

Thursday
10th February, 1949

**THE CONSTITUENT ASSEMBLY OF
INDIA (LEGISLATIVE) DEBATES**
(PART I—QUESTIONS AND ANSWERS)

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(LEGISLATIVE)
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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)
DEBATES

(PART I—QUESTIONS AND ANSWERS).

Thursday, 10th February, 1949.

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

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS.

AMOUNT REALISED BY DISPOSALS DIRECTORATE FROM SALES

*265. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Industry and Supply be pleased to state what was the amount of sales by the Disposals realised from July 1948 to date month by month?

(b) What is the amount from disposals still remaining to be realised and when are all articles likely to be disposed of?

(c) What is the total amount so far realised from the beginning to date?

The Honourable Dr. Syama Prasad Mookerjee: (a) The amounts realised from sale of surplus stores and salvage are as under:

July, 1948	1,20.50 lakhs.
August, 1948	1,20.32 lakhs.
September, 1948	1,68.01 lakhs.
October, 1948	1,00.28 lakhs.
November, 1948	88.06 lakhs.
December, 1948	86.44 lakhs.

(b) The book value of surplus stores awaiting disposal at the end of December, 1948 was Ra. 141.31 crores. In addition, there were 1,18,190 tons of military salvage and process scrap to be disposed of.

At the moment the disposal of certain stores is under an embargo pending an examination of the requirements of the ministries of Defence and of Relief and Rehabilitation. It is, therefore, not possible to forecast at this stage when the balances are likely to be disposed of. If the embargoes are lifted, about 75 per cent. of the stores can probably be disposed of in a year.

(c) The total sale value of surplus stores and military salvage and process scrap sold upto the end of December, 1948, amounts to Ra. 145.18 crores.

Shri R. K. Sidhva: Is there any likelihood of removing this embargo of Government whereby this Ra. 145 crores of goods can be disposed of easily?

The Honourable Dr. Syama Prasad Mookerjee: The Ministry of Defence has agreed that the embargo will be lifted and we are now completing our discussions with the Ministry of Relief and Rehabilitation.

Shri R. K. Sidhva: May I know how many agencies operate in each region for the disposal of these articles?

The Honourable Dr. Syama Prasad Mookerjee: There are mainly half a dozen main centres in different parts of the country, and there are officers selected in relation to the quantities that are to be disposed of in the depots.

Shri B. K. Sidhva: My question was that in one region, for instance, Bombay, who is the authority to dispose of articles? Is it a fact that not only regional officers decide certain things but the disposal of certain other articles are decided by the Iron and Steel Commissioner? Is this a practical proposition?

Mr. Speaker: The last part of the question is a matter of opinion. That need not be answered. The information asked for in the first part may be given.

The Honourable Dr. Syama Prasad Mookerjee: The policy is laid down by Government. It is implemented under the authority of the Director-General who is in Delhi. There are Regional Commissioners such as in Calcutta, Bombay and Madras and there are Directors serving under the Regional Commissioners. There are officers who are placed in charge of each depot, but all work under the directive policy of the Director General.

Shri B. K. Sidhva: That is all right. But may I know whether Regional Commissioners can dispose of certain articles which are in the jurisdiction of say, Delhi?

The Honourable Dr. Syama Prasad Mookerjee: I do not understand what the honourable member means.

Shri B. K. Sidhva: My point was whether the Regional Officer has an authority to dispose of goods lying in that region, say Bombay: or has he to take permission of the Iron and Steel Commissioner from the Head Office there?

The Honourable Dr. Syama Prasad Mookerjee: So far as Iron and Steel are concerned, we put the entire stocks in the common pool and they are not allowed to be sold by the Regional Commissioner except under the authority of the Iron and Steel Controller in accordance with the All-India programme.

Shri B. Shiva Rao: Has my honourable friend a complete inventory of all the articles in the disposals?

The Honourable Dr. Syama Prasad Mookerjee: Well, we have prepared an inventory and we have tried to make it as complete as possible.

Shri B. Shiva Rao: Is it not a fact that there are many cases lying unopened in Bengal and his Ministry is ignorant of the contents of those cases?

The Honourable Dr. Syama Prasad Mookerjee: I think the contents are known but some cases are unopened because if you open them they may be completely spoilt.

Shri T. T. Krishnamachari: May I know if all the goods which are to be transferred to the Disposals by the Defence Department have been transferred, or does the Honourable Minister expect further transfers from the Defence Department?

The Honourable Dr. Syama Prasad Mookerjee: The Defence Department has now agreed that there will be quicker sales. There are certain things which they want for their own use. But so far as the bulk of the stock is concerned, they are now prepared to release them.

Shri V. C. Kesava Rao: How much time will the Ministry take to dispose of these articles?

The Honourable Dr. Syama Prasad Mookerjee: If the embargoes are lifted, 75 per cent. should be disposed of in the course of 1949.

Shri T. A. Ramalingam Chettiar: Have not all these articles deteriorated, being exposed to sun and air?

The Honourable Dr. Syama Prasad Mookerjee: Of course some of these stocks are deteriorating. There is no doubt about it.

Prof. N. G. Ranga: Have Government begun to implement the recommendations of the Defence Department that whenever any department wants any popular machine or goods, and it makes an enquiry to the disposals, the Disposals Officer who is in charge of it should certify that that particular commodity or machine is not available with him?

The Honourable Dr. Syama Prasad Mookerjee: What we have now done is this. Our priority indentors are the Central and Provincial Governments and the States. With regard to the next indentors, we have decided that we will give preference to organized industries so that the goods may not pass into the hands of middlemen and speculators and they may be utilised to the best advantage of the country. That policy is now being pursued.

Seth Govind Das: Is proper care taken to see that only such articles are disposed of which are not required by the Government in future?

The Honourable Dr. Syama Prasad Mookerjee: I think I have just answered that the first priority indentors are the Central Government, the State Governments and Provincial Governments; next comes the organised industry, before we sell them to the ordinary traders. If the organised industry can use them to their best advantage we give them preference.

Shri B. Das: Is the Honourable Minister not changing his time-table of winding up the Directorate of Disposals from six months to one year from now? Will the Honourable Minister consider handing over the different stores to the various Ministries concerned according to their needs and wind up the Directorate of Disposals?

Mr. Speaker: Order, order.

Pandit Hirday Nath Kunzru: Since the publication of the report of the Disposals Utilization Committee, what steps have been taken by the various Ministries to see what material would be useful to them?

The Honourable Dr. Syama Prasad Mookerjee: We have circularised the list to all the Ministries and the delay that has occurred is mainly due to the time which various indentors under the Government took for the purpose of determining how quickly they can utilise it. That stage is over and we have their replies more or less complete.

Pandit Hirday Nath Kunzru: Will the Honourable Minister please tell us what proportion of the material will be utilised by these Departments of the Government of India put together, and what will remain to be disposed of?

The Honourable Dr. Syama Prasad Mookerjee: I suppose about 20 to 25 per cent. should be utilised by the Government departments and the Provincial Governments.

Pandit Hirday Nath Kunzru: Does that include the Defence Department?

The Honourable Dr. Syama Prasad Mookerjee: I am excluding the Defence Department.

Pandit Hirday Nath Kunzru: Why has the Defence Department been so dilatory in making an examination?

Shri R. K. Sidhva: May I know whether the retail shops opened in certain cities are continuing? Are they also experiencing delays?

The Honourable Dr. Syama Prasad Mookerjee: They are continuing in some places. There is one in Connaught Circus in Delhi. I will give the honourable member the address in case he desire to make some purchases.

ANIMALS FROM PAKISTAN FOR GOVERNMENT DAIRY FARMS

*266. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Agriculture be pleased to state whether it is a fact that Government obtained a permit last year to import animals from Pakistan for Government Dairy Farms?

(b) Have the animals been purchased?

(c) If so, at what price were they purchased and were enquiries made from various concerns before making the purchases?

The Honourable Shri Jairamdas Doulatram: (a) Yes. Permit for importing 550 animals from Pakistan was obtained last year—which is valid upto the 30th June, 1949.

(b) Only 150 animals have been purchased so far, and brought to the Cattle Breeding Research Station, Jubbulpore. The purchase of the rest is under consideration.

(c) The animals were purchased at a contracted price of Rs. 700 F.O.R. Jubbulpore for each cow yielding 15 lbs. of milk per day. The price was increased or decreased by Rs. 10 per lb. according as the milk yield, which was taken at Jubbulpore, was more or less than 15 lbs. Five of these cows, which were dry at the time of purchase, were purchased at Rs. 700 per head F.O.R. Jubbulpore. Two bulls were purchased at Rs. 700 F.O.R. Jubbulpore while one pedigree bull was purchased at Rs. 800 F.O.R. Jubbulpore.

Necessary enquiries were made before fixing up two contractors viz., (i) M/e. J. R. Patel & Sons, and (ii) All India Livestock Supply Agency, Karachi, which are the only two firms in Sind who could undertake supplies of large number of cattle.

Shri R. K. Sidhva: Have I clearly understood the Honourable Minister that the lowest price for an animal was Rs. 700?

The Honourable Shri Jairamdas Doulatram: Yes.

Shri R. K. Sidhva: May I know whether quotations were invited from the two firms mentioned by the Honourable Minister and whether this was the lowest quotation?

The Honourable Shri Jairamdas Doulatram: It was not a question of the lowest: it was also a question of the yield of the cow.

Shri R. K. Sidhva: Consistent with the yield may I know whether any other firms in Karachi quoted rates lower than Rs. 700?

The Honourable Shri Jairamdas Doulatram: Not, so far as I know.

Shri R. K. Sidhva: May I know who went to make the purchase?

The Honourable Shri Jairamdas Doulatram: Sir Datar Singh, the Vice-Chairman of the Indian Council of Agricultural Research.

Shri R. K. Sidhva: May I know why the Dairy Development Officer, who has been making purchases of cattle, was not sent?

The Honourable Shri Jairamdas Doulatram: In this matter, because we were dealing not with any part of India but we were dealing with Pakistan, special arrangements had to be made and we wanted some man of influence. And because of his personal intimacy with a number of men in Pakistan, both official and non-official, we selected Sir Datar Singh deliberately.

Shri R. K. Sidhva: Why could not the Dairy Development Officer be sent to Pakistan as had been done before?

The Honourable Shri Jairamdas Doulatram: He might have gone there before but under the new set up it was felt that Sir Datar Singh was a particularly influential man who would secure a good bargain.

Shri V. C. Kesava Rao: Out of the 150 animals imported may I know how many were cows and how many stud bulls?

The Honourable Shri Jairamdas Doulatram: Two or three were bulls and the rest were cows.

Seth Govind Das: Out of 550 cattle which were going to be purchased only 150 have been actually purchased. Is it not a fact that on account of the small number the work at the Jubbulpore Dairy Farm is being hampered and is not in full swing?

The Honourable Shri Jairamdas Doulatram: We wanted to purchase more—150 from Karachi and 250 from Lahore. But now on account of famine conditions in Cutch we find that we will be able to purchase similar cows at Rs. 100 to 150 per cow. Therefore the intention is to purchase them now from Cutch.

Seth Govind Das: Is it not a fact that at the time when this permit was taken from the Pakistan Government there was no famine in Cutch? I want to know why at that time these cattle were not purchased and only about 150 were purchased from that side.

The Honourable Shri Jairamdas Doulatram: As I said, it was felt that they would be able to supply the pure breed of Sindhi but later on it was found that from Cutch also we would be able to get a fairly good supply of cattle.

Sardar Bhopinder Singh Man: Out of these purchases made, did Sir Datar Singh purchase any of his own cattle?

The Honourable Shri Jairamdas Doulatram: No, he has no cows at Karachi.

Prof. N. G. Ranga: Is it not a fact that this officer used to be the Dairy Expert of the Government of India and more than 1,000 pedigree cattle of his own were confiscated by the Pakistan Government?

The Honourable Shri Jairamdas Doulatram: Yes.

Shri R. K. Sidhva: May I know whether the Government have got receipts from the company from which these animals were purchased? Have the Government obtained receipts for the payment of the price of these animals from the company, from whom they were purchased?

Mr. Speaker: What is the suggestion behind the question?

Shri R. K. Sidhva: I want to know whether vouchers were obtained for payment of the price of these animals.

Mr. Speaker: What is the suggestion of the honourable member? He is going into unnecessary administrative details.

Shri R. K. Sidhva: I want to know whether the company which actually sold the animals issued the receipts in their own name.

Mr. Speaker: I do not think the Honourable Minister need answer the question.

Shri Mohr Lal Chattopadhyay: What are the different breeds of cattle that have been purchased?

The Honourable Shri Jairamdas Doulatram: I will not be able to say definitely. There are two breeds called the Sindhi and Tharapad breeds. I will not be able to say definitely how many of each of these two breeds have been purchased.

Shri R. K. Sidhva: Sir, I only wanted to know whether the company which sold the animals issued the receipts.

Mr. Speaker: The question goes into unnecessary administrative details and it is therefore disallowed.

FOOD GRAINS IMPORTED FROM FOREIGN COUNTRIES ✓

*267. **Shri B. K. Sidhva:** (a) Will the Honourable Minister of Food be pleased to state the quantity and price of all kinds of cereals purchased from various countries and total amount paid for them—each item separately with the names of countries from where they were purchased each year—for the years 1945, 1946, 1947 and 1948?

(b) How many delegations were sent to foreign countries to make such purchases?

(c) What are their names (for each year separately) and what is the total amount of expenses incurred on such missions?

(d) Has any transaction been made by correspondence during these years with any foreign countries by the Government of India? If so, what are the details thereof?

The Honourable Shri Jai Ramdas Doulatram: (a) to (c). Two statements giving the requisite information are laid on the table of the House.

(d) The purchase of foodgrains from abroad is a continuing process and some transaction or the other is pursued through correspondence every day. It is only when there is a big deal being negotiated and the purchase necessitates a negotiation at the spot that a delegation is sent.

STATEMENT I

Particulars of food delegations sent abroad for making purchases of foodgrains during the years 1945-48

Serial No.	Year in which delegation was sent	Object of delegation	Name of the member of the delegation.	Place of meeting	Estimated cost
1	1946 (Sept.-November)	To obtain export licences from Argentina Government in respect of food grains purchased by the Government of India.	Dewan Chaman Lal (Leader) Mrs. Chamanlal (Non-official) Mr. J. R. Modi (I.T.C. Buenos Aires). Kunwar Jit Singh Secretary of delegation. Mr. M. D. Appostolides, O. S.D. and Technical Adviser to the delegation.	Argentina	Rs. 72,000/-
2	1946 (October-November)	To explore possibilities of obtaining food grains from Middle East.	Mr. Ijaz Ahmad	Middle East countries	Rs. 6,500/-
3	1947 (January-February)	Procurement of food grains from Turkey.	Major General A. C. Arnold	Turkey	Rs. 4,571/-
4	1947 (January-February)	Purchase of Turkish wheat and other grains through U. K. Government.	Sir Robert Hutchings	U. K.	Rs. 8,370/-
5	1947 (July-August)	To negotiate import of food grains from Argentina.	Mr. J. Veeugar (Leader) Mr. G. S. Rau.	Argentina	Rs. 33,900/-
6	1947 (September-November)	To negotiate purchase of food grains from Iraq and Iran.	Mr. Modi } Already in Mr. Appostolides } Argentina	Iraq and Iran	Rs. 7,000/-
7	1947 (October-November)	To negotiate purchase of wheat from Australia.	Sir Reghunath Panjajyr (Leader). Mr. Neville Wadia (Non-official adviser). Mr. Vishnn Babay—Member. Mr. A. L. Sakema—Member.	Present in Australia Australia	Rs. 25,000/-

1	2	3	4	4	
8	1947 (December)	For purchase of paddy from Nepal	<p><i>Hon'ble A. N. Sinha</i> Mr. G. S. Rau Mr. B. D. Fande Mr. Ram Kidar Singh Dewan Bahadur Radhakrishnan Jalari.</p>	Nepal	Rs. 1,760/- were spent by Food Ministry. The total cost is however not known as the pay and allowances of the leader and the member of the delegation were paid by their respective Governments or Ministries.
9 & 10	1948 (February-March) 1948 (May-September)	To settle outstanding points in regard to rice-maize barter agreement with Egypt, and to super-vice the delivery of maize to Egypt and shipping of rice from Egypt.	(a) Mr. H. L. Khanna (b) Mr. H. L. Khanna	Egypt Egypt	Rs. 9,616/12/- Rs. 14,500/-
11	1948 (May - July)	To negotiate purchase of wheat and to settle outstanding disputes in regard to Indo-Australian Agreement.	Sir Datar Singh Mr. A. L. Sateena.	Australia	Rs. 16,860/-
12	1948 (September-December)	In connection with the purchase of rice from French Indo-China.	Mr. T. M. Gurbarani	Saigon	Approximately Rs. 7,400/- (full account not yet received).
13	1948 (Nov.-December)	In connection with the purchase of food grains.	Mr. Visbnu Sahay, I. C. S. Mr. Ratilal Gandhi. Mr. Parameswaran Pillai (I. T. C. Designate present in Australia).	Australia	Approximately Rs. 17,382 (full account not yet received).

STATEMENT II

Import of foodstuffs from abroad during the years 1945, 1946, 1947 and 1948 and their value.

(Quantity in '000 tons.)
(Value in lakhs of Rupees)

	1945	1946	1947	1948	
Commodity	Quantity	Value	Quantity	Value	Names of countries
Wheat	793	1868	1188	3789	Australia USA Canada Turkey
					Australia USA Canada Argentina Turkey East-Africa Brazil Abyssinia
Wheat-ster	11	24	162	621	Australia UK USA
					Australia USA Canada
Bamboo	..	..	..	..	Australia
Else	46	180	836	1307	Burma Siam Szechuan Siam Brazil Indonesia
					Burma Siam Brazil Szechuan Siam Brazil Indonesia French Indo-China Indonesian
Milk	..	..	806	1049	Burma USA Argentina
					Abyssinia Burma USA Turkey Argentina East Africa Iraq Aden
			219	862	East Africa
			108	1057	Australia USA Canada
			660	2787	Australia USA Canada Argentina Brazil East-Africa
			..	..	Australia
			8	..	Burma Siam Brazil Szechuan Siam Brazil Pakistan Egypt France Indo-China
			808	5074	Argentina East Africa
			293	1164	East Africa

Millets	62	217	27	69	16	51
	{	Iraq Australia Ceylon Abyssinia East Africa Egypt Algeria	{	East Africa Argentina Iraq Abyssinia Australia	}	}
Barley	132	512	212	742	154	639
	{	Iraq Turkey Egypt Australia USA	{	Argentina Australia	}	}
Milo	64	169	506	1494	202	380
	.	USA	.	USA	.	.
Oats	24	70	8	23	..	..
	.	Canada	.	Canada	.	.
Total	850	2040	2330	9379	2840	12959

Shri B. K. Sidhva: Out of the four years, during which year the lowest price was paid for wheat and rice?

The Honourable Shri Jairamdas Doulatram: I am afraid I will require notice of that.

Shri B. K. Sidhva: The Honourable Minister has said that the information called for by me is placed for information on the table of the House.

Mr. Speaker: The honourable member may read that statement.

Shri B. K. Sidhva: The Honourable Minister can give me the answer from the statement.

Mr. Speaker: The Honourable Minister need not go into the statement at all. I do not propose to encourage the practice of getting statements read out here, the effect of which would be that, the particular question would continue for a long time and further questions for oral answer would be barred.

Shri B. K. Sidhva: May I submit in that case the statement should be supplied to the members one hour in advance?

Mr. Speaker: That is a different matter which I shall have to consider.

Shri Biswanath Das: The difficulty of honourable members here is that the statements are not read but they are placed on the table of the House, and it is not possible for us to make them available for months together. How are we under the circumstances, to frame supplementary questions?

Mr. Speaker: The first difficulty is created by the nature of the questions. If a question requires a statement of information, then necessarily a statement has to be made, if full information is to be given.

As regards the other point, namely the difficulty of members in getting the statements, a set of statements together with the answers is on the table of the House and another set of the statements and answers is placed in the library, so that any honourable member who wishes to see any answer or statement given to a question on a particular date can easily have access to them. I quite agree that the official publication of the debate takes a long time. I do not, however, see any present or immediate prospects of our being able to expedite the publication of these questions and answers so long as this House does not possess a press of its own. As I have already stated, so far as the other facilities are concerned, a set of answers is always placed on the table of the library immediately they are laid on the table here. It is available here too with the Secretary during the course of the day.

Shri Biswanath Das: May I make another submission? It is not correct to . . .

Mr. Speaker: The honourable member can do so after the question hour is over.

Shri H. V. Kamath: In view of the fact that India has been able to obtain considerable quantities of wheat from the U.S.S.R. without a delegation or a mission being sent there, why was it considered necessary by Government to send missions and delegations to other countries to negotiate the purchase of these cereals?

The Honourable Shri Jairamdas Doulatram: We did not get the entire amount of wheat from Russia. I might explain that negotiations are conducted at different times and at each time it is not that the country with which we negotiate is prepared to give the maximum amount. Therefore in the case of U.S.S.R. we had to undertake negotiations on two different occasions. On the first occasion we were able to secure 50,000 tons. Later, after about three or four months they were able to make us another offer. So the entire

amount is not negotiated at one particular time. We had to negotiate with Australia also; the demand for wheat is much more than we have been able to secure from these two countries.

Shri H. V. Kamath: My question was why did Government consider it necessary to send delegations to other countries to negotiate the deal while Government did not send one to Russia but in spite of that we got wheat from Russia.

The Honourable Shri Jairamdas Doulatram: That happens in the case of other countries also. We do not always send a delegation. Delegations are sent only where other contacts are not available.

Shri B. P. Jhunjhunwala: Apart from the food grains purchased through the negotiation of delegations from Governments, were any food grains purchased through private parties during any of the years and if so at what rates? What is the difference between the rates offered by private parties and the rates at which food grains were purchased through the delegation?

Mr. Speaker: I am afraid the loud consultations inside the House disturb the proceedings.

An Honourable Member: They are more on the Treasury Benches, Sir.

Mr. Speaker: Will the honourable member please repeat his question?

Shri B. P. Jhunjhunwala: I want to know whether any offers for the supply of foodgrains were received from private parties and if so at what rates; and whether any offers were refused though they were at cheaper rates.

The Honourable Shri Jairamdas Doulatram: I think a few thousand tons in all have been purchased through private trade in some of the East African countries. There are cases where we have refused to accept the offers though at reduced prices. The reason is this. Some grain was offered through the Government and we found the grain rotten and unusable, and therefore rejected those Government offers. The same grain was offered to us through private trade and we had to refuse it.

Shri Mahavir Tyagi: What is the method whereby the Ministry decides upon the prices of various grains which are had from different countries?

Mr. Speaker: I am afraid it is too vague a question to be answered.

Shri S. V. Krishnamoorthy Rao: Cannot these purchases be made through the Commercial Attaches of our Embassies so as to save the cost involved in sending these delegations?

The Honourable Shri Jairamdas Doulatram: The purchases for instance in the United States and Canada are conducted through the Indian Supply Mission who represent the Government of India. In regard to most of the East Asian countries these are done through our own Embassies who represent our country there. In regard to these transactions there are consultations held by the Food Ministry with the Ministry of Finance, and sometimes with the Ministry of Commerce and the Ministry of Industry and Supply also, because there are certain barter transactions and therefore in regard to fixing up of these rates more than one Ministry has a hand. In the case of the main purchases it is done through our own official organisations.

Seth Govind Das: Is it not a fact that the grain which was supplied by private parties from East Africa was satisfactory and is it not also a fact that they were ready to supply more at reasonable prices?

The Honourable Shri Jairamdas Doulatram: Wherever the grain is satisfactory and the price also is satisfactory we do accept the offers. There can be no reason for rejecting them because we do want foodgrains. But where the quality or the rate is unfavourable we do not accept the offers.

Seth Govind Das: The Honourable Minister stated that the grain which was received from private parties was rotten. I want to know whether it is not a fact that the grain received from East Africa from private parties was satisfactory and whether it is not also a fact that they were ready to supply more grain of the same quality at reasonable prices?

The Honourable Shri Jairamdas Doulatram: If the honourable member has got any particular instance of this in view I am prepared to go into it. But so far as I know the rejection was only on the ground that it was not acceptable because of quality, and may be also because of the price.

Shri Mahavir Tyagi:—Has any instance come to the notice of the Honourable Minister of refusal by his secretariat to accept many thousand tons of wheat from Australia at much cheaper rates offered by a private person?

The Honourable Shri Jairamdas Doulatram: I am not aware, but I will enquire into that.

Shri R. K. Sidhva: May I know whether the quality received is identical with the quality for which contract is made from time to time?

The Honourable Shri Jairamdas Doulatram: This is normally so, but the contracts provide also for the occasion when we find that the quality is not as contracted for, and a provision is made for a different rate being paid on that ground. Normally the quality is what has been contracted for. In Australia and in some of the European countries there are established organisations recognized by all Governments which test the quality.

Prof. N. G. Ranga: In the light of the information given by the Honourable Minister and the supplementaries put, may I ask the Honourable Minister whether he would consider the advisability of himself personally going into these various transactions and of seeing to it that everything is all right, or if there is anything wrong it is put right?

Mr. Speaker: It is a suggestion for action.

Shri Mahavir Tyagi: What is the policy with regard to private persons who offer to import wheat and other grains at much cheaper rates from foreign countries? Are Government prepared to accept such offers?

The Honourable Shri Jairamdas Doulatram: Government is always prepared to accept such offers. But honourable members may realize that in most cases it is a government to government deal. In most of the countries sales outside are controlled. When we purchase from America for instance, we do not purchase directly from private traders. It is Government which controls transactions.

LANDING FEES RECOVERED FROM AIRWAYS COMPANIES

*268. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Communications be pleased to state the total amount of landing fee at various aerodromes recovered during the years 1947 and 1948 from all airways companies, giving the figure for each company separately?

(b) Are the companies required to pay the said fees in advance and if not, within what period?

(c) Is there any landing fee, outstanding against any company and if so, what are the names of the companies and what is the amount due from each?

(d) Were any efforts made to recover the dues and if so, with what result?

Shri Khurshed Lal (Deputy Minister for Communications): (a) and (c). I lay on the table of the House two statements giving the required information.

(b) The landing fees are payable at the time of use of the aerodromes, or, in the case of approved regular users, on demand at the end of each calendar month.

(d) There are only three cases in which the arrears are at all considerable. Efforts are being made to recover the arrears and it is expected that the matter will be settled at an early date.

STATEMENT I.

Amount recovered from various airline companies in 1947 and 1948 on account of landing charges.

1947.—

Rs.

1. Air India Limited	1,55,439
2. Bharat Airways	24,122
3. Indian National Airways Limited	1,11,978
4. Airways (India) Limited	10,266
5. Indian Overseas Airlines Limited	38,008
6. Air Services of India Limited	41,127
7. Dalmia Jain Airways	15,907
8. Deccan Airways	36,582
9. Jupiter Airways	5,925
10. Air Survey Company of India.	2,298
11. Indian Air Survey & Transport Limited	490
12. Asiatic Aviation Corporation	84
13. K. L. M. Royal Dutch Airlines	22,650
14. British Overseas Airways Corporation	70,950
15. Pan American Airways	12,600
16. Trans World Airways	12,400
17. Orient Airways	8,994
18. China National Airways Corporation	8,940
19. Air Ceylon	1,100
20. Air France Limited	150
21. Ambica Airlines	4,380
22. Tata Aircraft Limited	41
23. British Aviation Services London	40
24. London Aero Motor Service	25
25. South East Airways	25
26. Aeronautical Corporation of India	13
27. Aeronautical Airways Corporation	15
Total	8,84,539

1948.—

Rs. A. P.

1. Air India Limited	1,92,362	8	0
2. Bharat Airways	88,099	8	0
3. Indian National Airways Limited	81,974	0	0
4. Airways (India) Limited	59,467	0	0
5. Indian Overseas Airlines Limited	57,239	0	0
6. Air Services of India Limited	55,398	0	0
7. Dalmia Jain Airways	46,797	0	0
8. Deccan Airways	29,727	0	0
9. Air India International	21,900	0	0
10. Jupiter Airways	5,435	0	0
11. Kalinga Airlines	2,803	0	0
12. Air Survey Company of India.	2,739	0	0
13. Air Transport Limited	1,575	0	0
14. Indian Air Survey & Transport Limited	336	0	0
15. Indian Overseas Airways Corporation	325	0	0
16. Hindustan Aircraft Company, Limited	100	0	0
17. Asiatic Aviation Corporation	73	0	0
18. Nalanda Airways	44	0	0
19. K. L. M. Royal Dutch Airlines	1,06,800	0	0
20. British Overseas Airways Corporation	72,740	0	0
21. Pan American Airways	45,000	0	0
22. Trans World Airways	26,400	0	0

	Rs.	A. P.
23. Orient Airways	13,227	8 0
24. China National Airways Corporation	8,815	0 0
25. Air Ceylon	7,328	0 0
26. Pak Airways	2,775	0 0
27. Air France	650	0 0
28. Union of Burma Airways	60	0 0
GRAND TOTAL	9,30,086	8 0

STATEMENT II

Landing fees outstanding for more than 3 months on 31st December, 1948 against various airline companies.

	Rs.	A. P.
1. Ambica Airlines	*78,758	0 0
2. Orient Airways	*20,078	8 0
3. Jupiter Airways	*19,452	0 0
4. Air India Limited	5,110	0 0
5. Deccan Airways	2,375	0 0
6. Kalinga Airlines	901	0 0
7. Indian Overseas Airlines	750	0 0
8. Air India International	600	0 0
9. Hindustan Aircraft	300	0 0
10. Air France	250	0 0
11. Aeronautical Corporation of India	21	0 0
12. Asiatic Aviation Corporation	21	0 0
Total	1,28,617	8 0

*Includes bills upto December, 1948.

Shri B. K. Sidhva: If the answer to part (b) is that the fees are paid in advance, may I know why exceptions were made in the three cases?

Shri Khurshed Lal: As I have said they are not always payable in advance. In the case of approved regular users they are payable on demand at the end of each calendar month.

Shri B. K. Sidhva: What is the system now? Is it payable at the end of the month or in advance?

Shri Khurshed Lal: The fees are payable in advance, but in the case of regular users they are payable at the end of each calendar month. Both the systems prevail.

Shri B. K. Sidhva: Is the Government likely to recover the arrears in these three cases?

Shri Khurshed Lal: I hope so.

Shri B. K. Sidhva: Is it not a fact that Ambica Airways has already gone into liquidation?

Shri Khurshed Lal: Yes, they have gone into liquidation. But my information is that Government also owe them money for operations in Kashmir.

AUTOMATIC MACHINE FOR SORTING AND STAMPING LETTERS

*269. **Shri B. K. Sidhva:** (a) Will the Honourable Minister of Communications be pleased to state whether it is a fact that the British Post Offices have introduced a machine which automatically sorts, arranges and post marks letters?

(b) Is it a fact that this machine can pass 600 letters in a minute?

(c) Do Government intend to introduce such machines in India?

(d) What is the cost of the machine and have the Postal authorities in India made any experiment in this regard?

Shri Khurshed Lal (Deputy Minister for Communications): (a) and (b). As far as I am aware the British Post Offices have not yet introduced any machine of the kind mentioned, but they are reported to be working on experiments in this direction.

(c) Government will certainly consider the introduction of such a machine in India if the experiments prove successful.

(d) As no such machine has yet been manufactured it is too early to say what it will cost or to make experiments.

Shri R. K. Sidhva: Is it not a fact that the British Post Office research station engineers have announced that such a machine does exist?

Shri Khurshed Lal: As far as my information goes they are only on an experimental stage yet.

Shri H. V. Kamath: Before thinking of introducing such a machine in India will Government bear in mind that the introduction of such a machine might lead to unemployment on a large scale?

Mr. Speaker: Order, order.

COLLECTION OF RENT FOR TELEPHONES FROM SUBSCRIBERS IN DELHI

*270. **Dr. V. Subramaniam**: (a) Will the Honourable Minister of Communications be pleased to state whether it is a fact that in the Delhi Telephone District, Telephone rent bills are sent to the telephone subscribers by ordinary post, and that there is a general complaint by the subscribers that the bills were not received by them in time?

(b) Has any arrangement been made so far by the Telephone Revenue Branch for handing over the bills direct to the subscribers and collecting the amount direct or to receive the bill amount through counters opened at convenient places in Delhi?

(c) Is it a fact that payment of telephone rent bills can be made at any Post office by cheque or cash but when paid, the Post offices take a long time to intimate the receipt of payment to the Telephone District, New Delhi?

(d) Do Government propose to lay on the table of the House a statement containing a dozen cases at least in any one month in 1948 (say November, 1948 or December, 1948), giving particulars as to when the bills were sent, when the amounts were paid by the subscribers in different Post offices and in how many days the Post Offices concerned intimated the matter to the New Delhi Telephone District? ●

Shri Khurshed Lal (Deputy Minister for Communications): (a) Yes. Telephone bills are generally sent to subscribers only by post. Occasionally complaints regarding non-receipt of bills are received from some subscribers but there is no such general complaint.

(b) and (c). Subscribers are allowed to pay their telephone bills in cash or by cheque at any post office in Delhi or New Delhi. There is a post office in Eastern Court next door to the office of the Telephone District, New Delhi. In a few cases the intimation of payment has been received late in the Telephone District and suitable action has been taken against the officials at fault.

(d) A statement is laid on the table of the House.

STATEMENT

Particulars of a despatch telephone bills of Delhi Telephone District paid to post offices in November 1948

Serial No.	Name of Subscriber	No. and date of Bill (The date of bill shows the date of despatch)	Bill paid at Post Office on (Name) (Date)	Date on which Intimation of payment was received in Telephone Revenue Branch	Delay
1	Mr. B. Banerjee, Advocate, Federal Court,	6292 A/Rent dated 28-10-48	Delhi G. P. O., 2-11-48	3-11-48	No delay.
2	Mr. A. Hamid, Hamdard khana, Delhi.	5778/1C dated 28-10-48	Hamdard Dawakhana, 2-11-48	4-11-48	1 day.
3	M/s. Kupper and Co.	6973 dated 28-10-48	Delhi G. P. O. 23-11-48	24-11-48	No delay.
4	M/s. Bhagwan Dass & Co.	5056 dated 15-11-48	Delhi G. P. O., dated 19-11-48	22-11-48	2 days.
5	Mr. V. C. Kesera, 11 Gunning Lane	Eng./PE/44 dated 6-9-48.	Constitution House, dated 9-11-48	27-11-48	7 days.
6	The Manager, Associated Press, New Delhi.	ND 8769/dated 15-10-48	New Delhi H. O. dated 2-11-48	4-11-48	1 day.
7	Asstt. Secy., Industrial Finance Corp., New Delhi.	ND 2377 dated 28-10-48.	New Delhi H. O. dated 2-11-48	4-11-48	1 day.
8	Mr. J. C. De Aganti, Imperial Bank of India, New Delhi.	ND 7512 dated 28-10-48	New Delhi H. O. dated 2-11-48	4-11-48	1 day.
9	Secy., New Delhi Municipal Committee, New Delhi.	CP. 237 dated 15-11-48	New Delhi H. O. dated 29-11-48	30-11-48	No delay.
10	Ditto.	CP. 236 dated 15-11-48	Ditto	Do.	Do.
11	Mr Ganpat Rai, B.A., L.L.B., Panchkuin Road, New Delhi.	51, 7982 dated 28-11-48	New Delhi H. O. dated 30-11-48	1-12-48	Do.
12	Mr. Bageshwar Nath, Government Contractor, New Delhi.	7932 dated 28-10-48	Connaught Place	6-11-48	Do.

Shri H. V. Kamath: Have any cases come to the notice of the Honourable Minister where telephones were disconnected merely because bills sent by post were not paid?

Shri Khurshed Lal: I do not recollect having seen any such case.

Prof. N. G. Ranga: Is the Honourable Minister aware of the fact that the names of several subscribers, including members of this House, do not appear in the latest Directory although they are still on the list of their subscribers?

Shri Khurshed Lal: I am not aware of any such case but if the honourable member would bring it to my notice I will look into it.

Shri Deshbandhu Gupta: Is it not a fact, Sir, that after August 1947 it was found that the accounts in the Telephone Office were in a hopeless condition and bills were therefore sent indiscriminately even to people who had already paid their dues and on that account some telephones were disconnected and people put to inconvenience?

Shri Khurshed Lal: That was so, but we have taken steps to put the matters right.

Prof. N. G. Ranga: Is any effort being made to reprint this new Directory in order to make it more correct than it is today?

Shri Khurshed Lal: I am not yet aware that the directory is not correct, but if the honourable member brings any cases to my notice I will see to it.

Mr. Frank Anthony: Is Government aware of the considerable confusion in this Department and the inconvenience caused by the delay in sending telephone bills which are usually received about 24 hours before the time limit set for their payment and the fact that reminders and threats of disconnection are sent long after bills have been paid?

Shri Khurshed Lal: We are taking steps to eliminate all such cases, and if the honourable member brings to my notice any such cases I will take action.

Dr. V. Subramaniam: Are the accounts checked very often to see that the bills have been paid?

Shri Khurshed Lal: Now they are.

Prof. N. G. Ranga: Are we to understand, Sir, that the Ministry has not received any complaints at all of the kind that have been just now made by Mr. Frank Anthony? That has been the case with so many of us, members of this House.

Shri Khurshed Lal: In all complaints which were received action was taken.

TELEPHONE EXCHANGES IN DELHI

*271. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Communications be pleased to state how many Telephone Exchanges there are in Delhi and New Delhi and what their capacity is?

(b) How many telephone subscribers are there in Delhi and how many of the machines are new ones?

(c) Will all the old machines be renewed and if so, when?

Shri Khurshed Lal (Deputy Minister for Communications): (a) Eleven Main Telephone Exchanges and fifty-three Private Branch Exchanges.

A list giving the names and capacity of the various exchanges and P. B. Xs is laid on the table of the House.

(b) 1604 and 558 respectively.

(c) Yes; by 1949-50.

STATEMENT

Names of Exchanges and Private Branch Exchanges

Name	Capacity of Exchange
<i>Names of Telephone Exchanges in Delhi and New Delhi</i>	
1. Connaught Place Exchange	4,500
2. Lothian Exchange	1,674
3. Old Seott. Exchange	100
4. Avenue Exchange	960
5. Shahjahan Road Exchange	450
6. Constitution House	800
7. Cononment Exchange	200
8. Raisina Exchange	120
9. Talkatora Exchange	160
10. Lothian Manual	600
11. R. A. X. for H.M.'s	50
	9,064

Names of Private Branch Exchanges in Delhi and New Delhi.

1. Combined Hospital	50
2. D. G. A. I. R.	150
3. Government House	200
4. Air Headquarters	500
5. Military Trunk Exchange	200
6. Caltex, Queensway, New Delhi	20
7. Statesman, Connaught Circus, New Delhi	80
8. Pran Nath Motors, Scindia House, New Delhi	8
9. Irwin Hospital	20
10. U. S. Information Service, Queensway, New Delhi	20
11. Hindustan Times.	20
12. Birla House	6
13. Thomas Cook & sons.	8
14. B. Lila Ram and Sons..	8
15. Tata and Sons. Ltd.	8
16. U. K. High Commissioner, 0, Albuquerque Road	100
17. U. K. High Commissioner, 2, King George Avenue	6
18. U. K. High Commissioner, Eastern House Mansingh Road	100
19. French Embassy, 2, Aurangzeb Road	8
20. O. O. D., Shakurbasti	50
21. Scientific Industrial Research Institute, University (blds.)	20
22. Bharat Bank, 6, Daryaganj	8
23. Birla Cotton and Spinning Mills	8
24. National Call, Delhi	8
25. Regional and Employment Exchange 14, Daryaganj	8
26. D. G. C. A., Willingdon Air Port	20
27. R. I. A. F., Palam	200
28. R. I. A. F., Safdarjung	80
29. D. G. Civil Aviation	150
30. Western Command	20

Name	Capacity of Exchange
<i>Names of Private Branch Exchanges in Delhi and New Delhi—contd.</i>	
31. High Commissioner for Burma in India	8
32. High Commissioner for Pakistan in India	8
33. M/S Govan Bros. Ltd.	50
34. Dunlop Rubber & Co.	8
35. Sifdrjung Ambore Hospital	20
36. D. G. Observation	8
37. The Daily Tej	8
38. Ministry of E. A. & C. R.	8
39. Federal Public Service Commission	20
40. Ministry of Central Water, Irrigation & Navigation Commission	20
41. C. O. D., Delhi Cantt.	100
42. Eastern Court PBX	50
43. M/S Burma Shell Oil Coy.	50
44. Indian Agriculture	8
45. Indian National Airways	20
46. Palam Air Port	50
47. Radio Store Depot	50
48. Administrative Intelligence Q/Way PBX	8
49. New Delhi Fire Station	8
50. Delhi Cloth and General Mills	20
51. High Commissioner for Australia	20
52. High Commissioner for Canada	8
53. Works, Mines and Power Ministry	8

Sardar Hukam Singh: Is the Government aware that under these new exchanges, frequently subscribers do not get the numbers that they want?

Shri Khurshed Lal: In the new exchanges?

Sardar Hukam Singh: Yes, Sir.

Shri Khurshed Lal: No instance has come to my knowledge of such troubles in the new exchange, but there are troubles on the old exchange.

Prof. N. G. Ranga: This Ministry seems to be strangely ignorant of everything.

Mr. Speaker: Order, order.

Sardar Hukam Singh: Has the Government noted a suggestion in a weekly that Government should prepare a new directory giving wrong numbers so that the subscribers may get the correct ones?

Mr. Speaker: Order, order.

Shri H. V. Kamath: Is the number of operators in every exchange adequate to their task? Are there a sufficient number of operators?

Shri Khurshed Lal: The automatic exchanges do not require many operators. At the manual exchanges we have as many operators as are necessary.

Shri H. V. Kamath: Is the Minister aware that in the Constitution House exchange there is only one operator at times who is not very mindful of his task?

Mr. Speaker: Order, order.

PRODUCTION AND IMPORT OF FOODGRAINS

*272. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Food be pleased to state the estimated internal production of foodgrains for the year 1947-48, the actual procurement and the reasons for the difference?

(b) Was there any increase in the quantity and price of imported foodgrains as compared to the previous year, and if so, what are the reasons for the same?

(c) What amount, if any, was spent by the Government of India in subsidizing imported foodgrains to make them available at lower prices to the consumers?

(d) What were the prices of wheat, rice, other coarse grains and pulses in March 1948 and what are their present prices? What are the causes of their increase and what steps are Government taking to bring down these prices?

The Honourable Shri Jitramdas Doulatram: (a) The total internal production of the major foodgrains during the year 1947-48 was 42.6 million tons. The actual procurement amounted to 2.5 million tons. The comparative failure of the large rice crop in Madras, damage by floods in other areas and the rise in prices prevented procurement reaching the target of 3.8 million tons fixed for the year 1947-48.

(b) There was an increase in imports during the year 1947-48 as compared to the year 1946-47; and this, along with increase in the world price of imported grains, led to increase in the price paid for imported foodgrains. The increase in imports was partly due to crop failure in Madras, and partly to the extension of the system of Relief Quota Shops to protect the weaker section of the people against the effect of high prices.

(c) Rs. 17.12 crores.

(d) A statement showing the average wholesale prices of cereals and pulses at the end of March 1948 and December 1948 is laid on the table of the House. The main factors which influenced the price position during 1948 were: (i) the general inflationary situation, (ii) the overall shortage of foodgrains in the country, (iii) the shortfall in the out-turn of rice and millets in Madras during 1947-48, (iv) the below average crop of wheat in the country during 1947-48, and (v) the abandonment of control.

In order to check any further rise in prices of foodgrains, the Government of India have adopted the policy of progressive re-control which has, as its objective, the achievement, under Central direction and co-ordination, by October 1949, of the same position regarding monopoly procurement and extent of rationing as existed in November 1947.

STATEMENT

Average wholesale prices of cereals and pulses at the end of March and December 1948

(In rupees per maund)

	Average for the	Average for the
	week ended	week ended
	27th March 1948	26th Decem- ber 1948.
Rice—		
U. P.	19 4 9	22 14 2
West Bengal	15 10 0	20 3 10
Assam	16 0 0	19 8 2
C. P. and Berar	12 9 9	13 11 6
Madras	16 9 5	23 14 9*
Wheat—		
East Punjab	13 14 0	24 1 10
U. P.	18 9 7	24 11 11
C. P. and Berar	22 11 0	30 10 10
Bombay	27 0 9	33 15 2
Jowar—		
C. P. and Berar	9 6 5	11 15 6
Madras	9 11 0	15 9 8*
Bajra—		
U. P.	9 1 0	15 5 5
Bombay	15 6 0	17 15 11

*Average for the week ended 18th December 1948.

Pulses (Seslt)	Week ended 27th March 1948	Week ended 26th Decem- ber 1948
Gram (split) —		
Patna	18 8 0	23 0 0
Delhi	16 0 0	15 8 0
Bombay	17 12 0	27 4 0
Madras	20 0 0	26 5 0
Mung (split) —		
Calcutta (Ordinary)	22 0 0	33 0 0
Patna	25 0 0	26 0 0
Bombay	26 2 0	32 10 0
Madras	28 6 6	27 15 0
Mowr (split) —		
Calcutta	30 0 0	24 0 0
Patna	15 8 0	19 8 0
Bombay	15 11 0	24 2 0
Urad (split) —		
Delhi	16 0 0	20 0 0
Bombay	26 11 0	33 5 0
Madras	24 13 0	27 8 0

Shri Deshbandhu Gupta: May I know if gram is included in the list of foodgrains which have been procured?

The Honourable Shri Jairamdas Doulatram: This year it has been included.

Shri Deshbandhu Gupta: May I know if the Honourable Minister is aware of the fact that lakhs and lakhs of maunds of gram is lying waste in East Punjab and the Patiala States and there is nobody to take it?

The Honourable Shri Jairamdas Doulatram: There are large quantities of gram available in East Punjab and now we have included in our basic plan that it is one of the grains which will be distributed through rationing.

Shri Deshbandhu Gupta: Will the Honourable Minister satisfy himself that by including it in the basic plan the large stocks of gram which are rotting will be purchased and made use of?

The Honourable Shri Jairamdas Doulatram: Arrangements are being made to purchase and prices have been fixed both for East Punjab and for the East Punjab States with a view to procurement of the gram and distribution to such parts of India as would consume it.

Prof. N. G. Ranga: Are arrangements being made to provide adequate transport facilities to move this gram from East Punjab to the other parts of India?

The Honourable Shri Jairamdas Doulatram: The maximum amount of transport facilities are being made available.

Shri S. V. Krishnamoorthy Rao: Has it come to the notice of the Government that the prices of foodstuffs have gone up after rationing has been re-introduced?

The Honourable Shri Jairamdas Doulatram: They have gone up slightly last month.

Shri S. V. Krishnamoorthy Rao: Were the Provincial Governments consulted before rationing was re-introduced?

The Honourable Shri Jairamdas Doulatram: Yes, there was a conference at which all the Provincial Premiers and the Ministers concerned were invited.

I think it took place in September last. In consultation with them the control was re-imposed.

Shri O. V. Alagesan: Who fixes the wholesale and retail prices in the Provinces?

The Honourable Shri Jairamdas Doulatram: The Centre fixes the issue prices after getting proposals from the Provinces.

Shri L. Krishnaswami Bharathi: Is it not a fact that the Madras Government or the Madras Premier was against the introduction of rationing and control?

Mr. Speaker: I do not think the question can be permitted.

Shri S. V. Krishnaoorthy Rao: May I know what steps are being taken to bring down the cost of foodstuffs?

The Honourable Shri Jairamdas Doulatram: I have stated it in my reply. The best step is control and we are re-introducing control.

Shri O. V. Alagesan: Are Government aware that there is a large margin of difference between the procurement prices and the retail prices, in some cases even to the extent even of 48 per cent., and that is the real cause for the increased price? Will Government take steps to bring down the margin to as small an extent as possible?

The Honourable Shri Jairamdas Doulatram: The difficulty is that if procurement prices are high, obviously we cannot reduce the prices through rationing. If our procurement price is too low there is difficulty with regard to securing foodgrains through procurement. We are trying to strike a proper mean in consultation with the Provinces.

Shri K. Hanumanthaya: Is it a fact that the Government is paying higher rates for imported foodgrains than for internally procured foodgrains?

The Honourable Shri Jairamdas Doulatram: I could not say straight off, it may be possible that in some regions the prices may be lower. But it is all a question of being able to procure.

Shri Mihir Lal Chattopadhyay: The Honourable Minister stated just now that in view of the fact that the procurement price is higher, the rationing prices are higher.

The Honourable Shri Jairamdas Doulatram: Not the high price of procurement, but the complaint is that the procurement prices are low and if we raise that with a view to tally with the prices in the market, then we would not be able to reduce the prices for the people.

Mr. Speaker: I am afraid we are entering into arguments. I do not propose to allow questions by way of arguments. What is the information which the honourable members want?

Shri Mihir Lal Chattopadhyay: I should like to know the reason why the procurement price of rice in Bengal being Rs. 12-12-0 the sale price by Government is Rs. 19-0-0?

The Honourable Shri Jairamdas Doulatram: I will require notice for that.

Ch. Ranbir Singh: Has the procurement price of gram been fixed for East Punjab and East Punjab States?

The Honourable Shri Jairamdas Doulatram: Yes.

Ch. Ranbir Singh: May I know what the price is?

The Honourable Shri Jairamdas Doulatram: I could not tell you from memory, because prices are fixed for so many centres.

IMPORT OF FOOD GRAINS BESIDES ALLOTMENTS BY F. A. O.

*273. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Food be pleased to state whether the Government of India are negotiating for the import of foodgrains independently of the allotment made by the F.A.O. and if so, from which countries, in what quantities and on what terms?

The Honourable Shri Jai Ramdas Doulatram: The F.A.O. does not make allotments of foodgrains directly. The I.E.F.C. which works under its auspices is concerned with allotments and it makes certain recommendations regarding cereals other than rice which may be imported by member countries. Thereupon it is left for the importing country and the exporting country to negotiate terms and quantities within the broad pattern laid down by the I.E.F.C. As regards rice the I.E.F.C. makes specific allocations detailing the quantity which may be imported by each member country and in respect of this commodity there are no negotiations regarding quantities but only those about terms. Negotiations to secure the quantities recommended by the I.E.F.C. are a continuing process and the possibilities in all exporting countries are under continuous consideration. A decision as to terms has to be taken on each occasion on the circumstances of the case. I regret it would not be in the public interest to give a description of the terms on which we are making negotiations with each country.

Prof. N. G. Ranga: Is there any chance of the International Wheat Agreement coming to be accepted and the price of wheat being brought down?

The Honourable Shri Jai Ramdas Doulatram: There is every chance.

Prof. N. G. Ranga: What is it that the Government of India is doing in order to promote the acceptance of this Agreement?

The Honourable Shri Jai Ramdas Doulatram: Government of India have got their representatives at the Conference and they are trying their best to see that the Agreement goes through.

Shri Mihir Lal Chattopadhyay: May I know what was the lowest rate at which rice was purchased from outside last year?

The Honourable Shri Jai Ramdas Doulatram: I would not be able to give the figures straightaway. There are so many separate transactions.

Prof. N. G. Ranga: Have Government any information when this Agreement is going to be placed before the American Congress for its acceptance?

The Honourable Shri Jai Ramdas Doulatram: It would be placed after it is concluded. It is not yet concluded.

FOOD GRAINS RESERVE AT CENTRE

*274. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Food be pleased to state whether the Government of India intend to stick to their previous policy of building up a reserve stock of food grains at the Centre according to the recommendations of the Foodgrains Policy Committee to meet the demand from the Provinces and if so, what steps have been taken in that direction?

The Honourable Shri Jai Ramdas Doulatram: Yes, it is still the Government of India's policy of building up a central reserve of foodgrains. In 1948, however, a central reserve could not be built up as supplies to deficit provinces and states had to be increased beyond the figures suggested by the Foodgrains Policy Committee. As the honourable member is aware, prices began to rise during 1948 and to keep the situation under check relief quota shops had to be set up necessitating additional supplies from the Centre. An attempt will be made during 1949 to build up reserves if price and other considerations are favourable.

Shri L. Krishnaswami Bharathi: What is the present stock position? Is there any stock at the Centre? Has it been built up?

The Honourable Shri Jairamdas Doulatram: We have got a stock in the Centre.

Shri L. Krishnaswami Bharathi: What is exactly the position? What is the total amount in stock at the Centre?

The Honourable Shri Jairamdas Doulatram: At present it may be round about ten to twenty thousand tons, but it is a continuing process; foodgrains are coming in and are being distributed.

Prof. N. G. Ranga: What steps do Government of India take in order to see that all the foodgrains which the peasants are prepared to place in the market are purchased on Government account in all the provinces as and when they are coming in soon after the harvest?

The Honourable Shri Jairamdas Doulatram: That is a matter for the Provincial Governments and I expect the Provincial Governments are making their best efforts to procure, but it is also true that in some parts of the country the cultivators are not co-operating.

Prof. N. G. Ranga: Have Government any information that some of the Provincial Governments have given instructions to some of their officers that they need not be in any great haste in purchasing foodgrains just now, because peasants are too anxious to supply them at as low a price as possible?

The Honourable Shri Jairamdas Doulatram: Government are not aware.

Prof. N. G. Ranga: Will Government enquire?

The Honourable Shri Jairamdas Doulatram: Certainly, if the reference is to Madras.

Prof. N. G. Ranga: But is it not a fact that Government of India have received representations from various organisations, including the organisation which I myself represent, that that is being done in Madras.

The Honourable Shri Jairamdas Doulatram: Government have received their representations.

Prof. N. G. Ranga: What action have Government taken?

Mr. Speaker: Let him not pursue his representations here.

Shri H. V. Kamath: What is the reserve contemplated? Is any target fixed by Government?

The Honourable Shri Jairamdas Doulatram: No definite target is fixed for this particular year. It will depend on how much we are able to procure from the country and how much we are able to import from outside. We do contemplate building reserves.

EXTENSION OF RATIONING SYSTEM

*275. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Food be pleased to state what are the future plans of the Government of India in respect of the extension of rationing—complete or partial—in the different provinces and by which time is this likely to be carried out completely?

(b) What area and what extent of population are likely to remain outside the proposed system of rationing and what steps have Government taken or are intending to take to ensure supply of food to the areas not covered by the rationing system?

The Honourable Shri Jairamdas Doulatram: (a) The future plan of the Government of India in respect of the extension of rationing is embodied in the decision taken in September, 1948, to achieve by October, 1949, the same position in regard to food control and rationing that existed in November, 1947,

prior to the adoption of the policy of decontrol. This policy of extending rationing will obviously depend on the stock position in the different areas, and for this reason the period of time taken by different Provinces and States to extend rationing is likely to vary. A statement is laid on the table of the House, indicating the position in regard to extension of rationing in each Province and State.

(b) The information required is contained in the Statement I have laid on the table of the House. For areas not covered by the rationing system, Governments will adopt a system of relief quota shops, and supplies through these shops will be made according to requirements as far as available resources of grains permit.

STATEMENT

Present position of rationing in different Provinces/States

Serial No.	Province/ Administration	Position regarding re-introduction of rationing
1	Assam	<p>Before decontrol, Assam had statutory rationing in 13 towns, but during the period of decontrol rationing continued only in 4 towns (Shillong, Gauhati, Dibrugarh and Tinsukie) and controlled distribution in 8 towns. Statutory rationing has now been extended to one more town and will be extended to one more town if considered necessary.</p> <p>The organised industries (viz. the Tea Industry) and Railways have their own scheme of rationed distribution.</p> <p>Controlled distribution is in force in the deficit areas not under statutory rationing.</p>
2	West Bengal	<p>Before decontrol, West Bengal had statutory rationing in 14 towns, including the Calcutta Industrial Area, Darjeeling, Kurseong and Kalimpong and non-statutory rationing and controlled distribution in 12 towns and deficit rural areas. During the period of decontrol rationing continued in these 4 towns. Statutory rationing may be extended to 10 more towns from February, 1949, thereby bringing the statutory rationed population to the same level as it was before decontrol. These ten towns are: Jalpaiguri, Asansol, Kharagpur, Nabadwip, Shantipur, Ranaghat, Krishnagar, Basirhat, Midnapore and Berhampore.</p> <p>There are Relief Shops in 22 towns and 5,377 villages, covering a population of 28.9 lakhs.</p>
3	Bihar	<p>Bihar had statutory rationing in 8 towns and in some rural areas and controlled distribution in 23 towns. There were de-rationed during decontrol. Rationing has been reimposed in Jamshedpur from 3rd November 1948.</p> <p>There are Relief Quota Shops in 51 towns and 4,589 villages, covering a population of 23½ lakhs.</p>
4	Bombay	<p>Before decontrol, Bombay had statutory rationing in 8 cities, and 111 towns, and non-statutory rationing practically in the rest of the Province. During the period of decontrol, statutory rationing continued in 4 cities, i.e., Greater Bombay, Ahmedabad, Poona and Solapur. Other rationing commitments were withdrawn, but Relief Quota Shops were opened.</p> <p>Statutory rationing has been reimposed in 47 villages of the Bombay Suburban Districts from 19th December 1948, Surat from 26th December 1948, and Balser, Godhra, Fohad and Thana towns from 1st January 1949.</p>

Serial No.	Province/ Administration	Position regarding re-introduction of rationing
		<p>Rationing will be introduced according to the following programme:—</p> <p>First-grade de-rationed towns, <i>vis.</i>, Galgaon, Bhuswal, Dhulia, Malegaon, Bijaipur, Dharwar and Gadag by 15th February 1949 (covering a population of 5 lakhs).</p> <p>The remaining de-rationed towns by 15th March 1949 (covering a population of about 11.75 lakhs).</p> <p>At present no partial rationing exists anywhere but the eligible population of the province, <i>vis.</i>, 70 lakhs (excluding those under statutory rationing) are being catered for by Rural Distribution Centres (previously Relief Quota Shops).</p>
5	C.P.	<p>Had statutory rationing in 2 towns, and non-statutory rationing and controlled distribution in 62 towns before decontrol but these were de-rationed during the period of decontrol.</p> <p>C. P. originally decided not to reintroduce rationing in the Province, but due to the heavy rains in November 1948, and damaged crops, they are re-examining the position and the question of introducing monopoly procurement and statutory rationing.</p> <p>At present about 1670 Fair Price Shops function throughout the province except in the merged States and foodgrains are distributed especially to needy and poor consumers which are nearly 56 lakhs.</p>
6	Madras	<p>Before decontrol, Madras had statutory rationing in 85 towns and rural areas of the Malabar District, and non-statutory rationing in the rest of the Province of which all except 18 towns and 2 rural districts were de-rationed during decontrol.</p> <p>Statutory rationing has been introduced from 5th December 1948 in the 7 districts of Cuddapah, Kurnool, Bellary, Anantapur, South Arcot, South Kanara and Tiruchinappalli.</p> <p>Rationing may not be introduced in the surplus districts like Tanjore, East and West Godavari, unless it is found necessary to do so, owing to unforeseen circumstances.</p> <p>The remaining parts of the Province will be under rationing by 1st April 1949.</p> <p>There are Relief Quota Shops in 27 towns and some villages, covering a population of about 143 lakhs (in terms of adults).</p>
7	Orissa	<p>Before decontrol, Orissa had 18 towns under non-statutory rationing, and wheat and rice were the only rationed articles. At present only wheat is issued to habitual wheat-eaters in all towns on the basis of ration cards. As there is no town of any magnitude in Orissa, the local Government do not consider necessary to have regular rationing of rice or paddy in which the province is surplus:—</p>
8	East Punjab	<p>Before decontrol, East Punjab had statutory rationing in 16 towns, and non-statutory rationing and controlled distribution in some areas. All these were de-rationed during decontrol.</p> <p>East Punjab has introduced statutory rationing in the following 10 towns from 1st January 1949:—</p> <p>Amritsar, Jullundur, Hoshiarpur, Ferozepur (Cantt. and City), Ludhiana, Ambala (Cantt. and City), Gurdaspur, Batala, Pathankot and Dharamsala.</p> <p>There are Relief Quota Shops in 17 towns, from which Government stocks are distributed, covering a population of about 7.7 lakhs. Supplies are also being made to deficit rural areas from Government stocks to a limited extent.</p>

Serial No.	Province/ Administration	Position regarding reintroduction of rationing
9	U. P.	<p>Before decontrol, U. P. had statutory rationing in 52 towns and controlled distribution in 19 towns and rural areas. These were derationed during the period of decontrol, and partial rationing was introduced through Relief Quota Shops. Now there are Relief Quota Shops in 33 towns, covering a population of about 40 lakhs.</p> <p>From 16th January 1949, ration is being issued to the whole of the population of the rationed towns, instead of to persons drawing Rs. 100/ or less per month, under the partial rationing scheme which will not cover rationing of Establishments, Bakers and Visitors, and the open market will not be closed. As the rationing commitments depend on imports from outside the Province, the rationing arrangements as before can be made only as soon as the resources permit, but no major step can be taken until U. P.'s Rabi procurement by May 1949.</p>
10	Ajmer-Merwara	<p>Before decontrol, there was statutory rationing in 3 towns, non-statutory rationing in 2 towns and controlled distribution in 2 towns but during the period of decontrol only one (Ajmer City) continued to remain under rationing.</p> <p>Statutory rationing has been reintroduced in Beawar on 18th October 1948, and in Nasirabad from 29th November 1948, and non-statutory rationing in Pushkar from 1st November 1948.</p> <p>From November 1948, supply of Government stocks of food-grains (Barley) is also being made to the rural areas of Beawar and Ajmer sub-Divisions where famine conditions prevail due to failure of Kharif Crop.</p> <p>Non-statutory rationing has been introduced in Bijainagar.</p>
11	Delhi	<p>Before decontrol, there was statutory rationing in 3 towns, i.e., Delhi, New Delhi and Delhi Cantt., and 4 rural areas. During the period of decontrol, statutory rationing continued only in Delhi urban area, Shahdara and Mehrauli.</p> <p>It has been proposed that rationing should be introduced immediately in Narela and Najafgarh villages from where it was withdrawn during the decontrol period, and also in other rural areas where rationing is considered necessary.</p> <p>There are Relief Quota Shops in villages, covering a population of about 18,000. These grain shops will be allowed to function in the non-rationed areas.</p>
12	Coorg	<p>The Coorg Government propose to reintroduce from 1st March 1949 the same non-statutory system of rationing which was in force before the decontrol.</p>
13	Himachal Pradesh	<p>Out of 21 States comprising the Himachal Pradesh, there was statutory rationing only in one place (Nahan) in Sirmur State, and non-statutory rationing and controlled distribution in 2 places (Solon and Chamba) and some rural areas. Statutory rationing has been introduced in 4 towns from 8th January 1949 and partial rationing in 6 towns.</p>
14	Kutch	<p>There is no statutory rationing in Kutch but there is controlled distribution in 4 towns of Bhuj, Mandvi, Anjar and Mundra (with a population of 1 lakh), and foodgrain is issued on the basis of family ration cards. Controlled distribution also exists in rural areas (with a population of 6 lakhs).</p>
15	Andaman & Nicobar	<p>Statutory rationing was not discontinued during the period of decontrol, and still continues.</p>

Serial No.	States	Position regarding reintroduction of rationing
STATES		
1	Mysore	<p>Before decontrol, Mysore had statutory rationing in 19 towns, but during decontrol statutory rationing continued only in 4 towns (Bangalore City including Bangalore Civil Station Mysore City, Kolar Gold-fields and Davangere).</p> <p>There is "Informal rationing" of controlled foodgrains in other parts of the State, and the old ration shops are operating as Relief Shops, issuing to consumers to the extent absolutely necessary subject to stocks being available.</p> <p>It is proposed to reintroduce complete rationing on predecontrol lines in the whole of the State before October 1949.</p>
2	Travancore	Statewide statutory rationing, which was in force before the decontrol, still continues.
3	Cochin	Ditto
4	Baroda	<p>Before decontrol, it had statutory rationing in 2 towns and some rural areas, and non-statutory rationing in 5 towns and some rural areas, and controlled distribution in 42 towns and rural areas. Statutory rationing still continues in 2 towns and some rural areas (in Baroda City and Okhsmandal District). Proposed to extend rationing in big towns when stock position permits.</p> <p>Relief quota shops are functioning in 4 districts covering a population of about 27 lakhs.</p>
5	Kashmir	<p>There was non-statutory rationing in Srinagar and Jinnu, and controlled distribution in 6 towns and 13 rural areas before the decontrol period. Rationing was not discontinued during the decontrol period.</p> <p>Steps are being taken to improve the system of rationing as in other parts of India and to ensure supplies to all needy areas.</p>
6	Rampur	<p>Before decontrol, there was only controlled distribution (partial rationing) in Rampur Town, which was withdrawn during the decontrol and Relief Quota Shops were opened.</p> <p>Rampur Government is closely following the U. P. Government. Partial rationing (Relief Quota Shops) has been introduced in Rampur Towns for persons with a monthly income of Rs. 100 and less.</p>
7	Sirohi	<p>Before decontrol statutory rationing existed in 4 towns, and controlled distribution in 25 rural areas. All these, except Abu (leased area) were decontrolled.</p> <p>Rationing continues in 4 towns and will be shortly extended to more towns. Further extension of rationing will depend on improvement in the local stock position.</p> <p>Sirohi has now merged in Bombay Province.</p>
8	Junagadh	<p>Before decontrol there was statutory rationing in 2 towns and controlled distribution in 9 towns and some rural areas. During decontrol Relief Quota Shops were opened. Now there are Relief Quota Shops in 15 towns and 813 villages covering a population of about 3 lakhs.</p> <p>This State has now merged into Maharashtra.</p>
9	Saurashtra	<p>Necessary steps are being taken to start rationing in four district towns of Rajkot, Bhavnagar, Jamnagar and Wadhwan. It will be gradually extended to towns having a population of 10,000. There are Relief Quota Shops in 30 towns and 4,000 villages, covering a population of 25 lakhs.</p>

Serial No.	State:	Position regarding re-introduction of rationing:
10	Hyderabad(Dn).	<p>Before decontrol, there was statutory rationing in 22 towns, and controlled distribution in some rural areas. Even during the decontrol period, rationing continued in the cities of Hyderabad, Secunderabad, Warangal, and the urban areas of Khammam, Singreni and Bellampally Collieries.</p> <p>Proposal to extend rationing in all towns with a population of 20,000 or over is under consideration.</p>
11	Madhya Bharat	<p>Indore City—the largest town in the Madhya Bharat—continues to be statutorily rationed from the pre-decontrol period. At present partial rationing also exists in 3 towns and Relief Quota Shops in 7 towns.</p> <p>It is proposed to extend gradually statutory rationing to 4 more important towns (viz. Gwalior, Ujjain, Mhow and Ratlam) and, if found necessary, also in towns with a population of 40,000. (This will be done cautiously as the Madhya Bharat Government have no surplus stocks. They hope that they will be able to produce their own consumption requirements by the end of this Fashi year.)</p>
12	Jaipur	<p>Before decontrol there was statutory rationing in Jaipur City only. At present there is only controlled distribution (through Government Grain Shops) in Jaipur City and 10 districts, Sheikwati Districts, Khetri and Sikar, and other deficit parts, but not statutory rationing for want of sufficient stocks. It was understood from their representative that statutory rationing will be introduced in Jaipur City by the end of July 1949 and that it will be extended gradually to other big towns.</p> <p>Cheap Grain Shops exist in Jaipur City and 10 districts, covering a population of 16 lakhs.</p>
13	Jodhpur	<p>Before decontrol Jodhpur City was under statutory rationing and there was controlled distribution in 29 other towns. All rationing was withdrawn during the decontrol but controlled distribution was introduced in Jodhpur City from June 1948 which was gradually extended. At present there is controlled distribution in Jodhpur City and 12 towns, and to all Central Government servants in P. & T. Offices, etc. The intention is to reintroduce statutory rationing in Jodhpur City during February 1949 and to extend the controlled distribution to other areas subject to availability of stocks.</p> <p>Due to damage to crops famine conditions prevail in certain areas (12 districts) which are fed through Relief Quota Shops.</p>
14	Bikaner	<p>Before decontrol there was statutory rationing in Bikaner Town and controlled distribution in 14 towns and some rural areas. It was derationed during the period of decontrol. Controlled distribution in Bikaner has since been taken in hand.</p> <p>It is proposed to start statutory rationing in Bikaner Town and its suburbs with immediate effect and when this is completed statutory rationing will be extended to other urban areas.</p>
15	Jaisalmer	<p>There is controlled distribution of imported foodgrains in Jaisalmer Town, and it has been extended throughout the State.</p>
16	Rajasthan Union	<p>Before decontrol, statutory rationing existed in 11 towns, non-statutory rationing in 6 towns and some rural areas, and controlled distribution in 33 towns and some rural areas. These were derationed during the period of decontrol.</p> <p>Proposals for re-rationing are awaited.</p>
17	Matsya Union	<p>Before decontrol, there was statutory rationing in one town (Bharatpur), and non-statutory rationing in one town (Alwar) which were derationed during the period of decontrol.</p>

Serial No.	States	Position regarding re-introduction of rationing
		Rationing of imported foodgrains has been enforced with effect from 1st November 1948 but this was restricted to Government servants as the stocks of imported wheat were insufficient for rationing of the general public. Partial rationing now exists in 7 towns.
18	Vindhya Pradesh	Before decontrol, there was statutory rationing in 6 towns and rural areas, non-statutory rationing in one town and controlled distribution in 5 towns and rural areas. Being a surplus area, Vindhya Pradesh do not propose to introduce rationing. Controlled distribution exists in 2 towns.
19	Kolhapur	Before decontrol, there was statutory rationing in 4 towns, and non-statutory rationing in rural areas. Statutory rationing continues in Kolhapur City. Fair price shops (foodgrains) are being opened in the District areas of the State.
20	Patiala and E. P. States.	Before decontrol, there was non-statutory rationing in 4 towns and rural areas, and controlled distribution in 3 towns. The East Punjab States Union have agreed to impose price control as obtaining in East Punjab. They are also considering the proposal of opening Relief Quota Shops in deficit urban areas. The Patiala Union is introducing partial rationing in 11 towns of the Union.
21	Tehri-Garhwal	Before decontrol, they had statutory rationing in 4 towns, and non-statutory rationing in 22 towns. Partial rationing is being introduced in 5 towns.
22	Benaras.	Had originally non-statutory rationing in 2 towns. Have agreed to have maximum rationing. Details of their programme are awaited.
23	Cooch Behar	Before decontrol, the State had statutory rationing in 5 towns, non-statutory rationing in 90 villages and controlled distribution in rural areas. Propose to introduce rationing for nearly 50,000 persons living in the urban areas. Further details awaited.

Seth Govind Das: Is it not a fact that there are some provinces, for instance, my own province, which do not want rationing, and is rationing going to be imposed on those provinces also who do not want any rationing?

The Honourable Shri Jairamdas Doulatram: We have not decided to impose rationing on C. P.

Seth Govind Das: I wanted to know if rationing would be imposed on C. P. or on similar provinces who do not want to have any rationing?

The Honourable Shri Jairamdas Doulatram: As I said, C. P. has desired that they do not want to ration the population and we are not imposing our view on them.

Seth Govind Das: Is there any other province like C. P. which does not want rationing?

The Honourable Shri Jairamdas Doulatram: I think there is possibly Orissa.

TEXTILE PRODUCTION CONTROL COMMITTEE

*276. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether any Textile Production Control Committee was formed; and, if so, what are the details of its functions and constitution?

(b) Has it submitted its report and have the recommendations made by it been partially or wholly accepted and implemented by the Government of India?

(c) What role, if any, is this body likely to play in the future determination of the textile policy of Government?

The Honourable Dr. Syama Prasad Mookerjee: (a) Yes, Sir. The functions and the constitution of the Committee are given in the Government of India, Ministry of Industry and Supply, Resolution No. 80 (3)-Tex. I/48, dated the 22nd October 1948, a copy of which is placed on the table of the House.

(b) The report submitted by the Committee is now under examination of the Government.

(c) The Committee was appointed for the specific purpose of going into certain problems connected with the production of cotton textiles in the country. Having submitted its report, the committee has performed the task allotted to it, though it will be open to Government to consult it further on any point arising out of its report or connected with its terms of reference.

No. 80(3)-Tex. I/48

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY AND SUPPLY

RESOLUTION

New Delhi, the 22nd October, 1948

The Government of India have had under consideration the question of introducing a measure of technical control over the production of cloth in mills. This question was discussed with the Textile Advisory Committee at its meeting held on the 24th September, 1948. In accordance with the advice given by the Committee, Government propose to introduce immediately certain tentative measures of control intended to secure the production of durable varieties of cloth. Government have also accepted the recommendation of the Textile Advisory Committee that a special committee should be set up to examine these tentative measures as also other suggested steps and to advise the Government on the measures of technical control which should be adopted.

2. In accordance with this decision the Government of India have constituted a Committee, consisting of the following :

- (1) Mr. T. Sivasankar, I.C.S., Director General of Disposals—*Chairman*.
- (2) Mr. Ambalal Sarabhai (Member, Textile Advisory Committee).
- (3) Sir James Doak (Member, Textile Advisory Committee).
- (4) Mr. Neville Wadia (Member, Textile Advisory Committee).
- (5) Mr. S. C. Roy (Member, Textile Advisory Committee).
- (6) Mr. Khandubhai Desai, M.C.A. (Member, Textile Advisory Committee).
- (7) Mr. Chandulal P. Parikh, M.L.A. (Bombay).
- (8) Mr. T. P. Barat, M.B.E., Textile Commissioner.
- (9) Mr. B. D. Pande, I.C.S., Provincial Textile Controller of Bihar—*Members*.

3. Mr. S. N. Das Gupta, Director of Textile Production, will act as Secretary to the Committee.

4. The terms of reference of the Committee will be as follows :

- (a) To examine the tentative measures of control over production, which have been introduced, and to advise Government as to the measures necessary for securing the production of durable varieties of cloth.

(b) To examine proposals for the restriction or prohibition of the production of fine and superfine varieties of cloth and to advise Government on the following matters :

- (i) whether restriction or prohibition of superfine and fine varieties will increase total production of cloth, and, if so, to what extent;
 - (ii) whether and to what extent demand for cloth will be reduced and controlled distribution facilitated by the restriction or prohibition of the production of fine and superfine varieties;
 - (iii) whether restriction or prohibition of the manufacture of fine and superfine varieties is practicable in view of the present and prospective supplies of cotton;
 - (iv) what the effect of such restriction or prohibition would be on the progress and development of the textile industry in India;
 - (v) whether the spinning of finer yarn should be in any case for meeting the requirements of the handloom industry;
- (c) Whether it is desirable and practicable to rationalise and restrict the varieties of cloth produced, and, if so, what the varieties produced should be.

5. The Committee will submit their report to the Government of India by the 31st December, 1948.

S. A. VENKATARAMAN,
Secretary to the Government of India.

TECHNICAL MISSIONS FROM CZECHOSLOVAKIA AND BELGIUM

*277. Prof. N. G. Banga: (a) Will the Honourable Minister of Industry and Supply be pleased to state whether the Technical Missions from Czechoslovakia and Belgium have submitted any reports to Government?

(b) For how long did they study our technical equipment, organisation and possibilities?

(c) What are their main recommendations?

The Honourable Dr. Syama Prasad Mookerjee: (a) The Czechoslovakian Technical Mission submitted a report to the Government of India.

The Belgian Mission was not a technical mission but only a fact-finding trade mission sent by the Belgian Government to enquire into the possibilities of obtaining their requirements from India and to ascertain the nature of India's requirements which Belgium could meet. This Mission was, however, given an opportunity to visit certain factories in this country.

(b) The former studied the industrial conditions in India for about six weeks. The Belgian Mission stayed in India for about seven weeks.

(c) The Czechoslovakian Technical Mission's main recommendations relate to the utilisation of low-grade coal in boilers and for the production of synthetic fuels and fertilizers. The other Mission did not make any recommendations.

Shri H. V. Kamath: Did these missions come to India at the invitation of Government?

The Honourable Dr. Syama Prasad Mookerjee: We did not extend the invitation but we were informed that they were willing to come and we gave them the facilities as I have described.

Shri H. V. Kamath: Informed by whom?

The Honourable Dr. Syama Prasad Mookerjee: In one case by the Belgian Government and in the other case by the Synthetic Metal and Engineering Works, Prague, which is the top co-ordinating organization of Mechanical and Electrical companies in that country.

Prof. N. G. Banga: Are any negotiations being carried on in the light of their recommendations with the Czechoslovakian firm in order to establish in this country at an early date a synthetic fuel and fertiliser plant?

The Honourable Dr. Syama Prasad Mookerjee: We were particularly attracted by their proposal for the utilization of low grade coal and at their suggestion, we have sent sample quantities of low grade Indian coal to Czechoslovakia which has arrived there and I am expecting that the report will be in our hands in the course of the next few weeks. We have got certain alternative offers from Switzerland as well and both these are now under examination.

Shri H. V. Kamath: Have they offered any assistance in the establishment of steel factories under contemplation?

The Honourable Dr. Syama Prasad Mookerjee: So far as steel factories are concerned, we are awaiting the report of the three consultants which we had appointed and after we receive them in the course of this month, we will be able to decide whose help we will require for the purpose of establishing the steel factories.

Shri H. V. Kamath: Will that report be placed on the table of this House?

The Honourable Dr. Syama Prasad Mookerjee: Yes, in due course.

CO-OPERATIVE SOCIETIES OF SALT PRODUCERS

*278. **Prof. N. G. Ranga:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the number of licences which have been given to co-operative societies of salt producers and the names of the provinces to which such societies belong?

(b) What encouragement is being given by Government to these co-operative societies?

The Honourable Dr. Syama Prasad Mookerjee: (a) The total number of licences issued so far to co-operative societies of salt producers, since 1945 is as under:

Oriya	2
Madras	2
Bombay	1

(b) As a normal rule preference is now given to co-operative societies over all others in the allotment of salt lands for starting new factories. Lands are normally assigned to co-operative societies free of any lease money. Requests coming from co-operative societies for technical guidance about process of manufacture, for transport facilities, etc., are given special attention.

Prof. N. G. Ranga: Are Government considering giving any financial credit facilities also?

The Honourable Dr. Syama Prasad Mookerjee: We refer those cases to the Provincial Governments but we have not yet considered the question of granting financial facilities from the Centre.

Shri O. V. Alagesan: After the announcement of the new policy, what is the additional acreage that has been brought under salt production?

The Honourable Dr. Syama Prasad Mookerjee: I have not got the additional acreage figure here but the production of salt in 1948 has gone up by nearly about 20 per cent. and the other directions which we have issued will help India in becoming self-sufficient in the course of 1951.

Dr. Mono Mohan Das: What is the amount of salt imported into India during the current year?

The Honourable Dr. Syama Prasad Mookerjee: I suppose the honourable member refers to 1948?

Dr. Mono Mohan Das: Yes.

The Honourable Dr. Syama Prasad Mookerjee: About 75 lakh of maunds in the course of 1948.

Dr. Mono Mohan Das: What steps have been taken or proposed to be taken by Government to make this country self-sufficient in salt?

The Honourable Dr. Syama Prasad Mookerjee: As I have said just now, in the course of 1948 we were definitely able to increase salt production by 20 per cent. and all the other steps that we have taken will help us in making India self-sufficient by 1951. Also we have reduced imports from foreign countries. We are having large imports from India: provinces and places such as Tuticorin.

Dr. V. Subramaniam: What is the quantity of rock salt dug out or manufactured in India?

The Honourable Dr. Syama Prasad Mookerjee: No rock salt.

Prof. N. G. Ranga: Have any new applications been granted after the announcement of the new policy?

The Honourable Dr. Syama Prasad Mookerjee: We have a number of cases now under examination but in some cases the parties were not recommended by the Provincial Governments. As I have already stated, it is the policy of the Government to encourage the grant of new licenses to co-operative societies particularly those organised by workers themselves.

Prof. N. G. Ranga: Is it a fact that some of these cases have been and are being considered for the last one year?

The Honourable Dr. Syama Prasad Mookerjee: We have disposed of a number of cases. The Orissa Government itself opposed the grant of license to a co-operative society and recommended the name of another party which we have accepted.

Seth Govind Das: Is it a fact that in spite of the increase of salt production in many provinces the prices go up considerably on account of want of supply and what steps Government are going to take to increase the transport facilities so that the salt may reach in all the places at proper time?

The Honourable Dr. Syama Prasad Mookerjee: So far as prices are concerned, they did go up early in 1948 but in the course of the year prices have definitely come down. The transport arrangements also have considerably improved. What we have done in consultation with the Transport Ministry is to have a scheme for regional distribution so that the supply is made by the producing centres to as near the distributing centres as possible.

Seth Govind Das: Is it a fact that even in the end of 1948 the prices of salt had gone up in several places, especially in C. P.?

The Honourable Dr. Syama Prasad Mookerjee: Prices have gone down. If there are any particular areas where the honourable Member specially refers, I shall be prepared to consider but I am in constant touch with the Provincial Governments and we have received no complaints from them for the last six months.

Shri Biswanath Das: Arising out of the statement made by the Honourable the Minister regarding the Government point of view and the steps being taken to encourage co-operative salt manufacture, may I know how long since that representations have been made by people from Orissa from different areas, to increase production and to increase manufacture of salt and with what result?

The Honourable Dr. Syama Prasad Mookerjee: As I have stated Sir, the application which we received for a large allotment was in respect of 1,200 acres from a co-operative society but that application was definitely opposed by the Provincial Government and we made the allotment to another private firm which was willing to help the Orissa Government in their scheme for heavy chemical industry. So far as the other application was concerned, that

was received too late but so far as the future possibility is concerned, the honourable member is himself in touch with my Department and we have promised all possible help to future applicants.

Shri Biswanath Das: Arising out of the reply just now emanated from the Minister, may I inform him that I am myself

Mr. Speaker: Order, order.

Shri Biswanath Das: May I know what definite steps are being taken by the Central Government to take care to see that the person that is proposed to be given monopoly in lease is able to put up the plant and factories that he has undertaken?

Mr. Speaker: The question hour is over.

(b) WRITTEN ANSWERS

INDIA'S REQUIREMENTS OF FOODGRAINS

*279. **Shri Upendranath Barman:** (a) Will the Honourable Minister of Agriculture be pleased to state what is the average per capita normal requirement of foodgrains?

(b) What is the total estimated production of foodgrains for 1949?

(c) What is the average wastage due to unsatisfactory storage conditions?

(d) How do Government propose to meet the estimated deficit in foodgrains for the year 1949, taking into account the average increase of population?

The Honourable Shri Jairamdas Doulatram: (a) The requirements are generally calculated on the basis of 16 ozs. per adult per day for the farm population which is 70 per cent. of the total population and 12 ozs. per day for the non-farm population equal to 80 per cent. of the total population. On this basis, total requirement of cereals in 1949 will be 45.4 million tons.

(b) It is not possible just now to make a reliable estimate of total production of foodgrains in 1948-49. Final figures have not yet been received. The estimates sent by Provinces and States indicate that subject to favourable season the production would be on the increase over the previous three years and would be 46.9 million tons for all cereals and gram including minor millets.

(c) The wastage varies from grain to grain. On an average an allowance of 2½ per cent. of the gross production is made as wastage on account of unsatisfactory storage.

(d) Government propose to meet the deficit by accelerating the implementation of the recommendations of the Food Grains Policy Committee in regard to improved farming, reclamation of waste-lands and multi-purpose irrigation projects and also by increase in tubewells. These all schemes are estimated to yield an additional annual yield of 9½ million tons. Besides these steps it is intended to increase the production of partially substitute foods like sweet potatoes and other root crops.

RECOMMENDATIONS OF DEVELOPMENT COMMITTEE FOR HEAVY CHEMICAL INDUSTRIES

*280. **Prof. N. G. Ranga:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) what action has so far been taken on the recommendations of the Development Committee for heavy chemical industries;

(b) how much of our requirements are being produced by Indian enterprise; and

(c) whether there are any schemes, Government or otherwise, for expansion of these industries?

The Honourable Dr. Syama Prasad Mookerjee: (a) and (b). Three statements giving the required information are laid on the table of the House.

(c) The only scheme that the Government of India has, is for the utilisation of calcium carbonate sludge which would be obtained as a by-product at the Sindri Fertiliser Factory, for the production of Soda Ash. As regards private schemes, Government have no ready information.

STATEMENT I

Recommendations made at the first meeting of the Development Committee for the Heavy Chemical Industries held on 30th August, 1948 and action taken thereon.

Recommendations	Action taken
1. The firms who hold licences for the import of Caustic Soda or Sulphuric Acid plant to be notified that their licences are likely to be cancelled if they do not show interest and place orders for equipments.	The firms have been notified and replies from some of them are still awaited.
2. A plant for the production of acetic acid should be located in U. P. which is the centre of Alcohol production.	The U. P. Government has been addressed in the matter.
3. Standard for glue should be drawn up.	Some members of the Committee have agreed to draw up the specification. Their suggestions are awaited.
4. Production of carbon black and activated carbon should be taken up immediately.	A firm Messrs. Cochin Chemical Industries Ernakulam have reported that they have produced trial samples and normal production will be taken up shortly. A sample of activated carbon from the firm is being tested.
5. The question of utilisation of waste sulphur dioxide should be taken up with the India Copper Corporation.	The matter has been investigated and it has been found that this sulphur dioxide waste cannot be utilised for the production of sulphuric acid due to want of market nearby and difficulties in the transport. The question of its utilisation in the production of sulphur is being explored.
6. The question of using ammonium chloride as fertiliser should be taken up with the Ministry of Agriculture.	This is being explored.

STATEMENT II

Recommendations made at the second meeting of the Development Committee for the Heavy Chemical Industries held on 22nd January, 1949 and action taken thereon.

Recommendations	Action taken
1. Increased production of Sulphuric Acid is based on possible expansion in Health activities in the Provinces and States, hence the Ministry of Health should be advised to increase the consumption of alum for water purification.	The matter is being taken up with the Ministry of Health.

STATEMENT II—contd.

Recommendations	Action taken
2. The Committee recommended that the Railways should be requested to provide adequate tank wagon facilities for the movement of Sulphuric Acid.	The matter is being taken up with the Railway authorities.
3. The production of industrial salt may have to be subsidised and for the total industrial requirements of half a million tons of salt the cost to the Government on this account would be something like Rs. 1.5 crores per annum. This would be very considerably reduced if the location of the future industries were judiciously selected so that as little transport as possible of salt was involved, in which case the Committee felt that the total cost to the Government would perhaps be not more than half a crore of Rupees.	The question is being examined.
4. In view of the present stock of imported Soda ash, the Committee felt that the manufacturers would be unable to market their product unless some sort of control were exercised over the distribution of soda ash. It was, therefore, felt that either a system of 'Pool' should be created for soda ash as had been done in the case of Superphosphate or the Government, should restrict imports (as some members suggested) by insisting on a certain amount of purchase of indigenous soda ash as a condition precedent to granting future licences.	The matter is under consideration.
5. Increased use of Chlorine should be immediately found. No further licences for the production of Caustic Soda by electrolytic means should be given unless proper disposal arrangement for chlorine had been made. The Committee also felt that more emphasis should be laid on the production of caustic soda by causticising process till such time as the industry would be able to dispose of the entire amount of chlorine produced.	The Committee was informed that (I. & S.) was following this policy and the committee approved the policy pursued by the D. G. (I. & S.).
6. Bleaching powder manufactured at present is not of sufficient high strength and is further likely to deteriorate. All efforts should be made to develop manufacture of high based hypochlorate for utilising fully all the available free chlorine resources.	The industry is being advised accordingly. Some firms have already made enquiries about equipment from manufacturers abroad.
7. In view of the importance of Sodium Sulphide to various consuming industries, it was imperative that a definite decision should be taken by Jodhpur Darbar as early as possible regarding the availability of Sodium Sulphate at a reasonable price so that production of Sodium Sulphide could be stepped up.	The matter has already been taken up with the Jodhpur Darbar who have been asked to expedite their decision.

STATEMENT III

Requirements and indigenous production of major heavy chemicals.

Chemical	Annual Estimated Requirements	Quantity met by indigenous production
		Tons.
1. Sulphuric Acid	80,000*	80,000
2. Caustic Soda	70,000	4,383
3. Soda Ash	1,20,000	28,200
4. Liquid Chlorine	1,800	1,800
5. Bleaching Powder	15,000	2,836
6. Bichromates	There is surplus production, 1,000 tons being exported annually.	

*The deficiency in requirements of the above chemicals are met by imports.

RELEASE OF IRON FOR MANUFACTURE OF AGRICULTURAL IMPLEMENTS

*281. Prof. N. G. Ranga: Will the Honourable Minister of Industry and Supply be pleased to state:

(a) what accumulated stocks of iron were found with stockholders as at the end of December, 1948;

(b) whether such stocks would be released for the manufacture of agricultural implements; and

(c) whether such of the Rolling Mills as are willing to turn over their quota of iron for the production of agricultural implements, at prices slightly higher than the controlled prices but which are mutually agreed upon between the mills and the Kisan Congress, will be allowed to do so instead of using it for household purposes?

The Honourable Dr. Syama Prasad Mookerjee: (a) and (b). The stocks of steel held by controlled stockholders and registered stockholders at the end of December, 1948 amounted to 69,399 tons and 16,000 tons respectively. A part of the stock held by the controlled stockists is already earmarked against quota certificates issued by the Iron and Steel Controller and the balance is held as their working stock. The stocks held by registered stockists form part of the Provincial quota and are released by Provincial Governments, both for agricultural and non-agricultural purposes.

(c) Whether unregistered Re-rolling Mills can be permitted to use their products for fabrication of agricultural implements or their products should be distributed to other fabricators engaged in the manufacture of agricultural implements is a matter entirely for Provincial Governments to decide, as the control over distribution of the products of unregistered Re-rollers rests with the Provincial Governments in whose area the Re-rolling Mills are located.

Products manufactured by registered re-rollers who are controlled by the Central Government are distributed both for fabrication of agricultural implements as well as house building and other purposes and it is not possible to earmark the entire production of these Mills for fabricating agricultural implements only.

The question whether registered re-rollers should be permitted to fabricate from out of their products and if so, to what extent, is engaging the attention of Government.

CLOSING OF COAL MINES IN BENGAL AND BIHAR

*282. Prof. N. G. Ranga: Will the Honourable Minister of Industry and Supply be pleased to state:

(a) how many mines in Bengal and Bihar had to be closed on account of uneconomic working;

(b) what is their usual capacity to yield coal;

(c) whether anything is being done to bring them back into economic working;

(d) why the total production of coal has gone down and pit-head stocks have gone up in 1948 as compared to 1947; and

(e) what is being done to improve the situation?

The Honourable Dr. Syama Prasad Mookerjee: (a) According to the information so far available, only one private colliery, namely, Bhaga, belonging to Messrs. Lodna Colliery Company, closed down during 1948 on account of un-economic working.

(b) 4,000 tons per month.

(c) The owners are reported to be contemplating to work two seams in the Bhaga Colliery from another colliery by arranging underground haulage.

The report of the Committee appointed by the Ministry of Labour to enquire *inter alia* into the causes of closure of collieries when received will throw further light in the matter.

(d) and (e). The total coal production in 1948 as compared to 1947 has not gone down. This will be evident from the following figures:

1947	29,793,146 tons (excluding 280,000 tons being the output from January to August of the collieries now in Pakistan).
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1948	29,822,257 tons (excluding the output of the collieries now in Pakistan).
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The Pit-head stocks at the end of December, 1948 were 1,780,000 tons as against 2,025,605 tons at the end of December, 1947.

The following measures which have been taken by Government will further reduce the stocks to the normal level *viz.*, 750,000 tons in a few months time:

(i) establishment of a Coal Transport Advisory Committee to review the day-to-day transport position in Bengal/Bihar; (ii) setting up of an *ad hoc* Committee to look into the question of special assistance for Transport to the over-stocked collieries; and (iii) stepping up of coastal shipments and exports.

FIXATION OF PRICE AND INTER-PROVINCIAL MOVEMENT OF Gur

*283. **Prof. N. G. Ranga:** Will the Honourable Minister of Agriculture be pleased to state:

(a) whether any studies were made as to how to regulate the relative prices of sugar and gur (jaggery) in order to protect the growers of sugarcane;

(b) whether Government propose to fix minimum price for gur, in addition to the present fixation of a ceiling price;

(c) whether any special steps are being taken to facilitate the movement of gur from Chittoor, Vizagapatam and Godavari Districts in the Madras Province and Barsilly and other Districts of U. P. to consuming centres in other provinces or states; and

(d) what other steps are being taken to protect the interests of gur producers?

The Honourable Shri Jairamdas Doulatram: (a) Gur as also sugar, has been decontrolled since December, 1947. During the period of control, sugar and gur prices were both being fixed after considering the cost of production of each. Owing to transport difficulties, however, and difficulties inherent in controlling a widely manufactured commodity like gur on a cottage industry scale, it was not found possible to effectively enforce the prices of gur. Since decontrol, sugar prices have risen while gur prices have fallen. Last year the prices of gur in U.P. were prevented from falling below the economic level by providing special transport.

(b) As stated above, there is at present no control over the price of *gur*. Provincial Governments have not, therefore, fixed any ceiling price for *gur* nor is it proposed to fix any statutory minimum price in the absence of control. Experience has shown that it is not possible to enforce price control over *gur* without monopoly procurement and controlled distribution which is administratively not feasible. Although, no minimum prices for *gur* are fixed, the Government will make every effort to prevent prices falling unduly in a surplus area by giving extra facilities for movement.

(c) *Gur* has been placed for rail movement under priority class 2 (a). No special complaints about accumulation of *gur* or transport difficulties in Madras province have been reported, while for the movement of the U.P. *gur*, the Government of India in consultation with the U.P. Government, are trying to work a phased programme of despatches by producers' Co-operative Societies.

(d) No other steps to protect the interests of *gur* producers against financial loss seem to be necessary in view of the policy of decontrol. Government, will however, consider the matter further if any suggestions are made to them.

INDIAN FRUIT PRESERVATION AND CANNING INDUSTRY

*284. Prof. N. G. Banga: Will the Honourable Minister of Agriculture be pleased to state:

(a) what steps are being taken to increase the production and preservation of fruit;

(b) whether Government are aware that fruit is one of the most important protective foods which should be developed;

(c) whether Government are aware that the Indian Fruit Preservation and Canning Industry is in an infant condition; and

(d) if so, whether Government propose to give it adequate protection from cheaper imports or to subsidise it or to give it any other special encouragement?

The Honourable Shri Jai Ramdas Doulatram: (a) The Government of India, the Indian Council of Agricultural Research and the Provincial and State Governments have been financing several schemes for Fruit Research, increased production of fruits, marketing of fruit and training of technical personnel. The Research Schemes aim at evolving suitable varieties of fruit plants with a view to effect improvement in their quality and yield, and are also concerned with control of pests and diseases. The Production Schemes aim at bringing more area under quick-yielding fruit plants and improving the yield by the use of manures, irrigation facilities and control of diseases. Some of the Provincial Schemes were being financed from the Grow More Food Grant so far. They will now be financed by the Provinces from the Block Grant for development placed at their disposal by the Central Government. The total grants made out of the G.M.F. Fund amounted to 8.43 lakhs from 1945-46 to 1947-48. The Indian Council of Agricultural Research Schemes involve an expenditure of about 19 lakhs of rupees out of which about 13 lakhs were spent upto the end of 1947-48.

As regards preservation of fruits, it has been decided to set up, in due course, an Indian Institute of Fruit Technology at Nagpur. A beginning has already been made by opening training classes for persons candidates recruited from Provinces and States at this Institute which is at present located in Delhi. The shifting of this Institute to Nagpur and providing it with full equipment for research, however, has been held in abeyance till 1950-51 on account of the present need for economy.

A Fruit Products Order is in force which was promulgated by the Government of India in 1946 in consultation with the Industry. The object of the

Order is to ensure that the fruit products manufactured in India conform to certain minimum standards regarding composition, handling and hygienic conditions. It is expected that the proper enforcement of this Order, which it has now been decided to entrust to the Provincial and State Governments, will lead to a gradual and systematic improvement in the conditions of the Industry and help in the regular collection of statistics regarding production.

To encourage the growth of the Preserved Fruit Industry in the country, high tariff protection against cheaper foreign imports has been afforded to it for three years with effect from the 1st January, 1948. The question of further protection if required by the Industry and the form it should take is at present under consideration of the Tariff Board.

(b) Yes.

(c) Yes.

(d) As mentioned in answer to part (a) of the question, protection in the form of high *ad valorem* duties on imported fruit products was granted to the Industry for three years beginning from 1948. The question whether this protection needs any further revision or substitution, wholly or in part, by a direct subsidy or other form of aid, was recently considered by the Tariff Board whose recommendations are awaited. The existing protection is as follows:

40 per cent. *ad valorem* on fruit squashes,

60 per cent. *ad valorem* on fruits and syrups,

80 per cent. *ad valorem* on jams and jellies.

Assistance is also afforded to the Industry by release of controlled materials such as tin-plate, coal, cement, etc.

PRICE OF SUGAR

*285. **Shrimati Dakshayani Velayudhan:** (a) Will the Honourable Minister of Agriculture be pleased to state whether it is a fact that the price of sugar in our country is double the world price of sugar?

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

(c) What steps do Government propose to take to bring down the present price of sugar?

The Honourable Shri Jalramdas Doulatram: (a) Yes, very nearly so.

(b) The high price of sugar in India is mainly due to (1) the high price of sugarcane (2) increased cost of labour, and higher manufacturing expenses.

(c) A twenty per cent. reduction in the price of sugar has already been effected for the current year compared to last year's price. No further reduction was considered practicable. The present ex-factory price of sugar is Rs. 28/8/- per maund for D-24 quality against Rs. 35/7/- last year.

Sugarcane is the major item in the cost of production of sugar and for any appreciable reduction in the cost of production of sugar, cost of sugarcane has to be substantially reduced by encouraging growth of improved varieties, yielding more cane per acre and more sugar per maund of cane. This is being done by the Provinces and State under a five year scheme of intensive research, sponsored and financed by the Indian Central Sugarcane Committee. Certain schemes which are expected to cost Rs. 75 lakhs have already been initiated in United Provinces, Bihar, Bombay, Central Provinces, Madras and Orissa. The cost of manufacturing sugar has also to be lowered by increasing manufacturing efficiency and utilization of bye-products of the sugar-industry. These matters are also receiving attention.

PRODUCTION OF SUGAR

*286. **Shrimati Dakshayani Velayudhan:** (a) Will the Honourable Minister of Agriculture be pleased to state the number of sugar mills in the country?

- (b) What is their total annual output?
 (c) What is the total requirement of sugar per year in the country?
 (d) If the total production of sugar is not sufficient to meet the needs of the country, what are the measures taken to remedy the same?

The Honourable Shri Jairamdas Doulatram: (a) The number of sugar mills in the Indian Union is 155.

- (b) The annual production of sugar in the Union is about a million tons.
 (c) The target of production for the Indian Union per year has been placed at sixteen lakh tons which includes one lakh tons for export.
 (d) To achieve this target the Government of India have planned the expansion of the sugar industry by the installation of about 45 factories of a daily crushing capacity of 800 to 1,000 tons at suitable locations.

PRODUCTION AND IMPORT OF POTATOES

***287. Shrimati Dakshayani Velayudhan:** (a) Will the Honourable Minister of Agriculture be pleased to state the total production of potato in the country per year?

- (b) Is potato imported from any country and if so, from what countries?
 (c) What was the quantity so imported in 1948 and what was the amount spent for the same?
 (d) Is it a fact that potato growers are not given any facilities by Government to dispose of their produce?

The Honourable Shri Jairamdas Doulatram: (a) The average annual production of potatoes in the Indian Dominion is estimated at 470 lakh maunds.

(b) Potatoes are imported into India mainly from Italy, Burma, Australia, Netherlands and Kenya Colony.

(c) The total quantity imported in 1948 was 4.13 lakh maunds and the total value of the imports was Rs. 54.9 lakhs.

(d) Government are not aware of any difficulty in the disposal of potatoes due to over-production or absence of suitable markets. The only difficulty that the growers experience is in regard to the transport of their produce from the growing areas to the consuming centres. For the purpose of providing adequate facilities in this direction, potatoes along with other foodstuffs have been allotted priority I (b) when the movement is sponsored and priority II (a) for unsponsored movements. In addition, whenever any request either from the growers themselves or from the Provincial Governments for the speedy movement of accumulated stocks is received, steps are taken to provide necessary assistance in consultation and collaboration with the Transport Ministry.

TELEPHONE CONNECTIONS FOR ALL DISTRICT HEADQUARTERS IN BIHAR

***288. Shri Amiyo Kumar Ghosh:** (a) Will the Honourable Minister of Communications be pleased to state which district headquarters in the Province of Bihar do not have telephonic connection?

(b) Are Government aware of the urgency of providing telephonic connection between the Capital of the Province and all district headquarters for administrative purpose?

Shri Khurshed Lal (Deputy Minister for Communications): (a) Purnea, Daltonganj and Dumka.

(b) Yes, but as the Department is short of stores and telephone equipment, priority is given to places where the demand is of a more urgent nature. Telephone Exchanges are expected to be opened at Purnea and Dumka during 1949-50.

CULTIVATION BY TRACTORS

*289. **Shri B. N. Munavalli:** (a) Will the Honourable Minister of Agriculture be pleased to state what is the total number of heavy tractors in the possession of the Central Tractor Organisation of the Ministry of Agriculture, Government of India?

(b) Has it loaned heavy tractors to the Provinces and if so, how many tractors have been loaned to each province?

(c) What is the area of land benefitted by these tractors in each province in the years 1947-48, and 1948-49?

(d) Was there any improvement in the yield of the areas benefitted by these heavy tractors in each province and if so, to what extent?

The Honourable Shri Jairamdas Doulatram: (a) The total number of heavy tractors in the possession of the Central Tractor Organisation under the Ministry of Agriculture is 160.

(b) The tractors of the Central Tractor Organisation were allotted as follows:

1947-48.

U.P.	...	...	64	Tractors
C.P.	...	...	32	"
Total	...	...	96	"

1948-49.

U.P.	...	...	48	Tractors
C.P.	...	...	96	"
Madhya Bharat (Union)	...	...	18	"
Total	..	..	160	"

(c) During 1947-48 the following areas were reclaimed by these tractors:

U.P.	..	..	24,806	Acres.
C.P.	..	..	7,500	"
Total	..	..	32,306	"

Out of these, an area of 18,428 acres was new land and the remaining 13,878 acres were 'Kans' infested land.

During 1948-49 these tractors are expected to reclaim 1,00,000 acres as detailed below:

U.P.	..	..	..	30,000	Acres
C.P.	..	..	..	60,000	"
Madhya Bharat (Union)	...	...	...	10,000	"

Out of these 20,000 acres will be new land and the remaining 80,000 acres Kans infested land.

(d) The Provincial Governments expect to harvest a good crop from the areas reclaimed by these tractors. In the case of new lands a yield of at least 12 maunds per acre and in the case of weed-infested lands an extra yield of 6 maunds over and above the usual two or three maunds per acre is anticipated. In U.P. it has been estimated crops worth Rs. 16 lakhs were harvested in 1948.

*290. [WITHDRAWN.]

RESIDENTIAL QUARTERS AND OFFICE BUILDINGS IN ORISSA POSTAL CIRCLE

*291. **Shri Yudhishtir Mishra:** Will the Honourable Minister of Communications be pleased to state:

(a) the number of units of residential quarters provided in the Orissa Postal Circle to Gazetted and non-gazetted officers;

(b) the number of departmental Post Offices in Orissa Circle accommodated in rented buildings;

(c) the number of departmental buildings for providing accommodation to departmental post offices in Orissa Circle constructed during the last five years, and the number of such buildings proposed to be constructed during the year 1949-50; and

(d) the number of units of residential quarters constructed in Orissa Circle for non-gazetted postal staff during the last three years and the number of such quarters proposed to be constructed during the year 1949-50?

Shri Khurshed Lal (Deputy Minister for Communications): (a) Number of units of residential quarters provided in Orissa Circle: Gazetted five; Non-gazetted 134.

(b) Number of departmental Post Offices in Orissa Circle accommodated in rented buildings--86.

(c) Number of departmental buildings for Post Offices in Orissa Circle: constructed during last 5 years nil; proposed to be constructed during 1949-50 nil.

(d) Number of units of residential quarters constructed for non-gazetted staff: during last three years nil; Number of staff quarters proposed to be constructed in 1949-50 nil.

CULTIVATION OF RECLAIMED LAND

*292. **Shri Kishorimohan Tripathi:** (a) Will the Honourable Minister of Agriculture be pleased to state the total area of land reclaimed for cultivation and growing Crops during the Calendar year 1948?

(b) What was the total expenditure incurred on the different reclamation schemes?

(c) What was the net value of crops raised on the reclaimed lands?

(d) Was the cultivation of the reclaimed land undertaken by private individuals, collective or co-operative groups of persons or by Government?

The Honourable Shri Jajramdas Doulatram: (a) Total area of land reclaimed in 1948 for cultivation was 4,45,838 acres.

(b) The total expenditure incurred was Rs. 2,14,65,458.

(c) Reports from Provinces of Orissa, Bombay, and West Bengal have not been received, as the crops have not been harvested. The net value of crops raised on the reclaimed lands in the Provinces of Bihar, United Provinces, Central Provinces, Assam, Madras and East Punjab was Rs. 8,44,01,010.

(d) In United Provinces the Kans infested land reclaimed already belonging to individuals was cultivated by the owners. But the new land reclaimed is partly to be settled with persons who will form Co-operative Societies and partly converted into State-farm and collective farms. In all other Provinces the reclaimed land was cultivated by private individuals.

LAND RECLAMATION FOR CULTIVATION DURING 1949

*293. **Shri Kishorimoban Tripathi:** (a) Will the Honourable Minister of Agriculture be pleased to state the total acreage of land that Government propose to reclaim during the calendar year 1949?

(b) In which provinces is the reclamation going to be carried out?

(c) Have Government considered the desirability of opening large scale State-Farms on reclaimed land in each of the Indian Union Provinces?

The Honourable Shri Jairamdas Doulatram: (a) and (b). The Central Tractor Organisation of the Government of India propose to reclaim 1,00,000 acres during the season December, 1948 to June, 1949 as indicated below:

United Provinces	30,000	Acres
Central Provinces and Berar.	60,000	"
Madhya Bharat Union	10,000	"
Total	1,00,000	"

The programme for the season 1949-50 has not yet been finalised.

(c) Out of the 1,00,000 acres to be reclaimed about 80,000 acres belong to small cultivators who will farm this area themselves. It is a matter for the Provincial Governments concerned to decide whether the balance of 20,000 acres will be cultivated as State-farms or otherwise.

INSTALLATION OF TELEPHONES IN RURAL AREAS

*294. **Shri S. Nagappa:** Will the Honourable Minister of Communications be pleased to state:

(a) the total number of telephones in use in India; and

(b) how long it will take Government to introduce the system in the rural areas?

Shri Khurshēd Lal (Deputy Minister for Communications): (a) 1,14,922 on 31st March, 1948.

(b) Telephones will be introduced in rural areas when such introduction becomes economically practicable.

AEROPLANE CRASHES

*295. **Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Communications be pleased to state how many aeroplane crashes have taken place in India from 1st April, 1948 up to now?

(b) How many people have been killed and how many injured in such accidents?

(c) What compensation altogether has been given by Government to the bereaved families so far?

(d) What compensation altogether has been given by private Aeroplane Companies to them?

(e) What are the precautions now taken to avoid such accidents?

Shri Khurshēd Lal (Deputy Minister for Communications): (a) The total number of aircraft accidents during the period from the 1st April, 1948 to the 25th January, 1949, was 52; out of which 36 involved major damage to aircraft or injury to the occupants and of these only one accident involving loss of life to occupants occurred to a schedule service, namely the loss of a Dakota with all its passengers between Jammu to Srinagar last month.

(b) Eighteen killed and twenty-one injured.

(c) No compensation has been given by Government.

(d) Government is not aware of any compensation having been paid by the Air Transport Companies.

(e) Precautionary measures have been laid down in the Indian Aircraft Act and the rules thereunder relating to airworthiness and inspection of aircraft, licensing of operating personnel and air traffic control and strict and careful observance of these regulations is enforced. The safety measures are constantly under review. Accidents when they occur are carefully investigated and if they reveal the need for any new regulations or tightening up of any existing regulations, necessary action for the purpose is immediately taken.

OVERCROWDING IN RAILWAY TRAINS

*296. **Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Railways be pleased to state what is the total carrying capacity of all Railway coaches for passengers?

(b) How many persons have been carried during the financial years 1947-48 and 1948-49?

(c) What was the percentage of overcrowding to regular accommodation?

(d) How many deaths have occurred during the year 1948-49 on account of people hanging outside or sitting on the tops of carriages?

(e) What is the deficit in the number of carriages now?

(f) How many new or additional carriages and having what capacity were put on the rails during the year 1948-49 and what is the target for the year 1949-50?

(g) What steps are Government proposing to take to remove overcrowding?

(h) Is it a fact that overcrowding has increased since the abolition of the Inter class?

The Honourable Shri K. Santhanam: (a) to (h). A statement giving the information asked for by the honourable member is placed on the table of the House.

STATEMENT

(a) The total number of seats in all the carriages available for carrying passengers, on the 31st March, 1948 was as under:

Broad Gauge	512,912
Metre Gauge	259,038

Note.—The latest corrected figures available are those for 1947-48 which are therefore given above. These relate to all Class I Railways excluding E. P. and Assam Railways.

(b) The following are the figures in thousands showing the number of passengers carried on Class I Railways (excluding Eastern Punjab and Assam) during the years 1947-48 and 1948-49:

	1947-48.	1948-49 (anticipated).
Broad Gauge	644,634	729,382
Metre Gauge	323,450	374,686

(c) The usual method of estimating the extent of overcrowding is by reference to the occupation ratio which is expressed by the percentage ratio of passenger miles to seat miles per day. For the year 1947-48 this ratio works out to 70 per cent. for B. G. and 85 per cent. for M. G. The Indian Railway Enquiry Committee, 1947 who have commented on this subject considered that an occupation ratio of 50 per cent. should be aimed as this would avoid any serious overcrowding. In view of the occupation ratio standing at 70 per cent. for B. G. and 85 per cent. for M. G. perhaps a reduction to 60 per cent. should be taken as the immediate target.

(d) The information so far available indicates that during the period 1st January, 1948 to 31st January, 1949 there have been 67 deaths and 49 cases of injury over the Indian Government Railways due to travelling on footboards and 4 cases resulting in loss of life

due to travelling on roofs of carriages. Footboards deaths occurred mainly on the B.B. & C.I. Railway electrified suburban sections. There were 27 fatal accidents of this description during the period reviewed, and in 23 cases it was established that overcrowding was not the cause. There are certain passengers who persist in travelling on footboards, even when accommodation is available in the train. This is prevented at stations, but passengers leave their compartments whilst trains are in motion. Prosecutions are now undertaken whenever there is a possibility of a conviction being obtained.

(e) It is estimated that about 2,700 more coaches than were available on 1st April, 1948 are required to meet the increased traffic requirements.

(f) During the year 1948-49, it is expected that about 214 passenger coaches with seating capacity of approximately 20,758 passengers, will be put on line. Since 1st April, 1948 251 passenger coaches have been returned by the Ministry of Defence. Seating capacity is approximately 21,586. The target for the year 1949-50 is approximately 460 coaches.

(g) The steps being taken include placing new coaching stock on line, strengthening passenger train services by attaching extra carriages as far as available within the permissible hauling capacity of the engine, best possible utilisation of all available coaching stock, vigorous efforts to prevent ticketless travel and increasing efficiency all-round.

(h) There has been no reduction in the total carrying capacity which has, on the contrary, increased slightly as a result of the reduction in the number of classes from 1st January, 1949 and therefore no increase in overcrowding can be attributed to the change in classes.

SHORT DISTANCE AIR SERVICES

*297. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Communications be pleased to state what steps Government are taking to organise short distance Air Services in India?

(b) Are there any applications for starting new services, which Government have not approved?

(c) If so, what was the reason therefor?

(d) Are Government contemplating any new Services during the course of the next financial year?

(e) If so, what are they?

Shri Khureshd Lal (Deputy Minister for Communications): (a) The initiative for the operation of air services (including short distance air services) lies with the air operating companies. Government provides the ground organisation and navigational facilities at specified stations which are selected having regard to their traffic potential. Consistent with the country's present resources in funds, technical personnel and equipment, the Government of India's plan is largely confined to the development of trunk routes; but facilities for the operation of short distance services are also provided where traffic demand is sufficiently high to justify this.

(b) The statutory authority for the grant of licences for operation of scheduled air services is the Air Transport Licensing Board. The Board has rejected quite a number of applications for licences.

(c) In granting licenses, the Board is guided by the provisions of Part XIII of the Indian Aircraft Rules, 1937, relating to the requirements to be fulfilled before a license can be issued. The applications that do not satisfy the requirements are rejected by the Board.

(d) and (e). It is expected that the following services, for which provisional licenses have been granted will commence operation during the next financial year:

- (1) Bombay-Karachi-Zahidan-Tehran.
- (2) Calcutta-Bangkok-Saigon-Hongkong-Shanghai.
- (3) Calcutta-Bangkok-Singapore-Batavia-Sourabaya-Darwin-Sydney.
- (4) Madras-Berwada.

- (5) Hyderabad-Bezawada-Vizagapatam.
 (6) Nagpur-Jubbulpore.

ASSEMBLY AND MANUFACTURE OF AEROPLANES IN INDIA

*298. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the number of aeroplanes assembled in India up to the end of the year 1948?

(b) What is the number of aeroplanes proposed to be assembled and manufactured in India during the year 1949-50?

(c) What is the estimated number of aeroplanes that would be required by Government for civil air services in India during 1949-50?

(d) How are these planes going to be obtained?

The Honourable Dr. Syama Prasad Mookerjee: (a) Hindustan Aircraft Limited, Bangalore, assembled up to the end of 1948, 148 aeroplanes. Eleven aeroplanes were also partly manufactured and partly assembled there.

(b) Hindustan Aircraft Limited is at present engaged in the Assembly and manufacture of fifty Prentice Trainer aircraft under assistance arrangement with Messrs. Percival Aircraft Company, England. The number of Prentices expected to be assembled or manufactured during 1949-50, is 47.

Hindustan is also designing three indigenous types of Trainer aircraft for the F.I.A.F. and Flying Clubs, etc. Manufacture of two prototypes will be taken up in 1949-50. These will be ready for flight test the next year. Research is proceeding on the development of one or two additional types.

(c) Aircraft required for the operation of Civil Air services in India are purchased by the operating companies. It is estimated that about twelve new aircraft will be required for this purpose during 1949-50.

(d) The aircraft will have to be imported from abroad.

DELAYS IN DELIVERY OF MONEY ORDERS AND PARCELS AT GAUHATI

*299. **Srijut Rohini Kumar Chaudhuri:** (a) Will the Honourable Minister of Communications be pleased to state whether Government are aware that money orders sent from Shillong are not ordinarily delivered at Gauhati before 10 days?

(b) Are Government aware that the Registered Parcels Nos. 302 and 312 posted by the Deputy Commissioner of Goalpara at Dhubri on the 12th January, 1949 were not received by the Sessions Judge at Gauhati till the 22nd January, 1949 and that only, when a special request was made to the Superintendent of Post Offices of the Division?

(c) Are Government aware that similar cases have occurred on various occasions, and that Government records had to be brought by special messengers to Gauhati from the neighbouring towns, and that some Sessions trials had to be put off by Sessions Judges of A. V. Districts on account of delays in receiving the records sent by post?

(d) Is it a fact that registered packets and parcels are kept in open enclosures in the main Post Office of Gauhati, as there is no room in the building to keep them?

(e) If so, for how long have they been so kept?

Shri Khureshd Lal (Deputy Minister for Communications): (a) The facts are not stated. Money Orders issued in Shillong are ordinarily paid at Gauhati on the third day but arrangements are being made to have them paid the next day.

(b) Yes, Sir. The delay referred to is under departmental investigation.

(c) No other case of the kind has come to the notice of Government. Cases of delays are normally investigated by the local head of the circle. Government have also no information regarding the postponement of any sessions trials on account of postal delays.

(d) Yes, but they are kept under Police guard. Proper sheds for storage of such bags are under construction and are expected to be completed shortly.

(e) From the 13th December, 1948.

Shri Biswanath Das: Sir, I have to make a representation regarding supplementary questions and the replies to questions that are laid on the table of the House, such as statements, etc.

Mr. Speaker: He may do so after the short notice question is put and answered.

SHORT NOTICE QUESTION AND ANSWER

RAILWAY ACCIDENT ON BINA-BHOPAL SECTION

Shri H. V. Kamath: Will the Honourable Minister of Railways be pleased to state:

(a) whether it is a fact that the 3 Up Punjab Mail met with an accident on the Bina-Bhopal section, on the 1st February, 1949;

(b) if so, the nature and number of casualties;

(c) the damage to rolling stock; and

(d) the cause of the accident?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Yes.

(b) Three passengers sustained simple injuries.

(c) The engine and three bogies behind it were derailed, the estimated cost of the damage being Rs. 13,600.

(d) An enquiry is being held to determine the cause of the accident.

Shri H. V. Kamath: Is this, Sir, the first accident on the Bina-Bhopal section during the last eighteen months?

The Honourable Shri N. Gopalaswami Ayyangar: I cannot give a definite answer to that question.

Shri H. V. Kamath: Did this accident take place within Bhopal State territory or outside?

The Honourable Shri N. Gopalaswami Ayyangar: Within the State territory.

Shri H. V. Kamath: Has there been a press report that sabotage is suspected?

The Honourable Shri N. Gopalaswami Ayyangar: Sabotage is suspected, I know.

Shri H. V. Kamath: Did this accident occur before or after the dissolution of the Bhopal Ministry?

The Honourable Shri N. Gopalaswami Ayyangar: I am afraid I am not aware of the exact date on which that ministry was dissolved.

Shri H. V. Kamath: Were not some important persons, or some very important persons—V.I.P. in official parlance—travelling or expected to travel by that train?

The Honourable Shri N. Gopalaswami Ayyangar: An Executive Engineer of the G.I.P. was travelling by that train.

Shri H. V. Kamath: When did the P.W.I. or his staff inspect the line before that accident?

The Honourable Shri N. Gopalaswami Ayyangar: I do not know if they made any inspection in anticipation of this accident, not likely.

Shri H. V. Kamath: Sir, is not inspection done every day?

The Honourable Shri N. Gopalaswami Ayyangar: Inspection is done.

Mr. Speaker: There is no use pursuing these questions. An enquiry has been set up and all these questions will be gone into by this enquiry.

Seth Govind Das: Is it not a fact that after two or three days of that accident, another accident took place near Itarsi, and is it not suspected that the same gang of saboteurs is working throughout that area?

The Honourable Shri N. Gopalaswami Ayyangar: The suspicion as regards sabotage is being investigated now.

PREMATURE PUBLICATION OF SHORT NOTICE QUESTION IN NEWSPAPERS

Shri H. V. Kamath: Sir, before we proceed to the business of the day, may I invite your attention to the publication of a news item in one of the local dailies regarding a question which I am alleged to have given short notice of? I do not know where and how that leakage has occurred, and I am very well aware that it is contrary to all the rules of business and propriety of our Parliament. I am very anxious, Sir, that the direction which you gave last year in connection with some adjournment motion must be observed by all concerned. I only wish here to disown all responsibility for this incident, and I would request you, Sir, to take such action as you may deem fit in this matter.

Mr. Speaker: I entirely concur with the honourable member that, the practice of giving publicity whether through the initiative of members or otherwise, to questions, motions or resolutions before they are admitted in the House, and so far as questions are concerned, even before they are answered, is not a desirable one. Last time, I expressed my disapproval of this procedure and said that I may be constrained to consider what steps might be taken in case a repetition takes place. Since then, there has been a change in the constitutional and legal position which perhaps honourable members and also the Press might know. The privileges of this House to-day are identical with those of the House of Commons in England, and any contempt by such pre-publication or any other manner is liable to be punished with such punishment as the House may decide. People guilty of violation are liable to be committed for contempt of the House. I hope that all concerned will take note of this and that there will not be a repetition of this kind, in future.

On the present occasion, as it is the first of its type, after the enlargement of the privileges of the House, I do not think we should take any more serious notice of it than this.

SUPPLY OF ADVANCE COPIES OF ANSWERS TO QUESTIONS, ETC., TO MEMBERS

Shri Biswanath Das: Sir, you were good enough to state that replies and statements that are furnished by the Honourable Ministers are supplied to the library, soon after they are given here. I may, however, be permitted to bring to your notice that I am a regular reader of these replies and I have found that even by the mid-day of the same day, or even by 1 o'clock or even by 2.30 P.M. they are not supplied to the library. The result is that we have to wait till the next day to see them. Even if these statements are supplied in due course, they will not be useful to us or helpful to us in framing supplementary questions arising out of the replies and statements supplied. They are not helpful for

the purpose of supplementary questions for the day. This creates two difficulties. Firstly, it prevents honourable members from putting supplementary questions. Secondly, it leads to members framing other questions and thus adds to the number of questions to be asked in the House. With a view to avoid both these difficulties, may I suggest to you the procedure that is being followed in the Provinces, namely, replies are being printed and circulated to all the honourable members, and they are fully prepared, being in the know of the replies. Therefore the supplementary questions that are framed by them are apt and to the point, this also minimises the number of unnecessary questions, and also makes it possible for the House to finish the questions for the day. I request this practice may kindly be considered and if possible, accepted.

Shri B. K. Sidhva: Sir, I also endorse the remarks made by my friend Mr. Biswanath Das. It becomes very difficult for us to put our questions because we do not get these statements in time. I do not entirely agree with his suggestion that every member should be given a printed copy in advance. I think, the member concerned at least should be given the statement, at least one hour in advance, or at least half-an-hour in advance. To-day I had to ask a very important question about prices and which actually involved crores of rupees. But you prevented me, Sir saying that I could study the statement. But when will I get the opportunity to put the supplementary question on the statement I may get it only next August or September. Therefore I would request you to give consideration to this matter, which actually relates to the rights of the members of this House, and not wait till the rules are considered.

Mr. Speaker: I do not think we need take any more time arguing over this matter.

Prof. N. G. Ranga: But it comes up over and over again. We must decide something.

Mr. Speaker: A decision was taken; perhaps it is not clear to some members as to what decision was taken. The question of printing the answers and supplying them to the members was considered fully in the new set-up of things, and it was felt that it was not a good practice to follow, for various reasons. I need not go into the reasons at present.

As regards the questions themselves, I do think that interpellations are important, and the question hour is the most lively one in the House. But honourable members will see that it is desirable that each individual member gets a fair opportunity to put supplementary questions. It is also the duty of each member to see that he does not go into such details in the supplementary questions, as to bar a lot of subsequent questions coming from other Members. In fact, the time taken over supplementary questions in this House is, to my mind, inordinately long. In the House of Commons, about 50 questions are disposed of in one hour, and here, though I have given, sometimes, as long as 10 minutes to a particular question in view of its importance, members seem to be dissatisfied and want to put more and more questions. They do not take into consideration the fact that by dwelling rather too long on certain questions they leave very little time for the remaining questions on the Order Paper which are of equal importance. Today, for example, when the List of Questions contains 34 questions, only 14 were answered, and the remaining 20 have gone into the proceedings, without any chance for putting supplementary questions on them. Really it is a question of some balance. If statements are to be gone through in this House, I am afraid, hardly three questions can be considered and the rest will remain as they are. So, the position is that Members themselves have to see that they put in as few supplementary questions as possible.

I find that the rules as regards questions are also not properly either studied or put into practice by Members. For example, questions suggesting action,

questions containing inferences, questions which are argumentative, etc., are all, not permissible and still such questions are being put as supplementaries and a lot of time is taken. My difficulty is that, when supplementary questions are put, I cannot come to a conclusion as to whether they are admissible or not, unless they are actually put. Then, by the time they are put, perhaps they are answered also in some cases, before a ruling is given as to whether a question is admissible or not; and a good deal of time is thus lost.

A good deal of time is also lost by long preambles to questions, such as, 'whereas the Honourable Minister for so and so', and 'in view of the statement made by' and so on and so forth. Sometimes the valuable one hour of question time is lost in repeating the phrase "May I know from the Honourable Minister" and so on. If the questions are put in a short sentence and to the point, I think we would be able to do full justice to the whole Question hour and the important right of interpellations could be exercised more usefully. That is how I feel about these questions.

As regards placing the answers to the questions in the Library, there was a slight mistake in what I said before. Up to one o'clock, they are placed on the Secretary's table and then they are taken to the Library. There, from one o'clock onwards, they are available. I do not think anything further is now necessary to be said by me and I do not think anything more can be done in this matter.

Shri Mahavir Tyagi: Would it not be convenient if typed copies are given to members who have given notice of questions so that at least the member concerned may be satisfied?

Mr. Speaker: Does the honourable member mean to say that this should be done before the Question hour begins?

Shri Mahavir Tyagi: Yes.

Mr. Speaker: Yes, that is done in the provinces. I know it. I was myself a member of a Provincial Assembly and its Speaker for nearly 2½ years before the Constitution was suspended. In the old set up, that was the procedure. But in the new set-up, the House is sovereign and it cannot afford to be dealing with small matters. It has to deal with matters of great importance and matters of international importance. I may here give an illustration. I remember to have admitted a question asking whether there was sufficient number of ration shops opened in Delhi. Such a question will not be obviously admissible now. The House has to deal with important matters and questions concerning ration shops and the like ought not to come before it. The practice in the House of Commons is that, honourable members who want information, approach the Ministers concerned privately and get it. It is only matters of public importance that are brought to the notice of the entire House and questions are put. In all these small matters, the best thing to do is to write to the Honourable Minister concerned and if no information is available, to exercise the right to come before the House. This is the only way in which the House will be enabled to deal with really important matters. This is my reaction to the various suggestions made.

Shri R. K. Sidhva: Is it not a matter.....

Mr. Speaker: I do not propose to go further into this matter.

Thursday
10th February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II - PROCEEDINGS OTHER THAN QUESTIONS AND
ANSWERS)

Official Report

70

Volume I, 1949

(1st February, 1949 to 23rd February, 1949)

Fourth Session
OF THE
CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE)
1949



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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS
AND ANSWERS)

Thursday, 10th February, 1949

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

QUESTIONS AND ANSWERS

(See Part I)

12 Noon.

ELECTION TO COMMITTEE ON PUBLIC ACCOUNTS

Mr. Speaker: I have to inform the Assembly that up to 12 Noon on Wednesday, the 9th February 1949, the time fixed for receiving nominations for the purpose of election of one member to the Committee on Public Accounts in the vacancy caused by the resignation of the Honourable Shri K. Santhanam only one nomination was received. As there is only one candidate for the vacancy, I declare Prof. K. T. Shah to be duly elected to the Committee.

CODE OF CIVIL PROCEDURE (AMENDMENT) BILL.

(AMENDMENT OF SECTION 82)

The Honourable Dr. B. R. Ambedkar (Minister for Law): Sir, I move for leave to introduce a Bill further to amend the Code of Civil Procedure, 1908.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill further to amend the Code of Civil Procedure, 1908."

The motion was adopted.

The Honourable Dr. B. R. Ambedkar: I introduce the Bill.

INDIAN TEA CONTROL (AMENDMENT) BILL.

The Honourable Shri K. C. Neogy (Minister for Commerce): I move for leave to introduce a Bill further to amend the Indian Tea Control Act, 1938.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill further to amend the India Tea Control Act, 1938."

The motion was adopted.

The Honourable Shri K. C. Neogy: I introduce the Bill.

BANKING COMPANIES BILL.—contd.

PRESENTATION OF REPORT OF SELECT COMMITTEE

The Honourable Dr. John Matthai (Minister for Finance): I beg to present the report of the Select Committee on the Bill to make provision for the payment of taxes before transfers of property are recognised in certain cases.

BANKING COMPANIES BILL.—contd.

Mr. Speaker: The House will now proceed with the further consideration of the motion that the Bill to consolidate and amend the law relating to banking companies as reported by the Select Committee be taken into consideration.

Shri B. K. Sidhva (C.P. and Bearar: General): Before we dispersed last evening, I was developing my point that the banks with which this Bill is concerned have about Rs. 800 crores of deposit money. I also singled out one bank for the purpose of showing what an amount of material wealth the Country possesses. I said that in Jaipur during my visit to attend the Congress Session I found that the small State bank had 7-1/2 crores of deposit money. It is not therefore proper to state that for the purposes of nationalisation of banks or other industries, sufficient material wealth is not available in the country. We have sufficient wealth, but the point is how to get this money for the welfare of the country and its nationals. That is the point to which proper attention has not been paid. It has been stated, Sir, that money is shy because this Government from time to time proclaims its policy of nationalisation of banks or other industries. Therefore the money that is required by the State is not forthcoming. Sir, this Government has times out of number proclaimed that they want to restore confidence amongst the general public, amongst the industrialists, amongst the investors, amongst all people and even amongst labour, and they have by practical steps shown what their future policy will be as regards nationalising all industries, so that there may be no difficulty as far as the forthcoming of money is concerned. But such is the state of affairs, despite the above fact and despite the assurance given by the Honourable the Finance Minister last year during the budget debate that with regard to his policy of taxation—for which there were certain questions at the time—he had suggested this after consultation with some of the big industries, so that our economy may not in any way suffer: and the House, although reluctant, at once agreed to his proposal.

In spite of all these facts, what do we find? We find that neither the big capitalists nor labour, for whom also we have made some concessions, are prepared to come forward and help the Government. The Government went to the length of reducing the amount of import duty for any new industry that was going to be started. There also the response which was expected was not forthcoming and I do not therefore understand what else Government should do.

It is the industrialists who have been frightening the middle class people who invest their money in the banks. It is not the Government that is frightening them by their national policy and that therefore their money is not coming forward. These big capitalists, who have been enjoying privileges and concessions, fear that by the introduction of nationalization they might be deprived of their profits, and they spread such kind of fears among the middle class of people. I mentioned about the investment of Rs. 800 crores in certain banks. Let me tell you that the predecessor of the present, Honourable Minister stated that 75 per cent. of the money by way of loans and deposits come from the middle class people. That is true. These big capitalists do not put their money as fixed deposits into the banks for getting interest. They borrow money. It is the small class of people who invest the money and the advantage is taken by the capitalists and yet they are not prepared to help the State. When an emergency has arisen and when they must subscribe to the loans, a greater number of these people should help the State in industry and banking. I therefore feel that when Government are making concessions after concessions this policy of theirs will not pay. We are prepared to wait even for another 15 years provided they are prepared to co-operate. But I am sure that from the trend of things and manner in which the capitalists are proceeding, they are not prepared to help the Government. Either we must go the whole hog for nationalisation or let time take its own course. There can be no *via media*. We have done our best. I admit that Mr. Mody has wholeheartedly supported this Bill. I also support it for whatever it is worth. But I do feel, Sir, that instead of blaming the Government that because of their policy money is not forthcoming, persons like Mr. Mody who are at the head

of banking concerns, should change their outlook and mentality and see that the money which is really invested by the middle class of people is used in the right direction.

My friend, Mr. Ramalingam Chettiar spoke about co-operative banks. I had the honour and privilege of being the President of two co-operative banks with a running capital in one case of Rs. 1 crore and in the other case of Rs. 18 lakhs, and I can assure you that these co-operative banks and societies do wonderful work. These big banks to whom the small man goes for a loan for industry do not give any help. I certainly do not want to minimise the great part our Indian banking has played in the past when these European concerns were committed to demolish these banks. I know the Central Bank of which Mr. Homi Mody is the Chairman has met with so many odds, but it has faced all of them. I know of an instance where there was a rush on the bank, but the bank stood firm and paid every one up to 11 o'clock in the night. At that time the English Banks and the Imperial Bank were not prepared to help our Indian banks. I must give credit to them for maintaining the credit of Indian banking. But times have changed and they must under these circumstances bear in mind that if they do not change their outlook neither they, nor the country, nor the small investors are going to benefit, and that confidence in the banks and the Government will drift somewhere else. Therefore instead of the industrialists blaming the Government, they must blame themselves. Their big Federation of Chambers of Industry must try to understand what is the position, and then if they change their outlook I am quite sure the affairs of the State will be very much better than what they are now. I have no fear about our own position. We have ample money.

Without fear of any contradiction, I say if money is to be collected, it will come spontaneously. The point is how it is to be planned and collected. That is the conclusion I have come to in this matter of nationalization. The Imperial Bank has Rs. 281 crores as deposits and the Central Bank also has got Rs. 123 crores. Where is that money? That money is lying somewhere utilised in shares. The poor depositor gets not more than one per cent. on his money: if it is for a long period, he gets one and a half per cent. That is the position of banking. I want that the banking system in India be revolutionized so that small and big industries can prosper and not only one class of people.

This Bill is being brought for the prosperity of one class of people in this country. I would have preferred a banking measure of a very far-reaching importance, so that under the new set-up, as you rightly have been stating all along, there should have been better types of Acts so that small people, the middle class people and the big people could be benefitted by them. In this Bill I do not find such a provision.

Now one important point which I want in the provisions of this Bill is the representation of the depositors. It has been argued that if the depositor has the right to vote, it will be impracticable. I fail to understand such an argument and I can only come to this conclusion that it is not the intention of the bankers to give any kind of right to the depositors who really contribute three-fourths of the money in banks.

This is only for a few banks. But there are many other small banks and if you include all of them it may come to Rs. 1,000 crores. In the Insurance Company you have given a right to the policy-holders. It was argued then also, when the question of the right of the policy-holders came up, that it was not feasible. I have been reading the debate on that occasion. Ultimately the Government of those days had to yield and give representation to the policy-holders and today that system is functioning so very well that the companies are very vigilant. Policy-holders' associations have been created and they send their representatives to safeguard their interests. May I ask the

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Honourable Minister why a similar proposition could not be evolved in this case also? Why could it not be stated that those who have money for six months as fixed deposits at the time when the election takes place should have the right of voting. Under the Companies Act on a particular date the books are closed to the shareholders and after the closing of the books nobody has a right of voting. Similarly such a plan could be devised. Is there any point in stating that it could not be devised? Where there is a will there is always a way but if there is no will obstacles will be found. I do contend, Sir, that this matter requires the serious consideration of the Honourable Minister, for it has been very lightly treated and the argument has been advanced that it is not feasible. If the Government want more money from this class of investors they must give them this right also. They invest crores of rupees. I shall be glad to hear if my statement is incorrect, that a larger portion does not come from the middle and lower middle classes. I also know that in many banks it is the middle classes that keep their little savings. Some depend on the interest they receive on their deposits. The Tatas, Dalmias and Birlas do not invest for the sake of interest. They borrow money. So with what logic can you refuse representation to them? It passes my comprehension.

I was discussing with a member of the Select Committee and he told me that this matter was ruled out, (although it was quite correct that they should have been given the right) because they thought it was not practicable. Why? You may put down six months or one year or any other restriction that you want. But why deny that right to the class of people which is giving ample money? The Government ought to encourage such a motion. But they do not want any depositors' representatives to be sent. Thirty crores are the unsecured advances given by all these banks. Under the Indian Companies' Act a statement of unsecured advances has to be given by each bank. So they fear the depositors may form their association and send their representation and the benefit which they are enjoying now, which is not due to them, will be lost. I therefore lay great stress on this and I would request the Honourable Minister to reconsider this matter and let him not state that it is not feasible. It is the big Directors who do not want it. I do not agree that the Government should say that it is not possible. These bankers will certainly say so. They would avoid such a right being given to the people. They want to confine their right to a coterie of people who have been enjoying all these benefits so long.

Section 27 of the Bill permits the Reserve Bank to inspect the working of all the scheduled banks. A similar clause was there already and even now the Reserve Bank under instructions from the Government of India from time to time used to get statements from these banks. As my friend Mr. T. T. Krishnamachari rightly stated I do feel that the laws are sometimes very good but they are not implemented. Why should not a surprise visit be made by the representative of the Reserve Bank periodically to any bank, not with any malice but with the best of intentions, to safeguard the interest of the depositors and find out if the bank is working satisfactorily. I will give the House an illustration.

After the enactment of the Reserve Bank Act all along depositors were so confident that they took it into their head that the scheduled banks were gilt-edge banks and thought that to invest their money in a scheduled bank was the safest. I will give you the illustration of the Jwala Bank. For 25 years this bank was running its business. I do not know in what manner. I have gone into the details of this Bank. The directors were a family affair and they probably went on investing in shares and one morning the Reserve Bank issued an order that the Jwala Bank should take no more deposits. That was a

public notice. The result was that there was panic. Many small depositors who had invested their money (many widows have come to me to represent) have lost lakhs of rupees. The chairman of the bank was a very clever man and somehow for a certain period managed to give them 90 per cent. and took a receipt for 100 per cent. Then he came down to 80 and later on to 75 per cent. in full settlement of the deposits. The people thinking that their money is going away even accepted 75 per cent. Now they are offering 50 per cent. That was about five months ago and it has been accepted. I do not know to-day how much they will be in a position to pay. Where is the supervision of such a bank I am asking? You are enacting this Act for the benefit of depositors and if you cannot protect their money better say so. The rule for the inspection by the Reserve Bank is merely on paper but is not to be put into operation. That is the position.

I know of another bank in Bombay and in regard to that also a similar notice was issued. It so happens that some banks are not solid, then the Reserve Bank must go to their aid. If they found that the Jwala Bank was rotten what were they doing? It was a 25 year old Bank. Why did they not detect its condition long ago and save the money of the depositors. The Government lost nothing, the directors lost nothing but it is the depositors who have lost their lives' savings. That is the point to which I want to draw the attention of the Honourable Minister.

My friend yesterday mentioned in detail about the Calcutta Bank. I have no knowledge except that I read in the newspapers. But I know of these other instances personally, for those depositors have been coming to me. I know also the sums of money deposited and I know in what condition the families affected are. Therefore I desire that some improvement has to be made in clause 27, so that such a thing could not be repeated.

Sir, I have not much to say. Many of the points have been dealt with by various speakers who have spoken before me. I have only to state in the end that banking must always be considered as one of the great keystones for the expansion of industry and the economy of this country and it is a policy accepted by everyone. Therefore I am rather surprised to find that the Imperial Bank which has been catering for Government before the Reserve Bank came into existence, has been accepting deposits without giving a single pie of interest. The House may be aware that crores of rupees are in the current account of the Imperial Bank even today where there are no issue offices and they are operated upon by the Imperial Bank, although there is no interest paid on the current account to the State.

The Imperial Bank with crores of rupees of the State gives hardly one or two per cent. on loans to depositors but advances to the other concerns and earns about five, six or eight per cent. We were so delighted when we were told that the Imperial Bank was going to be nationalised. We must take some step in some direction and we were happy. After all, in the House of Commons, under the present Labour Government the Bank of England has been nationalised. We are always quoting the House of Commons here and saying that we are now functioning as the House of Commons. If that is so I want to know why we cannot function one-hundredth of what they are functioning like. Why should we not nationalise the Imperial Bank where our money is invested? Europeanisation is still there. I know of certain branches where the Managers and even the Accountants are Europeans. But I was glad to learn from the Deputy Speaker—which the Honourable Minister has still to corroborate and make a statement—that he is going to bring a proposal to nationalise the bank soon and at the same time say that all the staff is Indianised. I therefore commend this Bill. It may be defective in many ways. But I feel that the provisions there will be of some benefit to some people though not to all classes of people as I have already stated. I

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therefore accept the principle of this Bill with a suggestion that the Honourable Minister will be good enough to see that the representation of the depositors is there.

The Honourable Shri Satyanarayan Sinha (Minister of State): Sir, the question may now be put.

Mr. Speaker: The question is:

"That the question be now put".

The motion was adopted.

The Honourable Dr. John Matthai (Minister for Finance). **Mr. Speaker,** it is difficult for me to know after so prolonged a debate which has covered so wide a range of matters at what point to begin in making my reply to the debate. I would like first of all to point out that the object of this Bill is a somewhat limited one. It is to prevent some of the more serious kinds of abuses in the working and management of banks of which we have had experience in recent years. I think it was my honourable friend Mr. Krishnamachari who pointed out that this Bill was born as long ago as 1939 and therefore the kind of problems that it tries to meet are problems which have on the whole little relation to those with which banking as a whole is faced today.

[At this stage Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar).]

I do not want to dispute the essential correctness of that statement, but I think it is necessary for me to point out that this Bill has greatly expanded in scope since the original Bill of 1939. Taking purely the physical dimensions of the Bill I should say it is at least three or four times the size of the Bill introduced in 1939. As regards the main provisions regarding control, inspection and supervision I think the provisions as they stand in the Bill today are more extensive in character than the provisions of the first Bill. I say this with a clear conscience because as far as this Bill is concerned I came into the picture only very recently—to be quite precise a couple of months ago. Therefore I think there is very little in the way of contribution which I have been able to make the build-up of this Bill. Whatever provision is contained in this Bill for tackling the problems of banking has been made by my predecessors. I think it is but fair to them that I should point out that the Bill is not quite so inconsequential in character as has been suggested.

Various problems of an important character concerning the structure, organisation and management of banking in this country have been mentioned in the course of this discussion. For example my honourable friend Mr. Krishnamachari raised the problem of the precise lines on which banking should develop in this country. The particular point that he had in mind was whether we should aim at developing our banking on the lines of big banks with branches all over the country or whether we should attempt to develop it in the direction of what he called unit banks, catering for relatively small local areas. I think that raises a really important problem of banking organisation. My personal view is that we should be prepared to develop our banking organisation in both directions at the same time. As far as these big banks with branches in every part of the country are concerned I think there is a very important service that banks of that class perform. They are able to pool the resources of the country as a whole and on the whole, with rare exceptions, they make for the general stability of our banking structure. As regards unit banks they perform this essential service that by reason of the local contacts that they establish they are able to tap local resources more effectively than big banks can. That in the present circumstances, of the country is a matter of great importance, because money is passing increasingly into the hands of people who have not been used to investment

and the only way in which we can make use of these resources which are available in the country is by the establishment of what may be called unit banks with local contacts. From the point of view of Government and of the administration the problem that this particular question raises is that if you want to develop these on parallel lines you will some day be faced with a conflict between the two. That is to say, when you want to develop unit banks for the purpose of tapping local resources, then a big bank with its branches comes along and makes it difficult by competition for the unit bank, to survive. That is the practical problem that we have to face in this matter and which certainly deserves consideration. That problem is not essentially different from the problem that arises in industries. In the textile industry you are faced with this question of the conflict between large scale industry and the handloom industry. Both of them render services of an essential character. Sometimes conflicts do arise. How that conflict is to be resolved when it arises is a question of considerable importance. All therefore that I am prepared to say at present is that while I am definitely in favour of unit banks being started in increasing numbers I think at the same time it is necessary in order to implement our objective in this matter that any unfair competition that may arise between the big bank and the small bank must be prevented by such measures as may suitably be devised.

Sir, the next question that was raised is the provision required for industry and agriculture. That is a long-standing problem. I believe the Banking Enquiry Committee gave a great deal of attention to this. I think most or a very large part of the criticism which was directed by my friend Professor Shah against this Bill is that the Bill as it stands at present makes no attempt to meet this essential need. That is a problem which is important but the solution of which is not so easy to find because this Bill covers only commercial banks and commercial banks are essentially based upon the principle of short-term finance. These commercial banks cannot undertake to meet the long-term requirements involved in the provision of industrial and agricultural finance. It seems to me that this class of finance has to be provided for by legislation of a different character. You cannot combine the two without creating confusion.

An important point again was raised by Shri Krishnamachari with regard to the question of liquidity. I take it what he had in mind when he raised the question of liquidity was that in fixing the level at which the ratio of the liquid resources of a bank to its deposit liabilities should stand, the level should not be such as would prevent the bank from making the fullest use of such resources as it has. That again is a difficult question to which to give a clear-cut answer because after all when it comes to fixing these percentage limits a great deal depends on individual judgment. The percentage provided in this Bill is 20 per cent. Whether that is on the high side or on the low side is a matter very largely of opinion and of circumstances. The point that we have to bear in mind is this. While it is of great importance that banking resources should be available in sufficient measure and that they should possess a sufficient degree of elasticity, it is necessary at the same time that the solvency of the bank is maintained and the interests of the depositor are properly safeguarded. Therefore, it is a difficult matter on which to come to a conclusion of final validity. Twenty per cent. has received the approval of the Select Committee and I think it is as good a figure as we can adopt for the time being.

The next question that was raised was the position of money lenders. That there is constitutional difficulty in providing for money lenders by Central legislation, is admitted. There is also another consideration that arises and that is, that if a Banking Bill is going to provide for due control and supervision of money lenders, it raises the question of providing administrative resources on an enormous scale. It is difficult for the Central Government to provide for the kind

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of administrative organisation that would be required for the supervision and control of money lenders and I think the suggestion was properly made in the course of this discussion that as far as this matter is concerned we must try and find a solution on the basis of co-ordination between the Centre and the Provinces and that is the direction in which I personally would approach this problem.

I think Shri Krishnamachari suggested that it was time that we had a comprehensive examination of the banking position in this country. He made the valid point that the Bill as it stands before the House today, containing provisions the beginning of which has to be traced back to 1939, is a Bill which in many respects is out of date. If we had a banking enquiry today, an enquiry into all the problems relating to banking in India, and the Committee made its recommendations in a year from now, it is quite conceivable that when the report comes up before this House for consideration, the recommendations might equally be found to be out of date. I say that specifically for this reason because just at present in regard to monetary and financial matters we are passing through a critical time, a period of difficult transition. While we are all aware of the many problems which have arisen as the result of the inflationary conditions which prevail in the country, we cannot altogether ignore the signs which are gradually visible on the horizon of a tendency in a different direction. I think we would be wise to proceed on the assumption that in the matter of inflation we have now reached, so to speak, the cross-roads. On one side is this mountain of inflation, on the other side is the chasm of approaching deflation and whoever is responsible for guiding the financial and monetary policy of the country, in my opinion must act with more than ordinary care and with more than ordinary circumspection in steering the wheels of the country's financial machinery. Personally, therefore, I take the view that if we are to have a comprehensive examination of the financial and banking position of the country it would be well for us to wait a little.

Sir, the point was raised that in view of the very large powers which we are conferring on the Reserve Bank in this Bill and in view also of the fact that the Reserve Bank is now a nationalised institution it is necessary that the staff and other equipment of the Reserve Bank should be suitably modified. I am aware of the importance of that problem and the distinguished Governor of the Reserve Bank is equally alive to that problem, and we shall see to it that the Reserve Bank is fully equipped for meeting these important responsibilities which are being placed upon it.

Then, Sir, the question of nationalisation has been raised. (*Shri Mahavir Tyagi*: "Nationalisation of the Imperial Bank.") The question of nationalising not merely the Imperial Bank, but also all the banks of the country, particularly commercial banks, has I think been raised. As far as I am concerned, I am a believer in the doctrine of the State as a positive instrument of social and economic progress, but I believe at the same time that it is not a doctrine of universal application. There are certain matters in which the State is not a suitable instrument for securing progress. There are other matters in which the State is eminently suitable for that purpose, and therefore I think in judging problems that arise in connection with nationalisation we have to keep in mind the importance of drawing a distinction between the two spheres. In the matter of nationalising the Imperial Bank, I am of course in the hands of the House.

But I do want to say this, that as far as my personal observation and examination go, I have some doubt in my mind whether the management of commercial banks is a suitable field for nationalisation. I say that for this reason, that in the matter of commercial banks, the day to day activities of the

concern depend largely on the personal contacts and relationships that you build up between the bank and its customers. The activities in which a commercial bank is engaged are activities which require, in the first place, a certain elasticity in the mental outlook of those who manage it. It requires also a capacity for readily sizing up practical situations as they arise from time to time. It involves also a capacity for arriving at quick and sound decisions in the light of changing circumstances. I have had some experience of governmental machinery and I have doubts in my mind, which I cannot altogether get rid of, that the kind of machinery with which Government works is machinery which will not rise to problems of this character. But as I said I am in the hands of the House in this matter.

But since the question has been raised, particularly in regard to the Imperial Bank of India, I want to say this. I have listened carefully to that part of the discussion which related to the position of the Imperial Bank and I would say that I am not satisfied myself with the organisation and working of the Imperial Bank under the present set-up. What I would like to do, in the light of the criticism to which I have listened, is to see whether without nationalising the Imperial Bank of India it is not possible for us to secure the objects which honourable members have in mind by undertaking a suitable revision of the Imperial Bank of India Act. I think my honourable friend Mr. Das pointed out that this Act which was enacted in 1920 has not been revised since, although conditions have changed vastly. I think he is perfectly right and what I want to do is to take in hand immediately the question of examining the provisions of the Imperial Bank of India Act in the light of the actual experience of its working and the points made in the course of this discussion and to see whether by revising that Act we could run out the Imperial Bank of India on a basis which would enable it to render the fullest possible service in the most suitable manner.

I listened with great interest to the speech which my dear friend Prof. Shah made, and when I listened to him I was naturally thrown into a reminiscent mood, because most of the things that he said used to be my stock-in-trade when I was a professor of Economics nearly a quarter of a century ago, and although Prof. Shah and myself have kept in contact with each other all this period of years it was a surprise to me that he had advanced so little since twenty five years ago. Mr. Naziruddin Ahmad: "Out of date or just in advance of our time?" Perhaps both, Prof. Shah raised some very important questions and I do not want to make light of them. It has been my experience ever since I left the chair of Economics in Madras and fate put me into positions where administrative problems of an economic character were my special concern, that it is not possible to handle these problems effectively unless we view them against the background of the real things that are happening all about us. I sometimes wonder, when the time comes for me to retire from this political arena if I were asked to revert to my old vocation as a teacher of economics, whether I would ever be able to expound economic theory with any thing approaching conviction. Now that we are trying to put Prof. Shah on the Standing Committees of the Legislature—and I am glad to find that he has been put on the Public Accounts Committee—I hope when he has had more experience of these Committees Prof. Shah and I might find ourselves approximating a little more closely to each other.

My friend Mr. Ramalingam Chettiar very rightly raised the question of co-operative banks. With many things that he said in connection with co-operation, I am fully in agreement. I have had a certain amount of experience of the working of the co-operative movement myself, because one of the first jobs that I ever held was that of Deputy Registrar of Co-operative Societies in the very province to which my friend Mr. Ramalingam Chettiar belongs, and I

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also once had the rare experience of working off and on for nearly a year under Sir Horace Plunkett, the great founder of the agricultural movement in Ireland. There was a time when I used to think that practically every economic problem in this country would find its solution in terms of the co-operative movement. I am still a believer in the co-operative movement, I cannot altogether conceal from myself that compared with the high hopes with which we started the co-operative movement in this country, going back to the days when Frederick Nicholson wrote his monumental report in the nineties of the last century and going back to the days when Lord Curzon passed the Co-operative Societies Act of 1904, and going back to the early reports produced by the pioneers who were Registrars of Co-operative Societies in those days, you cannot altogether escape the feeling that the results which we have achieved by means of co-operation fall not merely short but far short of the hopes with which we started. It is a depressing thought. I am glad to hear from Mr. Ramalingam Chettiar that things have improved in his province. I have no doubt they have but I do want to say that there is a big gulf between the expectations with which we started the co-operative movement more than 40 years ago and the results which the movement has so far achieved. (Prof. N. G. Ranga: "That is the case with everybody and every movement all over the world and in all ages"). In spite of Prof. Ranga, I propose to say what I think. I have given a good deal of thought to the co-operative movement—at one time I perpetrated a book on it which fortunately is out of print altogether—and I have kept myself in fairly close touch with the development of the Co-operative movement through the Annual Administration Reports which I read with some care. I want to tell my friend Mr. Ramalingam Chettiar—because he is one of those few people who believe in the movement and bring to bear upon it a great deal of public spirit. I want to tell him what in my opinion are the reasons which have prevented the co-operative movement from fulfilling the expectations of its early founders. I trace the relative failure of it to two things—first of all it is the lack of skilled and trained executive staff. No democracy can work without a first-class permanent service and the real reason why the Co-operative movement in spite of the enthusiasm and the public spirit of leading workers like Mr. Ramalingam Chettiar has not risen to the heights of our expectation is that it lacks that kind of service.

Secondly, I think among the rank and file of those who work in the co-operative movement, there is a lack of that sustained enterprise and spirit of initiative which alone can keep a movement of this kind at the highest level of efficiency. What I am trying to suggest is this, that if we are going to depend on the Co-operative movement entirely for fulfilling the requirements of agricultural finance, we shall not be able to solve in a measurable time that problem. I do not for a moment decry the Co-operative movement—I am as much a believer in it as Mr. Chettiar—but I do see the practical difficulties which are hindering the efficient working of the movement. It is necessary that the Co-operative movement must be supplemented by other type of finance if we are to be able, in a measurable time, to meet the problem with which we are faced in the agricultural field. A suggestion was made that the Reserve Bank has not done all that it was expected to do in regard to helping the Co-operative movement. It is a subject with which I am not sufficiently familiar and therefore I do not want to make any definite suggestion at the present. But I want to point out that it was in view of the importance of linking up the Reserve Bank in some way with the Co-operative movement that I decided, in appointing the Directors of the Central Board of the Reserve Bank this time, to put on it so distinguished a Co-operator as Sir, Manilal Nanavati. In point of experience and knowledge he is as distinguished a Co-operator as we can find in this country to-day and I hope as a result of his efforts and advice it will

be possible for us to make the services of the Reserve Bank available in increasing measure for providing the finance required by our agriculturists.

Sir, reference has been made more than once to the controlling of foreign banks. It is not accurate to say that there is no provision in this Bill for bringing foreign banks under control. The definition of a company in this Bill is at first sight a queer definition. The definition of a company which has been adopted for the purpose of this Bill is a company which may be wound up under the Indian Companies Act. It is a queer thing that an institution should be defined with reference to its funeral rites but the reason is that under the winding up provisions of the Companies Act, not merely registered but also unregistered companies may be brought in. Therefore we adopted that definition specifically for the purpose of bringing foreign banks within the ambit of this Bill. May I also draw attention to the fact that among the provisions regarding licensing, we have included an important provision in regard to banks which are incorporated in countries which discriminate against Indian Banking Companies. So far as the limited purpose of this Bill is concerned, I think due provision has been made for the control and supervision of foreign banks.

The only other point that I would like to refer to is the point to which my friend the Deputy Speaker referred to yesterday. There are various amendments before the House but I want to say in advance that it is my intention on behalf of Government to accept the amendment of which my friend Mr. Krishnamachari has given notice reducing the percentage limit for investment from 40 per cent. to 30 per cent. and also the amendment of which my friend Professor Shah has given notice for reducing the limit of voting rights which may be held by any one person from ten per cent. to five per cent. I hope with these major amendments, the Bill will find general acceptance at the hands of the House.

Mr. Deputy Speaker: The question is:

"That the Bill to consolidate and amend the law relating to banking companies, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

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

The Assembly then adjourned for Lunch till Half Past Two of the Clock; Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

Mr. Speaker: The House will now proceed with the clause by clause consideration of the Bill to consolidate and amend the law relating to banking companies.

Will it not be better if we clarify the position as regards the drafting amendments first?

Mr. Nasiruddin Ahmad (West Bengal; Muslim): Sir, the position regarding these amendments is this. There are some of them which need not be moved at all, I mean those relating to punctuations and other formal matters. But with regard to others, I think I should move them. But in any case, it would be better if I could know from the Honourable Minister what amendments are acceptable and what are not.

The Honourable Dr. John Matthai: I am afraid such a selection of the amendments is not possible.

Mr. Speaker: What he wants is this. If all his amendments are scrutinised and if he is informed that such and such amendments are going to be accepted, then he may not move the others.

The Honourable Dr. John Matthai: The only reply I can give to that is that, after scrutinising the various amendments, the conclusion that I have come to is that I am prepared to accept some of his amendments relating to commas, but I reject all his amendments relating to full-stops, and all his other verbal amendments also, I reject.

Mr. Naziruddin Ahmad: But the difficulty is that we have not had sufficient time to consider these points, and the Government also does not have the time to consider and decide which are the good amendments and which are not.

Mr. Speaker: We do not know the case of the Government, at least so long as they do not admit it. But on his own admission, the honourable member has not considered his amendments sufficiently.

Now what is the position as regards clause 2?

Does he move his amendment?

Mr. Naziruddin Ahmad: I propose to move it, Sir.

Shri T. T. Krishnamachari (Madras: General): This particular amendment of my honourable friend is merely a re-casting of the clause as it is to-day. The same is the case regarding his amendment to clause 4. If we are going to consider all these re-casting amendments, I am afraid we will require a whole week for it.

Mr. Speaker: That is what I was putting to the honourable member, but it is for the member himself to decide, for it is a matter of his right. If he thinks that this particular clause is not properly worded, he has the right to move his amendment to it. But having known the mind of the honourable Minister, that none of his amendments will be accepted, the question is whether he will not be interested in saving the time of the House, by not moving the amendments.

Mr. Naziruddin Ahmad: Sir, as a matter of protest, they should be moved and kept on record for future generations to see. I beg to move:

'That for clause 2 of the Bill, the following be substituted:

'2. The provisions of this Act shall, save as hereinafter expressly provided, be in addition to, and not in derogation of, the Indian Companies Act, 1913 (VII of 1913), and any other law for the time being in force.'

Sir, I frankly confess that this is a rearranging of the clause. The question is: where are we to put the conditional clause—"save as hereinafter expressly provided". Sir, after all, the language should be absolutely free from any objection, and here I find there is room for improvement.

Mr. Speaker: I do not think I need put the amendment to the House, in view of the honourable Minister's unwillingness to accept it. But if the mover is keen, I shall put it to vote.

Mr. Naziruddin Ahmad: No, I am not.

Mr. Speaker: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Prof. K. T. Shah (Bihar: General): Sir, I beg to move:

"That in clause 3 of the Bill, before the words 'or any other law,' the following be inserted:

'or land mortgage banks, or the Industrial Finance Corporation; but, unless otherwise provided to the contrary, shall apply to any municipal or State Government bank which may be established by special Charter or Statute hereafter'."

My reasons for submitting this amendment for the consideration of the House are three. But before I proceed to enumerate them, there is one slight verbal alteration which, with your permission, I would like to indicate. The word 'state' is used as the equivalent of Government. But I think it would improve matters if you are to add 'or' between 'State' and 'Government'.

Mr. Speaker: Does the honourable member want to add the word 'or' between the words 'State' and 'Government' in his amendment?

Prof. K. T. Shah: Yes, Sir. I have put forward this amendment because in the first place the law has been described in the title as a consolidating Bill. It has been a misleading phrase to me, and, though explanations have been vouchsafed from several quarters of the House, including one by the sponsor of the Bill himself, that this law relates only to commercial banking, I confess what my limited intelligence does not grasp this fine distinction between a Bill confined to one class of banking being also called "consolidating."

If, however, that is the intention, my suggestion to the Honourable Minister is that he might be kind enough to amend the position when the Title and the Preamble come before the House by adding a clear expression that the Bill relates to commercial banking. I would then be satisfied. If that is not done, I fear that the matter would not be as clear as the Honourable Minister has in his imagination or in his mind.

Another argument I would like to advance is: Here is one suggestion—that unless it is clarified it would give room to disturbances and difference of opinion. A Municipal Bank is still unknown, or practically unknown, in this country. And yet it has developed to very considerable proportions in other countries where banking had a wider significance than we are prepared to accept in this country. A Municipal Bank was one of the great contributions of the late Mr. Joseph Chamberlain in the city of Birmingham. Today it is one of the most flourishing municipal banks, that combines the principle of co-operation as well collective enterprise in an eminent degree. Now if this law is to apply to a Municipal Bank then I think, since the sponsors declare the law to relate only to commercial banking, it is quite possible that an institution like that may not come within the purview of any law.

I have, therefore, added in my amendment the words: unless the statute or Charter may otherwise provide. I suppose a statute that establishes Government Bank or municipal bank will do so. In a Municipal Bank there are many advantages which those who refuse to progress with the times do not recognise. It is for them to say that, whereas 25 years ago they had the same arguments and ideas which I put forward yesterday, today, under the force of responsibilities thrust upon them and in view of the changed circumstances, they have revised their opinions, with the consequence that they find themselves wiser in these days. I confess guilty to that charge of not having "progressed" in that sense. Though I have my own opinion as to the direction in which progress takes place, whether backwards or forwards.

Apart from that, I would say that this type of banking this country very badly needs, especially if you are sincere in your desire that this sort of banking should be encouraged and that the law should help to develop it.

[Prof. K. T. Shah]

I come next to the question of the possibility of different states forming part of the union of India. Each province or state should have its own banking organisations, so that any particular interest of a given region may be served much more suitably and effectively, by the appropriate public banking institution of that region, than would be the case if you do not provide for that. It is for these reasons that I have ventured to move this amendment.

Mr. Speaker: Amendment moved:

"That in clause 3 of the Bill, before the words 'or any other law', the following be inserted:

'or land mortgage banks, or the Industrial Finance Corporation; but, unless otherwise provided to the contrary, shall apply to any municipal or State or Government bank which may be established by special Charter or Statute hereafter'."

Shri M. Ananthasayanam Ayyangar (Madras: General): Mr. Speaker, I find that this amendment is not necessary. It seeks to exclude the land mortgage banks from the operations of this Act. Land Mortgage Banks are also banks registered as co-operative societies. No land mortgage bank is to be registered under the Indian companies Act. Therefore it is unnecessary to add the words 'land mortgage banks'.

The other category of banks which Professor Shah wants to exempt is the Industrial Finance Corporation. The Corporation is not a bank which can be wound up under the Indian Companies Act. A company as defined here means any company which may be wound up under the Indian Companies Act. This applies only to companies. The Indian Finance corporation came into existence as the creation of a Statute and can be wound up only in a particular manner. Hence in this respect also this amendment is unnecessary.

As regards the suggestion to include the words 'unless otherwise provided to the contrary', I may say that if a municipal bank is established by a charter, the charter will also provide for its winding up. If it is municipal bank it will be governed by this Act without any particular mention regarding it.

The State Banks were included because in the Select Committee it was considered necessary to do so in so far as the States concerned agree to accept the law passed by the Dominion Legislature in regard to banking also. If the accession is not confined only to three items, but is extended to banking also, automatically the Indian laws relating to banking will apply to that State also. Therefore this amendment does not seem to be necessary.

The Honourable Dr. John Matthai: I agree with my honourable friend the Deputy Speaker, Sir.

Mr. Speaker: I will now put the amendment to vote.

Prof. K. T. Shah: Yes, Sir.

Mr. Speaker: The question is:

"That in clause 3 of the Bill, before the words 'or any other law', the following be inserted:

'or land mortgage banks, or the Industrial Finance Corporation; but, unless otherwise provided to the contrary, shall apply to any municipal or State or Government bank which may be established by special Charter or Statute hereafter'."

The motion was negatived.

Mr. Speaker: The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Mr. Naziruddin Ahmad: I move:

"That in sub-clause (1) of clause 4 of the Bill, for all the words beginning with the words 'The Central Government' and ending with the words 'by notification', the following be substituted:

'If on a representation made by the Reserve Bank in this behalf, the Central Government is satisfied that it is expedient so to do, it may by notification.'

This is also a re-arrangement of words in order to conform to the usual standard.

The Honourable Dr. John Matthai: I do not think it improves the draft. I do not accept it.

Mr. Speaker: According to our convention, I do not put it to the House.

Mr. Naziruddin Ahmad: Sir, I move:

"That in sub-clause (2) of clause 4 of the Bill, for the words 'where he does so', the words 'where the Governor or the Deputy Governor, as the case may be, does so,' be substituted."

In this case there is the provision of some acts by the Governor and also under certain circumstances of acts, in the absence of the Governor, by the Deputy Governor. It is provided in line 5 where "he" does so. 'It is difficult to say whether the word "he" refers to the Governor or the Deputy Governor.' I want to clarify the position—'where the Governor or the Deputy Governor, as the case may be.' It is purely drafting.

Mr. Speaker: Is it not clear as it is? Whosoever exercises the power, he has to do it!

Mr. Naziruddin Ahmad: It all depends as to who will interpret it.

The Honourable Dr. John Matthai: I have no objection to it.

Mr. Speaker: So the amendment is acceptable.

The question is:

"That in sub-clause (2) of clause 4 of the Bill, for the words 'where he does so', the words 'where the Governor or the Deputy Governor, as the case may be, does so' be substituted."

The motion was adopted.

Mr. Naziruddin Ahmad: With regard to amendment No. 18, if it is acceptable, I shall move it. Otherwise I shall not move it.

The Honourable Dr. John Matthai: No, I do not accept it.

Mr. Speaker: Therefore it is not moved.

Prof. K. T. Shah: Sir, I move:

"That to sub-clause (3) of clause 4 of the Bill, the following proviso be added:

'Provided that any such notification suspending the operation of the Act, exceeding ninety days in all, shall be placed before the Legislature as soon as it meets after the issue of the notification: and, unless approved by the Legislature by a resolution or by an amending Act, shall cease to operate from the date the Legislature is adjourned after the issue of the notification, for a period exceeding three months without approving the suspension.'

Sir, this is more from a constitutional, than from a purely technical banking point of view, that I have brought forward this amendment. I want an extraordinary action of this kind,—namely, the suspension of an organic Act,—to be approved at the earliest opportunity by the Legislature, either in the form of a resolution or in the form of an amending Act. It may be, and I recognise it.

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fully, that emergencies may arise, or situations may develop, in which it is necessary to suspend the operation of this Act, either as a whole or some specific parts thereof. While admitting that, I would also secure the right of the Legislature to review the action of the Government in this behalf. And for that purpose I suggest that if such a suspension is, in the aggregate, for a period longer than ninety days, then that notification must be placed before the Legislature, to be approved or rejected, either by means of a resolution approving specifically or disapproving of the action of the Government, or even making it a part of the normal Legislature by an amending Act.

As I started by saying, Sir, this is more of a constitutional than of a purely technical banking character. But I trust the reason behind it will commend itself to the honourable Minister, that the House must have an opportunity to look into the propriety, the necessity and the working of such a suspension. For that reason, while allowing such sufficient period, namely ninety days or more, I require by this amendment that the matter be reviewed and approved or disapproved by the Legislature. If the Legislature does nothing, and is adjourned after the issue and submission of such a notification for a period longer than three months without doing anything, then I think the notification should cease to operate.

I think there is nothing offensive in it and may be accepted. I commend it to the House.

Mr. Speaker: Amendment moved:

"That to sub-clause (3) of clause 4 of the Bill, the following Proviso be added.

'Provided that any such notification suspending the operation of the Act, exceeding ninety days in all, shall be placed before the Legislature as soon as it meets after the issue of the notification; and, unless approved by the Legislature by a resolution or by an amending Act, shall cease to operate from the date the Legislature is adjourned, after the issue of the notification, for a period exceeding three months without approving the suspension'."

Shri M. Ananthasayanam Ayyangar: I do not know what the honourable Minister has to say about this. But personally speaking, in an emergency the period of suspension is more than ninety days, that is three months. I would like, if the suspension continues and the House is in session, that this matter must be brought to the notice of the House. That is, the notification may be placed on the table of the House for such action as the House may consider proper. But the latter clause—"unless approved by the Legislature by a resolution or by an amending Act, shall cease to operate from the date the Legislature is adjourned..." is restrictive. In such cases, there may be some matters where we cannot be ready with a Legislature as a whole to analyse and scan the position in respect of a bank or a series of banks. The Government is competent on representation to the Reserve Bank, which means not only Governor but the general body or the Governing Body of the Reserve Bank. Therefore, normally, it ought not to be open to the House to scan, unless it is to give publicity and destroy the whole banking structure. Therefore the latter clause saying "unless approved..." seems to be very restrictive. A popular Government should be entrusted with the task of deciding it by itself. I do not see any objection to the earlier provision. If the provisions of the Act are suspended, and the Assembly is in session, and the suspension continues, it must be brought to the notice of the Assembly.

If the honourable Minister has no objection, I will support the earlier portion but not the latter.

Shri T. T. Krishnamachari: I do not think it is at all necessary to accept the earlier portion, because sub-clause (4) deals with this:

"A copy of any notification issued under sub-section (3) shall be laid on the table of the Dominion Legislature as soon as may be after it is issued"

Then the point really is that I suppose the practice that now exists of sending a copy of a Government notification to Members of the Assembly will continue even later on, and surely any Member who is interested is bound to ask questions and raise a debate if the situation is really of such a serious character. I think the precaution that my honourable friend, Prof. Shah has in mind would come into being and would be exercised by Members of the Legislature 4 P. M. and there is no need to fetter either the discretion of the Legislature or the Government by putting a precise provision in the body of the Bill.

The Honourable Dr. John Matthai: I agree with my honourable friend Shri T. T. Krishnamachari. I think sufficient provision is made for publicity and as far as the rest of the amendment is concerned it is a matter of administration and I do not think the House is concerned with it.

Mr. Speaker: The question is:

"That to sub-clause (3) of clause 4 of the Bill, the following Proviso be added:

'Provided that any such notification suspending the operation of the Act, exceeding ninety days in all, shall be placed before the Legislature as soon as it meets after the issue of the notification; and, unless approved by the Legislature by a resolution or by an amending Act, shall cease to operate from the date the Legislature is adjourned, after the issue of the notification, for a period exceeding three months without approving the suspension.'

The motion was negatived.

Prof. K. T. Shah: Sir, I beg to move:

"That after sub-clause (4) of clause 4 of the Bill, the following new sub-clause be added:

'(5) The Central Government may in the event of a financial crisis or national emergency, as reported by the Reserve Bank of India, declare a general moratorium if it is satisfied that it is expedient so to do, by notification in the Official Gazette of the Government for such period not exceeding sixty days as may be specified in the notification; and during the period of such moratorium, the operation of any or of all the provisions of this Act, either generally or in relation to any specified bank or banking business, shall be suspended.'

Sir, this amendment stands on a different footing from my previous amendment. Had it been on the same lines with verdict of the House on the previous amendment I should not have ventured to submit it to the House. As this amendment is conceived in a different spirit, and tries to guard against a really different emergency. I hope the House will be indulgent enough if I briefly put the case before it.

The situation contemplated in this amendment has occurred in the past, and it may occur again. Not only that in normal peaceful times such an emergency has arisen in the U.S.A. in 1933, when the President was compelled to declare, by his executive authority, a sort of closure of all banks for a certain period; but in abnormal times, like those of war, it may become quite necessary to suspend a bank's dealings or obligations statutorily within one's own country, or even to those abroad. Such a situation did arise in 1914, for example, when the then Chancellor of the Exchequer had to authorise the Bank of England to guarantee the foreign obligations of the British banks at the time operating all over the world; and pending ascertainment of those obligations, declare a moratorium, subject to certain exceptions. That saved the banking situation of England from a threatened disaster which would otherwise have befallen it.

In the days in which we are living, with the growth of international commerce, and our own country taking its place in international trade on a growing scale, when we are standing as it were on our own legs without anyone else to think of as supporters or backers, I think it but right that the Executive Government should be armed with powers, not only to suspend operation of any particular clause, not only to suspend the activities of any particular bank or any kind of banking business; but declare a wholesale moratorium suspending all obligations as between debtors and creditors, so that the emergency may

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not take us by surprise, and the country may pass through it unscathed after the critical moment has been successfully weathered.

From this point of view, therefore, I suggested the amendment, that the right be given, and it be given by Act, not exercised by the inherent executive or prerogative power, so to say, of Government, the right being given by law expressly, that Government may suspend by declaring a general moratorium of obligations between debtors and creditors, particularly between banks and customers, so that the emergency may be met without any great dislocation and the country weather through the crisis without any untoward happening.

I do not know whether the Honourable the Finance Minister would agree to consider this point at all. It may be that we live in times when perhaps we may sleep in peace and may not worry as to what will happen even though the volcano may be about to erupt at our very foot. That is a kind of self-assurance, that is a kind of self-complacency or self-satisfaction which I am afraid I am not quite accustomed to, even though I have no practical or business experience. That being so, in all humility and modesty I commend the proposal to the House.

Mr. Speaker: Amendment moved:

"That after subclause (4) of clause (4) of the Bill, the following new sub-clause be added:

(5) The Central Government may, in the event of a financial crisis or national emergency, as reported by the Reserve Bank of India, declare a general moratorium if it is satisfied that it is expedient so to do, by notification in the Official Gazette of the Government for such period not exceeding sixty days as may be specified in the notification; and during the period of such moratorium, the operation of any or of all the provisions of this Act, either generally or in relation to any specified bank or banking business, shall be suspended."

Shri T. T. Krishnamachari: I am afraid the first part of my honourable friend's amendment is not germane to the Bill which we are now considering. Powers to Government for declaring a general moratorium cannot be put in a banking Bill because as my honourable friend himself recognises it the whole thing is meant to cover the entire relationship between the debtor and creditor of all kinds. Here we are dealing with a specific issue. So far as powers in regard to moratorium for banks are concerned I think that can be achieved even by means of the provisions of the Bill as they are today apart from the other means available. I do not see where this particular amendment fits in though I agree with my friend Prof. Shah that a contingency might conceivably arise but that contingency has to be met by other legislative powers which the Government of the day will have, and not by means of a clause of this nature put in a specific Bill relating to banking companies. I think the amendment does not fit into the Bill and it should be rejected.

Srijut Rohini Kumar Chaudhuri (Assam: General): Sir, I am speaking subject to correction. I believe this amendment would be useful in helping the smaller banks and particularly helping the indigenous banks which have now been started in undeveloped provinces. At present if you want to have a moratorium you have to send a petition before the High Court and that takes a lot of time. Sometimes the bankers do not feel inclined to take the trouble of going to a court of law. If this amendment of Prof. Shah is accepted you will save a lot of inconvenience and it will enable the banks to get expeditious remedy. After all the banks getting this expeditious remedy means that the depositors will be helped. We have seen during the last Noakhali trouble in Bengal how a number of banks, which were otherwise well managed, had to close their doors, because there was a lot of exodus from those districts and

the neighbouring districts on account of fear and how banks which were established in Eastern Bengal, even before the Partition had to collapse on account of the fact that there was a sudden rush on the banks. Recently also we have seen that some banks, including scheduled banks, in Bengal which had branches in Assam suddenly closed their doors, because there was a rush on account of misapprehension of facts, on account of unfounded rumours having gone about. So if in such cases it was possible for the Reserve Bank to step in immediately and if it was possible for the Central Government to grant moratorium immediately there would not have been any necessity for closing the doors of so many banks and so many poor depositors would not have suffered. Therefore I would ask the Honourable the Finance Minister to be somewhat affectionate not to the mover of the amendment but to the depositors and accept it in the interests of the depositors.

Mr. Naziruddin Ahmad: I would also like to support the amendment.

Prof. Shibban Lal Saksena (U.P.: General): When I heard carefully the speech of my honourable friend Mr. Krishnamachari I thought he was pointing out some provision in the Bill which would meet the contingency referred to by Prof. Shah. But he has only said that the amendment proposed by Prof. Shah is not germane to the Bill. But the contention of my honourable friend Prof. Shah is a real one and he has also sketched instances in the past elsewhere, and such a one may arise in our country. I do not see any harm in accepting the amendment unless it be for the reason, as our friend Mr. Chaudhuri has said, that it has been moved by Prof. Shah and therefore should not be accepted. I think it is a very useful amendment and should be accepted. I hope the Honourable the Finance Minister will either tell us how he will meet the contingency pointed out by the mover of the amendment or accept it.

The Honourable Dr. John Mathai: I regret I cannot accept this amendment because in case there is a crisis of sufficient magnitude for a declaration of a general moratorium Government can take action either under the Negotiable Instruments Act or if necessary by an Ordinance. I do not think a provision in the Bill is necessary.

Mr. Naziruddin Ahmad: Ordinance may take time.

Mr. Speaker: The question is:

"That after sub-clause (4) of clause (4) of the Bill, the following new sub-clause be added:

"(5) The Central Government may, in the event of a financial crisis or national emergency, as reported by the Reserve Bank of India, declare a general moratorium, if it is satisfied that it is expedient so to do, by notification in the Official Gazette of the Government for such period not exceeding sixty days as may be specified in the notification; and during the period of such moratorium, the operation of any or of all the provisions of this Act, either generally or in relation to any specified bank or banking business, shall be suspended."

The motion was negatived.

Mr. Speaker: The question is:

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

Mr. Naziruddin Ahmad: Sir, I move:

"That in part (a) of sub-clause (1) of clause 5 of the Bill, for the words 'and such securities', the words 'and includes such securities' be substituted."

This occurs in the definition of 'approved securities' in item (a) of sub clause (1) of clause 5. 'Approved securities' is clearly defined there. An addition has

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been made by way of clarification. In such cases it is the practice to say that it 'includes' such and such things. The definition in the earlier part of the sub-clause is already complete. It is only some additional explanation that has been attempted in the latter part. So the word 'includes' is proper.

The Honourable Dr. John Matthai: I do not think it improves the draft. I am advised by my legal adviser not to accept it.

Mr. Naziruddin Ahmad: Then I am not pressing it. I move:

"That in part (c) of sub-clause (1) of clause 5 of the Bill,—

(i) the following be added at the end :

'but does not include a company which is engaged in the manufacture of goods or carries on any trade and which accepts deposits of money from the public for the purpose of financing its own business'; and

(ii) the *Explanation* be omitted."

Sir, the real purpose of this amendment is to delete the *Explanation*. If the *Explanation* is deleted the first part of my amendment does not at all arise. My object is to delete it altogether, and in the alternative, if it is not deleted, to incorporate this in the definition of a "banking company". The real reason for the deletion of this *Explanation* is that it is absolutely unnecessary—it is clearly unnecessary. "Banking company" means, according to the definition, any company which transacts the *business of banking*. The meaning of "business of banking" is well known. But an *Explanation* has been attempted to be added on account of certain misgivings by certain companies—millowners and others. There is the practice of these companies borrowing money from the public on interest and paying them off when the necessity is over. It is feared by some of them that unless this *Explanation* is added, they may be regarded as banking companies because they were borrowing money from the public and therefore this *Explanation* has been added purporting to exclude them. But the word "banking" is well known. Stroud's judicial dictionary, which is an acknowledged authority, says that the business of a banker is "the lending of money on security of goods used in the ordinary business of the bank." The ordinary business of the bank is therefore the lending of money. A cloth dealer or any other manufacturer in the proposed *Explanation* does not lend money—he borrows money. The most important characteristic of banking business is lending money on the security of goods. These concerns borrow money as debtors and do not lend money to others as an ordinary business of the concern.

The other definition of "banking" is to be found in Halsbury, Vol. I. It says that a banker is "an individual or partnership or a corporation whose sole or predominating business is banking, that is receipt of money on current deposit account and the payment and collection of cheques drawn by or paid in by customers." These are the two points which give us an idea of the business of banking, namely to accept current deposits and the payment of cheques and the collection of cheques and cashing them, and again lending the money to constituents as part of its ordinary course of the business concerns which borrow monies for running their own business are not banks in any sense of the term. If we go on explaining things which do not arise there will be no end of *Explanations*. The fears are absolutely unjustified. The business of banking is well known even in ordinary parlance and a textile millowner does not in the least come in. So I should ask for the deletion of the *Explanation*. In case the House does not accept it, the earlier part may be accepted—that a banking company does not include such and such thing. An *Explanation* does

not arise; it is rather by way of exception. Therefore, to say it does not include such and such thing would be quite enough. But I should think that the *Explanation* is wholly unnecessary.

Mr. Speaker: Amendment moved:

"That in part (c) of sub-clause (I) of clause 5 of the Bill,—

(i) the following be added at the end:

'but does not include a company which is engaged in the manufacture of goods or carries on any trade and which accepts deposits of money from the public for the purpose of financing its own business'; and

(ii) the *Explanation* be omitted."

The Honourable Dr. John Matthai: This particular point was discussed at great length in the Select Committee and considered repeatedly. It presented a great deal of difficulty and it was after prolonged consideration that we reached this formula. I would therefore earnestly appeal to the mover of the amendment not to press it.

Shri M. Ananthasayanam Ayyangar: May I speak a few words on this?

Shri T. T. Kriahnamachari: I would like to explain to my honourable friend the Mover of the amendment the genesis of this *Explanation* being put in. I do not know if he attended the meeting of the Select Committee. As he will remember clause 8 of the original Bill has been omitted from the Select Committee's Report, and it is really to link up clause 8 with this definition that this *Explanation* has been put in.

As the Honourable the Finance Minister has stated, it is a matter on which the Select Committee spent a lot of time to arrive at a proper type of definition in which we could afford protection to those people who are entitled to protection, at the same time giving an adequate definition. My only feeling is—particularly as I am now reminded that the Mover was also in the Select Committee—that he will understand that this is a sequel to our having given up clause 8 in the original Bill as it first appeared in the House, and, therefore, if the *Explanation* is deleted I am afraid the mischief that will be caused, notwithstanding what is found in Stroud's definitions, would be of enormous consequence to business generally. Sir, I think the interests of safety demand that the *Explanation* should be retained.

Shri M. Ananthasayanam Ayyangar: Mr. Naziruddin Ahmad was not a Member of the Select Committee. Now, Mr. Naziruddin Ahmad wants that the *Explanation* be omitted. Instead of an *Explanation* he wants to make it a part of the definition itself. It is not as if we consider this category which is provided for by the *Explanation* to be a "banking company" at all, in which case we will exempt it deliberately saying, "This applies to this but in our view we must accept it and give exemption". Then that case will not be included.

We wanted to offer a word of explanation. Take the definition of the word "banking". "Banking" means acceptance for the purpose of lending or investment. If we merely accept Selisbury then here it is not for the purpose of lending—lending is not there. It is merely accepting deposits to be repayable on cheques etc. Stroud no doubt says "acceptance for the purpose of lending".

But we have included another word, "investment". Those companies who came before us said "investment" must mean investment not outside but it must mean investment for their own trade or business. Therefore, we did not want to create that kind of a misinterpretation when they have absolutely no idea of lending it to others but utilising it for themselves. We did not want to bring in others because it might militate against themselves. They may not

[Sri M. Ananthasayanam Ayyangar]

receive deposits but can always borrow on promissory notes and there is nothing to prevent them from utilising the money themselves. A promissory note is equally payable on demand. There were a large number of companies in Ahmedabad and other places which were receiving deposits. The Managing Agents and Directors who had surplus money kept it by way of deposits and withdrew it whenever they required it; but in the meanwhile the money was available for use by the trading company. It was merely an industry or a trading company and never intended as a bank which would draw surplus money from the general public and give loans to others. Investment may mean in its own field or outside. To avoid a misunderstanding on that score we added the *Explanation*. We did not want to create an exception. Here it does not normally come under the definition, and therefore we chose the better form of having it as an explanation and not as part and parcel of the definition.

Srijut Rohini Kumar Chaudhuri: Sir, so far as this Amendment of my honourable friend Mr. Naziruddin Ahmad is concerned, I am in an absolute quandary. It seems to me I am almost placed in a position 'to be or not to be': whether I should oppose it or whether I should accept it.

In the Select Committee's Report we find this mention:

"The mere acceptance of deposits by companies, like textile mills, etc., for the purpose of financing their own businesses should not be regarded as 'banking' within the meaning of this Act, and although we are given to understand that this would be so even under the existing definition of 'banking', we have thought it advisable to make the legal position clear by adding an *Explanation* to this effect in the definition of banking company."

So, even if this amendment of my honourable friend is accepted, the position so far as he is concerned does not improve at all unless he can have the House to agree to the other earlier part of his amendment.

As far as I am concerned, in days gone by, when in our Province there was none of these modern banks, a lot of banking used to be done by the Marwari traders of the Province. They used to accept deposit without giving any promissory notes, from different persons who were able to afford it and give them interests money from time to time, or some day he would show his back and all the money would be lost.

This, I would submit, is a very dangerous clause in this sense. Supposing there is a jute mill, as we all know the millowner has to buy a lot of jute for the purpose of running the mill. They can, under this explanation, accept any amount of deposit from the public. Having accepted that deposit they can also advance money out of that deposit to the agriculturists who actually deal in jute, because it will be in his own business. The millowner is taking money from the public for the *bona fide* purpose of carrying on the jute mill and then after having got all that money, he could lend it out to the so-called growers of jute. As a matter of fact this system has been invoked in some parts of the country, particularly in Bengal and Assam where the mill orders on those persons interested in jute. The millowners used to advance money to the jute growers and take from them an agreement that they will supply jute, when it is harvested, to these persons at a very nominal price. They advance the money on the consideration that they would supply the jute and they fix the price at a much lower rate, which is almost nominal, and the cultivators who have not ready cash agree to take such advances. This system became so pernicious that in our Province during the war time it became necessary to pass a legislation to prohibit any such merchant to make any forward agreement with the cultivators.

Sir, whether you accept this *Explanation* or whether you do not accept it, I only want this to be made clear by the Honourable the Finance Minister, that

there is provision in this legislation to prevent these people who take money ostensibly for the purpose of carrying on the manufacture of goods or for their trade from advancing this money to agriculturists at a very spurious rate, so to say, because he gets the produce almost for half or one-fourth of the market price. We should prevent that sort of a thing which is injurious to the agriculturists as a whole and prevent also these millowners or other traders from advancing this money on a pretext to other persons who are in need of money. That should be made clear, and if that has been made clear by this clause, well and good, let it remain. I would not spend one minute for consideration of a Banking Bill, I think the average Member in this House will not spend one minute for the consideration of a Banking Bill; we can let the banks and bankers do as they like and go as they like, happily or miserably, we do not care. But I would always intervene in a debate of this kind in the interests of the agriculturists and the poorer sections of the people. Unless there is some modification of this provision and unless a clear statement is made by the Honourable Minister himself in exposition of the policy, that this exemption will not be misutilised for the purpose of carrying on banking in another form and enable the capitalists--after all, who borrows? The capitalists borrow large sums of money--to feed on the growers and other poorer sections of the people.

Shri S. V. Krishnamoorthy Rao (Mysore State): If I understand the *Explanation* correctly, it applies only to the business of banking. It excludes certain types of business such as manufacturing companies which accept deposits for the purpose of financing their business. I think the *Explanation* is necessary and the amendment should be dropped.

The Honourable Dr. John Matthai: With regard to the point raised by my honourable friend, Shri Rohini Chaudhuri, that is a point which I do not think it is possible to cover by means of a banking law. Of course, in the particular case that he mentioned, the advances I take it are made for the purpose of the business itself. The class of cases that we are trying to exclude is the cases of those companies who accept deposits for the purpose of financing the particular type of business in which they are engaged, and if the kind of transaction that Shri Rohini Kumar Chaudhuri referred to is part of the business of that company, it is not possible to prevent it under this Bill. The whole point is this, that if we want to regulate that class of cases, you have got to regulate them under a separate law.

Shri Rohini Kumar Chaudhuri: Is there any provision in this Bill which can prevent the mischief which I am referring to?

Shri B. L. Sondhi (East Punjab: General): He has said 'No'.

Mr. Speaker: I am putting the amendment to the House.

The question is:

"That in part (c) of sub-clause (1) of clause 5 of the Bill--

(i) the following be added at the end:

'but does not include a company which is engaged in the manufacture of goods or carries on any trade which accepts deposits of money from the public for the purpose of financing its own business'; and

(ii) the *Explanation* be omitted."

The motion was negatived.

The Honourable Dr. John Matthai: Sir, I move:

"That in the *Explanation* to part (c) of sub-clause (1) of clause 5 of the Bill, after the words 'from the public', the word 'merely' be inserted."

It is in order to make it absolutely clear that the class of companies which are excluded from the scope of this Bill are companies which accept deposits for the purpose of financing the business in which they are engaged.

Mr. Speaker: The question is:

"That in the *Explanation* to part (c) of sub-clause (1) of clause 5 of the Bill, after the words 'from the public', the word 'merely' be inserted."

The motion was adopted.

Prof. K. T. Shah: Sir, I beg to move:

"That in part (d) of sub-clause (1) of clause 5 of the Bill, after the word 'which' the words 'is registered in India and', be inserted.

This is one of the structural and very important amendments of principle, which I must move, and I trust the House will be with me at least in spirit if not in the letter.

This relates, I need hardly point out, to the Exchange Banks which have long preyed upon this country, which have insulted its leading merchants, its entire commercial community, which have deliberately neglected its industry, which have in every possible manner tried to monopolise the banking business of the modern type in their own hands. It is time that Free India should remove these vestiges, these remnants, these reminders of the imperialist exploitation to which we have been subjected in the past.

Speaking for myself, I do not see why any institution of the type of a bank or an insurance company should continue to operate in this country, without registering itself under the laws of this country. We have, I think, passed some legislation in regard to Insurance, for instance, which makes it obligatory on all foreign insurance companies operating in this country to register themselves here.

I also remember that there are other countries in the world, no less civilised or claiming to be more civilised than ours, which nevertheless reserve certain types of business for the nationals of their own country. I had occasion to refer to that question on an earlier occasion. There has been considerable agitation in the past in this country, and I think rightly, that, for instance, the Coastal Shipping of this country should be confined to the nationals of this country and be reserved for them. We have not yet succeeded. Now that we are free, when we find instances in which we are still undergoing drain at the hands of these exploiters of this country, we should take steps to end such exploitation.

I have no statistics to tell you how much tribute in an invisible form is levied by the Exchange Banks in financing the trade of this country, both export and import. I have no definite idea as to what proportion of the new wealth in the country is drained away in the shape of shipping and banking commission. It used to be quite a considerable proportion of the so-called invisible exports of England; and I know also that it is quite a fair proportion of our wealth that is now being drained away without any kind of account being taken, without even any knowledge of the members of this House or perhaps the public at large.

If the bankers are to levy a tax upon us for their own benefit, if private enterprise is to levy a tax upon us in this form, let it be by our own nationals at least; and I see no reason why these exchange banks should not be stopped altogether from operating.

Even if you do not go so far, even if you regard that as a sign of isolationism and isolationism for which I was rebuked the other day, I would certainly say that by simply requiring them to be registered in this country we are not asking too much. The claim or demand of anybody to say that they will not be registered in this country sounds to me an impertinence which ought not to be tolerated. I certainly feel,—I am speaking without any repentance of the matter—whether you call me an Isolationist or any other aprobrious epithet, I do feel that if you desire that the banking business of this country is to remain with the children of the soil then it is up to us now in this consolidating Bill,—even though it may be a consolidating Bill of only commercial banks,—to provide that these foreign institutions shall be registered. And if they do not they shall not be allowed to operate in this country.

I am told that there is such a provision as licensing in this Bill. I have studied that particular clause, and speaking for myself, I find that it is utterly insufficient to guard against the operations of these institutions which have for a hundred years exploited us, and which will continue to exploit us. Unless some very powerful interests are openly or secretly allied with them and have their own interests in these Banks continuing to operate here, I see no reason why this Assembly, at this time of the day, should permit that standing insult to our national independence being continued in the shape of foreign bodies exploiting our resources. I make no apology, however, for putting forward this amendment; and I trust the good sense of the House will accept, as I said before, at least the spirit of it, if not the letter, and leave it to the Honourable the Finance Minister to provide a more appropriate and more suitable and more appropriate amendment than mine.

Mr. Speaker: Amendment moved:

“That in part (d) of sub-clause (1) of clause 5 of the Bill, after the word ‘which’ the words ‘is registered in India, and’, be inserted.”

Srijiit Bobini Kumar Chaudhuri: Sir, I do not know if I am doing an injustice to my honourable friend the mover of this amendment. But I think that I should rather run the risk of not having any sense at all than support this amendment.

Sir, my objection is based on the observation which my honourable friend has made in his Minute of Dissent. It is stated in para. 2 of his Minute of Dissent as follows:

“The Bill is styled to be ‘A Bill to consolidate and amend the law relating to banking companies.’ Notwithstanding this title and preamble, considerable sectors of the banking business are left out of the purview of the proposed legislation. The Bill does not pay any attention to the entire system of private banking, including money-lending, which is not conducted by a joint-stock company. This seems to be an arbitrary distinction, and needlessly restricts the scope of the legislation, which cannot therefore, be correctly described as a consolidating Bill.”

Now if that is the correct position of the bill, I have a sign of relief and say ‘Thank God’. Sir, as banks stand at present, they do not very much help the poorer sections of the people or people who only have landed property. Go to any bank and they will ask you to furnish security of Government Papers, National Savings Certificates etc. If I have a big insurance policy or a Government Security, etc., I need not approach any bank. So it is only to help the richer section of the people, the more clever section of the people that the banks stand at present. To an ordinary person who owns a little land, the bank does not afford any relief. Go to any bank and say you are prepared to mortgage your land and they say we do not advance money on lands, garden, etc., with the result that the poor man who has no Government Securities or Insurance Policy is driven to the position of transferring or selling his land.

[Srijut Rohini Kumar Chaudhuri]

If the banks could advance some money to these people, he could invest a portion of it in other business and get some return.

Mr. Speaker: I have not been able to follow really how his speech is relevant to the issue before the House. The question is about amendment of the definition of 'Company' and whether the definition should be enlarged. I do not know whether the proposed amendment really enlarges it or curtails it. Probably it is restricting but that is the issue before the House.

Srijut Rohini Kumar Chaudhuri: It is never too late to learn!

Mr. Speaker: I can assure him that he has not run the risk feared by him at the beginning of his speech.

Srijut Rohini Kumar Chaudhuri: I thought this amendment wanted to include the private banking system also under banking.

Mr. Speaker: There is nothing of that kind. So he need not continue his speech on that.

Srijut Rohini Kumar Chaudhuri: Then I apologize to Professor Shah.

Shri M. Ananthasayanam Ayyangar: Sir, I agree in principle with my learned professor regarding the object of his amendment. This is a very vital point and so long as we were governed by the previous Government of India Act, 1935, there were discriminatory clauses 111 and 115 under which we cannot discriminate against any foreign company. They were taking away the cream of our foreign business and also encroaching upon our business inside. But I do not know how the amendment moved by my friend would meet the situation apart from the restriction here that a number of companies whether registered in this country or not could be wound up under the Indian Companies Act. That way even foreign companies can come in but if we put the word registered, you will restrict the scope. Even apart from that what the learned Professor desires is that we must put those restrictions even under the Companies Act insisting upon 75 per cent. of the Directors being Indian Nationals or the entire management can be in our hands and would not like as far as possible to exclude them from encroaching upon the fields in which our banks are earning their business. That will not be served at all by merely introducing the clause that they must also be registered. The Government must make up its mind as to what it should do regarding foreign companies which had very favourable atmosphere here in the previous regime and they continue to do the same business now also. I was told the other day that when a number of small banks in Calcutta were in bad circumstances there was a long queue of a number of persons trying to invest their monies in the Lloyds' Bank. But for the existence of foreign banks like Lloyds, people would go to important Indian banks like the Central Bank and others which will come to the help of the smaller banks. So I am one with the Professor that we ought not to allow the foreign banks to function at our expense. For that we have to bring in other legislations which would put restrictions upon foreign banks and industrialists from taking away the major part of our income which would otherwise flow into our industries or by putting restrictions that there must be 75 to 80 per cent. of Indian Directors in charge of management or share-capital must belong to us or that the business must be transacted for our benefit and so on. But as it is in spite of this amendment requiring that they must be registered, this would not meet the situation. Under those circumstances, I should think that this amendment is not necessary.

Shri T. T. Krishnamachari: I must confess that if at all I am in a position to speak with some kind of experience and knowledge, perhaps it is upon this particular aspect of banking business. Having had considerable experience of the working of exchange banks, I can quite understand Professor Shah's chagrin because there was a time when exchange banks did try to stifle Indian business if it was possible for them to do so. But we cannot altogether rule out the possibility of exchange banks operating in this country for the reason that so long as we want international trade, so long as movements of goods from and out of this country exist it would not be possible to say that no bank which is registered somewhere else should operate in this country unless they fit into some conditions which are very difficult for them to comply with excepting those conditions that we have in this bill before us.

It may be that at present the reason for us to be afraid of the Exchange Banks doing harm to our trade no longer exists because the political pressure that they could exert and the influence they had in the past do not exist. It may be that they might help a few European firms now and again but it is a thing which will gradually disappear as and when we regulate our business in a different way. Therefore the presence of Exchange Banks might do a bit of good rather than harm to our economy for one thing that they are able to get money fairly cheaply and I do think that where they operate—and as they do operate notwithstanding my honourable friend Mr. Ramalingam Chettiar's remarks about Banks generally not doing any thing for agriculture they do operate even in the market for agricultural goods and in my experience they have sought to bring down the interest rates because they are a competitive element in the field. So if you remove the element of competition which will bring down the interest rates, you might be doing more harm to our own people.

Of course, if the whole banking system in this country is nationalized, then automatically the Exchange Banks will have no place as Exchange banking will be done as between one Government and another. But now as private banks exist in this country I see no sense in excluding the Exchange banks provided they shake off their previous predilections and their antipathy to Indian interests which they are bound to do under the present conditions. I do not want to steal the Finance Minister's thunder but he has already explained the reason why he did not want to put any more control or check over the Exchange Banks than what is now provided in this bill and I feel that this amendment, if it is accepted, would probably act exactly the other way about. Unless we have a complete ban on exchange banks coming in, the exchange banks will be outside the purview of this Bill. I think the intention the mover has in mind, will not be served by accepting this amendment.

The Honourable Dr. John Matthai: I entirely agree with Shri Krishnamachari that this amendment not merely does not secure Professor Shah's purpose, but it actually defeats it. I am sorry I cannot accept it.

Mr. Speaker: The question is:

"That in part (d) of sub-clause (1) of clause 5 of the Bill, after the word 'which' the words 'is registered in India, and', be inserted."

The motion was negatived.

[At this stage Mr. Speaker vacated the Chair which was then occupied by Mr. Deputy Speaker Shri M. Ananthasayanam Ayyangar.]

Mr. Nasiruddin Ahmad: Sir, I move:

"That in part (h) of sub-clause (1) of clause 5 of the Bill, for the words 'entitled to', the words 'entrusted with' be substituted."

Sir, this passage occurs in the definition of "managing agent" as "a person, firm or company entitled to the management of the whole affairs of a company." I want to make it read, "a person, firm or company entrusted with

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the management..." In fact, the real test is the entrustment and not the legality of the appointment. If a man is entrusted with the management, though not strictly legally, he should be regarded as the managing agent. The word "entitled" gives a man the legal right to the management, and "entrusted with" does not necessarily do so. In the circumstances, my amendment is making the definition wider, and agents who are legally appointed will also come in.

Shri T. T. Krishnamachari: Mr. Naziruddin Ahmad himself has argued the case against his amendment.

Mr. Deputy Speaker: Shall I put the amendment to vote?

Mr. Naziruddin Ahmad: No. I shall now move my next amendment. Sir, I move:

"That in part (h) of sub-clause (1) of clause 5 of the Bill, for the words 'affairs of a company', the words 'affairs of a banking company' be substituted."

Sir, throughout the Bill, nowhere is the word 'company' used meaning a banking company. Wherever it occurs, we have the words "banking company". Here there is an exception. I want the language to be uniform throughout.

The Honourable Dr. John Matthai: I accept the amendment.

Mr. Deputy Speaker: The question is:

"That in part (h) of sub-clause (1) of clause 5 of the Bill, for the words 'affairs of a company', the words 'affairs of a banking company' be substituted."

The motion was adopted.

Mr. Naziruddin Ahmad: Sir, I move:

"That in part (h) of sub-clause (1) of clause 5 of the Bill, for the words 'by virtue of the memorandum', the words 'under the memorandum' be substituted."

The Honourable Dr. John Matthai: This amendment is not accepted.

Mr. Naziruddin Ahmad: It need not be put to vote. Sir, I move my next amendment:

The Honourable Dr. John Matthai: This amendment is not accepted.

Mr. Naziruddin Ahmad: It need not be put to vote. Sir, I move my next amendment:

"That in part (h) of sub-clause (1) of clause 5 of the Bill, for the words 'by whatever name called', the words 'under whatever name or designation' be substituted."

The Honourable Dr. John Matthai: This amendment too is not accepted.

Mr. Deputy Speaker: The honourable member may himself move only such of the amendments as are likely to be accepted.

Mr. Naziruddin Ahmad: Sir, here the Member proposes and the Minister disposes. Sir, I move:

"That for the *Explanation* to part (h) of sub-clause (1) of clause 5 of the Bill the following be substituted:

Explanation.—Any person who actually occupies the position of a managing agent though under the designation of a manager or managing director, shall, for the purposes of this Act, be deemed to be a managing agent."

Shri T. T. Krishnamachari: This is only a consequential amendment.

The Honourable Dr. John Matthai: That means, instead of the word "regarded", you want to put in the word "deemed".

Mr. Naziruddin Ahmad: Yes, and also put in the word "designation".

The Honourable Dr. John Matthai: That has already gone. I accept the word "deemed" for "regarded."

Mr. Deputy Speaker: Then does it mean that the amendment confines itself to this: that for the words "regarded as", you want the words "deemed to be a", to be substituted?

Mr. Naziruddin Ahmad: Yes.

Prof. K. T. Shah: What is the difference between "deemed" and "regarded"?

Mr. Deputy Speaker: The word "deemed" seems to be more legal language than the word "regarded".

Prof. K. T. Shah: I see.

Mr. Deputy Speaker: The question is:

"That in the *Explanation* to part (h) of sub-clause (1) of clause 5 of the Bill, for the words 'regarded as', the words 'deemed to be a' be substituted."

The motion was adopted.

Mr. Naziruddin Ahmad: Sir, I move:

"That in the *Explanation* to part (h) of sub-clause (1) of clause 6 of the Bill, the word 'nevertheless' be omitted."

The Honourable Dr. John Matthai: This amendment is not accepted.

Mr. Naziruddin Ahmad: Sir, the word "nevertheless" only lays more emphasis. It is used in a declamation or in business language by way of assurance or reassurance. But in Statute if we add this word, we would be over-emphasising things unnecessarily. If we say, "shall be regarded as managing agent" that would be quite enough. Every word in a legislative enactment is emphatic and if we use the word "nevertheless" it would be only needlessly over-emphasising a point.

4 P. M.

Mr. Deputy Speaker: The Honourable Minister thinks that the objection to the word is over-emphasised. May I put it to vote?

Mr. Naziruddin Ahmad: No, Sir. I beg to move:

"That in the *Explanation* to part (h) of sub-clause (1) of clause 5 of the Bill, for the words 'regarded as managing agent', the words 'deemed to be a managing agent' be substituted."

Mr. Deputy Speaker: In accepting amendment No. 41, the House has adopted this change. So that, instead of having that amendment, we will take it that this amendment has been moved and adopted. I take it that that is the sense of the House.

Mr. Naziruddin Ahmad: I beg to move:

"That sub-clause (2) of clause 5 of the Bill be omitted."

Sub-clause (2) states: 'In the application of this Act to acceding States all references to the Provinces of India shall be construed as including references to the Acceding States to which this Act extends'. I submit that I do not oppose the principle. But this is not the place for its insertion. Its proper place would be the one indicated in my amendment to clause 1. In clause 1 sub-clause (2) it is said that it extends to all the Provinces of India. We should add there that it should extend also to Acceding States. That is the reason why I want to delete it here.

The Honourable Dr. John Matthai: I do not propose to accept it.

Mr. Naziruddin Ahmad: I do not want it to be put to vote.

Mr. Deputy Speaker: The question is:

"That clause 5, as amended, stand part of the Bill."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Mr. Naziruddin Ahmad: I move:

"That in the Bill, for the word and figures 'Part II', the word and figures 'Chapter II', be substituted."

Sir, it is an important drafting point. You will be pleased to note that important Acts are divided initially into Chapters which are also, if necessary, divided into Parts. This is the case with the Civil Procedure Code, the Penal Code, the Evidence Act and so on. This Bill has four Parts which should be described as Chapters.

The Honourable Dr. John Matthai: This Bill has followed the model of the Companies Act.

Mr. Deputy Speaker: The question is:

"That in the Bill, for the word and figures 'Part II', the word and figures 'Chapter II' be substituted."

The motion was negatived.

Mr. Naziruddin Ahmad: I move:

"That in part (a) of sub-clause (1) of clause 6 of the Bill, the word 'the', wherever it occurs, be omitted."

This word 'the' here has a long history. In connection with this clause this word has been used freely, liberally and indiscriminately. In part (a) this word has been used freely and in clause (b) very sparingly or not at all. Throughout the clause it occurs in 13 places and is omitted in 13 places. I desire in another amendment, either to have 'the' as much as you like, or not have it at all. This is jarring to the ear and unnecessary.

Mr. Deputy Speaker: Shall we not relegate this to the draftsman?

The Honourable Dr. John Matthai: Wherever 'the' occurs, it is perfectly in its place and wherever its insertion is suggested by my honourable friend, it would be out of place.

Mr. Naziruddin Ahmad: I suggest it would be out of place everywhere. I simply pointed out the absurdity of using this word everywhere, in appropriate and in inappropriate places. This should be further considered.

Mr. Deputy Speaker: I do not think the honourable member would like me to put it to the House. We could leave it to the draftsman.

Mr. Naziruddin Ahmad: Yes, leave it to the draftsman.

Mr. Deputy Speaker: So the amendment is not put to the House.

Mr. Naziruddin Ahmad: I may state here that the clause in the Bill does not seem to be correct.

The Honourable Dr. John Matthai: It is taken straight from the Companies Act.

Mr. Deputy Speaker: If it is wrong there it is wrong here! Does the honourable member want to move it?

Mr. Naziruddin Ahmad: No, Sir. But what is the meaning of "taking up". We are familiar with cattle lifting but we do not know of money lifting! Those things were under the British Government. But we are living now under changed conditions. So I had better move it and leave it to its fate. Sir, I move:

"That in part (a) of sub-clause (1) of clause 6 of the Bill, for the words 'borrowing, raising or taking up', occurring in line 1, the words 'borrowing or raising' be substituted."

The illustrious precedent of the Companies Act has been cited. But it is always a weak argument to cite precedents. The question is one of first impression. We should rather read the clause as it is and see whether the words "taking up" is really appropriate and can be supported in the context. It may be that in the other context it may have been proper or it may have been a misprint or an error. But we have to consider the matter once again.

Mr. Deputy Speaker: Amendment moved:

"That in part (a) of sub-clause (1) of clause 6 of the Bill, for the words 'borrowing, raising or taking up', occurring in line 1, the words 'borrowing or raising' be substituted."

The Honourable Dr. John Matthai: I am not an authority on drafting but I should like to say quite off-hand that a distinction of this kind might probably be contemplated here. When capital has been subscribed it is raised: and when actually called up or paid up it is taken up.

Mr. Deputy Speaker: Money goes into a bank here and a draft is taken on some other bank. It is not borrowing or raising or accepting a deposit. It must come only in the "taking up". I deposit money in the Imperial Bank and at the other end I want this to be paid by way of a draft.

The Honourable Dr. John Matthai: In a matter like this we might accept the authority of the Companies Act.

Mr. Deputy Speaker: Will I put this amendment to the House?

Mr. Naziruddin Ahmad: Yes.

Mr. Deputy Speaker: The question is:

"That in part (a) of sub-clause (1) of clause 6 of the Bill, for the words 'borrowing, raising or taking up', occurring in line 1, the words 'borrowing or raising' be substituted."

The motion was negatived.

Mr. Naziruddin Ahmad: Sir, I move:

"That in part (a) of sub-clause (1) of clause 6 of the Bill, the words 'or not' occurring in line six, be omitted."

The words "or not" seem to me to be absolutely unnecessary. Anything unnecessary should be avoided.

Mr. Deputy Speaker: There may be a third category—transferable, negotiable or not.

The Honourable Dr. John Matthai: I cannot accept it.

Mr. Deputy-Speaker: The Honourable Minister does not accept it. So, I presume the honourable member does not wish to press it.

Mr. Naziruddin Ahmad: I do not press it.

Mr. Deputy Speaker: Generally, in all matters when the honourable member does not press his motion, we take it that the leave of the House is granted for the withdrawal. That will be a convention.

Mr. Naziruddin Ahmad: The Honourable the Speaker ruled that unless it is put to the House it is not before the House. So the question of withdrawal in such a case does not arise.

Prof. K. T. Shah: I move:

"That in part (a) of sub-clause (1) of clause 6 of the Bill, after the words 'kinds', occurring in line twelve, the words 'except their own' be inserted."

This is intended to prevent banks from acquiring, holding, dealing in their own shares; and, therefore, directly becoming instrumental in promoting speculations in dealing in their own shares. I think it is a very salutary and necessary addition, and I trust the good sense of the Finance Minister will enable him to accept this amendment also.

The Honourable Dr. John Matthai: This point is covered by the Companies Act. I have taken legal advice on this point. I understand that the particular matter that Prof. Shah has in view is covered already by the Companies Act.

Shri Prabhu Dayal Himatsingka (West Bengal: General): There is section 54 of the Companies Act which prevents a company from purchasing its own shares or lending money on its own shares. It is not necessary to put it here. The bank can purchase its own debenture bonds if any.

Mr. Deputy Speaker: Need I put this to the vote?

Honourable Members: No.

Mr. Naziruddin Ahmad: The expression is "purchasing and selling". In such transactions it is usually called "buying and selling".

Shri T. T. Krishnamachari: It makes no difference at all.

Mr. Deputy Speaker: "Purchasing" seems to be a more dignified word.

Mr. Naziruddin Ahmad: But "selling" is not a really suitable consort of "purchasing"! Sir, I beg to move:

"That in part (a) of sub-clause (1) of clause 6 of the Bill, for the word 'purchasing', occurring in line twelve, the word 'buying', be substituted."

The Honourable Dr. John Matthai: I do not accept it.

Mr. Deputy Speaker: If the honourable member wants I will put it to the House.

Mr. Naziruddin Ahmad: I am not pressing it.

Mr. Deputy Speaker: We come now to amendment No. 63. I think "part" includes the "whole".

Mr. Naziruddin Ahmad: Sir, as my friend Pandit Thakur Das Bhargava points out the whole includes the part and not that the part includes the whole. Sir, I beg to move:

"That in part (g) of sub-clause (1) of clause 6 of the Bill for the words 'form part of the security' the words 'from the security or part of the security' be substituted."

The Honourable Dr. John Matthai: Sir, I accept it.

Mr. Deputy Speaker: The question is:

"That in part (g) of sub-clause (1) of clause 6 of the Bill for the words 'form part of the security' the words 'from the security or part of the security' be substituted."

The motion was adopted.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That in part (j) of sub-clause (1) of clause 6 of the Bill, all the words beginning with the words 'subscribing to' to the end, be omitted."

I have the authority of Shri T. T. Krishnamachari himself as being a co-author with me of this amendment and I leave it to him to explain the reason.

The Honourable Dr. John Matthai: Sir, this occurs also in the Companies Act and it does not seem to me to be necessary to make this omission.

Mr. Nasiruddin Ahmad: It was referred to in his dissentient note to the Select Committee report by Shri T. T. Krishnamachari. However, I do not want it to be put to the House.

Prof. K. T. Shah: Sir, I beg to move:

"That after part (j) of sub-clause (1) of clause 6 of the Bill, the following new parts (k) and (l) be inserted and the subsequent parts be re-lettered accordingly:—

(k) assisting in financing new industries to be established, or expansion of existing industries by subscribing for or taking up any shares, bonds, or debentures of any company if guaranteed by the Industrial Finance Corporation, or the bonds or debentures issued by the Industrial Finance Corporation on its own account, so, however, that the total investment made in any single concern shall not exceed five per cent of the fixed deposits in the bank making such investment;

(l) developing such system, methods, or facilities of making payments between customers of the same bank, or of a different bank in the same place, or in another place, as would eliminate the cost of remittance within the country, and popularise the habit of banking among all classes of the population, provided that such customers maintain a minimum balance in each such bank or branch of the bank, as may be prescribed by the Reserve Bank; "

Sir, these are amendments suggesting two types of business that might be specifically mentioned in the Act as open to a bank to carry on. The former I recognise is perhaps partly covered in part (a), if it is liberally interpreted, and may be said to have been included. I however was, and still am, under the impression that, as this is a *consolidating* legislation specific mention must be made, if it is not through the ingenuity of some profound lawyer to be misinterpreted, that banks may assist in the development of industries, and the realisation or development of our resources and potentialities, which under the traditional methods of banking followed under the inspiration of the English banking system, is not being done.

The specific way in which I feel that the Bank should do this business is by guaranteeing and safe-guarding the interests of depositors and shareholders; so that, I think, on that score, there shall be no objection to include specifically this provision in the Act. The argument, if it is urged, that this only relates to short term finance of commercial banking, and not to any industrial banking of the type implied in this amendment, would be met, I think, by saying that these investments are so specifically guaranteed, so assured and safe that there ought to be no very great risk in the investment of the kind contemplated.

As proof of my desire to be reasonable, I have tried further to restrict it to a percentage of the fixed deposits which are for a longer term, than the call money of the bank which is making such an investment. I trust that if the Honourable the Finance Minister will realise the spirit behind it, and understand the necessity of some such provision being inserted, he would be agreeable to considering it.

As regards the second addition about the cost of inland remittances, I have always held that the cost of remittance in this country is prohibitive, particularly to the smaller man. The ordinary remittance ought not to be costly at all beyond the postal stamp that would suffice to send a cheque from one place to another. If it is a crossed cheque it would be perfectly safe, so that none but the payee would be able to cash it and obtain the proceeds thereof. In countries where the cheque habit has been developed, the charge for remittance is in effect abolished. I do not see why, in a country of the size of India, we should allow this kind of needless taxation to be levied by Banks, on not only the business community, but progressively on the poorer community also by permitting a tax to be levied in this indirect manner.

[Prof. K. T. Shah].

The banks particularly which have branches in different places, and are required to facilitate remittances between those branches of their own, or for customers of their own, should not, I think, take any objection to this requirement, that they shall make no charge on a cheque drawn in one place being payable without charge in another of their own branches, and from one of their own customers in one branch to another in another branch. It seems to me very simple. I feel that there should be no rational objection to the acceptance of a provision like this, except of course the invincible might of vested interests, that can always find some loophole, some objection some imaginary or real grievance which would not be solved by this method.

Apart from the objection that the mover is a *persona non grata* to the powers that be, I think the subject is such (and I will bring it up in another connection) that it should receive a very sympathetic consideration from my honourable friend the Finance Minister, who may have lost all his convictions or illusions, (let me call it by a more charitable name) but who nevertheless was sufficiently a student of economics to realise that here is a consideration which I am bringing which is real economics, even if it be not sound a *la* Matthai?

Sir, the actual position is that if a millowner has his own funds in another place and wants to remit the money to another place in large sums; he can do so at a cost perhaps of two annas per cent, or lower if he has any special arrangement. But if a poor man wants to remit Rs. 10 or Rs. 25 he will be charged 800 per cent. the amount the millionaire has to pay. That is to say eight times of that, by way of Money Order charge of annas four on a remittance of Rs. 25. That I think is a very unfair system.

The postal remittance system of Money Orders was intentionally made so difficult and so costly, that the poor man might not avail, or at any rate that there should be no competition with the established vested interests of banks. I trust we have come to a time when this should not be permitted, and banks should be required,—at least for the customers of their own, and at least us between places where they have branches or agencies of their own, not to make any such charge as is customary nowadays. I hope that in this case at least the interest of economy will prevail over the power of vested interests, and the amendment would be accepted.

The Honourable Dr. John Matthai: This Bill has a very limited scope and the issues raised by Prof. Shah, however important, are outside the scope of this Bill. I appreciate the spirit of the suggestion but must reject the amendment moved by my honourable friend.

Mr. Deputy-Speaker: Amendment moved:

"That after part (j) of sub-clause (1) of clause 6 of the Bill, the following new parts (k) and (l) be inserted and the subsequent parts be re-lettered accordingly:

(k) assisting in financing new industries to be established, or expansion of existing industries by subscribing for or taking up any shares, bonds, or debentures of any company if guaranteed by the Industrial Finance Corporation, or the bonds or debentures issued by the Industrial Finance Corporation on its own account, so, however, that the total investment made in any single concern shall not exceed five per cent. of the fixed deposits in the bank making such investment;

(l) developing such system, methods, or facilities of making payments between customers of the same bank, or of a different bank in the same place, or in another place, as would eliminate the cost of remittance within the country, and popularise the habit of banking among all classes of the population, provided that such customers maintain a minimum balance in each such bank or branch of the bank, as may be prescribed by the Reserve Bank; "

Prof. Shibban Lal Saksena: I have great pleasure in associating myself with all that my honourable friend Prof. Shah has said in regard to this amendment. I feel that he has pleaded the case of the poor man in whom we are

trying to develop the habit of keeping his money in banks. He has taken the trouble of pointing out this which though a very small thing will yet go a lot to help the banking habit. I personally feel that the present system of charging an amount for the transfer of money from here to Kanpur or Lucknow is really very high and this should not be permitted any longer, as Prof. Shah has pointed out. Although the Honourable Minister has stated that he will not accept the amendment, I think that in the interests of the poor man and as it will not cost much he should accept this amendment at least.

Shri Prabhu Dayal Himatsingka: Sir, I have not been able to follow how the acceptance of these two additional sub-clauses will serve the purpose that my honourable friend Prof. Shah has in view. He has himself stated that the other parts cover part (k) that he has proposed, and I dare say they do. As a matter of fact this kind of business is one of the ordinary businesses that banks do.

As regards remitting money from one place to another that also is being done everyday. I do not know how the addition of this part (l) will compel any bank to remit money at no charge or at a nominal charge. I do not know about Lucknow but even now we know that in Calcutta and other places the charge levied is so nominal that there should be no difficulty in sending money. As a matter of fact for remittances of a thousand rupees or more most of the banks charge 2 pice or at the most the highest charge is one anna per cent. If a man wants to send rupees ten why should he go to a bank? There are the postal money order facilities. In fact if he wants to send a small sum of Rs. 10 or 15 he will have to go to the bank, they will issue a draft, it has to be taken to the other bank on which the draft is issued and the whole thing will be a troublesome process. A person who does not know these things will in fact find it impossible to have the money cashed from one branch to another. Simply because this clause will be there no bank will be compelled to accept such remittances. They will have to look to their expenses, and so on. Therefore I do not think that there is any occasion or necessity for adding these two sub-clauses in the Bill, nor will they help in achieving the object that the Professor has in view.

Shri T. T. Krishnamachari: I am afraid I feel that Prof. Shah's amendment does not materially improve the position particularly as we have in view that the banking business must be conducted under certain rigid rules. If for instance Prof. Shah has in mind that a bank, if it is willing, should take up debentures of some firm, they can do so or alternatively invest money in debentures of that sort if they wish to do so. But in regard to operating in the same manner like an industrial bank I am afraid the honourable Mover of the Bill has very clearly explained that though it is a very desirable expansion of banking business which we should contemplate in the future this Bill does not allow any room for any such expansion of its scope.

So far as the other part of his amendment is concerned, namely the provision of remittance facilities, this can be done easily by the Reserve Bank. The Reserve Bank offers remittance facilities to many banks without any charge and it can also dictate that such bankers who take advantage of the Reserve Bank's remittance facilities should only charge a nominal fee to their customers. The effect can be achieved administratively which the additional sub-clauses to this Bill proposed by the mover will not ensure. I think the purpose is undoubtedly very well meant and one that is desirable, but we cannot achieve this by means of the addition of the sub-clauses to clause 6. Therefore I would ask the House to reject the amendment.

Shri B. P. Jhunjhunwala (Bihar: General): The amendment which has been moved by my honourable friend Prof. Shah enlarges the scope of this Bill. My

[Shri B. P. Jhun]hunwala].

honourable friend Mr. Himatsingka has said that this business which is contemplated in the proposed part (k) the bank always does. If this business is ordinarily done by the banks as is made out by my honourable friend Mr. Himatsingka, I wish to say there are so many other things which have been incorporated in this clause which the Bank already does. But still they are there. So if it is necessary at present to develop the industries and help small industries and new industries it is very necessary that the proposed sub-clause should be there. My honourable friend Mr. T. T. Krishnamachari has said that the Honourable Minister has explained in his opening speech that though such things are necessary there should be separate legislation for this. But if there is no other such legislation at present it is very necessary that this sub-clause should be there and the bank while advancing money on such projects may carefully see that the money is safe.

Mr. Deputy Speaker: The question is:

"That after part (j) of sub-clause (1) of clause 6 of the Bill, the following new parts (k) and (l) be inserted and the subsequent parts be re-lettered accordingly:

- (k) assisting in financing new industries to be established, or expansion of existing industries by subscribing for or taking up any shares, bonds, or debentures of any company if guaranteed by the Industrial Finance Corporation, or the bonds or debentures issued by the Industrial Finance Corporation on its own account, so, however, that the total investment made in any single concern shall not exceed five per cent of the fixed deposits in the bank making such investment;
- (l) developing such system, methods, or facilities of making payments between customers of the same bank, or of a different bank in the same place, or in another place, as would eliminate the cost of remittance within the country, and popularise the habit of banking among all classes of the population, provided that such customers maintain a minimum balance in each such bank or branch of the bank, as may be prescribed by the Reserve Bank; "

The motion was negatived.

Prof. K. T. Shah: Sir, I beg to move:

"That after sub-clause (2) of clause 6 of the Bill, the following new sub-clause be added:

"That after sub-clause (2) of clause 6 of the Bill, the following new sub-clauses be added:

- (3) Unless the Reserve Bank otherwise prescribes, no charges shall be levied by any bank for any remittance on account of any customer of that bank from one place to another in India.
- (4) No company, firm or individual shall be allowed to engage in banking business without being registered as a bank or banker and licensed to carry on any banking business."

Mr. Deputy Speaker: May I ask the honourable member whether both these points are not covered, the earlier one by his last amendment, and the latter one by the amendment regarding registration which were negatived?

Prof. K. T. Shah: Sir, if I may submit, the first one is not quite covered by the last amendment I had moved, in the sense that now I bring in the authority of the Reserve Bank, and therefore, by implication, necessarily the facility should be given by the Reserve Bank so that the banks need not be permitted any charge. In that extent it is different whereas in the previous amendment I had suggested that the bank of its own accord, without reference to the Reserve Bank, should for its customer, make no charge as between two places where the bank has its branches. Here it is a little different.

In the second place, also it is different because, whereas the previous amendment of mine on registration referred specifically to those operating in India but not registered here, and now I make it categorical for all banking

businesses or rather for everybody carrying on the business of a bank that the concern must be registered and licensed to carry on the banking business. To that extent this is much wider in both cases than the previous ones that I had submitted to the House. So, unless you rule that this point has already been disposed of and the House cannot stultify itself by considering this thing. I would beg permission to move them.

Mr. Deputy Speaker: Sub-clause (3) in the amendment may be all right, because power is given to the Reserve Bank. But in sub-clause (4) in addition to registration he has added the word "licensed". Registration is equally compulsory. I believe sub-clause (4) is out of order subject to what the Honourable Minister might have to say.

The Honourable Dr. John Matthai: Sir, as regard sub-clause (4), the amendment as proposed by Prof. Shah covers firms, individuals and so on, which are outside the scope of this Bill. As far as licensing is concerned, there is already provision in the Bill.

As regards his other sub-clause in the amendment, I do not think it is a satisfactory thing to place a wholesale restriction of this kind. If the distance between the two places is not very much it may be that the Bank will not be put to any expense, but where one place is very far away from the other place, there ought to be some provision for the bank to meet its expenses. It is a matter to be left to the discretion of the bank.

Shri T. T. Krishnamachari: Sir, if the point raised by the Chair was whether the Chair could rule the amendment out of order, I am afraid not, because the question of registration which was rejected does not apply to a bank as such—it was only in relation to firms which have been registered in this country under the Companies Act. So, the honourable member is perfectly entitled to bring in an amendment to say that every bank should be registered as a bank. The fact that licensing is covered by Clause 22 later on, does not make it out of order to put licensing here though it might be perfectly redundant. On the merits, it is a different matter and; on the merits I agree with the remarks of the honourable the mover of the Bill. But whether the amendment could be allowed in its present form or not ultimately I think there is a case for allowing the honourable member for moving his amendment.

Mr. Deputy Speaker: The honourable member will kindly go on with his speech.

Prof. K. T. Shah: Am I allowed to move both sub-clauses (3) and (4), Sir?

Mr. Deputy Speaker: Yes.

Prof. K. T. Shah: Sir, sub-clause (3) I was informed is already in practice done, namely, that the Reserve Bank can offer facilities, and those banks which avail themselves of the facilities may be able to make remittances free of charge, or at a very nominal charge. I would point out that having admitted the authority of the Reserve Bank, I am entrusting to that central national banking institution in the country the discretion and the power to make rules, so that if the Reserve Bank—which is the bank of all banks—is of the opinion that some charge is desirable and necessary, it will not make the rule to that effect. If, however, the Reserve Bank does not provide to the contrary, then the law should say that subject to that it is desirable that there should be no charge for remittance to anybody who can have a banking account and has occasion to remit money from one place to another.

[Prof. K. T. Shah]

I place this matter on a slightly higher ground than that of mere convenience to the remitter. I think, Sir, if you desire in this country—it is a question, in the last analysis, of your objectives—if you desire to have as widespread a banking habit and banking facilities as possible, then you should accept my amendment. That is to say, the poor people who have to make small payments, let us say their insurance premium, or their electric charges, or their newspaper subscriptions, or anything of that kind which is a recurrent periodical payment, including also their taxes, if they are allowed to make payment from one place to another free of charge by a cheque then you will help the spread of the banking habit if you remove the obstacle which for the poor man stands very seriously in this way.

One pice per cent. or two pice or one anna per cent. may be nothing to millionaires; but one per cent. even to a man whose income is perhaps Rs. 10 a month or Rs. 15 a month, is on a remittance of Rs. 5 equal to $1\frac{1}{2}$ per cent. This is too much. If a domestic servant working in a capital city like Bombay has his monthly wages of only Rs. 5, say Rs. 15, and out of that he has to remit and he has no alternative but to go to the post office he would have to pay four annas on Rs. 5. I submit that this is very burdensome on the poor man; and as such you should not be a party to permitting, for the sake of these millionaire Bankers, to continue this kind of a charge.

The penalty on the poor man is that he cannot have a banking account and has not thousands to remit. Such remittances that he has to make must be done through the Post Office, which charges a considerable sum, and that makes taxation very inversely with inability.

Well, we are told that the poor man will have to incur the trouble of going to the bank, then on the other hand the remitter through the Post Office has to go to cash it. The poor man has to face these troubles because it is necessary for him to consider every single pie that he spends.

Those of my friends who are millionaires, and to whom thousands do not matter or millions do not matter, to them these small things do not matter. They do not come into their mind at all. I quite understand their outlook, and I fully understand their general reasoning on this matter. While appreciating such points I can only be reminded of that unhappy French Queen, who, in the days of the Revolution, when the mobs were shouting "Bread, bread" around the palace, asked her attendant, "Why are they shouting? What are they shouting for?" and the attendant said, "Your Majesty, they are shouting for bread". The Queen replied, "Why are they shouting for bread? If they have not got bread, why don't they eat cakes?"

This is an attitude which I can understand from Marie Antoinette, Queen of France, I can understand it also from some millionaire friends in this House. But I must say I cannot understand it from the representatives of the poor man.

I have given you an example which happens every day in a city like Bombay, and I expect it happens also in other cities. When we come to domestic servants or even wage-earners in small employments, who have very small savings to remit to their parents or to their families at home a few miles away, some distance away, they find this charge very hard. Believe me, Sir, if you wish to safeguard the interests of the bankers' profits, and do not provide for this charge to be removed or dispensed with, you will not be serving the interests of the masses. If you wish that banking business should take a line which will give facilities to prevent this charge disappearing, then I am afraid you are thinking more of the interests of the big business rather than of the small man. I know the small man is only to be talked about. But when the question of his interest is concerned, then of course so many difficulties and objections arise

that we ignore it altogether. But I for one feel that at least once in a way some small evidence may concretely be given about our resolve to try and safeguard or promote his interest.

I know I am in a hopeless minority—not hopeless myself.—but in a hopeless minority. * * * But at the same time I feel that there will be a few people, at least, a very few people, whose voice would be powerful enough to allow me to obtain an "Aye" in this case, and make one division on this subject, at least to record the names of those who refused to give even this small facility to the poor.

As regards the second amendment, Sir, I am very grateful to my friend Mr. Krishnamachari for pointing out that this is a totally different matter from the one on which I spoke earlier. The proposed sub-clause (4) deals with any individual firm or company, and not only company. By this method, you may say that it goes beyond the scope of this Bill. You may say that it is not our intention to think of any but banking companies, and not of those who do banking business I can understand that argument. But to say that because I, on a previous occasion, moved an amendment relating to the registration of companies in India, meaning clearly especially those Exchange Bank companies which operate and take a heavy toll from India, with headquarters, registration and capital in foreign countries, unamenable to our legislation, that they need not be required to be registered in India—I must accept the decision of the House, and say nothing more about it. But when I spoke of others who also get into this honourable fraternity of parasites, by their usual activity to require them that they at least be registered and subject to certain conditions of registration, and licensing, especially when they want to do banking business, is I think a proposal which I think the House should accept.

I commend my amendment to the House. I do not know, Sir, if you will put them together and condemn, in fact, the poison of one as well as the nectar of the other, but I am in your hands, you may put them as you like.

Shri H. V. Kamath (C. P. and Berar: General): On a point of order. Is not the remark of my dear friend Prof. Shah against the House far too sweeping and objectionable?

Mr. Deputy Speaker: I thought so. I thought that such a remark in respect of the House—of course, he has been charitable to say "except a few"—but a general remark does not seem to be appropriate.

Prof. K. T. Shah: Sir, I apologise.

Seth Govind Das (C. P. and Berar: General): There is no question of apology. He must take back those words. Otherwise, such remarks will be made by one member or other every now and then and they will go into our proceedings. They should be taken back. They should be removed from the proceedings.

Shrimati Renuka Ray (West Bengal: General): Mr. Deputy Speaker, an apology should be good enough.

Seth Govind Das: I would request you Sir, that these remarks should be removed from our proceedings.

Mr. Naziruddin Ahmad: With due respect to you, Sir, we are men after all. A mere remark need not hurt anybody. The fact that the honourable member regrets is quite enough. After all, we are not sentimental bodies that would be afflicted by small remarks.

Srijut Bohini Kumar Chaudhuri: On a point of order, Sir. My friend Mr. Naziruddin Ahmad said that we are all of us men here. Are all of us men here? He has simply ignored a very important section of the House.

* Expanded as ordered by the Deputy Speaker in the House.

Shri H. V. Kamath: But men includes women, Sir.

Seth Govind Das: The other day certain remarks were made by Maulana Hasrat Mohaii. I raised some objection to it. Today Mr. Shah has done it. On the third day, some other member will make such a remark on this House and this House will not have any honour.

Mr. Deputy Speaker: I think Prof. K. T. Shah has made sufficient amends to the House. The House must be satisfied with this. But lest this should appear in the paper and in the official report that one member made a remark I do not think Prof. K. T. Shah would require that these words should continue in his name, particularly when he has said that he is sorry for having said those words. I do not think he will have any objection to having those words to be expunged.

Prof. K. T. Shah: If you will permit, Sir, I would even say, 'I withdraw'.

Mr. Deputy Speaker: So the words will stand expunged.

Now, we will proceed. These two amendments will be put separately according to the wishes of the mover. I will put the amendments to the House; then discussion may go on.

Amendment moved:

"That after sub-clause (2) of clause 6 of the Bill, the following new sub-clauses be added:

(3) Unless the Reserve Bank otherwise prescribes, no charges shall be levied by any bank for any remittance on account of any customer of that bank from one place to another in India.

(4) No company, firm or individual shall be allowed to engage in banking business without being registered as a bank or banker and licensed to carry on any banking business."

Shri Prabhu Dayal Himatsingka: I rise on a point of order, Sir. With due respect, can we legislate for a firm or individual?

Shri T. T. Krishnamachari: That is irrelevant. It is inapplicable. If you put something into it which cannot be enforced, it is useless.

Shri Prabhu Dayal Himatsingka: But can we legislate here for a firm or individual as money-lending is a Provincial subject? It is all right so far as companies are concerned. Firm or individual ought not to be included.

Shri T. T. Krishnamachari: May I suggest that discussion may be allowed on this and before voting the Chair might give a decision on whether to allow the words "firm or individual".

Mr. Deputy Speaker: So far as we have proceeded, we have done only clauses 2 to 5. We are on clause 6. Clause 2 says the provisions of this Act shall be in addition to, and not, save hereinafter provided, in derogation of the Indian Companies Act. There is nothing preventing a reference to a firm or individual. Clause 3—Act not to apply to cooperative banks. It does not say, to a firm or individual. Clause 4 relates to power to suspend operation of Act. The next clause—interpretation clause cannot be substantial portion. Therefore, as it stands I cannot see any objection to this amendment, whatever may happen later.

Shri T. T. Krishnamachari: If I may submit, firm or individual could not come within the scope of the control of the Central Government. A partnership or an individual will come under money-lending and could not come within

banking. That is the real point. That is why we have steered clear right through this Bill from roping anybody who is a partnership firm or an individual moneylender.

Mr. Deputy Speaker: It has been held on a prior occasion by the Speaker from the rulings that it is not open to the Chair to decide as to whether this comes in or not. It is left to the House. The House may vote against it.

As it is already five o' clock, the House may now adjourn.

The Assembly then adjourned till a Quarter to Eleven of the Clock on Friday, the 11th February 1949.