illicit distillation bears any analogy to this section. In the case of illicit distillation the offender or the person who commits the offence may point out anybody after giving him some money, but here the employer, if he points out the actual offender, he will have to prove that the person whom he points out has been connected with him or was responsible for him. He will have to prove it from his records that the person whom he charges for the committal of the offence was actually responsible for that offence, and was in his employ or was entrusted by him for the carrying out of that work. These are the two points. Another point is that.....

Mr. Speaker: If the Honourable Minister is going to another point, we might adjourn for Lunch



**The Honourable Shri Jagjivan Ram:** I will not take much time. These are the two points of view; one that the employers may be unnecessarily harassed and another that the employers may take advantage of this provision and go scot-free. I do not agree with any of these views. On the one hand it will safeguard genuine employers who might not have committed an offence, and on the other it also gives some safety to those persons who may be named by the employer as offenders to prove their innocence as well, I think the amendment if accepted, will be worse than the deletion of this clause, and I think the retention of this clause is very necessary. I therefore do not accept the amendment and I do not agree with the view that the clause be deleted.

**Mr. Naziruddin Ahmad:** May I ask the Honourable Minister a question as to the position if clause 23 is omitted, is the offender or accused, under the provisions of section 22, is yet able to prove that he was not morally responsible?

**The Honourable Shri Jagjivan Ram:** I did not want to labour that point because that point was argued very much by my other friends. In that case the employer will go free and the inspector again will have to proceed against another person and it might not be possible to do that within the period of limitation that has been set under section 22.

**Mr. Speaker:** So at best that also may be treated as doubtful. So I am now putting the amendment before the House. The question is:

"That for clause 23 of the Bill, the following be substituted, namely:

"23. Where any employer is charged with an offence against this Act, he shall be entitled to prove that he has used due diligence to enforce the execution of this Act and on such proof he shall be acquitted."

The motion was negatived.

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

"That clause 23, stand part of the Bill."

**Mr. Naziruddin Ahmad:** Sir, I think this clause should be taken up after the Lunch hour. We may claim a division.

**Mr. Speaker:** In that case, I shall have to put the motion at 2-30. They want to claim a division.

**Shri M. Ananthasayanam Ayyangar:** No. If the members are interested, they should remain in the House.

**Dr. B. Pattabhi Sitaramayya (Madras: General):** May I know what is the law in the matter? Half a dozen people said 'No'.

**Mr. Speaker:** It is an important clause which was discussed for a long time and it is but fair that people who wish to have a division should have it. I shall put the clause to vote. The question is:

"That clause 23, stand part of the Bill."

The motion was adopted.

Clause 23 was added to the Bill.

*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.*

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

“That Clause 24, stand part of the Bill.”

The motion was adopted.

Clause 24 was added to the Bill.

**Shri T. T. Krishnamachari (Madras: General):** Sir, my amendment reads as follows, but I want to make a minor change if the Chair would permit it because the Government has also indicated that it would be more acceptable to it. My amendment as it is reads:

“That in clause 25 of the Bill, after the word ‘wages’, where it occurs in line 3, the following be inserted:

‘or any privilege or concession accruing to him under section 13 of this Act.’”

The Honourable Minister was willing to make it applicable to practically every concession under this Act. So I will read my revised Amendment. I move:

“That in clause 25 of the Bill, after the word ‘wages’, where it occurs in line 3, the following be inserted:

‘or any privilege or concession accruing to him under this Act.’”

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

“That in clause 25 of the Bill, after the word ‘wages’, where it occurs in line 3, the following be inserted:

‘or any privilege or concession accruing to him under this Act.’”

The motion was adopted.

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

“That Clause 25, as amended, stand part of the Bill.”

The motion was adopted.

Clause 25, as amended, was added to the Bill.

Clauses 26 to 30 were added to the Bill.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Shri Jagjivan Ram:** Sir, I move:

“That the Bill, as amended, be passed.”

**Mr. Speaker:** Motion moved:

“That the Bill, as amended, be passed.”

**Shri B. Das:** Sir, though one in a solitary minority representing the employers in this House, I do congratulate the labour leaders and the Honourable the Labour Minister on the successful passing through of this Minimum Wages Bill. Sir, I am very sorry that so much heat was involved on the floor of this House this morning against that much-condemned man—the employer. I do not know whether the principle of the Bill was to ensure minimum wages to the labour class or was to prosecute the employer in season and out of season. I think the Bill ought to have contained something in the shape of providing employment for unemployed lawyers. My Honourable friend the Minister for Labour has said that there are nearly ten crores of agricultural labour and at least five crores of employers. Surely this Bill is the most machiavellian Act that will be placed in the hands of unemployed lawyers all over India who will try to prosecute every employer. And in the case of poor agriculturists, my Honourable friend the Minister for Labour is as much an employer as I, a poor man on this side of the House.

**Shri M. Ananthasayanam Ayyangar:** He is a capitalist without capital.

**Shri B. Das:** I am a capitalist without capital and an agriculturist without much land. I think my Honourable friend Mr. Ananthasayanam Ayyangar is a much bigger capitalist than I am and he is a larger employer of agricultural labour than many in this House.

Sir, I do again reiterate that I am not against the Bill as far as a minimum standard of living is concerned, but it is no use framing laws that will remain dead letters. It is better that the labour leaders and the Labour Minister put their heads together on seeing how the Bill can be worked properly in the Provinces and here. It is no use twitting me as one who spoke on behalf of the absentee employers in this House and that I belong to the class of super-human beings. If India is going to get the panacea and the Utopia of high standard of living for everybody, then I also have the right to claim an existence, and I feel the class of employers who is going to be harassed by the unemployed class of lawyers all over India will not be able to exist after a year or two, unless the State nationalises every industry, and even agriculture. My Honourable friend said the other day that I did not know anything about conditions of agriculture labour in Orissa. Sir, I know that in Orissa and in certain other Congress Provinces five acres is the minimum land that will be available for each tenure holder. If that be so, my Honourable friend will find that sooner or later there will be no employment to be provided by each agricultural employer of whom he is so much afraid.

Sir, on one thing I agree with my Honourable friend. He says that he believes in expansion of industry and he believes in development of agriculture provided that minimum wages are paid. He also said that if they do not find employment in agriculture fruitful or the wages low, they must seek other employment. What that employment will be I do not know. I do hope that my Honourable friend will tell us what is the conception of the Government for providing employment to ten to fifteen crores of labourers, both agricultural labourer and industrial labour. He said that his Government, the Cabinet, the Ministry, are all agreed on the Minimum Wages Bill and if necessary, the State will subsidise agriculture and industries, I am very glad that my Honourable friend Mr. Chetty is here. He knows his finances better than any of us and I do hope he is trying to build up his mind to that stage when Government will subsidise every industry, small or large, so that the labourer will get the minimum wages and if I can believe Prof. Ranga and my Honourable friend Mr. Shastri, then it will be somewhere near Rs. 1/8/0 per diem for the agricultural labour and Rs. 140 per mensem for the industrial labourer. I do hope the honourable Minister of Labour will also think little about the *per capita* income in India. From the date of Rameshchandra Dutt up to now we are still hovering round the figure of Rs. 30 to Rs. 60. I do not think the *per capita* income of India is now more than Rs. 60. The so-called employers and capitalists may be earning more, but how that condition of Rs. 140 per mensem for the labour population will be ensured I am not able to visualise. I shall be very glad if the Honourable the Labour Minister will avail of this occasion or some subsequent occasion to tell us what the Congress Ministry is going to do to raise the *per capita* income of the people, so that the wage-earners will be entitled to the utopian scale of wages that are conceived by the labour leaders. I will not be jealous if they get that. I am also a wage-earner. I do want to earn my minimum standard of wages, but at the same time, I hope the Provincial Governments will not be hustled into giving effect to the Minimum Wages Act.

[Shri B. Das]

Sir, my suspicion that the Provincial Governments will take many years to understand the implications of this Act still continues, and the fact which I stated at the beginning of the discussion that the Bill is full of doubts and contentious problems remains, especially from the way in which we discussed the clauses of the Bill including my Honourable friend Sjt. Rohini Kumar Chaudhuri, a signatory to the Select Committee Report and the way other doubts were raised and it was pointed out that the Bill is not fool-proof and requires a lot of changes. I do hope the Honourable Minister for Labour will not rest content with having placed this Act on the Statute and think that he has done a great task. Let him appoint a Departmental Committee, get help from the Industries Department, the Railway Department and the Finance Department and examine the implications of the Act, whether it is workable or unworkable. I still maintain that such an enquiry will show that the Act, will prove unworkable but for the sake of the cause for which my Honourable friend the Minister for Labour stands, I wish it can be workable.

**Shri Ramnarayan Singh** (Bihar: General): Sir, I most heartily congratulate my worthy friend, the Honourable Minister for Labour. This legislation was long overdue. Labourers all over the country wanted it. A large number of people will be benefited by it in my Province of Bihar, especially in my constituency of Chota Nagpur Division.

But, Sir, I wish to remind my friend of one very important thing. I have always attached—and I do attach even now—much importance to the administrative side of any legislation. A large number of legislation has been undertaken but when we go to the spot, we do not find any tangible improvement. Once I went to Bermo, one of the coalfield centres. I enquired whether there is any activity there on behalf of the Coalfield Welfare Committee,—I think it was about six months ago, and I think after that my friend Babu Jagjivan Ram had also gone there—and the people told me that nothing had been done yet there. At Jharia offices are being built, and that, for officers. I do not know whether anything has been done yet for labourers. So while congratulating my friend for successfully piloting this Bill in this House, I do insist and I do make a request to him that he should see that the Act is soon given effect to and the good to the people for whom the Bill is intended goes to them.

With these words, Sir, I again congratulate the Honourable the Labour Minister and the labourers all over the country on the passage of this Bill into act.

**Mr. Naziruddin Ahmad:** Sir, I rise to support the Motion with one or two Comments. With regard to inclusion of 'agricultural labourer' within the scope of the Bill, some amount of trouble will arise, and in view of the comments which the Honourable Minister made earlier with regard to my statement on this point, I think I should clarify myself.

I speak specially with regard to Bengal. There are there a very large number of cultivators who are middle-class men with small holdings. They are more or less above the labouring classes. They have to employ labourers on a large scale and the minimum wages of these labourers will be fixed by the Government. If I understood the Honourable Minister aright, he was of this opinion that if the agriculturists or the middle-class proprietors of land would not be willing to pay sufficient wages to the labourers, they should rather get out of the business. I think if this pious wish of the Honourable Minister is given effect to, then it will mean the extirpation of millions of middle-class cultivators. The Honourable Minister thought that if there is any attempt on the part of any Member here to seek an adjustment between work and minimum wages, and between the intention and the ability or willingness of the labourer to do sufficient work and the ability of the employer to pay, there is an attempt

to frustrate labour legislation. I submit that there must be correlation between the labourer and the employer. The employer's business must be able to bear the strain, but the labourer must also be willing to work. In fact, it is upon the co-operation between these two elements that success will depend. With these few words, Sir, I shall pass on to another subject which has evoked considerable misunderstanding and difference of opinion in the House.

It is about the blessed clause 23. In spite of the Honourable Minister's assurance it is absolutely plain to my mind and it must be so to many Honourable Members that the position is not clear. One distinguished Honourable Member rightly pointed out that Pandit Bhargava's explanation rather added to the mysteries of the subject. I cannot sympathize with those Honourable Members who are always unwilling to hear legal arguments and who are somehow or other happy to believe that any legal argument, however clearly logical and absolutely right the argument may be, is always intended to frustrate law, to frustrate justice. I submit, Sir, law is a very subtle subject and to many minds legal arguments appear to be puzzling and to some they are mischievous.

I submit that I have difficulties and I will tell the House plainly what the difficulties are. Had clause 22 remained alone, the matter would perhaps have been simpler. Section 23 has created a lot of difficulty. Clause 22 says that if an employer pays something less than the minimum wages fixed, he will be guilty. With regard to the question of mental element, 'guilty' knowledge or *Mens rea*, I think so far as clause 22 is concerned, the position is absolutely clear. Although it is not stated that the intention would be a necessary element, still I submit that that is always implied. The Honourable Minister's argument and some other Honourable Members' arguments on this subject have been that there are certain offences where intention and knowledge have particularly been kept out of the elements of the offence. In fact there is the Food Adulteration Act which specifically says that if a man has in his possession adulterated food, his guilty knowledge will be presumed the onus will be upon him to show that he had no guilty knowledge or intention and so forth. I can add to this illustration many others. There is the Motor Vehicles Act where many innocent owners will be liable for the act of their agents although *Mens rea* is absent. In those enactments it should be clearly remembered that the law in such cases has specifically provided that intention will not be an element of the crime and there has been a recent Privy Council case on this point. It probably arises out of some of the colonies. I tried to find it out in the Library but could not trace it just now. There this vexed question was raised that there was a statutory offence and any guilty intention or knowledge was not specifically made part of the offence. The Privy Council pointed that guilty intention and guilty knowledge must always be proved unless the statute absolutely or clearly excludes it. I think it is within the knowledge of all criminal lawyers that guilty intention and knowledge is a necessary element, but of course, the Legislature may exclude it. Clause 22 does not eliminate guilty or guilty intention as an element of the offence. I therefore submit that clause 22 in effect says that if an employer knowingly or intentionally pays something less or connives at, then and then alone he will be guilty. The Honourable Minister's explanation by way of reply to the debate has also been in the same direction—that if a man really is not mentally or intellectually connected with the offence, in other words, if he was not morally guilty, the Court will not punish him. Both sides agree upon this that the moral element must be present so far as this offence is concerned in order to find him guilty.

We come to an ambiguous passage in clause 22. Serious attempts to clear its meaning on my part have failed. The passage is: "after the commission of offence has been proved." Does it mean that the commission of offence against the man has been proved? Or does it merely mean that the commission of the

[Mr. Naziruddin Ahmad]

offence has been proved, but the complicity of the accused in it has not been made out?

**Some Honourable Members:** Yes, yes.

**Mr. Naziruddin Ahmad:** If that is so, I quite sympathize with that view.

**Shri M. Ananthasayanam Ayyangar:** Why Sympathy? That is the view.

**Mr. Naziruddin Ahmad:** If that is so then the mere commission of the offence has been proved but it is not proved that the accused was connected with it. In that case as the Honourable Minister has rightly pointed out clause 22 gives you the right to be acquitted; and he will not need to take recourse to the procedure of clause 23 and he is right in the interpretation in view of the fact that under clause 22 he will be acquitted. Suppose the position is this: An accused person is tried and the offence only has been proved, but he has not been shown to be connected with it. Why I ask, why should he, unless he be a lunatic or is defended by a lawyer who is a lunatic himself, why should he, knowing that only the offence has been proved, but his complicity has not been proved, why should he—it is not obligatory on his part—act upon the provisions of section 23—why should he undertake to prove that somebody else has committed the offence?

**Shri M. Ananthasayanam Ayyangar:** It is presumed. *Prima facie* he is carried under the earlier section.

**Mr. Speaker:** Order, order, let him proceed.

**Mr. Naziruddin Ahmad:** This interruption is not unhelpful. It simply clarifies the position. I welcome this interruption. In fact as is suggested now that clause 23 comes in when the accused has been shown to be *prima facie* guilty. But the Honourable Minister rightly contended that unless he is himself morally implicated in the offence, he would not be guilty. We thus proceed upon the assumption that the mere offence has been proved, that the mere commission of an offence has been proved without in any way showing that the accused is somehow or other connected with it. If that is the position, he will simply say: "I do not wish to take advantage of clause 23; I would prefer to be acquitted on the ground that I have not been shown to be connected with the offence and I do not undertake the unnecessary and risky task of proving under clause 23 that somebody else has committed the offence, because if I do not undertake it I will be acquitted; but if I undertake to prove it and fail, I shall be convicted under clause 23. If I do not embark on that dubious course I shall be acquitted on a plain interpretation of clause 22 as it stands." Then what does clause 23 try to effect? I think it is only to help the man who is really guilty. A man who is innocent will be acquitted and he will not undertake to prove that somebody else is guilty. But if he is really guilty, then clause 23 is a clear loophole for him. For instance, a man who is a factory owner has committed an offence; on inquiry he is found guilty. He will now produce an accomplice or a proxy who, in order to save his friend or master, will admit his guilt and the court will convict him.

**Mr. Speaker:** I will remind the Honourable Member that an attempt to revive a detailed discussion on clauses 22 and 23 at this stage is not permissible. We have had it at the consideration stage and at the clause by clause reading stage, and it was brought to an end by the closure. So the closure should not be defeated by taking advantage of the third reading. The Honourable Member may make brief remarks about it but I do not propose to allow a detailed discussion here.

**Mr. Naziruddin Ahmad:** Thank you, Sir. I was encouraged to discuss it rather fully on account of certain questions put to me. The point I was making is that while an innocent man will have no reason to put the guilt on somebody

else a guilty man will be helped to escape by producing a proxy who will suffer conviction in order to save him. If there is *prima facie* evidence and he admits the guilt the Court will convict him.

**An Honourable Member:** Not necessarily.

**Mr. Naziruddin Ahmad:** I am aware of that. But as a lawyer of some little standing I may say that no Court will refuse to convict him if there is evidence and if he pleads guilty.

**Mr. Speaker:** The Honourable Member will proceed to some other point now.

**Mr. Naziruddin Ahmad:** Sir, I have no other points to make. I support the third reading with an expression of my doubts on the legality or propriety of clause 23. It is useless to oppose the third reading but I shall be glad if it is understood that I do not agree to clause 23.

**The Honourable Shri Jagjivan Ram:** Sir, I had no intention to make a speech at this stage but the few remarks that have been made make me say a few words in reply thereto. I will not say much about this clause 23. As I said on a previous occasion, I am not a lawyer. But as a layman I have tried to read clause 23 many times. Accepting for the sake of argument what Mr. Naziruddin said, that the word 'commission' does not mean that the employer is involved there, the employer will have every apprehension that the commission of the offences under this Act will be *prima facie* against the employers. And naturally if the employer has not actually committed an offence he will try to bring to book the real offender. If the offence, however, is proved against him, he is even then given the option to point out the real offender. That is what I as a layman read in this clause.

The next point is about agricultural labour. I do not want to go into details of that; but I may make it clear that I can speak with some authority on that question. The apprehension is that small landholders or cultivators owning some small holdings will be put to trouble. I realise that difficulty and I sympathise with my Honourable friends who hold that view. But I made it clear on that day and I want to make it clear today also that we are incurring a colossal loss of foodgrains every year on account of that system. I realise that the middle class people may be put to difficulty if minimum wages are fixed under this Bill; though it is never the intention that there should be uniform minimum wages both in agriculture and industry. Even in industry and agriculture as the Bill provides, there may be different minimum wages for different areas and different localities. It is just possible that even in the same districts there may be two or three kinds of minimum wages in agriculture. But apart from that I take another view; that if a middle class man is holding only five acres and he finds that the yield from his land is not enough to meet the expenses necessary for giving his labourers the minimum wage, I must emphasise that that man has no right to engage himself in agriculture if he is to live simply on the exploitation of agricultural labourers. My Honourable friend Mr. Das points out that because the Finance Minister is here Government should make it clear as to how many industry and agriculture we are going to subsidise. I never said that we are going to subsidise all and sundry industries. I said that if an industry is not in a position to pay even the barest minimum wages to the employees it is better that that industry is closed. If that industry is found indispensable in the national interest it is for Government and the general public to subsidise that industry. And that view I again reiterate, and I hold the same view in respect of agriculture as well.

With regard to our present system in agriculture, I want to say this. I also happen to be an employer in respect of agriculture. I have always asked myself what right I have to possess land, if I am to exist only on the exploitation of the labourers whom I engage.

[Shri Jagjivan Ram]

I know for certain that if the land which I possess were in the hands of those persons who actually worked on the land, the yield in my fields will be greater, and to that extent the loss every year that is accruing is a national loss and I feel that I am responsible for this national loss, and everybody like me, who is an absentee, who is not in a position to work in his field, is adding to the national loss in the matter of foodgrains for which we are so hard-pressed. That is the view I take. If we are to ensure minimum wages, it may be possible that parasitic people like myself will be eliminated from agriculture and thereby we will add to the national wealth. It is never my intention that there should be uniform minimum wages in industry and agriculture at present. I am not pressing for a living wage. I am not pressing for a fair wage. But I do not think that if agriculture and industry cannot afford to pay the minimum wages we should sanction exploitation of the working class for the sake of continuing those industries, or for the sake of the middle class. With that view I can never agree. I hope the House will unanimously adopt my motion.

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

"That the Bill, as amended, be passed."

The motion was adopted.

#### INDUSTRIAL FINANCE CORPORATION BILL.

**The Honourable Shri R. K. Shanmukham Chetty** (Minister for Finance):  
Sir, I move:

"That the Bill to establish the Industrial Finance Corporation of India, as reported by the Select Committee, be taken into consideration."

I, in making this motion, Mr. Speaker, I must at the outset express my grateful appreciation of the very thorough manner in which the Honourable Members of the Select Committee dealt with this measure. As I said, on an earlier occasion, the draft of the Bill that I placed before this House was prepared some time back by the previous Government, and I expressed the hope that with the help of the Select Committee I would bring before this House a measure which will be more acceptable to the Honourable Members. I feel that that expectation has now been realized. In commending this motion I shall just say a few words regarding the main changes that have been made in the Select Committee.

So far as the extent of the Bill is concerned, in the original draft it was intended that this measure would apply only to the provinces of India. In the course of the debate in this House expression was given to the feeling that the Indian States also must be in a position to get the benefits of this measure. The scope of this Bill has accordingly been amended by the Select Committee so as to include those acceding States who by their Instruments of Accession accept the subject matter of this Bill as a matter with respect to which the Dominion Legislature may make laws for such States. If any of the acceding States are prepared to accept this obligation, then the citizens of those States will also obtain the benefits of this measure.

With regard to the actual scope and the operation of this Corporation, the Select Committee thought fit to provide that the financial aid of this Corporation should be available only to public limited companies and to co-operative societies. I welcome this change that has been made by the Select Committee. We ought to encourage the formation of public limited companies in the matter of the development of industries and by restricting the help that this Corporation might extend only to such institutions, there would be a direct incentive for the starting of public limited companies.



With regard to the capital structure, the Select Committee thought that while the grant provided in the original Bill, namely Rs. 5 crores, is sufficient for the present, the Act itself must contain provision for the expansion of the capital if and when found necessary. It has accordingly been provided that the authorised capital of the Corporation will be Rs. 10 crores of which Rs. 5 crores will be immediately issued for subscription and the balance may be issued by the Corporation as and when found necessary with the previous consent of the Central Government.

Amongst the class of institutional investors who would be eligible to become shareholders in this Corporation, the Select Committee has included Co-operative Banks also. It is a change which I am sure the House would welcome. After including the Co-operative Banks amongst the share-holders, the Select Committee came to the conclusion that the share capital should be confined to institutional investors and not to private individuals.

The Central Government has undertaken to guarantee the return both of the capital and the payment of a certain minimum dividend. In the Bill it was provided that the guaranteed dividend should not exceed 2½ per cent. The Select Committee thought that the actual fixation of the minimum will depend on the conditions of the money market at the time that the shares are issued, and they have therefore left it to the Central Government to fix such rate of dividend as guaranteed as may be considered appropriate at the time of the issue of shares. I can assure the House that in fixing the guaranteed minimum, the Government will take into consideration the prevailing conditions in the money market and will guarantee only a minimum which is considered necessary to attract the necessary capital.

The management of the Corporation will be entrusted to a Board of twelve members, including the Managing Director. Six out of these will be nominated by the Central Government and the Reserve Bank and the other six will be elected by the shareholders. I think from the point of view of safeguarding the interests of the public, the proportion is one which must be welcomed.

It has also been provided that the administration might appoint advisory committees. The main idea underlying this change is that before lending money to any industrial concern, it may become necessary to obtain technical advice and assistance regarding the various aspects connected with that industry and these advisory committees, it is expected, will be composed of men with sufficient technical knowledge to advise the Corporation about the feasibility of lending money to particular individual concerns.

With regard to the powers of the Corporation the Select Committee has provided that the maximum limit would be five times the paid up capital and the Reserve fund of the Corporation. And with regard to the long term deposits that the Corporation was allowed to take from the public the Committee thought that the period of ten years originally fixed in the Bill was a bit too long and it has therefore now been provided that fixed deposits of the maturity of five years might be taken by the Corporation.

The Corporation is also given wide powers to prescribe the necessary conditions on the borrower and one of these conditions might be, in appropriate cases, that a nominee of the Corporation will be appointed on the Board of Directors of the borrowing company.

The Corporation is empowered to make loans either in Indian currency or in any foreign currency if it is thought appropriate. This provision is necessary, because in the present state of affairs industrial concerns in India would be requiring capital abroad for the purchase of plant and equipment and in view of the difficulties of foreign exchange, which are bound to persist for some

[Shri R. K. Shamaulkhan Chetty] . . . . .  
 time to come, it may be difficult for an individual company to obtain the necessary exchange for the purchase of capital goods. A Corporation of this kind which will be enjoying the patronage of the Government of India might be in a better position to make arrangements for the supply of the necessary foreign exchange for this purpose,—for example, the International Bank for Development and Resettlement or the Import and Export Corporation of the United States are bodies which are more likely to lend to a Corporation like the Industrial Finance Corporation of India than to any private individual or Corporation. In other words, this Corporation would, in the very nature of things, enjoy greater facilities for raising loans abroad than any private individual company. It has therefore been provided that in appropriate cases the Corporation may advance loans in terms of foreign currency also and with regard to repayment the borrower will be at liberty to pay either in Indian currency or in the foreign currency at the rate of exchange then prevailing. This prevents any possible loss of exchange which might otherwise fall on the Corporation.

One of the important amendments made by the Select Committee is that for purposes of taxation this Corporation will be considered as a Company as defined in the Indian Companies' Act and the Indian Incometax Act. I attach very great importance to this provision. As I have said on more than one occasion both on the floor of this House and outside, I consider that if the Central Government in India is to have ample resources for taxation it would be necessary that it should have powers to tax not merely private companies and individuals but corporations owned and managed by the State or partly owned by the State and partly by private individuals.

There is in the country a large volume of opinion which wants the large scale nationalisation of our industries. Now if our industries are to be nationalised and if the Central and Provincial Governments are to pursue a policy of progressively bringing under state control and ownership the whole industrial and productive mechanism of this country, then unless an obligation is placed upon these state enterprises to contribute to the Central revenues an amount equivalent to the income-tax and corporation tax which these bodies would have paid, if they had been privately managed concerns, it will be found in course of time that the most fruitful sources of the Central Government's revenues, namely the incometax, will disappear altogether. It must be remembered that the whole financial structure of the Central Government is very largely based on the receipts from incometax and corporation tax. I hope, therefore, that this particular salutary principle that we have enunciated under this Bill will be followed in Bills of a similar nature. Apart from the need not to disturb the most fruitful source of central taxation, even from the point of view of ensuring business and commercial standards in these state corporations it is necessary that they should undertake the obligation to pay tax as if they were private individuals or companies. It is then and then alone that these public corporations and state corporations will be impelled to apply sound commercial principles and will begin to realise whether their concerns are working at a profit or at a loss. It was in fact with this object in view that the framers of the 1985 Government of India Act provided that the railways of India should be managed by a Statutory Railway Authority. Today the railways, though they may make a contribution to the Central revenues (the wisdom of which is questioned in certain quarters) are not making any contribution to the Central Government by way of taxes. If our railways, in which we have employed over 650 crores of rupees as capital, were a private concern, the Central Government would be receiving by way of incometax and super-tax alone anything between 15 and 20 crores of rupees per year and I hope when the constitution-making is taken up by the Constituent Assembly, appropriate steps will be

taken to see that the railways and all other similar state-owned and state-managed concerns are placed under an obligation to pay to the Central revenues an amount equivalent to the incometax and corporation tax.

Though the Government has under the Bill, even as originally drafted, ample powers to control the administration of the Corporation, the Select Committee thought it necessary to incorporate special clauses, under which the Central Government is empowered to issue from time to time directions to the Corporation on matters of policy. There are a great many things about which it might be necessary to issue such instructions. For instance, the desire was expressed in the Select Committee, and very rightly too, that the operation of this Corporation should help the industrial development of the more backward provinces and areas. It is very difficult to incorporate in a Bill of this kind appropriate provisions to ensure that result. But it is an appropriate subject to form the code of instructions that the Central Government may issue from time to time. It was also thought that, in the distribution of shares, the tendency for the accumulation of shares in one big place like Bombay or Calcutta should be prevented and that the shares should be distributed as widely as possible throughout the country. It was also thought necessary that in certain cases where the Corporation lends money to a company one of the conditions imposed should be that the borrowing company should limit its dividend to a particular rate until the loan is repaid. Matters covering such subjects are appropriate for instructions from the Central Government and I might take this opportunity of giving an assurance to this House that I shall see that when the Corporation starts functioning we will issue instructions to the Corporation along these lines.

Sir, these are the main changes that have been made by the Select Committee and I hope that the House will be satisfied on the whole with the Bill as it has now emerged from the Committee. If this Bill is placed on the Statute Book and when the Corporation comes into existence it would have filled a big gap in our industrial economy. Today we have not got the necessary agencies for helping industries with long term and medium term loans. That want has been felt for a very long time in this country. The want of an institution of this kind was pointed out by the Central Banking Commission which reported many many years ago and I hope that with the inauguration of this Corporation this gap would be filled and by the assistance and the advice which this Corporation will be in a position to give we would see a large scale expansion of industry in this country as speedily as possible. Sir, I move.

**Mr. Speaker:** Motion moved.

"That the Bill to establish the Industrial Finance Corporation of India, as reported by the Select Committee, be taken into consideration."

**Shri T. T. Krishnamachari** (Madras: General): Mr. Speaker, Sir, I have nothing but admiration for the manner in which the Select Committee has handled this rather difficult problem. But one or two amendments of fairly considerable importance, and some others of a minor nature suggest themselves to people like myself. In fact, Sir, I would not have risen to speak at this stage but for one particular matter to which the Honourable the Finance Minister referred, namely, the alteration in clause 89 of this Bill which has been effected and which makes this Corporation liable to pay income-tax and corporation tax like any other company. I would not object to this Corporation paying income-tax and super-tax, though the constitution of this corporation is much on the same lines as the Reserve Bank of India. There is probably some justification for making it pay these taxes to the Central Government, for the reason that amongst the shareholders are not only the Govern-

[Shri T. T. Krishnamachari]

ment and the Reserve Bank, but also private institutions which being incorporated concerns will not benefit unduly one way or the other. But I am afraid, I am not in agreement with the policy enunciated by my Honourable friend as a general principle to be followed in the future. I may say, Sir, without attributing any motives, that this change of policy might prove the biggest stumbling block that could ever be placed in the matter of nationalising business and industrial concerns in this country. My Honourable friend very rightly said that here is the case of the Railway Board which if it becomes a statutory authority would pay between Rs. 13 crores to 14 crores to the Government by way of taxation. Well, supposing it has no surplus income and is unable to pay, what happens? Supposing the railways are made into a statutory body tomorrow by means of a change in the Constitution Act and on their income such as it is they are made to pay the Central taxes; supposing there is no profit, and even if accounting is done in the same manner as it is done in regard to private companies it results in a deficit, will it not be the liability of the Government to make good that particular deficit? My Honourable friend might say, "Well, the Railways are not managed well." But, they could be managed better still. He can ask his colleague to manage them better. He can appoint more high-power committees to run its business in such a manner that it is managed more efficiently. Sir, after all the crux of the matter is the question as to whether Government wants to help a change-over in certain industries to state ownership.

Sir, later on probably the subject might come up before this House in regard to how far this particular corporation itself should invite subscriptions from private owned corporations and not have its entire capital subscribed by the State. Sir, on that issue perhaps I will have an opportunity to say something, but I feel that in a country like ours the question of nationalising cannot be made the rule and it is advisable that we have an economy in which there might be some industries—key industries perhaps, paying industries, perhaps—which will be taken over by the State and some industries left to private enterprise. Sir, even the most whole-hogger among the socialists does not want to destroy private enterprise altogether. But the process of nationalising of at least some of the Industries cannot be blocked in this manner.

Sir, I would ask my Honourable friend to read the budget speech of a predecessor of his in 1945 when his predecessor envisaged that before long the Government will have to enter into the field of industry in order to make some more money so that they could provide the amenities that a modern state has to provide for its people. It, therefore, seems to me that my Honourable friend, with all good intentions, of course, is looking at the matter purely from a Finance Minister's point of view, as a person who has got to find ways and means for carrying on his Government and to provide for the increasing demands that is made on him for provision for expenditure on defence and such like matter, it seems rather, he takes a view which suits his own immediate purpose. I want him, therefore, to consider the other implications of such a policy.

I have known that the Federation of Indian Chambers of Commerce consisting of big businessmen the Indian Merchants Chamber of Bombay and others have times without number said: "Place us on the same footing as any Government enterprise; make government concerns pay taxes; you will then see if they can manage their affairs as efficiently as private enterprise does. But you do not merely take over any industry from private hands to put it into Government hands for the only purpose of depriving the entrepreneur of his legitimate share of profits." There are other important considerations. One

is that people do not feel happy to allow so much of economic power in the hands of a small number of capitalists, secondly we want the money that the entrepreneur is making so that the State can provide the amenities to its people that are necessary.

Sir, I was rather alarmed when my Honourable friend said that he is going to make it a policy that in future all the concerns which are owned by the State or by the Provincial Governments shall pay income-tax and corporation tax, though in this particular instance I was quite prepared to concede that he has every right to do so and could even provide some justification for making this particular Corporation pay taxes. Sir, a time will come when I hope. I will be able to convince him that he is not right, or perhaps he may be able to carry us with him. But I think at the moment, much as I am a member of the party to which my Honourable friend belongs and I am a loyal member too, having to vote as the Government decides, I feel that it is right, should strike a note of warning about the implications arising from such a policy and I took this opportunity to detain the House for listening to what I consider to be a very important matter in my view.

Sir, there are a few matters about which I would be moving some amendments at a later stage. I want to mention one matter in particular, namely clause 4 (3) where shares are to be allotted to insurance companies, investment trusts and like financial institutions. I wish the Select Committee had placed a restriction against insurance companies, investment trusts and other financial institutions not registered in this country, acquiring shares though I have no doubt in my mind that by means of rule making power when the rules are framed, my Honourable friend will be able to advise the board to allocate these shares only to such companies which are incorporated in this country. I can say that there could be no doubt whatever so far as the Government is concerned, that it wants only Indian companies to participate in the control ownership of the shares of this Corporation. But it would have probably been better if the Select Committee had put in those particular words "registered in India". I wonder if my Honourable friend and you, Mr. Speaker, will permit an amendment to be moved later on in this House in order to ensure that not even by inadvertence, by the overlooking of this fact, a foreign company will have a share in this Corporation.

There is one other matter which might probably be appropriately stated at the Third Reading stage, but I do not want to make a speech at the Third Reading. My Honourable friend will probably remember that the experience of similar Corporations in another country, England, has not been particularly happy. Two Corporations were started there, a larger and a relatively smaller one, both of them being big and broad-based so far as capital structure is concerned. Up till now I feel they have not done much business except that the British Finance Corporation for Industry has now on hand a fairly big scheme for financing a Steel Corporation in Wales which might perhaps justify its having been brought into existence. Up till now the other Corporation has practically done nothing. I hope that this Industrial Finance Corporation of ours will not suffer similarly, though I have no doubt there will be very many people in this country of ours who would like to get the imprimatur of the Industrial Finance Corporation for their floatation of shares and ask for some kind of help from the Finance Corporation which will put up their prestige in the share market.

I am glad that the Select Committee has thought of an Advisory Committee. In fact the Industrial Advisory Panel for the corresponding Corporations in England probably provide the maximum amount of advice and help to these Corporations. I do hope that the Honourable Minister would issue suitable instructions by means of Rules so that the constitution of these Industrial Panels would be adequate and satisfactory.

[Shri J. T. Krishnamachari:] One other matter which would also be covered by the rule-making power of the Government is the question of making it a matter of absolute discretion of the Board in regard to allocation to that particular class to which applicants for shares belong. For instance the question whether a particular applicant or an investment trust, an insurance company etc.—all these things will arise. So long as the discretion for allotment is in the hands of the Board no question of taking to court will arise. Still it will be better for the Government to safeguard the particular position by voting absolute discretion in the Board as to what is exactly an insurance company, an investment trust etc. Clause 4 of the Articles of Association of the British Finance Corporation of Industry more or less makes the discretion of the Board final in these matters.

I would probably have a chance of speaking again on one or two other matters as and when they arise but I will conclude now by saying that I do hope that this Corporation will be a real and vital force in the economy of this country.

**Mr. R. K. Sidhva** (C. P. and Berar: General): Sir, I yield to none in my desire to see that all the industries and public utility concerns are nationalised. At the same time I do not desire to oppose this motion for the simple reason that I consider that this is not an opportune moment to embarrass the Government because they are only functioning since a very few months as our free Government. I however desire that the Government will have to take a decision on this matter which is really vital to the interests of the country and the people. I said I do not want to embarrass the Government for this reason that they are engrossed in many important matters and it is but natural that, looking to the economic conditions of the country, they do not desire to frame a policy in this matter immediately. I must however say that an impression was created in my mind after hearing the Honourable Minister's speech that he is not in favour of nationalisation of industry.

**The Honourable Shri R. K. Shanmukham Chetty:** I never intended to convey that impression.

**Mr. R. K. Sidhva:** My impression may be wrong. I got that impression on his referring to the railways. However I am glad that he holds the view that nationalisation is in the interests of the country.

**The Honourable Shri R. K. Shanmukham Chetty:** Not even that.

**Mr. R. K. Sidhva:** Well, Sir, I do feel that he will have to consider this matter in the interests of the country very soon as to what he thinks to be the best policy and the economical policy for our country. It would be better if this matter is discussed in this House with a view to knowing their views as to the future policy in these matters, and that would give an inkling to the Honourable Minister and the Government as to what the House desires. That would be rather a better way of taking a decision in this matter which is really very vital. However, that matter I hope will be borne in mind by the Government for future consideration.

I have read the Select Committee's Report and I certainly congratulate them for making that the Corporation will be guided by the Central Government's directions and that its management will be also under the control of the Government. Under Sections 6 and 7 it has been provided that even if the Corporation goes astray in several matters the Central Government will intervene.

**An Honourable Member:** In any matter.

**Mr. R. K. Sidhva:** In the matter of policy also if they feel that the Corporation goes somewhere quite differently than what is propounded under this Act they will intervene. I am glad about it because at least that kind of check has been kept in this Act and the Corporation has not been allowed

free hand to work as it likes. That is really an improvement I find in the provisions that have been proposed.

I find from the definitions in this Bill that the Corporation will lend money for the purposes of goods. Clause 2 (c) which defines 'industrial concern' says that it will invest money for the manufacture or processing of goods, mining etc. The word here is 'goods'. I want to know where the question of manufacturing of motor cars, or aeroplanes or shipbuilding will come in. We have to build our own ships. (*Interruption*). The Honourable Minister may be more intelligent—I do not know. I do not know whether a steamer will be called 'goods'. That is the point. (*Interruption*). If a steamer can be called 'goods' according to the interpretation in the English dictionary, then I have nothing to say.

Then, Sir, as I have stated, as far as the constitution is concerned, considering all circumstances, it is certainly desirable. I have nothing to state excepting the disqualification clause which states that a Director shall be considered to be disqualified if he is found to be a lunatic or becomes of unsound mind. That is a general clause applying to all the companies and banks that I have seen: but there is one thing that has been omitted. Directors who are disabled also should not participate. I have known of Directors suffering from paralysis who are also allowed to remain and sometimes meetings are held in their houses. Paralysis ought to come under the definition of 'disabled'. This should also be put into this Act which should be amended accordingly. If a Director is not able to attend, he can certainly retire and he should not pose that he is a very able man and his services cannot be dispensed with.

**An Honourable Member:** What about mental disability?

**Mr. R. K. Sidhva:** I am telling you from experience. I have been Chairman and Director of many public banks and companies. So I am not talking of matters which are not likely to happen. I am telling you what is actually happening in some cases. Therefore I hope the Honourable Minister will bear that in mind.

Then coming to the clauses for the enforcement of claims due from the borrowers, effort has been made to strengthen this law for the purpose of safeguarding the interests of the Corporation. I however feel they are not sufficiently strong. It is stated that if any person does not pay the amount regularly, then the process of law will take place. The Corporation has to go to the District Judge and follow the usual procedure. That procedure is so cumbersome that by the time the final decision is taken in the court, the hypothecated goods which may be lying with the Corporation may have deteriorated in value to that extent that it will not be possible to realise the full amount. Therefore I would suggest that all the articles and goods which will be hypothecated with the Corporation should be under the English Mortgage Bond Act. Under that Act, it becomes the property of the corporation in the event of the person's failure to pay the money.

**Shri K. Santhanam (Madras: General):** What you want is in clause 28.

**Mr. R. K. Sidhva:** I have read clause. Clause 20(d) says:

"If the property pledged, mortgaged, hypothecated or assigned to the Corporation as security for the loan or advance is not insured and kept insured by the industrial concern to the satisfaction of the Corporation; or depreciates in value, in the opinion of the Board, by more than twenty per cent., and further security to the satisfaction of the Board is not given."

**The Honourable Shri B. K. Shanmukham Chetty:** On a point of order, Sir. Is it not the usual practice of this House to take such matters when the actual clauses are taken up for consideration?



**Mr. Speaker:** The Honourable Member cannot go into various clauses and discuss them. He has to discuss the Bill generally.

**Mr. B. K. Sidhva:** I know that. It was a casual remark just to draw the attention of the Honourable Minister that these things should be noticed by him also. However when we come to discuss clauses, we shall certainly place our views as far as amendments are concerned, but it is just possible that these amendments may not be reached. When I bring in my amendments, I shall have to elaborate my remarks, but it is just possible, as we have seen, that all the amendments cannot come before this House and therefore . . . . .

**Mr. Speaker:** Order, order. All amendments of which proper notice is given, if they fall within the scope of the particular clauses under discussion and Members are willing to move them, are always allowed to be moved and discussed.

**Mr. B. K. Sidhva:** I did not mean anything against the Chair. The only point that I wanted to make very clear is that this Corporation, which is a very important body and will be lending money to industrial concerns, should be on a very sound basis and the Select Committee has taken real pains to see that it will be a sound concern so that the amounts that will be entrusted to the borrowers will be safe, and having had experience of some of the banks which have gone into liquidation after giving these loans to borrowers, I thought it would be very advisable if some of the remarks that I have made were brought to the notice of the Honourable the Finance Minister.

With these remarks I support the motion.

**Shri Khurshed Lal (U. P.: General):** Mr. Speaker, Sir while I agree with the Honourable the Finance Minister's remark that the Bill as it has emerged from the Select Committee, has considerably improved. I must confess that the structure of this Industrial Finance Corporation leaves me absolutely cold. Sir, there is a considerable amount of feeling both in this House as well as outside that the business of banking should be nationalized. Only the other day the Honourable the Finance Minister made a statement that after the 30th September he would be nationalizing the Reserve Bank and he would also take steps to nationalize the Imperial Bank of India. One would have expected that after this clear declaration of policy so far as the Reserve Bank and the Imperial Bank are concerned, at least in the case of this Industrial Finance Corporation which is going to be started now, it would be started as absolutely a State concern and no place should have been found in it for private capitalists. The Corporation is practically a government concern. The capital subscribed to it, and a certain amount of minimum dividend, are both guaranteed by the State. When that is done, it is obvious that all the risk that there is in the setting up of this Corporation will be borne by the State. The scheduled banks the investment companies and the co-operative banks who take shares are more or less, if I may say so, so far as any risk to their capital is concerned, in the position of depositors of fixed deposits. They are guaranteed the minimum dividends and a certain maximum will also be fixed. They do not undergo any risk of losing their capital. They do not undergo any risk of losing their dividends. Why is it then that it should be necessary for us to find a place for them at all? I do not think anybody would say that the Government of India cannot find sufficient capital for this Corporation. The Government of India is strong enough to provide all the capital that may be needed for this Corporation. In fact all the capital that would be coming would be coming on the guarantee of the Government of India, and even if the Government of India could not find all the capital, I suggest, as it has been stated in the Minute of Dissent, the Provincial Governments and the various State Governments could be asked to join in the setting up of this Industrial Finance Corporation. I am afraid that the bringing in of these scheduled banks, investment companies and insurance companies,



which are more or less managed and operated by about half a dozen groups and syndicates would be bringing in the influence of people who would be mostly interested in getting money from this Corporation. And it would have been more in the interest of the country if this Corporation had started as a State Corporation from the very beginning.

Then, Sir, I think that for the advancement of the industrially backward areas, for the advancement of those regions of our country which have not been properly developed, a Corporation which was managed absolutely by

4 P.M. the State would have been better than one set up in the manner in which this Corporation is proposed to be set up. It may be said that as the Reserve Bank will soon be nationalized and the Government and the Reserve Bank will have six Directors out of a total of twelve, the Government will be able to control the working of this Corporation. But, I submit that in actual day to day practice one knows that in a Directorate of twelve, six form a very considerable number and if these six belong to private enterprise and if they are the people who are concerned and interested in setting up industries and their own business concerns in the country, they would be able to manipulate the working of this Corporation to their own advantage or to the advantage of their concerns. I therefore feel that it would have been far better if this Corporation had been set up as a State enterprise altogether.

Secondly, Sir, I feel that the restriction which has been placed on this Corporation in buying the shares of the industries which it assists will prove harmful in the actual working of the Corporation. It is provided that if the Corporation in the course of its under-writing activities, has to acquire certain shares, it should get rid of such shares within seven years. I submit that is placing an unnecessary restriction on the working of the Corporation because that will compel the Corporation at some stage or the other to put those shares on the Market and as you know in the Share Market things will be so managed that these shares will have to go cheap. I therefore submit that no such restriction ought to be placed on the working of the Corporation.

With these words, I welcome the setting up of this Corporation because after all it fulfills a long demand from the country for the setting up of a Corporation which will help us in the advancement of our country.

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

**Shri M. Ananthasayanam Ayyangar** (Madras: General): Sir, even at the time when the Bill was referred to the Select Committee, there was a large body of opinion in the Assembly that this must emerge from the Select Committee as a State Corporation. Now once again the same issue has been raised. It is true that the position has changed so far as banking is concerned in this country. Only the other day the Honourable the Finance Minister said that after the 30th of September this year he would take steps to nationalize the Reserve Bank and the Imperial Bank of India. Banks are the very life of an industrial concern, or they are the very soul of industry in any country. Now, when the Reserve Bank itself and the Imperial Bank which is the biggest commercial Bank in this country and which helps Industry by short term loans, are taken over, a Bank or Corporation brought into existence by this Bill, intended to give long and medium term loans, should also in the nature of things be a National Corporation or a State Corporation. There is nothing to make a departure, particularly in view of the fact that after the Bill was referred to the Select Committee there has been a change in outlook so far as the Reserve Bank and the Imperial Bank are concerned. It was naturally expected; also expected it.

There are other features in the Bill also which facilitate the easy passing over of this Corporation from the structure which has been envisaged in this

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Bill to one of an out and out State Corporation. The entire capital is guaranteed by the State—repayment of capital as also dividend from time to time. All the loans that are raised by this Corporation are guaranteed by the State and management is largely in the hands of the State. So the State has got the right to give direction from time to time both to the Board and to the Executive Committee on general policy and it has also got the right to supersede the Corporation. When practically all these things are assured by the State and the State has practically a hand in its day to day administration and in its policy, what prevents the State from taking it over and running it as a State concern entirely? That question has to be asked and has to be answered. The same question was put to the Honourable the Finance Minister. He had only one explanation, of course, which the House may take into consideration and which weighed largely with the Select Committee. That is that the State no doubt guarantees a loan but if the State takes up the Corporation itself and has to float loans for the purpose of running the Corporation, the State cannot start by giving extraordinary interest because that will be the basis on which the rest of the economic structure in this country will depend. When the State helps to guarantee the loans of a Corporation, the Corporation can borrow with some higher percentage than what the Government will be able or inclined to borrow in the open market. That was one consideration which weighed with the Members of the Select Committee in not agreeing to make this a State Corporation straightaway. If, in the course of its working it is found more feasible and there is not that impediment, it may be taken over very easily as the Reserve Bank and the Imperial Bank may be taken over in a short time.

So far as the funds are concerned, one might say easily that now that the Reserve Bank and the Imperial Bank are going to be nationalized, the Reserve Bank and the Imperial Bank may lend to this Corporation and there may be an adjustment. But in practical working let us see how far they will be able to finance this Corporation and if in the course of five or six months or a shorter period it is found more useful to make this an out and out State Corporation, I am sure the Honourable the Finance Minister will himself convert it and very easily into a State Corporation. After all, the number of shareholders are not many. There are only organised shareholders; the shares are not to be sold to individuals who will go into the open market and sell at enormous prices or in the Stock Exchange; it may not be held in the hands of speculators. Only institutions like the Insurance Companies, Banks and other commercial bodies alone are allowed to take shares in this concern. Therefore there may not be such a stupendous difficulty in this easily passing over into a State concern and if it is not an out and out State concern today, it will be nothing wanting—it will be practically a State concern.

As suggested by my friend Mr. Khurshed Lal that the Provincial Governments might have been asked to contribute. It was envisaged originally, and I believe it is still one of the ideas of the Honourable Minister, that similar Corporations should be established in the Provinces. The maximum that can be lent to any company under this Corporation is not more than Rs. 50 lakhs. There may be small businesses and industries which may require smaller amounts of finance. That field is reserved to Provinces. There are Co-operative Banks which cater to smaller and cottage industries. Thus the entire financial structure of industries is sought to be covered and for that purpose this Finance Corporation is sought to be established. Therefore to expect that the Provincial Governments will immediately contribute to this, would be to take away their resources from founding or establishing a Corporation, local or Provincial, for the purpose of financing smaller businesses.

Then, Sir, I would urge upon the Honourable Minister—though it need not be made a part of the Clauses of the Act—that in making nominations he must

so adjust that after the elections take place those areas or regions which have not been covered or representatives from which have not been sent, are also given an opportunity to send their nominations. It is one of the objects of this Act, as the Honourable Minister just said, that the undeveloped areas should be developed. So I hope he will concentrate his attention upon that and see to it that representatives of those areas come forward, so that they may be able to partake in the administration of the Corporation, until those areas also fall in line with the rest of the country. Instead of incorporating this in the Bill, I suggest that he will issue instructions in the form of directives so that these areas also may be covered.

I am sure,—though it has not been set out—that this Industrial Corporation will finance only those industries and will give priority to such industries only which are in the greatest need in this country. Ere long I hope the policy enunciated by the Government of India will come into effect. They have been assuring the House and the public outside as to what industries will be taken over by the State, what are to be placed in a mixed economy, what industries are going to be given to private enterprise and what priority is going to be given and so on. I have no doubt that the Central Government will work this Corporation in the order of priority which is envisaged or laid down according to a co-ordinated all-India or Provincial plan, and I am sure directions to ensure this will be given and that it is not in a haphazard manner, in which the Finance Corporation will place finances at the disposal of the industries, so that they may not grow as a wild growth but as a co-ordinated industrial development all over this country.

Coming to the distribution of shares, Sir, I find that it has not been specifically laid down that shares ought not to be concentrated in the hands of a few. No doubt in the Reserve Bank of India Act, there is a provision that regional registers ought to be established and the whole of India was divided into five regions, Madras, Bombay, Calcutta and Delhi, and also Rangoon was there. Each region had a register of shareholders, but there was no provision preventing the transfer of shares from one region to another, with the result that almost all the shares are now cornered or concentrated in the Province of Bombay. I am sure the Honourable the Finance Minister will limit the number of shares which an industrial concern can take which wants to acquire shares, and also see to it that unnecessarily transfers are not made from one area to another, and that the resources of the Corporation are not monopolised by a particular area.

Then, Sir, there is a very wholesome provision here, introduced in the Committee Stage, for preventing the frittering away of the funds of this Corporation by granting loans to individuals. Individuals might start industries which may be big industries. It was felt in the Committee stage that the Corporation ought not to lend money even to such big individual industrialists. Only public limited companies which have been brought into existence for a long time and which have undertaken industries considered essential by the Government ought to be given loans under this Act.

I agree, Sir, with my Honourable friend Mr. Krishnamachari that there ought to be no shareholders in this concern who are not nationals of this country. There may, however, be a small difficulty in achieving that object. Insurance companies, wherever they might have been registered, under the law of India they have to take a licence here and subject themselves to the same rules and regulations as have to be observed by Insurance Companies which have been floated here which were registered or which came into existence under the Indian Companies Act, 1913 and other Companies also which have to carry on business in this country have to get registered under the Indian Companies Act, 1913. Therefore, it will not be easy or convenient to have a regular Section in the Act to have a discrimination or a prohibition of the issue

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of shares to such Companies. However, if it is not possible to do so and we are not able to evolve a suitable phraseology or formula for that, I am sure by instructions it will be so seen that foreign nationals do not take hold of this Corporation or have any voice in its administration.

Then, there is also a provision that the Legislature should have control but not in the manner in which that control ought to be exercised. The reason is that it was felt that the Legislature ought not to have too often to interfere with the Administration and that it is better to allow the Corporation to have autonomous existence and see that it flourishes without too much of interference.

With these words, Sir, I beg to support the motion for consideration of this Bill.

**Prof. K. T. Shah** (Bihar: General): Mr. Chairman, Sir, there can be no difference of opinion with regard to the desirability and timeliness of this measure, and even as regards the improvements which have been made by the Select Committee in the various Clauses of the Bill. Difference there is—as is indicated in the Minute of Dissent—on the very fundamental principle as regards the ownership and management of this vital national organisation. Here is an institution, which, when it is put into operation, is bound to have a practical, if not statutory, monopoly of financing the industries of this country. If this country has industrialising ambitions, as it admittedly has; and if it provides a special machinery for financing those new or existing industries in all their developments, then I submit it would not be in the interests of the country as a whole that there should be even partial individual or private ownership of this institution.

I recognise that, as the Corporation has been constituted by this Bill and the improvements made therein by the Select Committee, there is a considerable element of State control. There is the State appointment of certain Directors; there is the right of issuing instructions and making rules. But while recognising all these, I think that is not enough to give us that complete control, that absolute operation of the institution in the interests of the country as a whole and no other interest which the right of ownership would provide. The right of ownership by providing all the working capital,—at least the initial capital for the institution—is, in my opinion, essential; and there need be no apprehension that the Government, if they decide to provide the necessary capital, will be unable to find the amount, whatever that might be. After all, the initial amount will be relatively small; and if by law the stocks and shares of this Corporation are made a sort of trustee security, then there ought to be no apprehension whatsoever that the required funds would not be forthcoming.

I realise that the Government may have other projects as well for which they may have to go to the money market, but I think here is a case of projects in which the guaranteed return of comparable to the prevailing market rate would more than suffice to attract all the capital that initially you might require. It is, therefore, no reason in my opinion to fight shy of wholesale ownership of the State in this institution.

The positive reason on the other hand why I think it is necessary for the State to end this Corporation and manage it as a State enterprise are first.

**Shri K. Santhanam**: Sir, on a point of order. Is this the stage when the fundamental principle of any Bill can be debated? I think when a Motion for Select Committee is made and adopted, it is assumed that the House has adopted the fundamental principle of the Bill. Minor changes can be discussed but I do not think the fundamental principle of the Bill can be questioned at this stage. I want your ruling on this subject.

**Sri M. Ananthasayanam Ayyangar:** He can throw it out, Sir, on various grounds. This is one of the grounds on which the Bill can be thrown out.

**Mr. Chairman:** I may mention that on the day on which any such motion was made or on any subsequent day to which the discussion thereof is postponed, the principle of the Bill and its general provisions may be discussed, but the details of the Bill must not be discussed further than is necessary to explain its principles. What was the principle which was adopted in the initial stage and what are the component parts of the Bill and not the principle of the Bill? Therefore it is open to any Member of the House at this stage to question whether it should be a nationalized institution or a private institution or a mixed economy, and all these points are perfectly relevant for discussion at this stage.

**Prof. K. T. Shah:** The point I was urging is that even if it was felt that the Central Government by itself may not be able to finance on its own or find all the initial capital, it is perfectly open, in fact, in my opinion, it is highly desirable, that all the Provinces and such States as accede for this purpose should in this connection be invited and encouraged to join in financing, and help to provide the initial capital for this concern. If you do so, the least ground that you may have of apprehending failure in the money market will disappear. If you do so, then only would you have not only all the provinces fully interested in co-operating with you, but the slightest danger of any favouritism, or any kind of partiality as between the several regions or as between the several interests in the various sectors of the industry would disappear.

One of the reasons I have urged this matter is that the several provinces of this country, the several regions, are not equally developed; and that too for no fault of their own, for no lack of their inherent resources. If it is at all conceivable that the Financial Corporation like this would conceivably operate so that those who have the loudest voice may carry the greatest proportion of the benefit that Corporation might shower, then it is more than likely that the backward provinces, or those undeveloped regions notwithstanding their initial resources may continue to remain undeveloped to the detriment of the country's growing economy, while those which are fairly advanced may continue to go ahead more and more. I think it is a point which is well worth considering; and, if it is possible, to amend the measure so that we may provide for an equal all around development simultaneously of all parts.

Similarly with regard to the various sectors of the industries, and not only industries which are only manufacturing industries. There may be industries which may be in the nature of services, or which may be in the nature of production of material or equipment to maintain these services. There, again, the interests of all sectors may not always be identical. After all the industrial organisation of today is a kind of pyramid, if I may put it that way, in which the raw material of one is the finished product of another; and the interests of the consumer of the finished product may not always be the same as those of the producer of that product. In that case there may be conflicts of interests; and the only power which can avoid this conflict, and should avoid this conflict, is the power of the State, which is presumably taken to be, now that we are under a free National Government, uniformly beneficial to all, and not only those who can shout loudest or may have the longest pull in the management of the concern.

I hope, Sir, that when the time comes appropriate amendments would be moved on these lines to the various clauses which seek to give effect to these ideas; and I hope they would commend themselves to the House.

I may mention one other point, namely, that with regard to placing this Corporation on the same level as an ordinary commercial Corporation from the point of view of the income-tax. In so far as this Corporation is to be even partially owned by private interests like Banks, Insurance companies and

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investment corporations, there may be some justification and propriety in making it liable to the same income-tax and corporation tax as other corporations. I do not subscribe, however, entirely to the view enunciated by the Honourable the Finance Minister that, like the Railways, all State enterprises should be made liable to bear the same burdens of taxation. I for one hope the day will come when all enterprise will be State enterprise, and there will be no private profiteers in this country. But so long as they are, the Honourable Minister should not forget that in a corporation like this, if and when it is wholly State owned, and corporations which are conducted by Provincial Governments, they are the property of the people of this country for whose benefit taxes are levied, and all of whose profits or services will also be taken by the State. If you take up all the profit of such concerns, then it is not necessary to take part of it indirectly also by way of income-tax. So long however as a mixed economy prevails, so long, however, as some sectors of our economy are nationalized or semi-nationalized and others are not, there may, I fully recognise, be justification for the kind of view that the Honourable the Finance Minister has urged. But I trust it will not be overlooked completely that, in so far as the State becomes identified more and more with the people and with the whole of the national economy; and in so far as it promotes, initiates, controls, manages and takes the profits of those enterprises, there would be no occasion for the State also to levy additional taxation by way of income-tax or corporation tax or otherwise. I for one, at the risk of looking somewhat heterodox, am prepared to say that I look forward to the day when all taxes would disappear, and their place would be taken by the surplus value that the State will create, which has been raised by the consent of the community, for the use of the community. I welcome, therefore, this Bill, as the necessity of the corporation is admitted, but I trust important changes will be made when the drafting time comes.

**Shri Biswanath Das** (Orissa: General): Mr. Chairman, Sir, I support the Bill as it emerged from the Select Committee and congratulate the Honourable the Finance Minister for having gone so far and I regard this as a very good interim measure between the full-fledged nationalisation and the present.

Sir, my congratulations would have been full and complete if I had found something for the teeming millions of the agricultural population of the country and the agricultural industry on whom the nation depends. Sir, the agricultural population have to depend as at present merely on co-operative banks which are practically not functioning except in the Provinces of Madras, Bombay and West Punjab. Under these circumstances, I only expected that the National Ministry would think of the poor instead of extending their aid to the richer and well to do brother who could think for himself. While stating this I am alive to the big programmes that they have on hand,—programmes like the Hirakud Dam project, the Damodar Valley project, and the like. But at the same time I appeal to the Ministry to think of financing of agriculture in the interest of growing more food, feeling as we do that we have to go with a beggar's bowl every year from country to country for the purchase of food-grains. In this view of the question I always believe that Pakistan is in a far better position than India in the sense that it is always surplus.

**Mr. Chairman:** I may draw the Honourable Member's attention to the fact that the Bill is for industrial finance and agriculture does not come within its scope. Therefore any talk of agricultural production and the teeming millions will not be germane to the discussion of this Bill.

**Shri Biswanath Das:** Sir, I am thankful to you. It is not a question of teeming millions. I wanted only to have both Bills together so that my compliment, as I said, could be full and complete.

Then I come to the second aspect of the question, namely, the cottage industries. It has been said by an Honourable friend that this Bill would be useful and helpful to cottage industries. I fail to see how they can be helped by the operation of the Finance Corporation which is intended essentially for big industries. Cottage industries would have been side industries helpful to agriculture; but I find very little hope even for the cottier. There is also another aspect of the question. Japan developed her industries by a combination of the activities of cottage industries and big industries. I do not see much hope of this possibility under the operation of this Bill. In view of these I would appeal to the Honourable Minister to do something for the development of agriculture and also of cottage industries.

I will now deal with the operation of this Bill itself. Sir, my Honourable friend in the course of his very illuminating speech said that it is not possible to embody in the Bill provisions for starting industries in undeveloped areas. I do not see any reason why the policy and programme of Government should not be outlined if not now, at least very early, in the course of the year, to give us an idea as to what the programme is going to be and how far people of these developed areas are going to be affected and helped by the operation of the Bill. It has been our misfortune to see that overcrowded cities have been furthermore overcrowded; and if the Bill is to operate it will further industrialise the industrial areas. Unless Government force their programme on the Corporation, I do not find for myself much hope in the operation of this measure when it becomes law. I therefore appeal to the Honourable Minister to see that industries are subsidised and helped on a long-term basis, so that instead of bringing raw materials from undeveloped areas to the towns and cities to be converted into manufactured goods, it would be better to start industries in these very areas themselves so that you would solve two problems at the same time, namely, you industrialise the entire country simultaneously and also help the agricultural population as a side activity to help agriculture which is in dire need of assistance. I appeal to Government to consider this aspect and not only give instructions to the Corporation but give its driving force and effective lead to it so that industries are started and developed in undeveloped areas. Sir, it is rather a distressing fact that scientific, technical and technological instructions and railway workshops, etc., are concentrated in certain defined areas, with the result that industrial areas themselves develop on the model of the west. If you have separate industries in different provinces and develop undeveloped areas, then alone you can fight against famine, want and unemployment. Otherwise things will go on as they are today and unemployment will always have to be faced with all its consequences, while industrialism and its component difficulties will have to be faced and solved in big towns which hereafter will become bigger. I warn Government of these coming dangers which are sure to be faced.

Sir, referring to the objections raised by my Honourable friend Prof. Shah I would appeal to him not to press for absolute nationalisation at the initial stage of the operation of this Corporation; and for this reason. You cannot nationalise the entire financial structure of your country without taking certain other preliminary steps. You have to nationalise in the first instance your insurances—various kinds of insurance—and that you have not yet done. The Indian independence, after all, is a baby of five or six months, faced with serious difficulties and dangers. In these circumstances full-fledged nationalisation should not and ought not to be the course to be adopted by us. The Bill as it minimises all the evils and unfortunate tendencies of capitalism, namely, it reduces the rate of interest; it gives Government a full hand in matters of policy, and if necessary, in matters of administration also. And

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then it takes further steps for controlling, dissolving and doing anything necessary at any stage of its work and operation. In these circumstances I think the Bill as it is, is fairly acceptable as an interim measure, and I think to that extent there should not be any objection.

One point more and I shall have done. I heartily congratulate my Honourable friend, the Finance Minister on making one announcement, namely, that he proposes not only to put this Corporation under the purview of the Income-tax Act but also to bring the railways under the operation of that Act. I congratulate him because it will bring us more money by which not only the Centre but also the Provinces will be benefited. To this extent as an interim measure, I welcome and I congratulate him.

**Shri M. Ananthasayanam Ayyangar:** Sell away the railways to companies!

**Shri Biswanath Das:** This again reveals a sense which I am not able to describe. The railways in this country are fortunately State-owned. How could you now sell the railways to companies?

**Kazi Syed Karimuddin (C.P. and Berar: Muslim):** That is not the issue.

**Shri Biswanath Das:** The railways are not bringing us anything worth the name. There are certain lines which are purchased by the Government. They are also escaping taxation. The railways do not contribute anything to the Centre by way of taxation or contribution. From the days of the Ackworth Committee I think railways have not been contributing very much to the revenues of the Provinces.

**Shri K. Santhanam:** During the war more than Rs. 100 crores have been given.

**Shri Biswanath Das:** They are only paper adjustments and contributions because it is only a matter of formal adjustment between one department and the other. It is the War Department that was paying and the Finance Department that was earning. It is a paper adjustment. I would like to see what the income of the railways would be after the depression which we are bound to face shortly.

With these words, I support the Bill.

**Prof. Shibban Lal Saksena (U. P.: General):** The last time when we sent the Bill to Select Committee we pointed out many things. Unfortunately I find that two members have put in a Minute of Dissent. Now we have to decide our final policy. Have our key industries to be nationalised or not? When the Bill about industries was introduced we raised that question and we said that the Committee had said that all the key industries shall be nationalised and we pointed out that the Government should not have the liberty to go beyond the resolution. But I find that this Bill, although it has improved upon what it was when it was introduced the last time, is still a Bill in favour of private industries.

The other day I was delighted to hear the Prime Minister say about the Rehabilitation Bill, that it was completely a State-owned enterprise. I wish this was also a similar enterprise. The question is a very fundamental one. In this way we can be passing one Bill after another. I do not think we shall be able to give effect to our resolution in this manner. In the Industries Bill criticisms were heard that we might not be able to get proper personnel and technicians, but I find that in this Bill where we have only to put an industrial Finance Corporation, I do not think that that ground can be advanced. There are great financiers and the Government can get their services, and if this Corporation is completely nationalised then all the industries which it will help and promote will also be nationalised, because as has been pointed out by my Honourable friends in the Minute of Dissent, it is a sort of key Bill and



when we have a long programme, a comprehensive programme of planning, then all industries have to be developed in a planned manner.

During the last budget debate, we had put our cut motions and we pointed out that we wanted to be abreast of Russia and America within 10 years. We have become suddenly free and we are, though the largest and most populous country in the world with the exception of China, still very much down in the scale, and if we want to come to our proper position we must catch up with those people. That is only possible when we have a proper plan which is properly executed. This Industrial Finance Corporation is the body which will finance that plan and I think that it is most necessary that this should be a completely State-owned enterprise. There must not be any single shareholder who is a private individual.

I am surprised that the entire capital is guaranteed by the State and yet the management is not of the State. I think that the Industrial Corporation which will finance our industries must be a big concern: Rs. 10 crores is not sufficient. I think it should be much more than that. For a comprehensive plan there will be enough money coming. Government can raise loans and the country will come forward to subscribe to that loan. Then we can have an industrial Corporation, fully competent to finance the complete plan which we intend to put before the country and to execute also. I am keen that this Bill should not be passed as it is. It must be amended and there must be no scope for private enterprise in this.

For the last 10 years I have been intimately connected with the sugar industry and since 1937, it has been controlled by a syndicate and I know how syndicates work and how we have been suffering on account of these syndicates. Even recently when the control over sugar was lifted, sugar which was selling at nine annas before decontrol, was now selling at one rupee a seer. Similar results will come from this Board which will be controlled by big industrialists who have many means of controlling and influencing Government. They will certainly control the whole body and it will become a syndicate and that syndicate will be a syndicate of private capital and it will not be working for the interests of the nation but for the interests of all those capitalists who are the kings of industry. I am sure that this present Bill, although many improvements have been made in it, is a sort of sop to our eyes. I think it is a fundamental question on which we must say that we do not want this Bill in this manner. We want it to be a national concern, owned by the State, every pie of it to be owned by the State. After that is done, we must put up a plan and that will be done by the help of this Corporation. The bold criticisms made by my Honourable friends are such as to inspire every member of this House and I am sure every one of them is in agreement with those views. I hope we shall not be told that it cannot be changed. I think the fundamental principles of the Bill be such that they would go to the root of the structure. Here is a Government which has got a huge majority behind it. In England they are going about nationalisation of coal and steel industry. We know with what energy they are going about it. Here we have a huge majority and the party in power is committed to the nationalisation of industries. Why should they fight shy of nationalisation. If it is not now, I do not know when Government will be able to do it. The Congress has repeatedly declared that all industries shall be nationalised. What is the reason why it should not be nationalised now. This Government is run by those who belong to the Congress organisation and the fundamental principle of that organisation is the nationalisation of all industries. In the Industrial Conference we were told there were 18 industries which should be treated as key industries, and nationalised. Opposition was put by the millowners and capitalists and the Government gave in. I am afraid that the very fundamental policy on which we have been elected

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and returned to this House is being set at naught. I do not think any Government has got the right or the authority to do that. I therefore very strongly support what my Honourable friends Prof. K. T. Shah and Diwan Chaman Lall said. I want that this Corporation must be completely State-owned. It must have a larger capital which should be drawn from all parts of the country and even from the humblest person. It must be a Corporation which should be able to execute in a very short time a comprehensive national plan, which will put our country in the forefront of the nations of the world, so that we might make up the leeway, on account of which we have been under slavery for 200 years. The Finance Minister has a very great responsibility on his shoulders. On him has fallen the burden of putting our nation in the forefront of the world. I know he is changing but I wish he changed more rapidly. I wish he could come forward and say that this Corporation is a completely State-owned organisation, that he will not have private capitalists and that every pie would be contributed by the State, so that a programme would be evolved not only for industry, but also for agriculture. I shall not speak of agriculture, as you have ruled it out. But I think the Bill must deal with the whole structure of the nation. It should be a structure where both agriculture and industry would be integrated. All the various plans that have been made take into account all aspects of the nation's life, agriculture and industry as well. I think that an Industrial Corporation like this must be able to finance the entire programme of reconstruction and planning which the Government wants to put before the country. I know the Government wants to do it and will do it but if the very fundamental principles of the Bill are on a private industrial basis I do not think that they shall be able to fulfil our aims and objects. I therefore want that this Bill must be changed. I hope the Finance Minister will not stand on prestige, that once the Select Committee has approved of the Bill in this form it must be passed as it is. This is a very important Bill which is a sort of key to all the key industries. I therefore think that this Corporation should be completely nationalised and there should be no place for any private enterprise.

I fully agree with all the other suggestions made by my Honourable friends regarding the details of the Bill. I only want that this Bill should be recast or remodelled in this manner. It should be made a comprehensive Bill to finance a comprehensive plan for the fuller development of the nation. If the Finance Minister does that he would be the first great Finance Minister that this country has had. In fact if a big national plan is put forward and the Finance Corporation takes it upon itself to finance that plan, the whole outlook of the country will change. People will realise that some thing is being done. At present people do not know whether any nationalisation will take place, in spite of the repeated assurances given by the Prime Minister. The Government may be busy otherwise at the moment but when they see this Bill which provides for a capital of ten crores by private capitalists, people will lose heart. I therefore want that the Government should put a plan before the House and execute it through this Bill and that will give a complete answer to all those people who have no faith in the Government. Make this Corporation a completely State-owned organisation, wherein private capital will not be allowed. Then the whole country will become completely satisfied that the Government is putting the key stones to the arch of nationalisation of key industries in the country. Today we have got no plan according to which we are working. The other day our Prime Minister told us how Russia is working, where people have no time to make furniture for our embassy: whereas in our country there are many people who are still unemployed, there are graduates without any employment. There are thousands of refugees who have no work. If a compre-

hensive plan is put forward and financial arrangements are made in this Bill I am sure that we can utilise for the benefit of the nation the energies of all those people who are competent. I therefore think that this Bill which is a very important Bill can become the corner stone of the edifice of nationalisation of key industries if it is recast and it contains a small statement that certain important industries will be financed by this Corporation as national concerns. In the Industries Conference when we discussed the nationalisation of 18 key industries the capitalists raised their opposition. They said that if the Government did it they would have nothing to do with it. The Government was scared. They did not put all those industries in the resolution. A compromise was arrived at. The Government is bound to nationalise all the industries and they have to make financial arrangements for it. It is in this Bill all that can be done, and if it is done, the Prime Minister can proudly go about saying that the Government have made the necessary financial provision for the nationalisation of key industries. I am not just now going into the provisions of the Bill clause by clause which I think will be done at the proper time from the amendments I see on the Order Paper. But I do wish that in reply to the general debate the Honourable the Finance Minister should tell us that he wants to fulfil the hopes that all the industries shall be nationalised and that he does want that this thing shall be a completely State enterprise. I will then congratulate him and he would also, I hope, inspire the people with his great vision, which I know he has got, by putting before us, as he said last time, a new Budget this time which will be something worthy of Free India. He has promised us that and I am looking forward to that Budget. This will be the occasion when he can tell us that he is proceeding on proper lines, and we want him to do so.

If even at this time we are not proceeding at the pace at which we should proceed then we shall not be able to reach our place in the comity of nations. At present it is a disgraceful thing that our representatives at the U. N. O. should be treated as if they belonged to a third rate power. At present we are really so and we should be ashamed of it.

**Mr. Chairman:** Does the Honourable Member propose to continue his speech?

**Prof. Shibban Lal Saksena:** Yes, Sir.

**Mr. Chairman:** He may do so tomorrow.

*The Assembly then adjourned till Eleven of the Clock on Tuesday, the 10th February 1948.*