

Tuesday
6th December, 1949

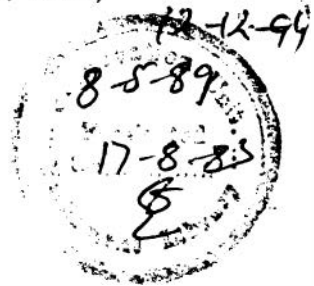
THE
CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)

OFFICIAL REPORT

VOLUME IV, 1949

(28th November to 24th December, 1949)



SIXTH SESSION
OF THE
CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE)

1949

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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)

Tuesday, 6th December, 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

EVACUEE PROPERTIES

*314. **Shri B. K. Sidha:** (a) Will the Honourable Minister of Rehabilitation be pleased to state how many houses, province by province, have been taken over by Government as evacuee properties?

(b) What is the total value of these houses and the rent realised per mensem?

(c) How are the rents recovered to be administered?

(d) Have Government formulated a plan for the purpose?

(e) If so, what are the details?

The Honourable Shri Mohan Lal Balseva: (a) and (b). The information is being collected and will be placed on the Table of the House.

(c) to (e). The rent recovered would normally belong to the evacuee owner and would be payable to him. But the Pakistan Government has failed to recover 'fair' rents or pay them to evacuees in India. With a view to avoiding hardship to the evacuee owners from Pakistan the Government of India have agreed to utilize part of the rents for the purpose of giving maintenance allowance, on account, to displaced widows and old and infirm persons etc. who have no means of livelihood in India and have not received adequate rehabilitation benefits. When final settlement of accounts is made with Pakistan these amounts will be adjusted.

The relevant extract from the Inter-Dominion Agreement and a copy of the Scheme are placed on the Table of the House.

Copy of extract from the Inter-Dominion Agreement reached in 10th/13th January, 1949, relating to urban immovable property.

PART III

... Para 2.—Returns of rental collection information.—The Custodian shall prepare for the six monthly periods ending 30th June and 31st December each year, lists in duplicate for each locality, giving particulars of evacuee urban immovable property situated therein,

the names of evacuee owners, and the lease money assessed, with additional columns showing the rents collected, deductions made therefrom and the balance payable to each evacuee owner.

Para. 9.—Inter-Dominion Adjustment.—The Custodian in each Dominion will send the list thus prepared in duplicate to the Auditor General of their Dominion Government. That Officer will forthwith forward one copy of each list to the Auditor General of the other Dominion and proceed to consolidate the amounts in these lists. The two Auditors-General will adjust the net amount payable by one Dominion to the other through the Exchange Accounts of the two Dominions. If all the lists are not received within two months of the prescribed dates, namely, 30th June and 31st December, by the Auditor-General of the other Dominion, adjustment shall be made to the extent of 50 per cent. of the total amounts in the lists received at the expiry of the said two months, the balance being credited to the account of the Dominion to which it is due as soon as the outstanding lists from that Dominion are received.

Shri B. K. Sidhva: What is the value of the properties which have been declared evacuee property in Bombay?

The Honourable Shri Mohan Lal Saxena: I have said that the information is being collected and when ready will be laid on the Table of the House.

Shri B. K. Sidhva: Has the Honourable Minister received any information from any of the provinces?

The Honourable Shri Mohan Lal Saxena: No.

Shri B. K. Sidhva: May I know whether shares and securities are also considered to be evacuee property?

The Honourable Shri Mohan Lal Saxena: No; unless they relate to the evacuee property itself.

Shri B. K. Sidhva: How do Government intend to administer these rents which are recovered from the evacuee properties?

The Honourable Shri Mohan Lal Saxena: I have already answered that these rents will be deposited with the Custodian. Part of them will be utilised for giving maintenance allowance on account to displaced widows and old and infirm persons, etc., who have no other means of subsistence, and have not received any rents from their properties in Pakistan.

Shri B. K. Sidhva: Are these evacuee properties given only to displaced persons or to others also?

The Honourable Shri Mohan Lal Saxena: Generally to displaced persons.

Sardar Bhopinder Singh Man: May I know how far the recent Evacuee Property Ordinance has affected the acquisition of evacuee property by the Custodian General?

The Honourable Shri Mohan Lal Saxena: We have no information so far; but the effect is going to be very little.

Sardar Bhopinder Singh Man: Is it a fact that recently 500 houses in U.P. have been released from the Custodian General?

The Honourable Shri Mohan Lal Saxena: I have not received any information.

Shri Mahavir Tyagi: Have any instances come to the notice of the Government where out of a number of properties which were taken over according to the previous ordinance most of them have now been released after the coming into force of the second Ordinance?

The Honourable Shri Mohan Lal Saxena: I think it is not so. Some of them have been released, but not most of them.

Dr. P. S. Dashmukh: Would the Honourable Minister give the approximate amount of rent realised per mensem?

The Honourable Shri Mohan Lal Saxena: I can give only the rent realised in Delhi. The assessed rent is about three to four lakhs per month, but realisations vary from 30 to 50 per cent.

Shri B. K. Sidhva: How many properties in Delhi have been declared as evacuee property?

The Honourable Shri Mohan Lal Saxena: Between thirty and forty thousand.

Shri Mohan Lal Gautam: How much of this rent realised from evacuee property is being paid to the evacuees and how much is kept with the Government?

The Honourable Shri Mohan Lal Saxena: As a matter of fact we have just prepared a scheme which is to be worked. No allowances have so far been given. The number of applications received in Delhi alone comes to 12,000. I do not know how many of them will be entitled to get an allowance; and then there will be applications from other provinces. I am not in a position to give any definite figure about the amount that will have to be paid on account of these allowances.

Sardar Bhojinder Singh Man: Have the Government formulated any plan so far as the properties themselves are concerned for their allotment to the refugees?

The Honourable Shri Mohan Lal Saxena: Yes.

Shri Raj Bahadur: May I know how the taking over of evacuee property by Government has affected the tenants occupying such evacuee properties? Have they been ejected from them?

Mr. Speaker: It is a very general question.

The Honourable Shri Mohan Lal Saxena: They have not been ejected, if they were occupying those properties before they were taken over.

Shri Dashbandhu Gupta: Is it a fact that a large number of Hindus who are owners of properties that have been declared evacuee property by reason of the evacuee tenants having left those properties have not yet received their rents from the Custodian and that large amounts of rents are still in arrears? If so, what is the total amount of such rents?

The Honourable Shri Mohan Lal Saxena: It is a fact that many of the tenancies taken over were declared evacuee property; but about six months ago we apprised the owners of the houses and the properties to realise the rents themselves.

KASHMIR PLEBISCITE

*315. **Shri B. K. Sidhva:** Will the Honourable the Prime Minister be pleased to state who bears the present expenses of the U.N.O. Commission (Kashmir) in India?

Dr. B. V. Kacker (Deputy Minister of External Affairs): The United Nations.

Shri B. K. Sidhva: May I know whether this question came up before the Commission and the budget was presented.....

Mr. Speaker: Order, order.

Shri B. K. Sidhva: It was contended that the respective parties—India and Pakistan—have to pay.....

Mr. Speaker: The reply is clear. The United Nations bear the expenditure.

Shri B. K. Sidhva: I only wanted to know the discussion that took place in the U.N. Commission.....

Mr. Speaker: I do not think we can go into that.

Shri B. K. Sidhva: May I know whether the plebiscite officers' salaries will also be paid by the United Nations?

Dr. B. V. Keskar: That question does not arise for the moment. When the formalities of the plebiscite are taken up then only this question will be considered.

Sardar Bhopinder Singh Man: How long is the U.N. Commission scheduled to remain in India? In the absence of any agreed conditions between the parties for a plebiscite.....

Mr. Speaker: The question assumes so much.

Prof. Shobhan Lal Saksena: What is the total expenditure so far on the Commission?

An Honourable Member: Ask the U.N.O.

Mr. Speaker: Next question.

ANTI-INDIAN BROADCAST BY PEIPING RADIO

*216. **Shri B. K. Sidhva:** (a) Will the Honourable the Prime Minister be pleased to state whether it is a fact that Peiping Radio has been using objectionable language against India and the Prime Minister?

(b) Is it a fact that the use of such language was in connection with false news regarding Tibet?

(c) Have Government taken any steps in this matter?

The Honourable Shri Jawaharlal Nehru: (a) to (c). It is a fact that the Peiping Radio used such language in connection with certain news regarding Tibet. This news had no basis in fact and was contradicted in the Press. Government have taken no other steps in the matter. In the peculiar circumstances prevailing now it was not considered necessary to take any further step.

Shri H. V. Kamath: Is it not a fact that similar language has been used by the Peiping Government in their reply to the telegram of felicitations addressed to them by the Communist Party of India, as reported in the papers recently?

The Honourable Shri Jawaharlal Nehru: I have not compared the language in either. Probably similar sentiments have been expressed.

Shri H. V. Kamath: Now that the question of recognition of the Communist Government in China is on the anvil, will this matter be brought to the notice of that Government before the question is finally decided?

The Honourable Shri Jawaharlal Nehru: Probably not.

FARES ON SHIPS ON KONKAN COAST

*217. **Shri B. K. Sidhva:** (a) Will the Honourable Minister of Commerce be pleased to state whether it is a fact that the Government of India have set up a Board of Enquiry to go into the question of increase of passenger fares by 50 per cent. on ships plying on the Konkan Coast?

(b) If so, what are the names of the members of this Committee and their terms of reference?

(c) Have the Committee submitted their report?

(d) Have Government taken any decision on the same?

The Honourable Shri K. C. Neogy: (a) Yes.

(b) I place on the Table copy of a Press Note issued at the time the Board was set up which furnishes the information asked for. (See Appendix IX, annexure No. 1.)

(c) No.

(d) Does not arise.

Shri R. K. Sidhva: What is the percentage of increase the companies have made?

The Honourable Shri K. C. Neogy: I have got a long list of the rates of the passenger fares charged by them according to the different classes. If my Honourable friend is interested in that I could show it to him. I find that in some cases the percentage of increase is about fifty, but it would not be uniform in all cases.

Shri R. K. Sidhva: May I know how many liners run on this route? Is it confined to one company or is there more than one company?

The Honourable Shri K. C. Neogy: I am afraid I have not got the information before me just now.

Shri R. K. Sidhva: When is the report of the Board likely to be made?

The Honourable Shri K. C. Neogy: It is very difficult to say that because it depends upon the cooperation which is available to the Board from the various interests concerned.

Shri R. K. Sidhva: But has the Board proceeded with its work?

The Honourable Shri K. C. Neogy: Yes.

TEXTILE GOODS

*318. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the present position of textile goods in the country?

(b) Is it a fact that in Bombay and Ahmedabad large quantities of textile goods were lying undisposed of and if so, what is the quantity and value thereof and what are the reasons for not disposing them off?

(c) Since the new order of Government how much has been disposed off?

(d) Is it a fact that manufacturers have turned out more coarse cloth than superfine cloth?

(e) What is the quantity of superfine cloth in the stock now in Bombay and Ahmedabad?

(f) Has import of foreign textiles been regulated and if so, to what extent?

The Honourable Dr. Gyama Prasad Mookerjee: (a) There is no shortage of cotton textiles at present. On the other hand, internal off-take is definitely low, while there has been a welcome increase in exports.

(b) On the 29th October, 1949, the Mills in Bombay held about 67,000 bales of cloth, which were less than a month's production. The Mills in Ahmedabad

held about 81,500 bales of cloth equivalent to about five weeks production. These stocks were not, therefore, unduly large.

(c) The distribution system was relaxed on the 10th September, 1949. On the 3rd September, 1949 the total stocks held in Bombay and Ahmedabad were about 1,89,000 bales. On the 29th October, as I have already stated, the stocks in these two areas were about 1,47,500 bales. Taking the whole of India, the stocks held in the Mills on the 3rd September, 1949 were 3,84,000 bales. On the 29th October they were 2,76,000 bales.

(d) No.

(e) It is estimated that superfine cloth constitutes about 14 per cent. of the stocks held in Bombay and 18 per cent. of the stocks held at Ahmedabad.

(f) Until the 28th July, 1949 the imports of cotton fabrics and cotton yarn were on the Open General Licence. Since that date the imports have been completely stopped except in respect of commitments made before that date.

Shri B. K. Sidhva: What was the total amount of the imports of foreign textiles in the current year?

Mr. Speaker: Does he mean the yardage or the price?

Shri B. K. Sidhva: The price.

The Honourable Dr. Syama Prasad Mookerjee: From July, 1948 to September, 1949 the figures were: Yarn Rs. 5,93,85,000; Others Rs. 2,59,33,000; Knitted Fabrics Rs. 68,000—the total being about Rs. 8 crores.

Shri B. K. Sidhva: May I know whether the Government of Bombay has written to the Government of India that unless they have adequate production control in regard to these manufactures there will be no effect on the ceiling prices, and if so what steps the Government of India are taking in this direction?

Mr. Speaker: I am afraid such questions will not be admissible.

Shri B. K. Sidhva: May I ask whether the textile industry manufactures voils, mulls, drills and sarees of nine yards?

The Honourable Dr. Syama Prasad Mookerjee: I believe so.

Shri B. K. Sidhva: Is it not a fact that due to the shortage of these, coarse cloth is produced to a greater extent and therefore at one time there was a great accumulation of cloth?

The Honourable Dr. Syama Prasad Mookerjee: The total coarse production will be about 20 per cent.

Dr. P. S. Deshmukh: May I know what is the extent of our commitments to import textiles during the course of the year?

The Honourable Dr. Syama Prasad Mookerjee: There are no commitments as such, but those for which irrevocable credits have been opened we have agreed to honour. I believe my Honourable friend the Commerce Minister will be able to indicate what is the date which has been fixed beyond which even such commitments will not be honoured.

Dr. P. S. Deshmukh: I wanted the approximate value of the goods likely to be imported.

The Honourable Dr. Syama Prasad Mookerjee: I have not got any information on that.

Shri Kishorimohan Tripathi: Arising out of the reply to part (a), may I know why the internal off-take of textiles is so low? Is it because of high prices?

The Honourable Dr. Syama Prasad Mookerjee: I believe that is one of the reasons, that is, prices are higher than what the consumers are willing to pay—also quality.

Mr. Frank Anthony: Is the number of offences in regard to textile goods—offences on the part of manufacturers and traders—on the increase or on the decrease?

The Honourable Dr. Syama Prasad Mookerjee: They are somewhat stationary.

Shri Deshbandhu Gupta: May I know what was the amount of imports from the dollar area?

The Honourable Dr. Syama Prasad Mookerjee: The imports during the O.G.L. period were entirely from soft currency countries.

Prof. N. G. Ranga: What are the countries to which our exports have gone up?

The Honourable Dr. Syama Prasad Mookerjee: I have not got the names of the countries here—I answered the question a few days ago.

Shri Jainarain Vyas: Is it a fact that on account of the accumulation of stocks in Kotah, Merwara and Bhilwara, textile mills had to close down, one mill totally, and the Kishengarh mill twice stopped working and is working now only with a limited number of workers?

The Honourable Dr. Syama Prasad Mookerjee: I cannot say about particular mills, but certain mills did close down during the period. Some have, however, reopened in their entirety or have opened with one shift.

Oh. Ranbir Singh: In view of the stringency of foreign exchange do Government still propose to import foreign cloth?

The Honourable Dr. Syama Prasad Mookerjee: No, we do not propose to do that.

Shri Ram Obandra Upadhyaya: May I know how much we are exporting?

The Honourable Dr. Syama Prasad Mookerjee: This year we expect to export 800 million yards. The monthly average has come to between 55 and 60 million yards.

Pandit Balkrishna Sharma: May I know if any complaints have been received by Government regarding the unfairness in the process of price fixation of the internal cloth?

The Honourable Dr. Syama Prasad Mookerjee: The price structure was examined by the Tariff Board last year. Of course there is a general complaint that the prices are higher than what the consumers are able to pay.

Shri Mahavir Tyagi: I understood the Honourable Minister to say that it is not the policy of the Government to stop the import of foreign cloth. If that is so may I know.....

The Honourable Dr. Syama Prasad Mookerjee: My answer was just the negative.

Prof. N. G. Ranga: May I know how much of the 800 million yards which they hope to export is hand-woven?

The Honourable Dr. Syama Prasad Mookerjee: I take it that my Honourable friend means handloom. The quantity is small. In fact we have given free permission for the export of handloom cloth. But unfortunately the demand for it is much less than what it was previously.

Shri B. K. Sidhva: May I know whether any licences were issued in September and October for the import of foreign cloth?

The Honourable Dr. Syama Prasad Mookerjee: No.

INDIANS IN BURMA

†*319. **Shri B. K. Sidhva:** (a) Will the Honourable the Prime Minister be pleased to state the total number of Indians (who were settled in Burma) who have come to India since trouble started in that country?

(b) How many Indians have been killed, injured and are missing and how much property have they lost in Burma?

(c) Have the Government of Burma imposed certain restrictions over the sale of properties belonging to Indians and if so, what is the total value of such properties?

(d) What steps have Government taken to protect the interest of Indian nationals in Burma?

Dr. B. V. Kestor (Deputy Minister of External Affairs): (a) The total number of Indians, who have returned to India since the commencement of civil strife in Burma in January, 1949, is roughly 50,000, of whom 12,000 were destitutes and were repatriated by the Indian Embassy in Rangoon at the expense of the Government of India.

(b) No reliable figures are available. According to reports received from time to time by the Indian Embassy in Rangoon, the total number of Indians killed is about 200, injured 16 and missing 20. It is not possible to estimate the loss suffered by Indians all over Burma, because lack of communications makes any computation impossible.

(c) The Government of Burma have not imposed any restrictions over sale of properties belonging to Indians, as such. The Transfer of Immovable Property (Restriction) Act, which became law in Burma two years ago, however, prohibits the sale of any immovable property to a non-Burmese national and this applies to all foreigners, including Indians.

(d) Representations have been made on several occasions to the Government of Burma to afford adequate protection to Indian nationals, especially those still in the service of the Government of Burma. Officers of the Indian Embassy have visited areas most affected by the present troubles in Burma, to afford necessary advice and assistance to Indians. In March, 1949, the Embassy organised the evacuation of about 5,000 Indian nationals from Insein, which had fallen to the Karens. Again in August last, the Military Attache and other officials of the Embassy visited Toungoo and Taunggyi, the latter after its capture by Karens and successfully evacuated about 850 Indians from these areas. It has also been made clear to the insurgent groups in Burma, on all possible occasions, that Indians in Burma are taking no part in the present conflict and, as neutral foreign nationals, are entitled to protection by all the parties.

PLAGUE INFECTION FROM INDIA TO PERU

†*320. **Shri B. K. Sidhva:** (a) Will the Honourable Minister of Commerce be pleased to state whether it is a fact that plague infection was carried from India in jute bags to Peru and if so, whether the bags contained dead rats?

(b) Has any enquiry been made and if so, with what result?

† Answer to this question laid on the table, the questioner having exhausted his quota.

The Honourable Shri K. O. Neogy: (a) While such allegations have been made, it has not been established that plague infection was carried from India in jute bags to Peru.

(b) In view of the allegations, an investigation was taken in hand. In May, 1949, however, the Indian Commercial Secretary at Rio de Janeiro informed us that the Peruvian Health Ministry and the Pan American Sanitary Bureau were of the opinion that no outbreak of plague in Peru had any apparent relation with jute importations during the past two years and that since 1947 no importation of infected fleas from India had been detected in Peru. In view of this, further investigation has been deferred for the present.

IMPORT PERMITS AGAINST DOLLAR ALLOTMENT

***321. Shri Mahavir Tyagi:** (a) Will the Honourable Minister of Commerce be pleased to state the total amount of Dollar currency which Government had allotted for imports for the year 1949-50?

(b) What is the total amount of the import permits issued up to date against this allotment?

The Honourable Shri K. O. Neogy: (a) The import programme is prepared for six-monthly periods, namely, January-June and July-December. Dollars are allotted separately for each period. The allocation made for the licensing of commercial imports from dollar areas during the period July-December, 1949 is Rs. 88½ crores. The ceiling for the licensing of commercial imports during the period January-June, 1950 has not yet been fixed.

(b) Licences for about Rs. 11 crores have been granted for imports from dollar areas during the period September to November, 1949 after the temporary ban on dollar licensing was removed early in September.

Shri Mahavir Tyagi: Have any instructions been issued to the effect that no consumer goods whatsoever are to be imported from dollar areas?

The Honourable Shri K. O. Neogy: There is no question of instructions being issued; no licences are issued for that purpose.

Prof. N. G. Ranga: Are licences being issued for the import of machinery needed for sugar mills?

The Honourable Shri K. O. Neogy: I am not in a position to state specifically about the position of sugar mills, but essential machinery which cannot be obtained from the sterling areas would of course be permitted to be imported from dollar areas.

Shri B. P. Jhunjhunwala: Are licences being issued from dollar area for consumer goods for producing things here, as for instance, plastic powder, etc.?

The Honourable Shri K. O. Neogy: They are in the nature of raw materials for industry and licences for such goods are issued on the basis of essentiality.

Sjt. Rohini Kumar Chaudhuri: May I know if any import permit has been granted to any trader in the province of Assam or to any trader outside Assam for the benefit of the province of Assam?

The Honourable Shri K. O. Neogy: I am afraid I am not in a position to give that information.

Shri Mahavir Tyagi: Are Government sure that the total amount of the licences issued did not exceed the quota fixed for the dollar area for the six months?

The Honourable Shri K. O. Neogy: That is generally kept in view, but my

Honourable friend would realize that licences granted during a particular period may not be effective till that period is over, because it takes some time for the goods to arrive and therefore it is not very easy to correlate the period of licensing with the period of arrival of goods.

Prof. N. G. Rang: Is any effort being made to restrict at least in part the import of raw films and also the usual films that are being imported from America?

The Honourable Shri K. O. Neogy: Every such item has had to sustain a cut.

Shri M. Thramala Rao: Are medicines allowed to be imported from the dollar area?

The Honourable Shri K. O. Neogy: Yes, medicines of a special variety such as those that are not easily available in sterling areas.

Shri R. K. Sidha: Was any import licence for motor cars issued from September onwards?

The Honourable Shri K. O. Neogy: The motor car imports have been stopped of late. Motor trucks would be permitted to come in up to a particular limit.

Shri Deshbandhu Gupta: Has any licence been recently issued for the import of 30,000 tons of vaseline?

The Honourable Shri K. O. Neogy: I should like to have notice of that question.

Shri Mahavir Tyagi: Would the Government permit an open discussion on the policy of Government with regard to import and export in the House some day?

An Honourable Member: It will come in the Budget debate.

Shri Mahavir Tyagi: Is it a fact that we have suffered adverse balance to a great extent on account of export and import business.

The Honourable Shri K. O. Neogy: That is public property.

TEXTILE CONTROL

*322. **Shri Mahavir Tyagi:** Will the Honourable Minister of Industry and Supply be pleased to state:

- (a) the total expenditure incurred on the Textile Control Board annually; and
- (b) the total expenditure incurred on the administration of textile controls?

The Honourable Dr. Syama Prasad Mookerjee: (a) and (b). A statement giving the information is placed on the Table of the House. (See Appendix IX annexure No. 2.)

PROPERTY OF MR. LIAQUAT ALI KHAN

*323. **Dr. Mono Mohon Das:** (a) Will the Honourable Minister of Rehabilitation be pleased to state the total value of properties left in the Indian Union by the Pakistan Premier, Mr. Liaquat Ali Khan?

(b) What is the present income from those properties?

(c) What is the total income received by the Pakistan Premier after the partition of the country up to date from his properties left in the Indian Union?

The Honourable Shri Mohan Lal Saksena: (a) The total value of Mr. Liaquat Ali's properties in U.P. and Delhi is estimated at about Rs. 4 lakhs. Information regarding his property in East Punjab is being collected and will be laid on the Table of the House.

(b) The present annual income from his properties in U.P. is about Rs. 55,000. The net income of his property in Delhi is Rs. 1,708/6/10.

(c) He is reported to have received about Rs. 85,000 since the partition from his properties in U.P., but nothing has been remitted to him on account of his property in Delhi.

Dr. Mono Mohon Das: May I know whether all the taxes due to Government in respect of this property have been paid?

The Honourable Shri Mohan Lal Saksena: I presume they must have been paid; but I would like to have notice of this question.

Dr. Mono Mohon Das: What is the present condition of the residential house of Mr. Liaquat Ali Khan? Is it under lock and key or has it been given on rent to some other person?

The Honourable Shri Mohan Lal Saksena: I believe the Honourable Member is referring to the house occupied by the Pakistan High Commissioner. That is not owned by Mr. Liaquat Ali Khan, but by Begum Liaquat Ali Khan and is, therefore, not covered by this question.

Dr. Mono Mohon Das: May I know whether Mr. Liaquat Ali Khan had to pay income-tax for this property and to what amount?

The Honourable Shri Mohan Lal Saksena: I would like to have notice of this question.

Shri H. V. Kamath: What is the position with regard to the property of Mr. Jinnah?

Mr. Speaker: That does not arise out of this question.

Shri Deshbandhu Gupta: May I know if Government have kept any record of the moneys received by the refugees in India for their properties left behind in Pakistan?

The Honourable Shri Mohan Lal Saksena: They have not been received through the Government.

Sardar Bhopinder Singh Man: Apart from the income of these properties, may I know if Mr. Liaquat Ali Khan's property has been allotted to refugees?

The Honourable Shri Mohan Lal Saksena: I would require notice of this question; but, I believe, it must have been allotted to refugees.

Sardar Bhopinder Singh Man: May I know whether the properties belonging to Mr. Liaquat Ali Khan which were exchanged between Mr. Liaquat Ali Khan and Sir Datar Singh have been acquired back by the Indian Government or not?

The Honourable Shri Mohan Lal Saksena: As a matter of fact, there was no such exchange and the property was taken over by the custodian.

Shri Suresh Chandra Majumdar: Has Begum Liaquat Ali Khan migrated to Pakistan?

The Honourable Shri Mohan Lal Saksena: I presume she has.

Shri Brajeshwar Prasad: Why is it that while the income from the property

in U.P. has been remitted to him the income from the property in Delhi has not been remitted?

The Honourable Shri Mohan Lal Saksena: The Honourable Member must be aware that about two months back each province had a separate Evacuee Property law and the Central Government had no power of superintendence and control as it has got under the new Evacuee Property Ordinance. Therefore, remittances were being permitted by certain provincial governments. But now they have all been stopped.

WAR REPARATIONS

*324. **Dr. Mono Mohon Das:** (a) Will the Honourable Minister of Commerce be pleased to state whether India has received anything as reparations in connection with the last Great War?

(b) If so, what are they and from what countries were they received?

The Honourable Shri K. O. Neogy: (a) and (b). Yes. Reparations are being received at present only from Germany in the form of capital equipment consisting of plant and machinery, described as category B reparations. The value of such equipment received up to the end of October, 1949 amounts to about Rs. 2.41 crores. In addition German external assets in India amounting to about Rs. 2.2 crores will accrue as India's share of category A reparations. India is further entitled to a proportionate share of German assets in neutral countries and also a due share under the U.S.S.R. Reciprocal Delivery Scheme. The value of assets of both these kinds so far received by India amounts to about Rs. 5 lakhs.

Dr. Mono Mohon Das: May I know whether any reparations have been allotted and received by India from Japan?

The Honourable Shri K. O. Neogy: I am afraid I am answering a question only in regard to Germany. I should like to have notice of that question.

Dr. Mono Mohon Das: What percentage of the reparations received by India has been allotted to Pakistan?

The Honourable Shri K. O. Neogy: I am afraid I have not got the information before me just now.

Dr. Mono Mohon Das: May I know what was originally claimed by India as reparations and what India has actually got?

The Honourable Shri K. O. Neogy: I have not got that information before me.

Shri M. Ananthasayanam Ayyangar: May I know the main categories of goods that have been brought into this country so far by way of reparations?

The Honourable Shri K. O. Neogy: I have a very long list of plants and machinery here. It runs into several hundred items—there are 14,268 items. It is very difficult for me to categorize these items.

Shri H. V. Kamath: Is it a fact that some time ago Government was considering the question of forgoing further reparations inasmuch as the Congress Party which is now in power was opposed to the last war?

The Honourable Shri K. O. Neogy: At least I am not aware of such a thing. I don't remember having seen any paper on that.

Pandit Balkrishna Sharma: Sir, may I, with your permission, draw the attention of the Honourable the Commerce Minister to the fact that question

324 of Dr. Mono Mohon Das is a very comprehensive question and there is no categorization as to the reparations received from Germany and Japan and therefore that question includes both Japan and Germany and other countries also?

The Honourable Shri K. O. Neogy: As a matter of fact, I don't think we have received anything from Japan yet.

Shri B. P. Jhunjhunwala: Have any capital goods been received by way of reparations from Germany and if so what use has been made of them? Also, may I know whether those goods were found useful in this country?

The Honourable Shri K. O. Neogy: A part of the plant and machinery received has already been allocated. There is a procedure under which the Provincial Governments and the other interests concerned are in a position to scrutinize the list of reparation articles received in India and then put in requisitions for them; some of the stuff has already been distributed by this procedure and other materials are awaiting such distribution.

Sjt. Kuladhar Chaliha: Is it a fact that machineries received in Bombay are entirely useless?

The Honourable Shri K. O. Neogy: I cannot definitely say as regards Bombay but I have a general impression that some of the stuff received may not be very useful.

Shri S. V. Krishnamoorthy Rao: May I know how much of this capital equipment is actually being utilised by the Government or the industries and how much is lying idle?

The Honourable Shri K. O. Neogy: They are in the process of being allocated to different authorities. It is very difficult to say at the moment how much has been actually utilised.

Prof. Shibban Lal Saksena: Is the Honourable Minister aware that Mahatma Gandhi was opposed to receiving any reparations.....

Mr. Speaker: Order, order.

Shri M. Ananthasayanam Ayyangar: May I know if there was any inspection made of these articles before they were brought from Germany?

The Honourable Shri K. O. Neogy: Inspection on the spot?

Shri M. Ananthasayanam Ayyangar: Yes.

The Honourable Shri K. O. Neogy: Possibly, yes.

Dr. Mono Mohon Das: What other reparations will India receive in future, or has everything been received?

The Honourable Shri K. O. Neogy: Not everything. The process goes on.

Dr. Mono Mohon Das: I want to know what we are going to receive in the future.

The Honourable Shri K. O. Neogy: It depends on the various claims that are put forward by the various countries that are entitled to reparation. What happens is this. There is a list of articles that are available for purposes of satisfying reparations claims of Allied countries and each country thereafter puts in a claim on the basis of its own requirements. Then there is a body that goes into these various claims and finally adjudges the quantum and the character of the reparation articles that might be issued to each country.

MILK PRODUCTS

*325. **Dr. Mono Mohon Das:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) the number of factories in different provinces and states that manufacture milk powder and other milk products;

(b) the total quantities of such milk powder and milk products imported into India during the year 1948-49 and the values of such imports; and

(c) whether any protection was given by Government to the local manufacturers of milk powder and milk products?

The Honourable Dr. Syama Prasad Mookerjee: (a) Milk powder is not manufactured at present in the country. There are 32 factories producing milk products, mainly butter. There are two factories capable of producing milk powder, but production has been suspended for want of adequate supply of fluid milk in the area where they are situated.

(b) A statement showing the imports of milk powder and milk products during 1948-49 and their values is laid on the Table of the House. (See Appendix IX, *annexure No. 8.*)

(c) No, Sir.

Dr. Mono Mohon Das: May I know whether the present dollar scarcity in the country has resulted in reducing appreciably the import of milk products into India?

The Honourable Dr. Syama Prasad Mookerjee: Future imports will be restricted no doubt.

Dr. Mono Mohon Das: May I know from what countries these milk products are being imported into India—dollar or sterling areas?

The Honourable Dr. Syama Prasad Mookerjee: Mainly from sterling areas—Australia sends us a large quantity.

Shri Mahavir Tyagi: Has the Government taken any action to restrict these imports up to now?

The Honourable Dr. Syama Prasad Mookerjee: Licences will be restricted.

Shri Mahavir Tyagi: May I know why action has not been taken by Government to stop this wasteful expenditure so far?

Mr. Speaker: Order, order.

Dr. Mono Mohon Das: May I know whether Government will consider the desirability of not restricting these milk imports because they are essential for the health of the country, especially of children?

The Honourable Dr. Syama Prasad Mookerjee: Government will bear in mind both the points of view expressed by Mr. Tyagi and Dr. Das.

HEAVY CHEMICALS INDUSTRY

*326. **Dr. Mono Mohon Das:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the number of factories in different provinces and states that manufacture heavy chemicals in this country?

(b) What percentage of our total demand in heavy chemicals is being met by local manufacture?

(c) Is there any association of such manufacturers?

(d) Has any protection from Government been asked by such manufacturers?

The Honourable Dr. Syama Prasad Mookerjee: (a) A statement is placed on the Table of the House. (See *Appendix IX, annexure No. 4.*)

(b) Sulphuric Acid—100 per cent.

Caustic Soda—10 per cent.

Liquid Chlorine—100 per cent.

Bleaching Powder—20 per cent.

Bichromate—100 per cent.

Soda Ash—33 per cent.

(c) Yes, two.

(d) Yes, by the following:

(i) Caustic Soda Industry, (ii) Soda Ash Industry and (iii) Bichromate Industry.

Dr. Mono Mohon Das: What are the reasons for which our national industries cannot compete with foreign industries?

The Honourable Dr. Syama Prasad Mookerjee: The main thing is that the production in the country today is less than what the country can consume and sometimes its quality is poor.

Dr. Mono Mohon Das: Sir, I want to know about prices. Why can our national industries not compete in prices with foreign industries?

The Honourable Dr. Syama Prasad Mookerjee: So far as these particular chemicals are concerned we are competing; not only competing, we are actually exporting one or two of these chemicals to foreign countries.

Dr. Mono Mohon Das: If the question of competition does not arise then what is the necessity of giving protection?

Mr. Speaker: That is an argument.

Shri S. V. Krishnamoorthy Rao: What steps are being taken to improve our output of caustic soda?

The Honourable Dr. Syama Prasad Mookerjee: We had received applications from several prospective manufacturers and we have given licences to them; but they have not been able to utilise them mainly because of their inability to raise capital. One concern has put up a scheme before us which will increase the capacity from 20 to 25 tons per day, and that is expected to come into operation from January next.

HINDUSTAN AIRCRAFT LIMITED

*327. **Shri H. V. Kamath:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) whether the Hindustan Aircraft Limited is producing any kind of aircraft;

(b) if so, what type or types;

(c) if not, when it is expected to start such production; and

(d) how many rail coaches have been built by the Hindustan Aircraft Limited during the last twelve months?

The Honourable Dr. Syama Prasad Mookerjee: (a) to (c). Prentice Trainer aircraft are being manufactured at Hindustan Aircraft Limited. Three types of Trainer aircraft are being developed by Hindustan Aircraft Limited. After the prototypes have been flown the programme of production will be finalised.

(d) Fortynine.

Shri H. V. Kamath: When was this work of production of trainer aircraft commenced?

The Honourable Dr. Syama Prasad Mookerjee: The Prentice aircraft production commenced last year. The main difficulty was with regard to propellers and engines which had to be imported from the U.K. The delay in receiving them really held up the assembling and manufacture programme in India.

Shri H. V. Kamath: Is there any production plan or are we just going at random?

Mr. Speaker: Order, order.

Pandit Hriday Nath Kunzru: Is the Prentice aircraft in use in England or in any other country, or is it out of date now?

The Honourable Dr. Syama Prasad Mookerjee: No, it is used in England and we have evolved our programmes in consultation with the Ministry in the U.K.

Pandit Hriday Nath Kunzru: Is it fast giving way to other types of aircraft?

The Honourable Dr. Syama Prasad Mookerjee: We have another scheme for the assembling and manufacture of a fighter type of aircraft of a foreign design under a licensing system and that has also been finalised.

Shri Mohan Lal Gautam: When was that contract finalised and what kind of aircraft has the Hindustan Aircraft Factory been manufacturing after it has been finalised?

The Honourable Dr. Syama Prasad Mookerjee: The contract will be with a British firm and the particular type of aircraft is in accordance with the proposal which has been made by the Ministry of Defence.

Shri Mohan Lal Gautam: Is the Government aware that this kind of aircraft is out of date and will not be of great use in future?

Mr. Speaker: Order, order.

Shri Jai Pal Singh: Arising out of answer to part (b), may I know whether the type or types have the approval of the Ministry of Defence?

The Honourable Dr. Syama Prasad Mookerjee: Entirely. We are assembling and manufacturing on the recommendation of the Ministry of Defence and we are in close touch with them.

Shri H. V. Kamath: How many foreign technicians are employed in this factory?

The Honourable Dr. Syama Prasad Mookerjee: At present we have nine, I believe. The term of office of two of them expires sometime next year, with the result that we will have seven with us.

Shri H. V. Kamath: Are all of them British?

The Honourable Dr. Syama Prasad Mookerjee: I think two are British and five are American.

Prof. N. G. Ranga: Are Government taking any steps, Sir, to see that Indian technicians themselves will be able to carry on this work once that contract comes to an end?

The Honourable Dr. Syama Prasad Mookerjee: That, in fact, is our policy. I may say that we have been able to secure the services of a world renowned technical expert, Professor Messersmidt, who is expected to arrive in India in the course of one month.

Pandit Thakur Das Bhargava: Does the Hindustan Aircraft Factory manufacture aeroplanes, or is it only an assembling factory?

The Honourable Dr. Syama Prasad Mookerjee: It is both. It is our aim to manufacture as many of the parts and components in India as possible. So far as the engine is concerned, we have not been able to manufacture it.

Pandit Hriday Nath Kunaru: How long has the Hindustan Aircraft Factory taken to be in a position to manufacture Prentice Aircraft and how long will it take to produce proto-type of a new design?

The Honourable Dr. Syama Prasad Mookerjee: So far as the Prentice programme is concerned, according to existing programme we expect to complete thirty air frames in the course of 1950. Our capacity to produce them will depend on the regular availability of engines and propellers which programme has now been fixed up. So far as the proto-type is concerned, it is expected that we shall be able to use the type completely manufactured in Bangalore for demonstration purposes by the middle of 1950.

Shri H. V. Kamath: Is the General Manager of the factory a technician or has he got any technical experience at all?

The Honourable Dr. Syama Prasad Mookerjee: No, he is not a technician.

Shri H. V. Kamath: Is it not necessary to have a Manager who has got technical experience?

Mr. Speaker: It is a matter of opinion.

Shri B. K. Sidhva: Arising out of answer to part (d) that 49 coaches have been built, may I know what is the total number for which orders have been placed and how many coaches are being built per month?

The Honourable Dr. Syama Prasad Mookerjee: One hundred is the order placed for the existing model and another one hundred for the new model. We expect to manufacture ten coaches per month.

RECOGNITION OF ISRAEL

*328. **Shri H. V. Kamath:** Will the Honourable the Prime Minister be pleased to state:

(a) whether Government have accorded recognition to the State of Israel; and

(b) if not, why not?

The Honourable Shri Jawaharlal Nehru: The Government of India have had the question of the recognition of Israel under constant review. Israel is now a member of the United Nations and its recognition by other member States cannot obviously be indefinitely deferred. The Government of India would like to act in this matter, which has been the subject of some controversy among nations with whom we have friendly relations, that would

avoid misunderstanding or ill-feeling and hope that a satisfactory decision will be possible in the near future.

Shri H. V. Kamath: Is it not a fact, Sir, that as far back as August 1948 the Prime Minister told the House that the matter has been under examination and even in March 1949 (I am reading from the official report of the proceedings of the Assembly) the Prime Minister, in reply to a question of mine as to whether Israel is an established State, replied that 'it is undoubtedly a State which is functioning as such; and the Honourable Member's opinion about its having come to stay may be correct'?

In view of this how long will this question pend for final decision?

The Honourable Shri Jawaharlal Nehru: The Honourable Member is himself aware what tremendous attention has been paid to this matter in the course of the past year.

Shri H. V. Kamath: How long will it take for the Government of India to arrive at a decision?

Mr. Speaker: The question has been replied to.

Shri H. V. Kamath: Is it not a fact, Sir, that the question of recognition of Israel has been delayed mainly owing to its geographical or rather 'geopolitical' position?

Mr. Speaker: Order, order, I do not propose to allow that question.

Shri Mahavir Tyagi: May I know from the Honourable the Prime Minister whether the recognition of the State necessarily involves our sending over an Ambassador?

REVISION OF TARIFF RATES

†*329. **Seth Govind Das:** Will the Honourable Minister of Commerce be pleased to state whether in view of the changes in the prices of various commodities from the dollar and the sterling areas, Government propose to revise the tariff rates and if so, to what extent?

The Honourable Shri K. O. Neogy: It is not the practice of Government to alter rates of import duty merely on account of fluctuations in the level of prices. But when fixing tariff values Government will take into account all relevant factors including any increase in the level of prices.

INDIAN EMBASSIES

†*330. **Seth Govind Das:** Will the Honourable the Prime Minister be pleased to state:

(a) the total expenditure incurred on the Indian Embassies abroad during the year 1948-49;

(b) whether all the items of expenditure are controlled by the Ministry of External Affairs, and

(c) whether any steps have been taken to make retrenchments in this respect?

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

Dr. B. V. Keskar (Deputy Minister of External Affairs): (a) The total expenditure incurred on the Indian Embassies including Legations, Consulates and High Commissioners in Commonwealth countries, is estimated at Rs. 175 lakhs. This excludes the cost of officers and staff belonging to other Ministries such as Trade Commissioners, Education Officers, and Military Attaches, etc.

(b) Yes.

(c) A number of measures have been adopted to effect economies in the expenditure, which have been referred to in detail in my reply to starred question No. 22 by Shri Kishorimohan Tripathi on 28th November, 1949.

EAST BENGAL REFUGEES

***331. Shri Arun Chandra Guha:** Will the Honourable Minister of Rehabilitation be pleased to state:

(a) whether any scheme for the rehabilitation of refugees from East Bengal has been adopted and put into operation in West Bengal, Assam, Bihar and Orissa; and

(b) whether any housing scheme has yet been taken up for these refugees?

The Honourable Shri Mohan Lal Saksena: (a) Yes.

(b) Housing schemes are under execution in West Bengal and Bihar.

Shri Arun Chandra Guha: How many houses have been built in Bengal?

The Honourable Shri Mohan Lal Saksena: I am not in a position to give the figures, but I should like to inform the Honourable Member that there is a housing scheme which is being executed at Habra township.

Shri R. K. Sidhva: But have any houses been built at all?

The Honourable Shri Mohan Lal Saksena: Houses have been built. I am afraid I have not got the exact number; but if the Honourable Member requires the information, I shall supply it to him.

Shri Arun Chandra Guha: How many houses have been built in Assam?

The Honourable Shri Mohan Lal Saksena: No houses have been built in Assam. As a matter of fact, in Assam even the rehabilitation schemes have not been finalised; they are in the course of preparation.

Pandit Hirday Nath Kunzru: Is the township of Habra being built at the expense of the Government of India?

The Honourable Shri Mohan Lal Saksena: It is being built at the expense of the Government of India.

Sardar Bhopinder Singh Man: May we know whether Assam has taken the number of refugees agreed to between the Government of India and the province of Assam? What is the number taken by Assam and may we know whether they have been rehabilitated or not?

The Honourable Shri Mohan Lal Saksena: In fact, there was no agreement about the number to be taken; but according to the census recently taken the number of displaced persons in Assam is 1,14,500.

Shri H. J. Khandekar: Will the Honourable Minister please state how many refugees from East Bengal are without houses in Bihar, Orissa and Assam?

The Honourable Shri Mohan Lal Saksena: Well, I could not give the number of persons without houses. But I have received complaints from

Assam that many of these persons are living either with their relatives or in the houses which they have taken on rent and that they have to pay exorbitant rents. We have impressed on the Government of Assam to go ahead with their housing schemes.

Shri Bhopinder Singh Mair: Will the Honourable Minister of State say whether the Assam Government as such has rehabilitated any of the refugees that have gone there?

The Honourable Shri Mohan Lal Saxena: I do not know; but the Assam Government has informed us that they have been rehabilitated.

Shri Mihir Lal Chattopadhyay: May I know what is the total amount of money that has been placed at the disposal of the various Provincial Governments by the Central Government for housing these refugees up till now?

The Honourable Shri Mohan Lal Saxena: I would refer the Honourable Member to a review prepared by the Ministry of Rehabilitation giving the progress of rehabilitation up to the 31st of October.

Shri Arun Chandra Guha: Can the Honourable Minister give us any idea of the approximate number of East Bengal refugees rehabilitated in these four provinces?

The Honourable Shri Mohan Lal Saxena: I could give some information about West Bengal, but not about the other provinces, and some information about Bihar also.

DISPLACED PERSONS IN RELIEF CAMPS

†*332. **Shri R. L. Malviya:** (a) Will the Honourable Minister of Rehabilitation be pleased to state how many relief camps are being run by the Government of India?

(b) What is the number of displaced persons living in these camps?

(c) What is the number of displaced persons who are still being provided with free rations?

(d) What is the number of able-bodied persons who can earn their own living but are getting free rations?

The Honourable Shri Mohan Lal Saxena: (a) Two camps, one at Jammu and the other at Yole for displaced persons from the enemy-held areas of Jammu and Kashmir.

(b) 41,418.

(c) 38,899.

(d) Most of them are able-bodied persons or dependants of such persons.

ECONOMY IN REHABILITATION SCHEMES

†*333. **Shri R. L. Malviya:** Will the Honourable Minister of Rehabilitation be pleased to state:

(a) whether there is any economy proposed in the rehabilitation schemes for refugees now in Delhi;

(b) whether Government are aware that well-deserving applications for rehabilitation loans have been axed on the plea of economy;

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

(c) whether Government are aware that loan applications are kept pending for months; and

(d) whether Government propose to give an assurance that rehabilitation schemes will not be affected by economy measures?

The Honourable Shri Mahas Lal Salooje: (a) and (b). No.

(c) Loan applications from individuals, Co-operatives, etc., are being dealt with as expeditiously as possible by different committees constituted by the Chief Commissioners. All applications for individual loans from inmates of camps have been disposed of. The applications from groups of displaced artisans living outside are being considered.

(d) I am afraid, it is not possible to give any categorical assurance. Every effort will nevertheless be made to that end.

INDIA'S TRADE BALANCE

*294. **Shri Kishorimohan Tripathi:** (a) Will the Honourable Minister of Commerce be pleased to state India's balance of trade month-wise from April 1949 up to date?

(b) What steps did Government take to minimise the adverse balance?

(c) In which month were the steps taken?

(d) Have the measures taken yielded appreciable results and if not, why not?

The Honourable Shri K. C. Neogy: (a) A statement showing India's balance of trade for the period April-October, 1949 is laid on the Table of the House. (See Appendix IX, annexure No. 5.)

(b) and (c). With a view to minimising the adverse trade balance, Government took the following measures to tighten up the Import Trade Control, namely:

- (i) cancellation of the Open General Licence XI under which imports without licences were allowed from sterling and soft currency countries, on 5th May, 1949, and its substitution on 19th May 1949 by Open General Licence XV which was much smaller in scope. Open General Licence XV was modified on the 28th July, 1949, by removing certain items like cotton piecegoods, cotton yarn, woollen piecegoods, wood and timber, art silk yarn, etc., and subsequently cancelled on the 25th August, 1949. It was replaced by the issue on the same day of Open General Licence No. XVI which covered only 24 items,
- (ii) suspension of issue of licences for imports from dollar and hard currency countries from the 25th June to 7th September, 1949.
- (iii) prohibition of licences for luxury goods from May 1949, and
- (iv) framing of the licensing policy for imports for the July-December 1949 period with a view to severely restricting imports from all sources.

Regarding exports, Government appointed an Export Promotion Committee in July, 1949, to recommend ways and means for stepping up our exports particularly to dollar and hard currency areas. The Committee submitted its Report on the 15th September 1949 and Government's decisions on its recommendations have been announced in a Resolution dated the 8th November, 1949, a copy of which is also laid on the Table of the House. Other measures

taken by Government to encourage exports have been the following:

- (i) Relaxation of export control in regard to as many commodities as possible,
- (ii) Centralisation of Export Control work under Commerce Ministry.
- (iii) Simplification of export procedure in respect of controlled commodities.

(d) As will be seen from the statement laid on the Table of the House there has been an appreciable reduction in our adverse balance of trade as a result of the measures adopted by Government.

Shri Kishorimohan Tripathi: May I know when this Open General License was first issued last time and what was the adverse balance then?

The Honourable Shri K. C. Neogy: I have already given a reference to all the various open general licensea.

Dr. P. S. Deshmukh: Is it open to anybody to import any article at the present moment without a licence and if so how many articles can be thus imported.

The Honourable Shri K. C. Neogy: Not at all, except in the case of a very few articles which are in the nature of capital equipment or say, machinery parts, or essential raw materials, which are still on the open general license, and their number is twenty-four.

Shri Deshbandhu Gupta: May I know what progress has been made by the State Trading Committee appointed by the Government and whether they have submitted any interim report, and are any steps being taken on that report?

The Honourable Shri K. C. Neogy: Not yet.

Shri Mahavir Tyagi: In view of the colossal adverse balance, of twelve hundred twenty million rupees within five months, may I know whether the attention of the Honourable Minister was drawn by his Ministry within this period, or after that period, when the loss had already occurred?

The Honourable Shri K. C. Neogy: I wonder whether the Honourable Member was present at the debate that took place on devaluation in this House, when all these facts were fully explained by my Honourable colleague the Finance Minister, and also by myself.

Shri Mahavir Tyagi: But by that time the loss had already been sustained.

The Honourable Shri K. C. Neogy: But the loss was fully accounted for.

Shri M. Ananthasayanam Ayyangar: May I know whether the Honourable Minister has any figures to show whether the adverse balance has been met by the measures which have been adopted by Government?

The Honourable Shri K. C. Neogy: It is very difficult to say yet, but we are hopeful that with the spurt that our exports have received as a result of the new policy, the position is going to improve steadily.

IMPORTS FROM DOLLAR AREAS

*335. **Shri Kishorimohan Tripathi:** (a) Will the Honourable Minister of Commerce be pleased to state the total value of dollars spent over the import of the following commodities during the period from 1st April to 30th September,

1949 (i) Cosmetics, (ii) Plastic-manufactures, (iii) Luxury cars, (iv) Silk, and (v) Ornamental articles of glass?

(b) What is the total value in dollars of food imported from the U.S.A. and other dollar areas during the above period?

(c) Did Government make any attempts to get the above supplies of food from non-dollar areas?

(d) What is the total value in dollars of foodstuffs other than foodgrains imported from the U.S.A.?

The Honourable Shri K. O. Neogy: (a) and (d). As any mere figures that I may give are apt to give an incorrect impression, I place on the Table of the House a detailed explanatory statement. (See Appendix IX, *annexure* No. 6.)

The position briefly, however, is as follows:

(i) No licences for imports of Cosmetics or any toilet requisites from dollar area were granted after December 1947 (when sterling had ceased to be freely convertible) excepting for a small licence for Rs. 5,000 to the Indian Motion Picture Producers Association for make-up materials.

(ii) *Plastic Manufactures*.—This general description covers a wide variety of goods. However, of the various plastic manufactures only licences for plastic tubes or sheeting were being granted from 1st January 1948 as these were required for the manufacture of fountain pens, hand-bags, purses, *chappals*, etc. Licences were granted subject to a monetary ceiling of Rs. 10 lakhs in a half year. Even this is not permitted on the policy for the current half year.

(iii) *Cars*.—Licences for imports of cars from dollar area were granted since January 1948 only for the import in completely knocked down condition of the components of cars for assembly in India. A limited ceiling of Rs. 5,000 originally, later of Rs. 5,500 per unit of C. K. D. car was fixed and the more expensive cars therefore could not be imported. The total value of imports of cars from dollar area during the period April—September amounted to Rs. 55,38,281. In the policy for the current half year, as settled even before devaluation, no licences are being issued for the import of any dollar motor cars.

(iv) *Silk*.—Imports of Raw Silk during this period are nil while imports of silk manufactures were negligible—only goods worth Rs. 23.

(v) *Ornamental articles of glass*.—The information is not available as figures of imports of this article are not maintained separately. No licences for the import of the article were issued from dollar area after 1st January 1948.

(vi) *Foodstuffs other than food grains, pulse and flour*.—The total value of imports amounted to Rs. 36,47,339. These imports mainly consisted of skimmed milk powder and infant milk food, licences for which were being granted on a restricted basis to cover essential requirements.

(b) The value of food grains imported from dollar areas during the half year ending September 1949, was 22 million dollars.

(c) Yes. Purchases from dollar areas are normally resorted to only after exploring all possibilities of getting foodgrains from Sterling areas. No purchases of foodgrains have been made from dollar areas after June 1949.

Mr. Speaker: The question hour is over.

Shri Deshbandhu Gupta: May I suggest, Sir, that supplementary questions to this question may be allowed tomorrow?

Mr. Speaker: No.

Shri Dambandhu Gupta: It is a very important question.

Mr. Speaker: May be; I am sorry.

(b) WRITTEN ANSWERS

IMPORT OF AMERICAN COTTON TEXTILES

*336. Shri Kishorimohan Tripathi: (a) Will the Honourable Minister of Commerce be pleased to state what part of earnings in dollar, if any, was spent in importing American cotton textiles?

(b) Was it not possible for Government to avoid the imports referred to in part (a) above?

The Honourable Shri K. O. Neogy: (a) In the absence of an indication of the specific period for which information is required by the Honourable Member, it is not possible to give any information. I may mention, however, that no imports of cotton textiles from dollar areas were licensed after December 1947 when sterling ceased to be freely convertible into dollars.

(b) Does not arise.

COTTAGE INDUSTRIES EMPORIUM

*337. Shri C. Subramaniam: (a) Will the Honourable Minister of Industry and Supply be pleased to state what is the monthly expenditure in the Cottage Industries Emporium at New Delhi incurred (i) by way of salaries; and (ii) by other services?

(b) What is the total number of persons employed and what are their scales of pay?

(c) Is there any proposal to extend and increase the activities of the Emporium?

The Honourable Dr. Syama Prasad Mookerjee: (a) (i) Rs. 3,057. (ii) Rs. 247.

(b) A statement is placed on the Table of the House. (See Appendix IX, *annexure No. 7.*)

(c) Yes.

HANDLOOM CLOTH

*338. Shri C. Subramaniam: (a) Will the Honourable Minister of Industry and Supply be pleased to make a statement on the work so far done by the Handloom Development Board?

(b) Is it a fact that there is a great accumulation of handloom cloth and if so, what is the estimated value of the stock?

(c) Are Government taking any steps to give relief to the handloom industry to tide over the present crisis?

(d) Is there any proposal to purchase handloom cloth for the Army and other governmental purposes and if so, what would be the extent of such purchases?

The Honourable Dr. Syama Prasad Mookerjee: (a) A statement is laid on the Table. (See Appendix IX, annexure No. 8.)

(b) The information so far received indicates that the total stocks of handloom cloth are about 125 million yards valued at Rs. 12 crores. This represents five weeks production.

(c) Yes. A statement indicating the measures taken is laid on the Table. (See Appendix IX, annexure No. 9.)

(d) I have already replied to this question. If the handloom industry is able to supply goods of the requisite quality to the extent of one-third of Government of India requirements, the purchases will amount to roughly a crore of rupees.

PROTECTED INDUSTRIES

*339. **Shri O. V. Alagesan:** (a) Will the Honourable Minister of Commerce be pleased to state what is the control, if any, exercised by the Government of India on the Industries to which protection is granted on the recommendation of the Tariff Board?

(b) Is there any periodical examination of the conditions of these industries by the Tariff Board or any other agency?

(c) What is the machinery by which the obligations laid on these protected industries are enforced?

The Honourable Shri K. C. Neogy: For the sake of convenience, I am replying to all the parts of the question together. The attention of the Honourable Member is invited to the Ministry of Commerce Resolutions No. 30-T(1)48, dated the 6th August 1948 and No. 30-T(1)/49, dated the 26th February 1949 copies of which are placed on the Table of the House. (See Appendix IX, annexure No. 10.)

In these Resolutions, the Indian Tariff Board has been authorised to maintain a continuous watch over the progress of protected industries by conducting enquiries as and when necessary and to advise Government regarding the necessity or otherwise of modifying the protection or assistance granted to an industry from time to time. The Board has also been authorised to keep a careful watch to ensure that conditions attached to the grant of protection were fully implemented and that the protected industries were being run efficiently. Protection is liable to be withdrawn in any case where it is found that obligations imposed on an industry have not been carried out.

OIL AND OIL SEEDS

*340. **Shri D. V. Alagesan:** (a) Will the Honourable Minister of Commerce be pleased to state the total quantity of oil seeds exported from India during the half year ended the 30th September, 1949 and its value?

(b) What is the total quantity of oil exported during the same period and what is its value?

The Honourable Shri K. C. Neogy: (a) The total quantity and value of oil seeds exported from India during the half year ending the 30th September 1949, are 21,237 tons and 4,89,03,000 rupees respectively.

(b) The total quantity and value of oil exported from India during the same period are 42,44,006 gallons and 3,55,00,000 rupees respectively.

SINDRI FERTILIZER FACTORY

*341. **Dr. Mono Mohon Das:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether the Sindri factory of Ammonium Sulphate has begun production?

(b) If so, what is the daily output at present and if not, why not?

The Honourable Dr. Syama Prasad Mookerjee: (a) Not yet.

(b) The attention of the Honourable Member is invited to the answer given to Starred Question No. 12 on the 28th November, 1949.

ABDUCTED WOMEN

*342. { **Sjt. Kuladhar Chalhha:**
Shri Lakshminarayan Sahu:

(a) Will the Honourable the Prime Minister be pleased to state whether it is a fact that the Government of India sent a list of forty thousand abducted women to Pakistan and have got back only 5,800 of them so far whereas India has already sent back 11,000 abducted women to Pakistan?

(b) What steps will the Government of India take now to get the rest of them back?

The Honourable Shri N. Gopalaswami Ayyangar (Minister of Transport and Railways): (a) A list of about 33,000 abducted Hindu and Sikh women and children was originally sent to Pakistan but this was subsequently found to be inaccurate. The number of Hindu and Sikh abducted women and children, restored by Pakistan to India upto the 31st October, 1949 is 6,173 and that of Muslim abducted women and children restored by India to Pakistan during the same period is 12,185.

(b) Under the existing Inter-Dominion agreement, abducted persons are to be recovered by the authorities of the Dominion where such persons are found to be residing. The Government of Pakistan have assured the Government of India that they would do their very best to effect recoveries. Recoveries are being effected in Pakistan though the pace is slower than in India.

EVACUEE PROPERTIES

*343. { **Sjt. Kuladhar Chalhha:**
Shri Lakshminarayan Sahu:

Will the Honourable Minister of Rehabilitation be pleased to state the value of evacuee properties exchanged between India and Pakistan after the agreement allowing such exchange was entered into?

The Honourable Shri Mohan Lal Saxena: So far only 28 properties have been exchanged. Their value is not known. This information is being collected and will be placed on the Table of the House.

DEVALUATION

*344. { **Sjt. Kuladhar Chalhha:**
Shri Lakshminarayan Sahu:

(a) Will the Honourable Minister of Commerce be pleased to state as to what has been the effect of devaluation on the trade and commerce with Pakistan so far?

(b) Has any jute been purchased from Pakistan, and if so, at what price?

(c) Have Government made any arrangement for the purchase of jute for our mills elsewhere and if so, what are those arrangements?

The Honourable Shri K. C. Neogy: (a) As the Honourable Member may be already aware, trade and commercial transactions between India and Pakistan are virtually at a stand-still since devaluation.

(b) So far as Government are aware, no purchase of jute from Pakistan has been made since devaluation.

(c) No.

ABDUCTED WOMEN

*345. { **Sjt. Kuladhar Challa:**

Shri Lakshminarayan Sahu:

Will the Honourable the Prime Minister be pleased to state:

(a) the number of abducted women recovered in Pakistan and restored to India during the period May—October, 1949;

(b) the number of Muslim abducted women recovered in India and restored to Pakistan during the same period; and

(c) the number of cases where Muslim abducted women recovered in India refused to go to Pakistan?

The Honourable Shri N. Gopalaswami Ayyangar (Minister of Transport and Railways): (a) The number of abducted women recovered in Pakistan and restored to India during the period May—October, 1949 is 398.

(b) The number of Muslim abducted women recovered in India and restored to Pakistan in the corresponding period is 1,740.

(c) In a comparatively very small number of cases, women recovered in India have expressed their unwillingness to go to their relatives in Pakistan, in the first instance. In every case, however, after arrangements were made for them to meet their relatives, they have gone to them and we have received no subsequent complaints from them.

SUPPLY OF COTTON

*346. **Shri Ajit Prasad Jain:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) the gap created in the supply of cotton to Indian Textile Mills as a result of partition;

(b) the quantity and quality of cotton imported from each foreign country in the year 1948-49;

(c) whether there is any scheme to make up the gap; and

(d) the quantity and quality of textile and cotton exported out of India in the year 1948-49?

The Honourable Dr. Syama Prasad Mookerjee: (a) The Indian Textile Industry needs about 34 lakh bales of East Indian cotton, that is, cotton of varieties grown in India and Pakistan. The Indian cotton crop this year is estimated to be about 28 lakh bales, of which two lakh bales are short-staple cotton which the Indian Mills cannot utilise and which are normally exported. The gap between requirement and supply is, therefore, of the order of 8 lakh bales.

(b) A statement is placed on the Table. (See Appendix IX, annexure No. 11.)

(c) Yes, the Ministry of Agriculture have formulated plans to increase the production of cotton in India.

(d) Statements are placed on the Table. (See Appendix IX, annexure No. 13.)

CABLES FACTORY

*347. **Shri Sasarla Kumar Das:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) whether the scheme for establishing a cables factory is ready for execution;

(b) what the estimated cost of the factory is; and

(c) what would be its annual output?

The Honourable Dr. Syama Prasad Mookerjee: (a) Yes.

(b) Rs. 100 lakhs.

(c) About Rs. 80 to Rs. 100 lakhs in terms of import value.

MANDI SALT MINES

*348. **Shri Lakshminarayan Sahu:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) the quantities of rock salt mined from the Mandi Salt Mines at Guma, Druman and other places in that area during the years 1947, 1948 and 1949 (up to date) respectively;

(b) the reasons why this deposit has not been worked on an extensive scale;

(c) when it is proposed to place this salt in adequate quantities in the market in order to eliminate imports from foreign countries; and

(d) whether pending the installation of a big salt refinery in Mandi district, Government propose to consider the advisability of setting up small scale refineries at Jogindernagar on the lines of the one previously installed in Mandi town?

The Honourable Dr. Syama Prasad Mookerjee: (a) There are only three mines of rock salt worked in Mandi, viz., Guma, Drang and Maigal. The quantity of salt mined in each is given in a statement which is laid on the Table.

(b) Mainly on account of its impurity and uneconomic production.

(c) Development of these sources will be considered on the receipt of the report of the Geologists, who are now surveying to find out if there are any purer strata of rock salt associated with the impure mines, which could be worked profitably. The Salt Experts Committee also has made certain recommendations which are now under consideration.

(d) No.

STATEMENT

	1947. (in mds.)	1948. (in mds.)	1949 (up to November). (in mds.)
Guma.	30,743	36,094	19,407
Drang.	74,206	76,838	73,884
Maigal.	17,817	13,310	750*
TOTAL.	123,365	113,743	94,041

*The quarrying of salt from Maigal Salt quarry has been postponed temporarily.

REHABILITATION OF REFUGEES

***349. Shri Lakshminarayan Sahu:** Will the Honourable Minister of Rehabilitation be pleased to state:

- (a) what is the distribution of the present refugee population, province and region-wise;
- (b) how they have been rehabilitated in respect of housing and absorption in gainful occupations in each centre;
- (c) what steps are being taken for the rehabilitation of those still without houses and/or gainful employment;
- (d) how long it will take to rehabilitate the entire number according to approved plans province and region-wise; and
- (e) whether Government propose to place a copy of the plans referred to in part (d) above on the Table of the House?

The Honourable Shri Mohan Lal Saxena: (a) A statement is laid on the Table of the House. (See Appendix IX, annexure No. 13.)

(b) These statistics are given in two pamphlets issued by the Ministry of Rehabilitation, viz., *Rehabilitation Review* (May—August 1949) and the *Statistical Abstract* which brings the statistics up to date to the end of October 1949, copies of which have been supplied to all the Honourable Members.

Table 5 of the *Statistical Abstract* gives the requisite information province-wise.

(c) The *Rehabilitation Review* gives an account of various housing and other schemes under way to rehabilitate those still in need. Besides, a number of Training and Work Centres have been or are being set up in which displaced persons will be given short courses of training and thereafter engaged on remunerative productive work.

(d) The target is March 1952.

(e) The plans of the Ministry have already been published in the quarterly reviews, which are circulated to the Honourable Members from time to time. Now, in view of the financial stringency, a high powered committee has been appointed to consider afresh the plans of the Ministry.

JUTE MILLS

***350. Shri Santanu Kumar Das:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether Government are aware that the jute mills of West Bengal were closed on the plea of shortage of jute?

(b) If so, do Government propose to enquire into the matter?

(c) Have these jute mill owners got subsidies from the Government of India for running the mills?

(d) If so, what amount has been given to them?

The Honourable Dr. Syama Prasad Mookerjee: (a) No. The scheme of closure of the Jute Mills for a week during each month was introduced because stocks of raw jute with mills and trade were low. Another factor behind the decision was the necessity of bringing down the prices of raw jute to economic levels to meet the increasing consumer resistance to manufactured jute goods in overseas markets.

(b) No inquiry is necessary.

(c) No.

(d) Does not arise.

JUTE (NEW SOURCES OF SUPPLY)

***351. Shri Basanta Kumar Das:** Will the Honourable Minister of Commerce be pleased to state:

(a) the sources other than Pakistan which have been found out by Government for supply of jute to India after devaluation of the rupee;

(b) whether any jute mills in India have been affected for want of adequate supply and, if so, to what extent; and

(c) whether there has been any rise in the price of jute after devaluation, and if so, to what extent?

The Honourable Shri K. C. Neogy: (a) None. India and Pakistan together virtually hold the monopoly of production and supply of jute. Every effort is being made to increase the output of jute in India so that we may become independent of Pakistan supplies. Steps are also being taken to increase the cultivation of mesta fibre which is used as a suitable substitute for jute.

(b) Since it is no longer possible to purchase Pakistan jute at economic prices, the production of jute goods will have to continue to be somewhat restricted as it had been for some time before devaluation also.

(c) So far as Indian jute is concerned, steps have been taken to prevent any rise in prices and these have been effective.

RESETTLEMENT OF MEOS

***352. Sardar Bhopinder Singh Man:** Will the Honourable Minister of Rehabilitation be pleased to state:

(a) the number of Meos (Muslims) who have been resettled in Gurgaon, Bharatpur and Alwar; and

(b) the amount that has been spent upon them so far?

The Honourable Shri Mohan Lal Saksena: (a) 85,266.

(b) A loan of Rs. 10 lakhs has been advanced to the Rajasthan Government for the resettlement of Meos. Besides, Rs. 1,60,000 have been placed at the disposal of East Punjab Government for the same purpose.

LAND ALLOTMENT TO REFUGEES

***353. Sardar Bhopinder Singh Man:** Will the Honourable Minister of Rehabilitation be pleased to state:

(a) whether all the land abandoned by Muslims in Bharatpur and Alwar has been allotted to Hindu and Sikh refugees; and

(b) if not, why not?

The Honourable Shri Mohan Lal Saksena: (a) The answer is in the negative.

(b) Of the total area of 4,17,721 acres abandoned by Muslims 1,65,563 acres are required for restoration to those displaced Muslim owners who did not leave the Indian Dominion. Nearly 25,000 acres is in the possession of Hindu tenants of Muslims who have migrated to Pakistan. Out of the remaining area, 1,01,729 acres have already been allotted to displaced families and the balance is expected to be allotted to them by the *Kharif* 1950.

EVACUEE LAND IN BIKANER

***354. Sardar Bhopinder Singh Man:** Will the Honourable Minister of Rehabilitation be pleased to state:

(a) whether there was any evacuee land in Bikaner State owing to migration of Muslims from that State; and

(b) if so, to whom it has been allotted?

The Honourable Shri Mohan Lal Saksena: (a) Yes.

(b) Ordinarily all the evacuee land should have been allotted to displaced persons; but it was reported that some of the evacuee land had been allotted to non-refugees. An Officer has been deputed to make an enquiry. As soon as his report is available steps will be taken to allot the land to displaced persons.

SALE PROCEEDS OF DISPOSALS

***355. Dr. P. S. Deshmukh:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) whether it is a fact that a share of the sale-proceeds of articles for disposal is to be given to Pakistan by India and to India by Pakistan;

(b) what is the payment so far received from Pakistan as India's share and what is the amount paid by India to Pakistan; and

(c) whether Government are aware that with a view to paying the least possible amount, Pakistan is distributing many articles free to its own people?

The Honourable Dr. Syama Prasad Mookerjee: (a) It was agreed at the Inter-Dominion Conference held in May 1948 at Karachi that from the total net sale proceeds of the surplus stores India will retain a sum equivalent to the amount paid by India to H.M.G. in respect of H.M.G. Surplus Stores. It was further agreed that until this amount was realised by India, Pakistan will pay currently the net realisations in Pakistan to India. The excess realised in both the Dominions over that limit will be shared in between India and Pakistan in the ratio of uncovered debt *viz.*, 82½ per cent. and 17½ per cent.

(b) No payment has so far been received by Government of India from Pakistan on this account. This matter is, however, under correspondence with the Government of Pakistan. As the net sales realisations have not reached the sum of Rs. 37.7 crores paid to H.M.G. by India the question of India making any payment to Pakistan does not arise.

(c) Government have no official information on the subject.

ABDUCTED WOMEN (RECOVERY)

***356. Pandit Mukut Bihari Lal Bhargava:** Will the Honourable the Prime Minister be pleased to refer to the answer to starred question No. 1101 asked on 16th March, 1949 and state:

(a) the number of abducted women recovered and returned by India and Pakistan since 1st February, 1949 upto date;

(b) whether there has been any Inter-Dominion agreement in respect of the recovery of abducted Kashmiri women, if so, what Agency or Agencies will be employed by each Government for their recovery; and

(c) the approximate number of abducted Kashmiri women and children, to be recovered from Pakistan?

The Honourable Shri N. Gopalaswami Ayyangar (Minister of Transport and Railways): (a) The number of abducted women and children recovered in India and restored to Pakistan from 1st February, 1949 to 31st October, 1949 is 2,268 as against 502 recovered from Pakistan and restored to India.

(b) We have entered into an agreement with Pakistan in October, 1949, on this subject. As in the case of recovery of non-Kashmiri abducted women and children, social workers and the police of the Dominion in which the abducted persons are found to be residing will actually effect recoveries. The recovered persons will be brought to Lahore and Amritsar Camps by the Pakistan and Indian authorities respectively, where their cases will be scrutinised with a view to their ultimate restoration.

(c) It is not possible to give any reliable estimate of the number of Kashmiri abducted women which are to be recovered from Pakistan.

SOUTH EAST ASIAN UNION

*357. **Shri H. V. Kamath:** Will the Honourable the Prime Minister be pleased to state :

(a) whether the attention of Government has been drawn to a U.P.A. report from Manila dated 31st October, 1949 and published in the *Hindustan Times* of 1st November, 1949 quoting General Romulo, President of the U.N. General Assembly, to the effect that "India has indicated her willingness to attend a preliminary conference of the proposed S.E. Asian Union";

(b) if so, whether India's attitude in the matter is as reported; and

(c) if not, what India's attitude towards the proposed S.E. Asian Union is?

The Honourable Shri Jawaharlal Nehru: (a) to (c). Government have seen the report referred to. They are not aware of any conference for a proposed South East Asian Union, nor do they consider the formation of any such union feasible in present circumstances.

An informal approach was made to Government about a conference being held in continuation of the Conference on Indonesia held in New Delhi in January last to discuss matters of common interest. Nothing further has happened in regard to it.

IRON AND STEEL

*358. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the total quantity and value of iron and steel (i) produced in India and (ii) imported from abroad, along with the quantity imported from each country and the value thereof during the year 1948-49 and in 1949-50 upto the end of October, 1949?

(b) What is the average quantity of iron and steel required for normal use in India per year?

(c) Have the Government of India prepared any plan for making India self-sufficient in steel and iron? If so, by which year and in what manner?

(d) What is the number of factories and workshops producing finished iron and steel in various parts of the country, and what is the total investment in such factories and workshops, and the annual output of each of these factories and workshops?

(e) Are these workshops and factories privately owned or State-owned?

(f) If private, have the Government of India any control over the working of such factories? If so, to what extent and in what manner is the control exercised?

STARRED QUESTIONS AND ANSWERS

(g) Have Government in view the establishing of new factories, workshops etc., for the production of finished iron and steel in India?

(h) If so, at which places and what is the estimated investment on such factories and workshops?

(i) Will they be privately owned, State-owned or Quasi-Government, and if private owned in what manner do Government propose to subject them to Government control?

The Honourable Dr. Syama Prasad Mookerjee: (a) (i) About 854 thousand tons of the value of Rs. 32 crores in 1948 and 911 thousand tons of the value of Rs. 37 crores in 1949.

(ii) A statement is laid on the Table of the House. (See *Appendix IX, annexure No. 14.*)

(b) About 2½ million tons.

(c) Yes, Sir; Government have completed their investigation for two steel plants with an annual production capacity of 500,000 tons each with facilities for doubling this capacity. Assistance is also being given to the existing producers to increase their production capacity. If progress is achieved according to plan, India may become self-sufficient in steel in about 10 years' time.

(d) There are 86 steel producing factories in India. A statement showing the annual output of each of the important producers is laid on the Table of the House. (See *Appendix IX, annexure No. 15.*)

Government have no information about the total investment in these factories.

(e) They are privately owned.

(f) Under the Iron and Steel (Control of Production and Distribution) Order, 1941, and the Iron and Steel (Scrap Control) Order, 1943, Government have powers to direct what categories of steel shall be produced, how the products shall be distributed and at what prices.

(g) Yes, Sir.

(h) It has been decided that one plant should be located in the Central Provinces and the other in Orissa. The value of investment on the two plants is estimated to be about Rs. 180 crores, including township.

(i) The whole matter is under consideration specially in relation to the available financial resources.

SHOW ROOMS ABROAD

***359. Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Commerce be pleased to state:

(a) whether Government are organising any show rooms for display of cottage industries and other local products in foreign markets; if so, in which countries; and

(b) the amount of expenditure that has so far been incurred or is intended to be incurred in connection with the organisation of such show rooms and to what extent such advertisements have resulted in stimulating exports to foreign countries of indigenous and cottage industries products?

The Honourable Shri K. C. Neogy: (a) Yes. It has been decided to establish as an experiment, a show room in New York which will start functioning by the middle of December, 1949. It was also originally intended to have two more show rooms—in Paris and in Rio de Janeiro. In view of the

need for economy, however, the establishment of show rooms in Paris and Rio de Janeiro has been postponed for the present.

Special arrangements are also being made for display of Refugee handicrafts in the following 18 offices of Indian Embassies/Legations/Trade Commissions, *viz.*, (1) London, (2) Paris, (3) Brussels, (4) Rome, (5) Stockholm, (6) Hamburg, (7) Berlin, (8) Prague, (9) Berne, (10) Lisbon, (11) Toronto, (12) New York, (13) San Francisco, (14) Rio de Janeiro, (15) Buenos Aires, (16) Manila, (17) Tokyo and (18) Sydney.

It has also been decided as an experiment to organise two nucleus show rooms, one at San Francisco and the other at Stockholm by persuading interested manufacturers to send samples at their own cost for display in these places.

(b) A sum of about Rs. 21,500 has already been incurred in connection with the show room in New York. An expenditure of about Rs. 10,000 has also been incurred for the display of Refugee handicrafts in the 18 offices mentioned above.

As no show room has actually started functioning so far, it is not possible to assess the results at this stage.

EXPORTS

***360. Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Commerce be pleased to state:

(a) the total value of exports from India to foreign countries during 1948-49;

(b) the main commodities and articles together with the value thereof exported from India in 1948-49; and

(c) how far the Government of India accepted the recommendations of the Export Promotion Committee, and in what manner they have been implemented?

The Honourable Shri K. C. Neogy: (a) and (b). A statement giving the required information is placed on the table of the House. (See *Appendix IX, annexure No. 16.*)

(c) A copy of the Government of India, Ministry of Commerce Resolution **No. 64-CW(34)/49, dated the 8th November 1949 on the recommendations of the Committee** is placed on the Table of the House. (*Placed in the Library. See No. P-37/49.*) It will be seen therefrom that Government have already taken steps to implement that recommendations of the Committee.

PAKISTAN'S BOYCOTT OF INDIAN CLOTH

***361. Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Commerce be pleased to state:

(a) whether it is a fact that the wholesale cloth merchants of Karachi in Pakistan have been organising an Indian cloth and yarn boycott movement in Pakistan;

(b) how this campaign for boycott of Indian yarn and cloth has affected the trade of India with Pakistan; and

(c) whether the Government of India have lodged any protest in this connection with the Government of Pakistan?

The Honourable Shri K. C. Neogy: (a) Certain interests in Karachi had organised such a movement in August, 1949. It is understood that this movement did not get the support of the important sections of trade in East and West Pakistan.

(b) It is not possible to say the exact effect of this campaign, particularly as since devaluation of the rupee, trade between the two Dominions is at standstill.

(c) The matter was taken up with the Pakistan Government and we were assured that the Government of Pakistan intended to fulfil the Trade Agreement in letter and in spirit.

EXPORT OF FISH TO BURMA

*362. **Shri P. T. Chacko:** Will the Honourable Minister of Commerce be pleased to state:

(a) whether Government are aware that prawn exporters to Burma find it very difficult to get export licences; and

(b) whether Government propose to take necessary steps to secure licences to such exporters?

The Honourable Shri K. C. Neogy: (a) Export of prawn outside India is freely allowed to all permissible destinations including Burma.

(b) Does not arise.

MONAZITE FACTORY

*363. { **Sft. Kuladhar Chaitra:**
Shri Lakshminarayan Sahu:

(a) Will the Honourable the Prime Minister be pleased to state when it is expected to start a monazite factory in India?

(b) What is the total sum invested in the Central Glass and Ceramic Institute at Jadavpur (Calcutta)? Has the Institute started investigation work?

(c) Have the necessary plants for the Institute been received and duly installed there?

The Honourable Shri Jawaharlal Nehru: (a) The Monazite Factory is expected to start work within the next six months or so.

(b) The total sum sanctioned for the buildings and equipment of this Institute is Rs. 24,05,000. Research work in the technological block has already started.

(c) A large portion of the scientific equipment and apparatus required has been purchased and some of it has been installed. The building will be completely ready by April, 1950.

CONFERENCE ON EVACUEE PROPERTY

*364. **Giani Gurnukh Singh Musafir:** (a) Will the Honourable Minister of Rehabilitation be pleased to state whether it is a fact that Government called a conference of the representatives of the displaced persons in July 1949, to consider matters relating to evacuee property?

(b) Were certain committees formed by Government as a result of this conference?

(c) What was the number and names of these committees?

(d) How many of these committees still exist?

The Honourable Shri Mohan Lal Saksena: (a) and (b). Yea.

(c) The following four committees were formed: (i) A liaison committee to keep in close touch with the Ministry of Rehabilitation, (ii) A committee to examine what changes should be made in the Evacuee Property Law, (iii) A committee to consider certain economic questions like exchange control, income-tax, etc., and (iv) A committee for suggesting machinery for the verification and valuation of evacuee property left behind in Pakistan and valuation of the evacuee property taken over in India.

(d) The last three Committees have completed their work. Four members of the Liaison Committee have resigned.

DISPLACED PERSONS AT BADARPUR

***365. Shri Damodar Swarnp Seth:** Will the Honourable Minister of Rehabilitation be pleased to state:

(a) the total number of displaced persons residing at Badarpur with the names of the various places there where they live and the conditions in which they live;

(b) whether Government are aware that some 200 families living at Badarpur are half-fed and some 46 families are practically starving;

(c) the number suffering from various diseases and those particularly suffering from malnutrition;

(d) the arrangements made for providing medical relief to displaced persons at Badarpur; and

(e) the steps which Government have so far taken to give relief to the displaced persons?

The Honourable Shri Mohan Lal Saksena: (a) to (e). The information is being collected and will be placed on the Table of the House.

DISPLACED PERSONS REGISTERED AT EMPLOYMENT EXCHANGES

***366. Gian Gurmukh Singh Musafir:** Will the Honourable Minister of Labour be pleased to state:

(a) the total number of displaced persons registered for employment at different Employment Exchanges in India since the partition;

(b) the total number of displaced persons provided with employment through the said agencies;

(c) the total number of displaced persons registered with the Special Employment Bureau for highly qualified displaced persons since the partition; and

(d) the total number of highly qualified displaced persons provided with employment through the said bureau?

The Honourable Shri Jagjivan Ram: (a) Since partition upto the end of October, 1949, 4,82,015 displaced persons registered at different Employment Exchanges in India for employment assistance.

(b) During the same period 1,21,318 displaced persons are known to have been placed in employment through the Employment Exchanges.

(c) By the end of October 1949, 3,409 highly qualified displaced persons had registered with the Special Employment Bureau.

(d) By the end of October 1949, 1,058 highly qualified displaced persons are known to have been provided with employment through the Special Employment Bureau.

The figures in (a) and (b) do not include the figures of (c) and (d).

HANDLOOM INDUSTRY

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

(a) whether Government are aware of the difficulties of handloom weavers caused by the accumulation of unso'd handloom cloth all over the country excluding the large stocks of Lungi cloth;

(b) whether Government are aware that it is due to competition from mills; and

(c) whether any steps are being taken to implement the recommendations of the Fact Finding Committee and also the All India Handloom Board that certain weaves of cloth of lower counts would be reserved for handloom industry and if so, with what result?

The Honourable Dr. Syama Prasad Mookerjee: (a) There is a large accumulation of stocks in many areas.

(b) Mills and the handloom Industry have always competed against each other. That cannot be the only reason for the present accumulation of handloom products.

(c) The recommendations are under the consideration of Government, and I hope, a decision will be taken soon.

PURCHASE OF HANDLOOM GOODS

*368. Shri P. T. Chacko: Will the Honourable Minister of Industry and Supply be pleased to state:

(a) whether it is a fact that the Government of India have decided to purchase handloom goods to the value of a crore of rupees;

(b) whether Government have received representations to the effect that in Travancore about a crore and a half rupees worth of handloom goods are in stock and that the Government may be pleased to make a part of their purchase from this excess stock; and

(c) if so, whether Government intend to make any purchase from the State of Travancore-Cochin?

The Honourable Dr. Syama Prasad Mookerjee: (a) The Government have decided to purchase handloom products at least up to one-third of their own requirements provided that the handloom industry is able to supply fabrics of the requisite quality. If purchase of one-third of the Government of India's requirements materialises, the value will be roughly of the order of Rupees one crore.

(b) I have heard that there are large stocks in the Travancore-Cochin Union, as in other important centres of the handloom industry.

(c) Yes, provided that goods of the required quality can be supplied from Travancore-Cochin. I have asked the Cotton Textiles Purchase Officer to visit Travancore-Cochin and other important centres of the industry in the course of next fortnight or so.

Tuesday, 6th December, 1949

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

**(PART II—PROCEEDINGS OTHER THAN QUESTIONS
AND ANSWERS)**

Official Report

Volume VI, 1949

(28th November to 17th December, 1949)

Sixth 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.)

Tuesday, 6th December, 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)

11-46 A.M.

PAPERS LAID ON THE TABLE

HALF-YEARLY STATEMENT OF LOWEST TENDERS NOT ACCEPTED BY INDIA STORE DEPARTMENT, LONDON

The Honourable Dr. Syama Prasad Mookerjee (Minister of Industry and Supply): Sir, I beg to lay on the Table a copy of the half-yearly statement of cases in which the lowest tenders have not been accepted by the India Store Department, London. (See Appendix IX, annexure No. 17.)

INSURANCE (AMENDMENT) BILL

Mr. Speaker: We will now proceed with legislative business, *viz.* further consideration of the motion of the hon. Shri K. C. Neogy that the Bill further to amend the Insurance Act, 1938 be referred to a Select Committee.

Shri Jaspat Roy Kapoor (U. P.: General): Sir, as indicated by the hon. Commerce Minister, this Bill, or rather this legislation, has had a chequered career. It has been pending before the Central Legislature in one form or the other for the last about half a dozen years and we can, therefore, easily appreciate the anxiety of the hon. Commerce Minister to rush through this Bill in this session so that it may be placed on the statute book as soon as possible.

While I appreciate his anxiety and while I do agree that it is an important measure and must be placed on the statute book as soon as possible, I think it is necessary that the Select Committee to which this Bill is being referred, should very carefully scrutinise and analyse all its provisions and incorporate in it necessary amendments and improvements. But, Sir, in whatever manner the Select Committee may attempt to improve it, whatever useful amendments it may incorporate in this Bill, I am afraid, even then, it will not be possible for this Bill to be so improved upon as to meet the needs of the situation. I am of the view that nothing short of complete nationalisation of insurance in this country will meet the needs of the situation.

As I advocate the nationalisation of insurance, I must say that I am not one of those who is over-enthusiastic in the matter of nationalisation of many of our industries in this country. I am rather of the view that the less we talk

[Shri Jaspal Roy Kapoor]

about nationalisation in our present economic condition, the better it is for the country, because we have neither the necessary resources to nationalise all industries, nor have we perhaps the necessary personnel to run the many industries which may be nationalised. I think, therefore, as we have to attend to many other more important problems, it would be wise on our part not to be very frequently in season and out of season, for reasons and without reasons, crying the slogan of nationalisation. It has made our capital shy; it has not helped to bring about new industries in the country; and even the few industries that we have are not producing as much as they ought to. I think the unnecessary cry of nationalisation very frequently has been, to a very large extent, the cause of this. Even holding such a view as I have just expressed with regard to nationalisation, I think Insurance is certainly one of those industries which do need nationalisation immediately. The time, I think, is ripe now for the nationalisation of this industry.

As I advocate the nationalisation of Insurance, I do not mean to suggest for a moment that the existing Insurance companies owned by private companies or public companies have not rendered a useful service to the country. We must appreciate the very valuable service which has been rendered by these companies to the cause of Insurance in India. They have been the pioneers in the field and these companies, big and small, have carried the message of insurance all over the country. Particularly, the small Insurance companies have done very useful work because, whereas the bigger Insurance companies used to cater for the richer classes of people, many of the new small Insurance companies, started during the last twenty years, have carried the message of insurance even to the rural areas. We must therefore appreciate and place on record our appreciation of the very good services which these Insurance companies have rendered to this country. As a matter of fact, it is because of the very useful work done by these Insurance companies that it is possible for us now to think of nationalising this industry, and if ever, sooner or later, we nationalise this industry, the credit for creating conditions and preparing the ground which help us to nationalise this industry must go to these companies.

But, Sir, until we are in a position, until the Government is in a position to nationalise this industry, something has got to be done to effectively control it. In the matter of control, I am of the view that while necessary steps should be taken to effectively control this industry, the control should not be too wide and should not be unnecessarily drastic. Only that much amount of control should be exercised as is just necessary and sufficient to meet the needs of the situation. This Bill aims at effecting a control over the industry and certain very useful provisions have been incorporated in it. But, I am afraid even those provisions do not go in some cases far enough to meet the requirements of the situation. One of the controls suggested in the Bill is the control of the capital structure of the company. It is proposed that it should not be permissible to any person to own more than five per cent. of the share capital. I do not think that this restriction will serve the purpose which the hon. Commerce Minister has in view. As was rightly pointed out by my friend Mr. T. T. Krishnamachari, it is not difficult for any financier to find out say about eleven persons who may be all his friends and relatives or who may be his direct dependents, or who may be persons who are absolutely under his control, each to own five per cent of the share capital of the company. These persons may, in some cases, be *benami* holders of the share capital. It will therefore serve no useful purpose to have this restriction only. In some cases I think it may not be even desirable to restrict the ownership of capital in the hands of a few. If capital is owned by a very large number of shareholders, each shareholder having a very small interest in the share capital, such small shareholders are not expected to take much interest in the affairs of the company as their

stake is not much and a person whose stake is much is expected to take much greater interest in the affairs of the company. Therefore while on the one hand this restriction will serve no useful purpose, on the other hand it is likely to have a very undesirable effect in the affairs of the company. An alternative suggestion was put forward by Mr. T. T. Krishnamachari yesterday that there may be some restriction with regard to voting rights. While I admit that may be an improvement on the present suggestion, even that will not serve the purpose. For it will not be difficult for any financier who is so inclined to have a number of persons who may be ready or who may be always at his beck and call to come to the meeting to vote for any particular proposition which he may put forward or they may send their proxy for voting in favour of that particular person. Therefore neither the suggestion as embodied in the Bill nor the suggestion of Mr. Krishnamachari would serve the purpose. We must go to the root of the cause as to why is it that financiers want to have complete control over the insurance company. It is not merely for the pleasure of it—but it is because of the huge amount of money that is always in the coffers of an insurance company. They want to get control over it and thus be able to make full use of it proper or improper. Therefore if we go to the root of this question we have to come to the conclusion that we must take such measures as may not leave any inducement for the financiers to get control over an insurance company. If therefore we incorporate in the Bill such suggestions as may limit the scope of investment, then of course hardly any inducement will be left for unscrupulous financiers. In this bill attempt has been made to place restrictions regarding investment but I am afraid these are not enough to ward off unscrupulous investors. In the first place I see no reason why whereas in the former Act the provision was that 55 per cent. of the funds of the company should be invested partly in Government Securities and partly in Government Securities and other approved Securities, this 55 per cent. should now be reduced to 50 per cent. only. It may be said that even though it is so, with regard to the balance of the funds there is a healthy provision incorporated. True, it is so. It is well and good so far as it goes. The balance of 50 per cent. should according to the Bill, hereafter be invested in approved investments but then the list of approved investments is such a huge one that it leaves ample scope for bad investments also to be made. I would therefore submit that if we mean to have effective control over insurance companies, if we mean to have effective control over them regarding investment of their funds, we must take courage in both hands and must specifically provide that all funds of the insurance companies must necessarily be invested in Government or approved securities. It is to our regret—I am sure everyone of us will regret—that one of the provisions in the Bill is that approved investments will include U.K. Securities also. I know so far as approved Securities are concerned, U.K. Securities shall cease to be so after four or at the most six years. This is a welcome provision but then with regard to investment of the balance 50 per cent. of the funds of the Company, they can be invested even in U.K. Securities. I am in complete agreement with the criticism levelled against this clause in the Bill by my hon. friend Mr. K. T. Shah. It is not always easy for us to agree with him but then on this particular occasion I think everyone of us can easily agree with him that this provision in the Bill is one to which none of us should agree and I hope when the Bill goes to the Select Committee, the members thereof will see to it that this provision is deleted. Why do we want our funds to be invested in U.K. Securities? I see no logic behind it and I think it will be something absolutely against the interest of our country. Our Government needs money in any amount. Many of our nation-building activities have been put a stop to because we have not the necessary funds. On an occasion like this when the economic and financial situation of the country is like this, we see no reason

{Shri Jaspal Roy Kapoor}

why we should be generous and why we should have any soft corner for U.K. Securities. I therefore submit that all the funds of insurance company of course except those that are necessary for having Head Office Buildings and for advancing loans against Insurance policies, the bulk of all these funds, must be invested in Government and approved Securities. I know that my hon. friend Pandit Govind Malaviya said yesterday that he would not like any undue restrictions to be placed on insurance companies in the matter of investments. Pandit Govind Malaviya, we know, represents an important insurance Company but of course it is comparatively of recent origin. We can surely sympathise with him when he finds his insurance company or others in the same position and considerable difficulty in having remunerative investments, if either the present restriction in regard to investments or my suggestion is adopted. True there may be some difficulty but it would be better that even small insurance companies do not fall into the temptation of earning too high a rate of interest. Every sound financier or businessman knows that the higher the rate of interest the greater the risk. It is an elementary economic proposition which everybody is expected to know. Yet in one's weaker moments he falls a prey to the temptation of investing his money in business which may for the moment appear to him to be more remunerative than others. While such yielding to temptation may be permissible in other business, certainly in a business of the nature of insurance such temptation should not be allowed to prevail. The policyholder wants absolute security for the money he has invested in an insurance policy. He puts his small savings in the insurance policy in the firm belief that in an advanced age, when it may not be possible for him to earn his living, he will be able to fall back upon his insurance money or in the event of his death his dependents will not be left stranded. What he cares for is the security of his policy money and he does not care very much for the profits that may accrue to him or for the raising of the insurance fund by being invested in remunerative investments. We should presume that it is against the wishes and interests of the policy-holder that any money of the insurance company should be permitted to be invested in any risky ventures.

Then, as I have said, the most important reason why all the money of an insurance company should be invested in Government or approved securities is that these insurance companies must feed the Government and provide it with the necessary and efficient funds to carry on their nation-building activities, which will lead to the greater prosperity of the country. Therefore, I submit, we should not listen to the cry of any insurance company in this respect. If we are not in a position to nationalise the industry altogether or immediately, at least we must take this necessary step. If we do so many other controls which are proposed in this Bill may not even be necessary, because if all the money is to be invested in government securities, there will be practically no inducement left for any unscrupulous financier to get hold of an insurance company.

The other control which is suggested and which is of course necessary is in regard to expenses. Even here I would submit, as I have said before, that the control should be of a general nature and we should not go into any details whatever. In this matter only overall expenses should be limited and we should leave the rest to the discretion of the management. Yesterday my hon. friend Pandit Govind Malaviya said that this cry for limitation of overall expenses is being raised by vested interests. It may or may not be so and I would not be surprised if it is so. But I am not concerned whether the cry has been raised by vested interests or not. We here have no other vested interest except the vested interest of the policyholder and the country at large. We have therefore to look at the problem from the point of view of the interest

of the policy-holder and the country at large. From that point of view it would be agreed that we must see to it that it should not be open to insurance companies to squander the policy-holders' money or spend more money in securing new business or in running the old business than is absolutely necessary. We must protect the interests of the small companies but we must also see to it that things are carried on in a proper manner according to sound economic principles.

It is proposed in this Bill, as it was also in the former Act, that the commission of the agents be limited. It is now proposed to fix the commission of the special agents also. So far as the remuneration of the chief agent is concerned as also overall expenses hardly any attempt has been made to put an effective check over them. I am not unmindful of the fact that it is proposed in the Bill to set up an insurance association whose business will be to watch the affairs of insurance companies and they shall from time to time fix what percentage of the premium income should be spent by companies of different groups. It is no doubt a step in the right direction but I submit that it would be very much better if a statutory provision were made in the Bill fixing the overall expenses. While fixing the overall expenses we must take into consideration the fact that the smaller companies must necessarily have to spend more than the older companies and therefore different scales may have to be fixed for different companies of different standing and sizes. There should be some definiteness about it so that it would not lead to anything unhealthy, which might be the case if we leave this complicated and delicate question to be decided by a body like the executive council of the proposed Insurance Association. It appears to me as if we are putting the cart before the horse. On the lower rung of the ladder we have to fix the commission of the agents but so far as the bigger people in the business, such as managers, chief agents, etc. are concerned no check has been placed with regard to their remuneration except in the manner that I have just indicated. I am rather of the view that the limitation put with regard to the commission of the agents should be removed, as I do not see that it serves any useful purpose. Why should the commission of the poor agent be fixed and not the overall expenses? If overall expenses are fixed it will be open to a self-sacrificing manager to pay a little more to the commission agent in order to get more business and pay less to himself in the initial stages of the company. If X is the overall expenditure the commission agent may be paid a large amount for a number of years and the managing director, the manager or other important functionaries of an insurance company may forego their remuneration and may remain content with a small remuneration until the company gains a good footing. Why, therefore, fix the remuneration of the ordinary agent and put a handicap in the way of the Manager and Managing Director who may be prepared to make sacrifices in the cause of the company in its initial stages? It may be, as my hon. friend Pandit Govind Malviya said, that the new companies will find themselves in a difficult position. If we have different scales of expenditure for different companies no such difficulty need be felt by the comparatively smaller companies or companies of recent origin. If even in spite of our fixing different scales for different companies some companies do feel difficulty we cannot help it. We are not here to smoothen the difficulties of the smaller insurance companies at the expense of policy-holders. Our legislation should aim not at unduly helping any new enterprises or individuals. Our business here is to look to the interests of the policyholder and not to the interests of a few Managing Directors or a few Managers. If overall expenses are definitely fixed by the statute and if these companies do not find it profitable it is open to them to amalgamate with any other company. For, as I have said, it is the interest of the policy-holder and the larger interests of the country that must weigh with us and not the interests of a few individuals or of the small companies. And even their interests will not be in jeopardy as it is open to them

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if they find themselves in difficulty to amalgamate themselves with other companies.

Coming to the composition of the proposed Indian Insurance Association and the Executive Committees thereof, I have one small suggestion to make, and that is that definite provision should be made in the Bill with regard to the proper representation of small companies and all companies of ten years' standing or thereabout. I know of course that it is open to the Government to see that if any interest is not properly represented in the Executive Committees persons representing such interests are nominated on them. But I think it will be reassuring to the small companies if a definite provision is made in the Bill itself in this behalf. And there is no harm in having a definite provision to that effect when, as I understand, it is certainly the intention of the Government that such interests should not go unrepresented.

There is one provision in the Bill which I am rather surprised to find, and that is that the manager of a life insurance company shall not be paid any commission. I do not see the reason behind this suggestion in the Bill. I am rather of the opinion that everybody in the insurance company—not of course the ordinary clerks but everybody who counts—the agent, the chief agent, the manager and all the other important functionaries should be paid not on a salary basis but on a commission basis. There is one very great advantage about it. If we fix the overall expenses at a particular figure and if all these persons from top to bottom are paid on a commission basis it can be easily seen at any particular time as to what percentage of the premium income is being spent over the agent, the chief agent, the branch secretary, the manager and the managing director and the total expenses can be easily checked and controlled. I would submit that we should specifically recognise in this legislation the soundness of the principle of payment being made to all important functionaries of insurance companies on a commission basis and not on a salary basis. I hope the Select Committee will give particular attention to this suggestion of mine.

While we want our insurance companies to run economically and not to waste their funds we must at the same time help them not merely by having a legislation to that effect but by helping them in some concrete form. But far from doing that, I find in the Bill a clause which would lead to unnecessary expenditure to be incurred by insurance companies. That clause is that there shall be actuarial valuation of an insurance company after every three years whereas hitherto it was to be after every five years. This actuarial valuation is always a very expensive business. Not only has the Actuary to be paid a heavy sum of money but a number of members of the staff of the life insurance companies have to be kept, sometimes for a number of months, to prepare the necessary statements and cards to be submitted to the Actuaries. I see no reason why in place of five years we should have it after every three years. There is now going to be an Association—a statutory body—and Executive Committees attached to it. Regular statements from insurance companies will be called for by these Executive Committees and by the Government which will keep these Executive Committees and the Government well-informed of the position of the companies from time to time. There being so much supervision and so much of continuous—almost day-to-day—inspection, I see no reason why it should be necessary to have actuarial valuation after every three years. I hope the Select Committee will consider this question also.

I would like to refer to one other matter. That again deals with the question of making payment on commission basis. It is provided in the Bill that the chief agent can employ any number of persons on a salary basis but not on a commission basis. I cannot understand the justification for such a provision.

Let the chief agent's commission be fixed at a particular figure. But it should be open to the chief agent to employ any number of persons on such basis as it may suit him. Why should it be obligatory upon him to employ persons on a salary basis? Of course those who are employed on a salary basis and particularly those who are not very efficient always prefer to have salary rather than commission because there is always a good deal of uncertainty with regard to the amount of commission that one may be able to earn. So far as salary is concerned, for the first, second or third month, or for some number of months, the man employed is quite secure. He will go on getting his salary whether he is able to put in good business or not until he is found inefficient and discharged whereas if he is employed on a commission basis he will get money in proportion to the amount of business that he secures.

Then there is the question of policy-holders' directors. My hon. friend Mr. T. T. Krishnamachari rightly pointed out yesterday and it was pointed out by other hon. Members also—by Mr. Sidhva, I believe, and by one more hon. Member—that these policyholders' directors are merely dummy directors. They are not free and independent agents. No person can hope to be elected as a policyholders' director if he is not prepared to fully co-operate in all the deeds and misdeeds of the manager or the managing director. The Bill provides that there shall be at least two policyholder-Directors whereas hitherto only 25 per cent. of the Directors were to be policyholder-Directors. That meant that if there were four Directors there need have been only one policyholder-Director, but hereafter there shall be at least two of them. This is an improvement on the present state of affairs, but then we must take cognizance of the fact that these policyholder-Directors are not really policyholder-Directors but are virtually the nominees of the Managing Directors. It is therefore necessary that some provision must be inserted in the Bill which should ensure that a real representative of the policyholders is elected. If no other device could be thought of at least the suggestion made by Mr. T. T. Krishnamachari should be accepted, that the policyholder-Directors should be nominated by the Government out of the policyholders of the company. If that is not accepted entirely, at least 50 per cent. of it should be accepted so that at least one of the two policyholder-Directors should be nominated by the Government and the other may be left over to be elected by the policyholders under such manipulated circumstances as are created by the Managers and Managing Directors.

A suggestion was made by my friend Mr. Sidhva yesterday that policy conditions should be uniform. I am afraid that is a suggestion which should not be accepted in its entirety. If policy conditions are to be all uniform, there would be absolutely no scope left for initiative in insurance business. New companies, when they come up, and old companies from time to time, in order to meet competition, introduce new and attractive policy conditions. Of course, we must see to it that these new and attractive conditions are not based on uneconomical grounds and are not risky to the policyholders, but beyond that I think we should leave it to the management to find out some new methods of attracting policyholders and it should be open to them to exercise their ingenuity to the best of their capacity. So far as the more essential conditions are concerned, there may be uniformity but there need not be absolute uniformity with regard to all the conditions.

An hon. Member had some criticisms to offer with regard to medical examiners. It is no doubt true that medical examiners are in a very large number of cases. I have regretfully to state, not straight. I don't mean to cast any reflection on the medical profession as a whole. Perhaps many important doctors, many doctors who have a flourishing practice don't even care to be appointed as medical examiners, but then it has to be regretfully admitted that

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in a pretty large number of cases the medical examiners don't act in a manner in which men belonging to that noble profession ought to behave.

Dr. Mono Mohon Das (West Bengal: General): May I know whether the hon. Member has got any evidence in favour of his remarks?

Mr. Speaker: Order, order. We need not go into that now.

Shri Jaspal Roy Kapoor: I will not go into detail to answer that question, but with your permission, Sir, I must submit that I have even a little personal experience of that.

Mr. Speaker: Order, order. I think the matter is so obvious. There are black sheep everywhere. He need not try to answer that charge.

Shri Jaspal Roy Kapoor: I am not going to answer that charge but in order to substantiate what I have said, ignoring the question which my hon. friend has put, I would like to enlighten the House that once, about twenty years ago.

Mr. Speaker: I am afraid the hon. Member has already taken 45 minutes, and if he goes into this illustration he will undoubtedly take longer time. So, it is not necessary for supporting the proposition which he has made.

Shri Jaspal Roy Kapoor: Sir, I submit to your wishes and directions. I have only one word to say that I have very great respect for the medical profession and when I made the remark that I did, I meant to cast no reflection on the medical profession as a whole. There are black sheep in every profession and I hope not even my hon. friend Dr. Mono Mohon Das would assert that there are no black sheep in his profession.

Therefore, it is necessary that we must find out some method by which it will not be possible for unscrupulous doctors to fill in the medical examiner's report in a manner which is prejudicial to the insurance company and to the other policyholders. I have one or two suggestions to make in this regard and that is that it should not be open to any particular doctor to be the medical examiner of more than one or two insurance companies, or that it should not be open to an agent to take his insurance cases to any doctor—particular doctors must be attached to particular agents so that the doctor may not be at the mercy of the agent and the particular agent must necessarily have to take his case to a particular doctor whether he is prepared to accommodate the agent or not. If possible, some such measure should be incorporated in this measure.

Dr. P. S. Deshmukh (C. P. and Berar: General): Also attach a schedule of the names of doctors?

Mr. Speaker: Order, order.

Shri Jaspal Roy Kapoor: Well, if my hon. friend Dr. Deshmukh has the ingenuity to find out some method according to which a long list of doctors can be incorporated, I for one would have no objection. I don't remember whether he is in the Select Committee or not, but if he is in the Select Committee, I hope he will bring all his talents to bear on this task and will be able to implement in the Bill itself the wonderful suggestion which he has thrown out before the House.

Dr. P. S. Deshmukh: I am more anxious for the hon. Member's speech to end, Sir.

Shri Jaspal Roy Kapoor: Sir, I don't want to tax the patience of the House, especially when I am not unmindful of the fact that my remarks are getting irksome to my doctor friends here.

I shall leave the doctors alone now and will come to agents. To agents the insurance business owes a debt of gratitude. It is the insurance agents who feed the insurance company; it is the insurance agent, particularly the insurance agent of the small companies, who carry the message of insurance to the masses. During the last 20 or 25 years, I know small agents of small insurance companies have carried the message of insurance to rural areas and I think we certainly owe a debt of gratitude to them. Therefore, while we are enacting an insurance legislation, we must not forget the insurance agent; we must do everything that is possible to safeguard his interests.

I have already submitted that there should be no limit with regard to the commission payable to the insurance agent; only the overall expenses must be fixed, because thereby nobody has to lose. That way, new and small insurance companies with really self-sacrificing managers and managing directors will be able to pay more to the ordinary agent sacrificing their own remuneration for a few years in the initial stages of the company.

Then, again, I submit that so far as the payment of renewal commission is concerned, there should be absolutely no hindrance in that respect. Of course, in the present Bill provision is made to liberalise the conditions for the payment of renewal commission. They are good so far as they go, but I would very much wish that no condition should be imposed with regard to the payment of renewal commission excepting, of course, the condition that it shall not be payable to the agent if he is guilty of fraud or something like that. Apart from that, I see no reason why when an insurance agent who has put in work should not be given the advantage of drawing renewal commission right up to the last moment when premium is payable on the particular policy or policies which he has introduced. He has earned his renewal commission on the day when he has introduced the policy and there should be no restriction placed in the way of his earning renewal commission.

Then, Sir, there is one thing which is provided in the Act that an insurance agent may not be the Director of an insurance company. I see no reason why this restriction should be placed. Of course, I quite appreciate that an insurance agent should not be the Director of an insurance company of which he is not the agent, because doing work in one insurance company, if he sits on the Board of Directors of another insurance company, he may be in a position to know the secrets of the other insurance company without working for it and that is not proper. But so far as his own insurance company is concerned, why should he be tabooed? Why should he be considered an untouchable? On the other hand, I think an insurance agent who has introduced a large amount of business for the company is particularly interested in the well-being of the company and in safeguarding the interests of the policyholders. He is just the sort of person who ought to be elected to the Board of Directors, particularly as a policyholder Director. Very often, we know that an insurance agent secures business from the circle of his friends and relatives. Policyholders place absolute confidence in the insurance agent. They go by his word. More often than not, insurance business is secured by personal influence and personal confidence. That being so, it becomes the sacred duty of the insurance agent to see that the money which he has taken out of the pockets of his friends and relations and people who place confidence in him is well protected and safeguarded, and what better method could there be for the insurance agent to see to the proper utilisation of the premiums realised from his friends and relations than to sit on the Board of Directors and take a certain hand in the administration of the affairs of the company. I would therefore submit that rather than place a ban in his way, if it is not possible to have a specific provision in the Bill, it should be part of the policy of the Government while nominating a policyholders' Director to nominate at least one insurance agent of the company as a policyholders' Director.

Shri M. Tirumala Rao (Madras: General): Appoint an agent as policy-holders' Director?

Shri Jaspat Roy Kapoor: That is exactly my contention. I hope this and the other suggestions that were made yesterday would be carefully considered and analysed by the Select Committee. We are fortunate in having a Select Committee composed of very eminent persons.

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

I am told by the hon. the Chief Whip that there was a good deal of rush on the part of the Members to join the Select Committee and I am glad that so many members are taking such great interest in this legislation. I have also been assured that many of them are experts. That being so, I hope the expert Members of this Committee will bring to bear upon the consideration of this subject their expert knowledge and when this Bill comes before us after close scrutiny by the Select Committee I hope and trust that we shall find it a much better Bill and a more acceptable one.

With these words, I support the motion of the hon. Commerce Minister for reference of this Bill to the Select Committee.

Shri O. V. Alagesan (Madras: General): Sir, it will not be without profit to recall the circumstances under which the original Act of 1938 was passed by the old Assembly in the year 1937. Some of the veterans who gave shape to that Act are with us and you yourself, Sir, played a very important part. What was the position at that time? The Congress Party which was in opposition wanted the Act. Because they wanted the Act, they had to swallow many a bitter pill. There were many unsatisfactory features in the Act, which they had to agree to lest they should lose the whole Act. There was a sort of despair and poignant feeling in every member of the Congress Party that the country was not free, that they were not free agents and that they could not have this Act according to their desires. That was the position then. Of course, you know it much more than myself.

The note that was struck then and the aim that was put forth by every member that took part in the discussion was, I need not say, nationalisation. They talked of it, but they knew that it was at that time a distant ideal. Now, we are a free nation. There is no third party in the way and there is none to prevent us from having the Act as we please. Yet, what do we find? Instead of realising all the dreams of 1937, we do not seem to be anywhere near the ideal that was so fondly hoped for during those days. Nationalisation seems to be as far as ever. It still seems to be a distant ideal not capable of realisation in the near future.

This is the opportunity for the hon. Member to make a start with nationalisation, but I am sorry to say that he has not utilised that opportunity. He could have made a small beginning with the general insurance business and extended it later. But he has not chosen to do it, and as my hon. friend Shri T. T. Krishnamachari pointed out the other day, under compulsory insurance for third party risk, a lot of money is being invested for motor cars and other such things by persons in this country. At least this could have been taken over by Government. It would have been better if at least such a small beginning had been made. Incidentally, I can tell you that the Government could have found out how erratic the traffic control in the capital is, because they will have to be paying bills for cars that are being damaged and they will, as a result, try to improve the traffic regulations in the capital.

Instead, the hon. Mover gives us a consolation in the shape of clause 9. He has said that it is the compromise for nationalisation. Now, what does that clause say? A public company limited by shares can by a special resolution convert itself into a public company limited by guarantee and forward a scheme to the Central Government, and then the Central Government will examine that scheme and if they accept the scheme, then that will come to stay. But any person who is aggrieved may within ninety days move the High Court and if the finding of the High Court is different, then that is final and cannot be questioned. This is the alternative to nationalisation that the hon. Mover has sought to offer and he says that it will be helpful in improving matters. If I may say so, though I do not want to use strong language, it is adding insult to injury.

If this is going to be the measure and speed of nationalisation that we are going to have, even in such an innocuous sphere as insurance, then I should say I am sorry for this country.

Sir, again looking at the Bill as a whole, I am constrained to say that it does not look like an Insurance Amendment Bill. It looks like a Criminal Tribes Act. We have abolished the Criminal Tribes Act in Madras and you cannot call anybody a criminal tribe by birth now. But we are made aware by the Government that there are criminal tribes by calling and this calling of insurance seems to have a lot of criminals in its fold. I am very sorry that those who are responsible for this business in this country should have brought about such a state of affairs.

Prof. N. G. Ranga (Madras: General): Why not then agree to nationalisation?

Shri O. V. Alagesan: True; that is what I am coming to.

Sir, I do not mean to say that there is no justification for Government to have brought forward this strict measure and if the other measures that were proposed by Shri T. T. Krishnamachari yesterday, namely having a Government director on every directorate of insurance companies and also having an investment board are introduced, then the cup of humiliation for the industry will be full.

What I, therefore, wish to say is that the information, the confidential information, that is in the possession of Government should be made public. Otherwise the people may think that there is not much justification for Government to bring forward such a strict measure as this. Though the Government all the while possess the information in their hands, others may not know it. Those who do not have any inside knowledge of the working of these companies may find it difficult to find justification for this measure. Even Mr. Sidhva the other day did not want to disclose the information in his possession; he wanted anxious Members to go to him for enlightenment. So it is better that the Government publish this information and I am sure it will prove to be a greater deterrent on the erring companies than any penalties or any restrictions that you can think of in this Act. Sir this is only a suggestion. I do not know whether the report of the informal committee that went into this question after the Cowasji Jehangir Committee has reported, is published. I should like to have it published and a copy placed in the library. I think the hon. Minister will find it easy to do it.

Again, Sir, as my friend Prof. Ranga suggested, if insurance companies have any self-respect they should now come forward and say: "We do not want to work under this Act. You had better manage the whole business, because it is so humiliating to us." They could even take the credit of forcing nationalisation upon this Government which is so tardy. But the

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question is: "Will they do so?" They are wiser men and they may not have anything to do with such sentimental nonsense as self-respect, and as my hon. friend Shri T. T. Krishnamachari said yesterday, they may try to find loopholes and try to do a little more high jump, because as he said the higher the fence the greater the skill with which they try to jump over this fence. Sir, a gentleman who holds a very important position in relation to banking in this country made a statement sometime back which appeared in the papers. He said: "If anybody wants to commit temporary misappropriation, he starts a bank. If he wants to commit permanent misappropriation he starts an insurance company". The information that went into the hands of the Cowasji Jehangir Committee, I think, seems to justify the assumption of the gentleman. This Bill, I am glad to find, has been largely modelled upon the Cowasji Jehangir Committee's report and many of their recommendations have been incorporated in the Bill. I should say that some improvement also has been made in some respects.

Sir, investments are sought to be controlled by sections 16 and 17. It is good that these restrictions have been laid down. But I find, Sir, that a concession has been shown to United Kingdom securities which is beyond any justification. Sir, they are allowed to continue for four years and the Central Government can make the period even longer—they can make it six years. I do not know, Sir, why this concession should have been shown in favour of the United Kingdom securities, against the principle of which you and your colleagues fought ten years ago.

Another point that the Jehangir Committee reported on was that the percentage of deposit in any Bank need not be above two per cent. I think that the Bill allows three per cent. One other point has been omitted. That is with reference to fixed deposits. The Jehangir Committee said that that need not be longer than one year. I think that provision can be added in a suitable place in the section dealing with control of investments.

Then, Sir, we come to the other major question of control and limitation of expenses. My friend the previous speaker said that we need not put any limit upon commission. When the original Act was placed on the Statute Book it was claimed that the limitation of commission was the backbone of the Act and I do not know whether conditions have changed now. It is good that the limitations placed on commission are even made stricter and are continued.

Then I am told, Sir, that on the matter of fixing the overall expense ratio statutorily the big companies wanted them to be 90 per cent. of the first year's premium and 15 per cent. of the renewals. The small companies objected saying that it would not be in their interest and it will harm them. I do not know how far this is true, but it would have been better as some hon. Members have pointed out if an upper limit had been statutorily fixed for these expenses.

Sir, I do not know whether the elaborate machinery proposed in this Bill will be able to rise equal to the task and do justice to it. I think it is very doubtful whether they will be able to control expenses satisfactorily. The elaborate machinery that is devised under this Bill, I think, somewhat resembles in some respects at least, the Press Advisory Committee on whose recommendations Government is to take action against the erring newspapers. Here it is different, and I do not think that we will have the desired effect through this machinery, because, if you look into the constitution of the Insurance Council and the various executive committees and the other committees that are sought to be created here, they are all over-weighted in favour of

insurers' interests, and the powers that they are given also are not commensurate to the task that they are called upon to do. In proposed section 64 K, I think it is clause 45, the power of the Executive Committee of the Life Insurance Council to control expenses is given. And the Committee can fix, with the approval of the Controller-General, the limits by which the actual expenses incurred by an insurer carrying on life insurance business in respect of such business in the preceding year may exceed the provision for expenses contained in the premiums received by him during such preceding year. It all boils down to a post-mortem examination, and you can rest assured that the Committee, being already over-weighted in favour of the insurers, would not like to disoblige their colleagues, and they would try to regularise and approve any excess of expenditure that might have been incurred by the companies. So I am afraid that the control that will be exercised by this elaborate machinery may not be sufficient. What I mean is this: Regarding control of expenses, though the managing agents are no more there—the managing agents against whom the then Mover of the old Bill said that he had developed a homicidal mania, that is what he said, and many other Members also had a similar mania—though these managing agents are not here, they have been replaced by managers and managing directors who do not hesitate to play ducks and drakes with public money. To control all these people and all their transactions is very difficult. I think it is very doubtful whether these Executive Committees will be able to do it.

Then again, Sir, it has been proposed to give power to these Executive Committees to do several other things, namely, they can hold examinations for insurance agents. I do not think that that is necessary, because insurance agents are of a type who do not pass examinations but succeed in the profession very well. So holding examinations for such a lot who are rather averse to all examinations, I am afraid will not improve the calibre of the profession. They fail in examinations and shine in the insurance business. So I do not think there is any necessity to have examinations for these agents.

Sir, there is another thing—a more important aspect of this expense ratio which is likely to be overlooked. I should like to have the indulgence of yourself and of the House to read the following sentence that was uttered by Sir N. N. Sircar in his closing speech, when he was discussing the various benefits that have accrued to the country from the legislation. He made this, among other points. On the question of expense ratio, he said—

"We have not been able to fix the expense ratio, but I do submit that indirectly, there has been a check on expense ratio, by providing for the maintenance of 55 per cent of the liabilities in gilt-edged securities, by limitation of commission and prohibition of rebates."

That is what he said, and he almost seemed to regret that it was not possible to have a provision for expense ratio. Even now we do not seem to be any the better since we have not been able to provide for any satisfactory expense ratio, and we have thought of only this elaborate machinery to enforce control of expenses.

Mr. Deputy-Speaker: Is the hon. Member likely to go on for a long time?

Shri O. V. Aiyangar: I would like to take a few more minutes.

Mr. Deputy-Speaker: In that case, the House will now stand adjourned to 2.30 p.m.

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

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

Shri O. V. Alagesan: Sir, when the House adjourned for Lunch, I was on the question of expense ratio. The more important object for fixing an expense ratio is this. In this country, the average amount that is insured for is between Rs. 2,000 and Rs. 2,500. By limiting these expenses, the object is to reduce the premiums to a greater extent than they are now prevalent and to enable the poor people to take advantage of insurance. As has been pointed out, there is room for expansion of this insurance business in this country many times more than what it is at present. That was the object. The previous Bill which went up to the Select Committee stage had prescribed various ratios. The hon. the Minister said that they were not scientific, that they are more or less arbitrary, and so he has had to fall upon the present device. If you go through the tables, Sir, you will find that they have fixed different limits for different companies, with different years of standing, and difference in capital too. It is flexible and elastic and if it is necessary that there should be still further changes to be effected in those tables, they can very well be done. We are told that because the Insurance interests objected to this ratio being fixed, that Bill was withdrawn and the present has been introduced. I would request the Select Committee to consider this matter once again and give their best thought to this and see whether they can, even with changes in the previous tables, have them incorporated in the present Bill.

I may give a few figures. The companies in their first four years may spend 100 per cent. of their first year's premium and twenty per cent. of their renewals; companies from five to seven years standing, 96 per cent. of the first year's premium and 18 per cent. of renewal premiums; companies from eight to ten years, 93 per cent. and 16½ per cent. Again, Sir, after the tenth year, if the insured business in force is less than two crores, they are allowed to spend 90 per cent. of the first year's premium and fifteen per cent. of renewal premiums; if it is not less than two crores, 85 per cent. of the first year's premium and 13 per cent. of renewal premiums. Sir, if it is necessary to change these figures, the insurers can be accommodated, and the changes effected and the elaborate machinery that is provided here may be asked to administer this. They will have something concrete to administer and to see that that limit is not over-stepped, instead of leaving them to decide whether a company which has overspent has done properly or not. It will be putting them in a wrong position too. So, as I said before, I would request the Select Committee to go into this matter once again and see whether they cannot adopt these tables.

There is one other matter, namely, the Superintendent. Even during the discussion on the last occasion, the Superintendent was called by several names; members wanted to call him Dictator, Hitler, etc. Under this Bill, he really becomes a very formidable person. He is invested with very wide powers; he is really the boss of the whole insurance show of the country. The success of this Bill will entirely depend, or rather very largely depend, upon the personality of the person known as Controller General now. It is quite in keeping with his wide powers that his designation has been changed into Controller General.

Another thing: the success of the new Bill will depend entirely upon the way in which it is worked. There are very complicated provisions. They

have to be ever watchful and vigilant and even the Controller General's office itself will take a long time to acquaint themselves with the provisions of this Bill; they should also educate these Insurance companies in the new Bill and its provisions. Unless the administration is put on a very sound and efficient basis, beyond any question of incapacity or inefficiency, we will not have much result from this new Bill. So I hope the hon. Minister will bear this in mind and try to set up an administration which will rise equal to the task of administering this new smending Act.

Dr. P. S. Deshmukh: What about the cost?

Shri O. V. Alagesan: Of course the cost is there and you cannot have it both ways. But I do not equate efficiency with inflated salaries.

Dr. P. S. Deshmukh: Another Ministry of Insurance?

Shri O. V. Alagesan: I don't propose any such thing. I should like to point out some of the defects in the various provisions of the bill and I shall not take long.

In Section 25 when action is taken against any Company, the Central Government can require the Insurer to take such action in respect of any matter as the Central Government may think fit. They can give a chance, they can appoint a Director for five years to improve the administration and try to see whether that will improve matters without straightaway taking up winding-up proceedings.

Again in section 31 which deals with commission for agents, the old section has been changed. The old section allowed 40 per cent. for first year, 5 per cent. on renewals and 15 per cent. in other cases. Here it is 35 per cent. for first year, 7½ per cent. for second and third year and 5 per cent. thereafter. So for three years it comes to the same thing and if it is not very much different from the old section, I do not understand why this change should be effected.

Coming to Section 33, sub-section (3) of proposed Section 42A which is with reference to renewal of certificates for agents, chief, special etc., these agents are required to procure business that is specified in the schedules and they should get a certificate that they have procured that amount of business from the Company and then apply for renewal. They are asked to secure that business within the course of one year and they are asked to apply for renewal even before one year is out. I think there is a discrepancy and that can be removed by asking them to apply within a month after the year is out.

Section 37 is really good. When a dispute arises between a small policy-holder and a Company, the Controller General has been authorised to decide the issue and give his award and it shall be binding on the parties. This will help very much the small policy holders who are now harassed and whose claims are not paid then and there.

Again on page 34 there are two things—the constitution for the Executive Committee for Life Insurance and the Constitution for the Executive Committee for General Insurance. In the first instance eight representatives are elected and four persons connected with insurance business are nominated by Central Government and representing such groups or areas that may not have secured representation in the course of election. That is the Constitution for the Executive Committee for Life Insurance. In the constitution for Executive Committee for General Insurance, the same is repeated with a little difference. Here 9 representatives of insurance are to be elected in their individual capacity by the said insurers in such manner from such groups and

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from such areas as may be so specified by the Central Government. So here the Central Government specifies from what groups and areas this election should take place which is not provided in the first case. I don't know where there is the necessity for sub-clause (d) of sub-section (2) which says that three persons connected with insurance business should be nominated by the Central Government etc. I think these two can be clubbed together and all the twelve either elected or can be nominated by Government.

These are the few suggestions I wished to make and there are other minor details also into which I don't wish to go. I hope the Select Committee will give its best attention to these things and make the necessary improvements and changes.

Dr. P. S. Deshmukh: Sir, this Bill brought forward by the hon. Commerce Minister has been assailed and with some vehemence from two opposite angles of view. Mr. T. T. Krishnamachari considered this bill hopelessly insufficient to meet the requirements of the present times and he thought this was tinkering with a huge problem. He even went so far as to use the word 'monkeying'. On the other hand a good many of the people concerned with or attached to insurance companies think this bill is likely to cripple the whole progress of insurance in India. I speak from the point of view of smaller companies and I personally think that there is some truth in the criticism from both the sides. If it was the intention of Government that insurance in India was not performing its duties properly, then the best proposal would have been to come forward with a whole-sale nationalisation of insurance for the whole of India. If that was done, then we would have also had another very necessary and desirable reform, namely, the institution of a sort of compulsory State Insurance. Compulsory State Insurance is coming more and more in vogue as it is regarded as an indispensable Social Security Measure. The Governments of the modern times have ceased to remain Governments of the old character and Governments of the present day have not only to interfere in so many different spheres which were not their legitimate spheres before but they have also to watch and look after the welfare of the people directly. More and more we have the people urging on our attention the advantages of socialisation and nationalisation and influenced by these ideas, some of us influenced by even slogans to that effect, if we urge that a service like insurance should be nationalised, I don't think there is anything which is surprising in that suggestion. But the situation that would be created by this bill is neither the one nor the other and to that extent I certainly agree with the hon. Members of the House who have spoken before me that the bill will on the one hand not secure the advantages which it seeks to secure but rather worsen the situation as it exists at present.

In para. 3 of the Statement of Objects and Reasons the two objectives of the Bill have been mentioned as follows:

"(i) making it difficult for designing financiers to get control of insurance companies or to use insurance funds for speculative purposes, and

(ii) preventing interlocking of interests between insurance companies and banks."

No one can quarrel with either of these two objectives. If the Bill really aimed at securing these objectives and no more I for one would probably have supported it without comment. In the first para. of the Statement of Objects and Reasons, however, it has been stated that the Bill has been brought "in the light of the changed conditions arising out of the Partition and the changed constitutional position." My complaint is that the Bill is, excepting in very few particulars, based entirely on the recommendations of the Comvasji Jehangir Committee and to the extent it is based on the recommendations of that committee, the Bill is out of date.

The Insurance Act was overhauled in 1933. A few changes were effected in that Act in 1941. It was then considered necessary to examine the Insurance Act as it then existed after 1941 in the light of certain comments, criticisms and defects in the working of the insurance companies. From that point of view a committee was appointed and as a result we have the recommendations of the Cowasjee Jehangir Committee. If the Partition has given rise to certain circumstances which have a bearing, direct or indirect, on the Insurance Act and its working and if there is something to be said in regard to the changed constitutional position, I should have expected a more thorough enquiry into the present position. I contend that this has not been done to the extent that I would have liked. The result is that this Bill, on account of the various complicated amendments suggested to the original Act, is in all probability likely to tie the hands of insurance companies hand and foot and then asked to swim. That is how, at any rate, it is going to affect the smaller companies.

One of the objectives, as I have stated, is to make it difficult for designing financiers being able to take advantage of companies which are not working so well and securing advantages that they should not have. The present Bill has been brought forward to remedy that situation. So far as I can see, the amount of control that is sought to be exercised on the working of the insurance companies and the amount of interference in their day-to-day affairs is going to be so much that the thing which we seek to prevent from taking place will probably be perpetrated on a larger scale on the very strength of the amendments that are here proposed. Under most of the amendments the smaller companies are going to be directly affected. The bigger companies have huge funds at their disposal. There is no question that their funds should be taken over. They can always fulfil all the requirements stipulated by the Controller-General or any other officer appointed for the purpose. It is therefore going to be difficult only for the smaller companies. I do not think anybody said that the smaller companies should not live. If that were the intention of the Government they could set down a certain date after which they will refuse to register any new insurance company. I do not think that that is the intention. If you look at the provisions of the Bill from the point of view of the smaller struggling companies (companies which can by no means be accused of either of these two charges which have been made against certain financiers or the management of certain companies) these are the companies which are going to find it extraordinarily difficult to fulfil the provisions sought to be incorporated by this Bill.

I for one would not have minded the Controller-General having large supervisory powers and powers also to interfere, if any company or its management was not up to the mark. What is tantalising and going to obstruct the smooth progress and prosperity of the company is that there is too much interference in their internal affairs and day-to-day affairs. If you look at the suggestions made so far as expenses are concerned or the method of payment to the agents is concerned, you will find that the Act will be either unworkable or it will stifle the smaller companies altogether. From that point of view I would urge that we take a little more time on the passing of this Bill and I do not think anything will be lost thereby. If it is our view that insurance should be a nationalised concern, let us make up our minds and take it up as such. I happen to be connected with a small company, for the management of which I have very great regard. Insurance in the eyes of some may probably be exploitation of the smaller men. Unless the management is immoral or of a kind that it should not be, I do not think insurance can be styled as exploitation. In fact if it were not for the insurance companies and the efforts made by many people in this direction, we would never have reached the stage at which we are at present. India is notoriously backward so far as insurance is concerned and there is a very great deal of leeway

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to make up, because this is a matter of social security, which should be available to the people in a larger and larger measure. From that point of view I for, one would not like to cripple the initiative of those persons who come forward to organise and work insurance companies. I would much rather give them the latitude to work on their own without any crippling restrictions, at the same time reserving in the hands of the Controller-General or any other authority immense powers to check mismanagement as also to intervene wherever it is thought necessary. But all the various restrictions placed in the working of the companies I would not like to be included in the Bill. It cannot be gainsaid that there is a radical change in the whole structure of life insurance that is going to be effected by the provisions of this Bill. If at all it is necessary to have these provisions I would at least plead that more time should be given to the companies to enable them to adjust their affairs to the requirements.

Shri B. L. Sondhi (East Punjab: General): It is only an amending Bill.

Dr. P. S. Deshmukh: An amending Bill may become the sole Bill tomorrow. An amending Bill does not take away any of its rigours, because it is going to be the law of tomorrow. I do not think any consolation can be derived from the suggestion made by Mr. Sondhi.

Shri B. L. Sondhi: That is what they claim.

Dr. P. S. Deshmukh: According to the provisions stated here only one calendar year is to be given for those persons for recovering advances made as well as adjustments so far as capital and investment are concerned. I would plead that the period should be at least three years from the date of bringing into effect the provisions of this Bill.

It is sought to be provided that insurance will cease to be remunerated on a commission basis. Such a provision is bound to hinder and impede the progress of insurance business that the commission basis has been able to achieve and the initiative and energy that managements are able to show under the present system will be curtailed. Development of the business will be affected and it impede, if not bring to a standstill, the spread of insurance.

Whether a manager has or has not the capacity to handle more than one concern, or whether he should be a director of more than one concern are also matters for each individual director or Board of Directors and there should not be any hard and fast rule, unless something mischievous or wrong has been brought to the notice of the Government. As I said, I am in favour of giving

large powers to the government Department but there should be no interference in the ordinary course of business. It is from this point of view that many of these provisions are really objectionable.

So far as the provisions relating to investments are concerned I certainly agree with what has been pleaded by my friend Pandit Govind Malaviya in this respect. We know for certain that the rate of interest which government securities carry is very low. Apart from the margin between the premium and the risk, the interest earned is the sole source for the progress of any company. If that is restricted by the low interest that government securities and the other securities which have been recommended offer, there is absolutely no chance for an insurance company to prosper in any way. As a matter of fact the provisions that exist in the 1938 Act are themselves so strict and stringent that insurance companies have already become a sort of charitable institutions. As has been stated by a number of my friends, it is years and years that shareholders have brought the shares and paid the share money but they have received no profit, no bonus and no dividend of any sort.

Shri R. K. Sidhva (C. P. and Berar: General): Who derives the profits?

Dr. P. S. Deshmukh: My friend Mr. Sidhva wants me to tell him who derives the profit. I agree that a large share of the profits goes to the managing directors. But if directors are watchful and if shareholders are watchful it is always possible to see that managing directors do not make exorbitant profits. I can tell him that so far as my company is concerned it is working really in a very satisfactory way. It has a sort of rural bias, it believes in working for the rural population and making them insurance-minded. From that point of view this restriction on investments and tying the hands of the insurance company wholly is bound to be a very deterrent factor, so much so that in all probability all honest workers in this field would prefer that the Government should take over the whole thing. In fact I have the permission of my managing directors to say that they will be the first to advocate, and to do anything that the Government wants, for the nationalisation of the insurance companies. I have not the slightest doubt about it. But in case it is the view that private insurance companies also have a part to play, that in the all-sided development of the country we have not yet reached that stage when state insurance alone will be able to undertake and cope with the sole responsibility, I would earnestly plead that there should be no hurry in rushing this Bill through this House, because this House is so composed that anything on which Government has made up its mind is bound to be passed within the course of a few seconds or a few minutes.

Shri L. Krishna-swami Bharathi (Madras: General): No Government is like that.

Dr. P. S. Deshmukh: Fortunately for the country and for the world every Government, is not like that.

Shri L. Krishna-swami Bharathi: Then it will be like the French Government!

Prof. N. G. Ranga: Taking two days to complete general discussion!

Dr. P. S. Deshmukh: I do not think we have taken unreasonably long on any piece of legislation, unless my friends want a dictatorship, full and complete. I am sure what exists is very little short of it under the present circumstances. A few individuals have to make up their mind to pass a certain law and that can be imposed with every possible restriction on discussion and debate without any opposite views being expressed here for want of time and in order to rush and go to another piece of legislation. This is the character of our parliamentary democracy. That being so, I would certainly plead that on a Bill like this which really touches many aspects of the social and economic life of the country there should not be any rushing through. Otherwise, as I stated, whenever Government sponsors any measure there is very little time for anything else or for any fair and open criticism to be made, and the country and the people are saddled with a piece of legislation the contents of which neither they nor we their representatives here have had sufficient time to weigh and consider. Sir, I was provoked to make these general observations in greater detail by the interruptions that were offered.

As I have already said, nobody wants that an undue advantage of the funds of insurance companies should be taken so as to indulge in speculation or for the purpose of exploitation on a larger scale. That end is welcome and nobody would quarrel with any provisions directly contributing to the achieving of this result. But, as I said, in seeking to secure this this Bill interferes with the day-to-day working of the insurance companies, and to that extent it

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will defeat its own purpose and probably encourage the larger companies and speculative financiers to get greater control over these small companies. That is common-sense; that is absolutely logical. If the smaller companies are not in a position to carry on their business under these conditions, the only alternative open to them, so long as nationalisation is not there, is that they should approach some big company or some big financier and tender their management into their hands. Therefore, exactly what we are trying to prevent is likely to happen in a larger measure if we are not careful and cautious.

Sir, I do not wish to go into any greater detail than I have done. Many points have already been made by other speakers. These are the general observations I would like to make in commending the Bill to the Select Committee.

Mr. Naziruddin Ahmad (West Bengal: Muslim): Sir, as has been pointed out by Dr. Deshmukh there are two schools of thought in this House. One is that the Bill does not go far enough, that it is tinkering with the subject, and the other is that it is going too far in the direction of reforms. One statement of the hon. Minister while moving this motion was a little ambiguous and I was doubtful as to what he meant. He said that he would be the last Minister to deal with a Bill of this nature. I believe he meant that he would be the last Minister to *withdraw* this Bill.

The Bill has been well-considered. It has been before the public and before the Assembly for a sufficiently long time to enable the House and the Select Committee to give it a proper shape. In fact there are some big evils which the Bill really wants to cure. One is the prevention of monopolies in the management of insurance business. The well-known form is to buy shares at a very heavy premium, have a control over the management and then do what they like. I suspect that it is for this reason that many insurance companies do not give any dividends at all. No incentive is left in the investor to keep it long and the management tries to buy the shares by sending special agents to individual share-holders. This is an evil which should be checked and monopolistic tendencies in the matter of management and control should be dealt with severely by the Select Committee. As a result of these monopolies obtained by unfair means by persons who are not competent to manage, we find that insurance is managed in a most unregulated fashion and the quality of work deteriorates very fast. One of the evils in the management of insurance companies is fraud. In fact, there are many cases where lives worth not six months' purchase have been insured for 20 years and it has come to the notice of many already that people having insured their lives die quickly, within six months or a year. That is not a rare thing. In fact, the police were after a gang of persons who did this thriving business for some time. Too many persons who were certified to live at least 20 years have died quickly. In this type of business the most unscrupulous persons take part and unfortunately some doctors also are known to have taken part—they are, of course, exceptions. This tendency should be checked and, therefore, the Select Committee should go into this question.

An Honourable Member: How can you do that? Nationalise it?

Mr. Naziruddin Ahmad: Nationalization should be the last thing we should think of. Government is already overburdened with a lot of things with which it cannot cope. It cannot give us clothing, it cannot give us food, it cannot give us sugar. I submit nationalization is being too freely talked about in this House without realising its seriousness. (*Interruptions*) As to how fraud is to be checked, it is a matter which I shall leave to a specialist like Mr. Bharathi.

Another welcome feature of the Bill is to convert proprietary companies into mutual companies. That would have the effect of preventing the accumulation of profits in a few hands and distributing the profits to the insured persons themselves. That is a welcome feature.

The Bill also aims at limitation of expenses. In fact, the expense ratio in some companies is really very high and should be reduced. The Bill has this in view.

There is some amount of controversy as to how far and whether we should reduce the remuneration of the agents. There has been some amount of heated controversy over this. I submit the Select Committee should strike a middle course and try to reduce the commission in cases where they are very high and in cases where they are reasonable, they should not be touched.

The question of small companies has been raised. That is really a very serious matter and should deserve the anxious consideration of the Select Committee. The expense ratio of small companies is naturally very high.

Shri M. Tirumala Rao: What do you mean by a small company?

Mr. Nasiruddin Ahmad: The expression has been used by a friend and neighbour of the hon. gentleman—Dr. Deshmukh. It is very difficult and improper at this stage for me to attempt a definition of small companies. Small companies are those companies which are small. In the case of small companies—and I leave the Select Committee to find out what are small companies—the expense ratio is very high. Their outturn is small and the little pay and commission that they give works at a high percentage over amount of business done. Therefore, in such cases I agree with Dr. Deshmukh that the Select Committee should have a special eye for them. There should not be one common formula for big companies and small companies. For small companies some special formula should be worked out so that they would not be wiped out by the pressure of big companies. An attempt should be made for small companies to combine and become big companies; otherwise, it would not be very easy for them to exist in the struggle for existence.

There is a controversy as to the question of investments which requires very careful consideration. The requirement of a certain minimum percentage of the life fund being invested in Government securities may be rather inconvenient. In India many insurance companies are working at a loss, their expense ratio is very high. The secret of success of an insurance company is the reduction of expense ratio, but in the beginning the expense ratio is really very high. It is only when the company has got some good business that that ratio comes down. The other way of making companies successful is to make the maximum of income, consistent with safety, from the life fund that is invested. In fact, the policy of investment would have been the other way for counteracting the high expense ratio in India. Government securities give us very low return. There are investments which are safe and which give us a much greater return. In the case of small companies or companies which are not very prosperous, one way of making them stand on their feet and competing with others is by allowing them some amount of latitude, consistent with safety, to have their investments in other securities than Government securities. That way they can make up for the higher expense ratio and show some profit. Some companies in India worked on that basis and they have succeeded largely. In these circumstances, the question of the principle of investment and the proportion of Government securities should be carefully reviewed by the Select Committee and a cut-and-dried formula to be applicable in all cases should not be accepted without consideration.

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With regard to agencies one thing need be said here, that is that their remuneration in some cases is very high but in most cases it is a pittance. A single formula to deal with all cases will not do. I know of some well-to-do agents who have the habit of "subletting" their agencies just like a tenant subletting his house. The big agent allows some small agent to have a percentage and the agent in the second degree employs the agent in the third degree and so on. If the amount on the whole is large, this will work hardship and injury to the policyholders.

Sir, on the whole I welcome the Bill and submit that the arguments which have been advanced on both sides should be carefully considered by the Select Committee and a formula agreeable to all should be accepted. The very fact that the Bill has raised some amount of controversy is a recommendation that it has not pleased all. But how could it please all who are ranged on two different sides? As I have already submitted, I welcome the Bill and would request the Select Committee to go through the points carefully in their report. That is all I have to say.

The Honourable Shri Satyanarayan Sinha (Minister of State for Parliamentary Affairs): Sir, I move:

"That the question be now put."

Shri Lakshminarayan Sahu (Orissa: General): It is a very important Bill, Sir.

Mr. Speaker: I agree that it is an important Bill and that is why I allowed the discussion to go on instead of having it closed in the early morning today. It seems about nine speakers have spoken and some of the speeches have been unduly long. That is why others have had to be crowded out.

Shri O. V. Alageaan: Of the nine, were not some members of the Select Committee?

Mr. Speaker: None are members of the Select Committee. Perhaps, the hon. Member has forgotten the convention which I have tried to create in this House that people who are drafted on the Select Committee will have no opportunity of speaking here unless it be an exceptional matter. I am taking care to see that I am not calling upon anybody who is on the Select Committee. Only those who are outside the Select Committee have spoken today.

Shri B. L. Soudhi: Can't we go on for some time longer? It is a very important Bill.

Mr. Speaker: I know it is a very important Bill. I am prepared, of course, to ration time. But I feel that so far as discussion is concerned, the motion for closure is not unreasonable. There has been sufficient debate. That is my feeling. So I would put the question now. If any body wants to challenge a division he can. I am prepared to grant a division. The question is:

"That the question now put."

The motion was adopted.

Mr. Speaker: I now call upon the hon. Minister.

The Honourable Shri K. C. Neogy (Minister of Commerce): I am very thankful to the House for having subjected this very important Bill to a careful scrutiny. It was never my intention to rush this measure without an adequate appreciation of the implications of the various proposals that I have

placed before this House. As I stated in my opening speech, this measure has had the advantage of continued scrutiny from the interests concerned ever since the Bill of 1946 was before the House. Moreover, many specialists were, at the instance of Government, given an opportunity to further examine these provisions from different angles. After hearing the debate, I am more than ever convinced that this measure which represents the largest measure of agreement on some of the most controversial points is really in the best interests of the country. Several points of detail have been discussed by hon. Members which it will be for the Select Committee to consider and I must say some of those points would require to be very carefully considered by the Select Committee.

I should, however, like to dwell upon a few points of a general character. First, I would naturally refer to the issue of nationalisation. As I said in my opening speech, this issue was raised as early as 1946. I have not heard anything very new on this occasion, apart from what was stated in 1946, as regards the general desirability of undertaking insurance as a national venture. (*Shri R. K. Sidhva* : That is the greater reason why you must accept it.) There have been, however, some points urged in favour of nationalisation on the present occasion to which I would like to refer.

It was said by my hon. friend Dr. Deshmukh that it is the smaller companies which would welcome nationalisation rather than accept this measure. We heard a lot about the lobbying that is supposed to be taken place over this measure. I do hope that those hon. Members who have spoken in favour of nationalisation—at least some of them—have not been influenced by interests representing the smaller insurance companies, whose object it appears to me is to put off the evil day, that is, to postpone this measure so that they can enjoy the comparative freedom which they do at the present moment in the matter of management of insurance companies for some little more time.

I would like to draw the attention of the House to one fact, and that is that in the consideration of the present proposals we did bring in representatives of smaller companies who participated in the discussions as members of the Insurance Advisory Committee as also of the Special Committee that was appointed at the instance of the Insurance Advisory Committee. As far as I recollect—and I did preside over the final Conference that took place, a Conference at which the representatives of all the various interests of insurers as represented on the Insurance Advisory Committee and the Special Committee were present—and I do not recollect having heard the slightest objection raised in the name or on behalf of any smaller companies as regards the justification of the proposals now before the House. Apart from that, if the smaller companies were really opposed to the present measure, I should have expected a representation to have been made by those bodies which are supposed to specially represent their interests. There are the Federation of the Indian Insurance Companies Association, Delhi, and the Life Insurance Companies Association, Calcutta, which I understand are considered to represent the interests of the smaller companies and these Associations have not raised their voice in opposition to the present measure or to the procedure that we propose to follow in the passing of this measure.

Shri R. K. Sidhva: May I, with your permission, enquire whether the Conference of Agents was also convened?

The Honourable Shri K. C. Neogy: I am not in a position to say what the Conference of Insurance Agents may have said on the subject. All that I can say is that the Conference over which I presided their representatives were given a hearing and whatever provisions have been made affecting their interests were made after a full consideration of their viewpoint as expressed at that Conference.

Shri Jaspat Roy Kapoor: Were the Agents consulted in any way at any stage?

The Honourable Shri K. C. Neogy: They were, at the Conference over which I presided: the agents, representatives as also the representatives of the Chief Agents.

Shri Raj Bahadur (United State of Matsya): Will you kindly clarify the manner in which provisions relating to agents have been liberalised?

The Honourable Shri K. C. Neogy: I referred to one feature, as regards the right to receive renewal commission, as also the proposals regarding the formation of Provident Funds for their benefit.

Prof. N. G. Ranga: And seven years instead of ten.

The Honourable Shri K. C. Neogy: All that, I have already said.

So far as the comparative merits of State management of insurance, i.e., nationalisation, and the present practice of private enterprise in insurance are concerned, the Insurance Year Book of 1946 gave in parallel columns the arguments pro and con in this matter and I would commend it to the attention of my hon. friends, because I feel that when they go through this objective statement of the merits and demerits of both the systems, they will perhaps persuade themselves that there is something to be said in favour of continuation of the present system at least for some time.

Sir, I entirely agree with the view that the circumstances on which the Cowasji Jehangir Committee reported, and which actually led to the present measure, in a sense, constitute a most disgraceful chapter in the history of Indian insurance business and that there is a good deal of justification for the criticism which the proposal that the present system should continue, though under certain altered conditions, has met at the hands of some of my hon. friends. I hope that it will be a warning to the insurance concerns and that they will see to it that the state of affairs—the deplorable state of affairs—to which I have made reference does not continue any longer. In this connection I must say that I was simply surprised to find my hon. friend Prof. K. T. Shah suggesting that the insurance companies should be given some more time to reform themselves, although he was in favour of nationalisation. He had the fairness to admit that there is a case for giving a further period of time to the insurance companies to mend their ways under the proposed scheme which will enable a larger measure of control and supervision to be exercised over their affairs by a responsible officer of Government in collaboration, of course, with representatives of insurance interests themselves.

Sir, I am very pleased to find that my hon. friend Prof. K. T. Shah does not think, as my hon. friend Mr. T. T. Krishnamachari seemed to think that the insurance companies are past all surgery, past all hope yet, Sir, I associate myself with that attitude, namely, that the insurance companies should be given further time to improve their affairs.

Shri R. K. Sidhva: But how long?

The Honourable Shri K. C. Neogy: That would depend upon the progress that they make.

Shri R. K. Sidhva: They will never make any progress; better nationalise them.

The Honourable Shri K. C. Neogy: The next point of general interest on which I should like to dwell is as regards the desirability of bringing the general insurance companies within the purview of some of the proposals embodied in

this measure. Sir, my hon. friend, Pandit Govind Malaviya tried to go behind the screen and give us an idea about certain intrigues that, according to him, were responsible for bringing the general insurance companies within the scope of some of these provisions. According to my hon. friend it was originally not intended to bring the life insurance companies within the provisions relating to limitation of expenses, but that the real object was to impose a control upon the expense ratio of the general insurance companies from an ulterior motive, and for the sake of appearance, according to my hon. friend, the life insurance companies were brought into the picture. Sir, I have no knowledge of what may have transpired behind the scene, but if the reference is to the Bill that was reported upon in 1945, where, for the first time, the Select Committee made proposals for statutory fixation of expenses both in the case of life insurance and general insurance, I may point out that whatever may have been the origin of these proposals, the idea that the expenses of life insurance companies should be rigidly controlled was independently justified. I have before me a separate minute which was appended to the Report of the Select Committee by Mr. T. T. Krishnamachari. There he was sceptical about the wisdom of bringing in non-life business into the scope of these limiting provisions. That went to indicate that that Select Committee actually considered the cases of life insurance companies and the general insurance companies separately on the merits and not, as has been tried to be made out here in this House that the one was tacked on to the other, although it was not intended initially that both should be governed by these limiting provisions. Sir, I would in this connection read a sentence from the minute of dissent of my hon. friend Mr. T. T. Krishnamachari. He said: "I would be loath to support any action by the state in this particular matter, unless a large majority of Indian companies doing non-life business wish for this kind of limitation to be fixed."

Now, Sir, whatever differences of opinion there may prevail at the moment in the ranks of life insurance companies, I am happy to find that there is no difference of opinion whatsoever among the general insurance companies as regards the desirability of fixation of expense ratios. Sir, apart from the opinion which the representatives of the general insurance companies expressed during the various stages of the consideration of this measure, I find from the latest issue of *Commerce*, a well-known commercial journal of Bombay, that the General insurance interests have once again recorded their declaration that they want expenses of the general insurance companies to be limited and limited by statutory provision, and not by the method that we have envisaged in this Bill and which according to Government makes for a more elastic procedure than is provided by the suggestions made on behalf of the general insurance companies. Now this journal observes as follows, while welcoming this decision. It says, "Opposition to the proposal of limitation may however be continued by the agents. I should be very sorry to think that any hon. Member who has spoken in opposition to this opinion of the general insurance companies, but at the same time trying to represent the views of the general insurance companies has been misled by the agitation which as pointed out by this journal, seems to be continued by the agents and not by the general insurance companies themselves. Now, this journal goes on to observe as follows:

"It argues well to know that the insurers at least have stood up boldly to present a united front in respect of this most controversial question."

Sir, in addition to this, I should like to draw the attention of the House to a letter which I have just received from the President of the Indian Insurance Association, which is the association representing the interests of the general insurers, taking exception to some of the observations made yesterday in the course of the debate in connection with the general insurance companies.

[Shri K. C. Neogy]

Now, this gentleman who is the President of the association and has been president for a number of years, and is himself associated not with a very big general insurance company but with what may perhaps be called a middle-sized company, says in his letter to me, in justification of the support which the general, I mean the Indian General Insurance Companies have given to this measure, as follows:

"...our Companies even with 27 years standing have not been able to build up a strength and the position that we should normally have been able to do if we had good and healthy working conditions."

And further:

"We never had the intention of making limitation of expenses a ground for snatching away the business of the non-Indian Companies. All that we wanted to do was to protect the interests of the Indian General Insurance market from the onslaughts of powerful groups of foreign companies...."

Then again:

"...it must be realised that general insurance business constitutes a very important sector in servicing the national economy and only a well organised and strong general insurance market can look after the growing needs of this country."

And he says with reference to the allegation that was made yesterday that these smaller general insurance companies had been coerced to agree to the provision regarding limitation of expenses:

"...I would like to state categorically that this is nothing but a myth and that the consent of the companies concerned was voluntarily available because the Companies have come to fully realise that there is only one salvation for the Indian Insurance to survive and that is to enforce upon themselves voluntarily a ceiling on expenses."

Shri B. L. Sondhi: May I ask the hon. Minister what is the percentage of reinsurance that falls to the foreign companies?

The Honourable Shri K. C. Neogy: That raises a different problem altogether. What I say is that the unanimity with which they have supported these proposals is remarkable. That is what I am pointing out to the House.

Shri B. L. Sondhi: The solution for the whole thing is nationalisation.

The Honourable Shri K. C. Neogy: Yes, those who do not want restrictions of this nature glibly talk of nationalisation.

Sir, there has been some amount of misapprehension in the minds of some hon. Members in connection with the reference to securities guaranteed by the Secretary of State. I am advised that this merely describes the category of existing securities, and it is perhaps necessary from the technical point of view to continue to describe these securities by this particular description. But if, on further examination of the matter it is possible to alter the description in a manner suitable to our present conditions, the matter would certainly be considered in the Select Committee. I need not add that we do not acknowledge any Secretary of State today.

Sir, as regards the proportion of investments held in non-Indian securities, it is a fact that the non-Indian companies hold and they are permitted to hold under the present law a proportion of their investments in non-Indian securities. The position would considerably change in future, but in all fairness we had to give to these interests sufficient time for the purpose of making the necessary adjustments in their portfolios, and we are advised that the period which we have proposed in this Bill is nothing very unreasonable. If, for instance, we were to have these non-Indian securities unloaded on the market, which would be the case if we were to be more strict about this time limit,

any unloading on a large scale within a short period of time may have had a very disturbing effect upon the money market. Not merely that, but incidentally, the security of the policy holders as a class might be affected by any hasty unloading of such securities. It is, therefore, even necessary from the point of view of the policy holders to be a little guarded in enforcing these interim provisions.

Sir, a good deal of apprehension has been expressed as regards the interests of the smaller companies, both of the life kind as also of the general class.

Shri B. L. Sondhi: Smaller or younger companies?

The Honourable Shri K. C. Neogy: It is feared that smaller insurance companies of both these categories might suffer if the provisions of this measure were to be enforced strictly against them. I should like to commend once again to the notice of this House the provisions regarding the setting up of statutory insurance councils on which would be represented not merely the bigger companies but also the smaller companies and the Government themselves have taken the power to nominate if need be, representatives to represent such categories of companies as may not succeed in securing adequate representation otherwise. Even when the insurance associations have made any recommendations regarding the scale of expenses, that could be given effect to only by the Superintendent of Insurance. There again, the Government would take into account the special interests of any group that might require to be specially safeguarded. As a matter of fact, it is specifically laid down in the relevant provisions in this Bill itself that the scales of expenses might differ in the case of different groups of companies, meaning thereby that the scales would not necessarily be uniform, and that there would be a good deal of scope for lenient treatment of the smaller companies in this matter. I have not the least hesitation, therefore, to give an assurance to the smaller companies that their interests would not, in the least, be affected by the operation of these clauses of the Bill, and if they do not find adequate representation on the bodies that we contemplate, they will always have the opportunity of representing their case to the Government.

Sir, I think we have had a very useful discussion on the whole of this measure, and as I began by saying this represents perhaps the largest common measure of agreement as between different viewpoints, and as regards different interests, which are directly affected, and it is in that spirit that I would commend this motion to the House. Let me assure the House once again that all the various specific suggestions that have emanated from different hon. Members who have spoken will be fully taken into consideration by the Select Committee and I hope that the measure that will emerge out of the Select Committee will command the unqualified support of this House.

Mr. Speaker: The question is:

"That the Bill further to amend the Insurance Act, 1938, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Shri T. A. Ramalingam Chettiar, Shri Arun Chandra Guha, Dr. B. Pattabhi Sitaramayya, Shri E. L. Sondhi, Shri L. Krishnaswami Bharathi, Shri Prabbudayal Himatsingka, Shri Mohan Lal Gautam, Sjt. Rohini Kumar Chaudhuri, Shri M. Tirumala Rao, Shri B. A. Khimji, Shri M. R. Masani, Shri Mahavir Tyagi, Shri Ram Nath Goenka, Shri Ajit Prasad Jain and the Mover, with instructions to report on or before the 15th December, 1949 and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

TAXATION LAWS (EXTENSION TO MERGED STATES AND AMENDMENT) BILL

Mr. Speaker: The next item in the agenda to be taken up will be the Bill to extend certain laws relating to taxation on income to certain areas. I understand that the hon. Dr. John Matthai is moving a motion for referring the Bill to a Select Committee instead of moving that the Bill be taken into consideration.

The Honourable Dr. John Matthai (Minister of Finance): Sir, I move:

"That the Bill to extend certain laws relating to taxation on income to certain areas administered as parts of Governors' Provinces or as Chief Commissioners' Provinces and further to amend certain laws relating to taxation on income, be referred to a Select Committee consisting of the hon. Dr. B. R. Ambedkar, Shri M. Ananthasayanam Ayyangar, Prof. N. G. Ranga, Shri S. V. Krishnamoorty Rao, Pandit Hriday Nath Kunzru, Prof. K. T. Shab, Shri R. K. Sidhva, Shri B. Das, Shri B. P. Jhunjhunwala, Shri V. Ramaiah, Shri B. N. Munvalli, Shri R. L. Malaviya, Shri G. S. Guba, Pandit Tbakur Dass Bhargava, Dr. Mono Mohon Das, Shri Deshbandhu Gupta, Shri Mahavir Tyagi, Shrinati G. Dargabai, and the Mover, with instructions to report on or before the 16th December, 1949, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, since the motion before the House now is for reference of this Bill to the Select Committee, I do not think it is necessary for me at this stage to go in any detail into the provisions set out in the Bill. All that I propose to do by way of starting off the discussion on the motion is to indicate to the House the scope of the Bill and to give a brief summary of the main provisions in it.

The object of the Bill as explained in the Statement of Objects and Reasons is to replace two Ordinances relating to taxation matters which have been in force for some time and to have them replaced by enactments. In addition to the translation of these Ordinances into Acts of the legislature, there are two new amendments which are embodied in the Bill which relate to more or less minor matters. One is to the effect that Government should be authorised to constitute single member tribunals for dealing with appeals in regard to Income tax. And the second new amendment is to grant exemption from tax of the income of scientific research associations. Barring these two amendments, the rest of the provisions in the Bill are covered, as I said, by the Ordinances which are in force. They cover a variety of matters relating to taxation on income.

I will give the House a brief summary of the changes sought to be made in the present taxation laws by these provisions. The first matter dealt with in the Bill is the extension of the Income-tax Act, Business Profits Tax Act, and the Finance Act to the Merged States, that is to say, States which have been merged in the provinces, or which have been constituted as Chief Commissioners' provinces. Further, where these laws are extended, the Bill provides for grant by the Central Government of exemptions or reductions in the matter of Income-tax in cases where special hardships are likely to arise by extension of these laws to merged States. As a result of the extension of these Acts to the merged States, it is necessary to make various consequential changes in a number of existing legal provisions, for which the necessary provision is made in the Bill. That is the first group of matters.

The second is to provide for grant of special concessions to industrial undertakings with a view to encouraging production. These concessions take the form of extra depreciation allowances in respect of new plant and machinery and new buildings, and also for the exemption from Income, Super and Business Profits Act taxes of new concerns up to a limit of six per cent. of the capital employed in those concerns.

Thirdly, the Bill provides for provisional assessment of income entered in the assessors' returns, pending regular assessment after detailed enquiries.

The object of this measure as of the previous measure was to provide a check upon the inflationary pressure which became so acute towards the end of the last year. As a matter of fact, these Ordinances were promulgated towards the end of the last year when the Government were engaged in considering measures for preventing further accentuation of the inflationary position.

The fourth group of matters is the extension for a period of three years of the repayment of compulsory deposits in connection with Excess Profits Tax. That again was originally introduced in the form of an Ordinance as an anti-inflationary measure.

The fifth group of matters relates to the granting of certain additional powers to the Income-tax Investigation Commission to enable them more satisfactorily to discharge the duties which the House has placed upon them. Briefly, these are powers to call for information from any person or company likely to be in possession of information which would help the Commission in its enquiries, to grant immunity from prosecution or penalties to people who give information, to make agreed settlements with assessees whose cases have been referred to the Commission and to lay down certain procedure for searches on the lines of the Criminal Procedure Code.

The last matter with which this Bill deals is that in the case of the Gandhi Memorial Fund, provision should be made for the removal of the exemption limit in regard to donations made to the Fund. As the House knows, the exemption granted in respect of donations to charitable associations is limited to an amount of two and a half lakhs or a certain percentage of the income, five per cent. in the case of companies and ten per cent. in the case of individuals. In view of the great national importance of the Gandhi Memorial Fund, it has been considered necessary to place it upon a special footing and the exemption limit is sought to be completely removed.

This is briefly the scope of the Bill. Many of the matters with which the Bill deals are minor matters more or less of a routine character but there are certain matters in regard to which I have been given to understand that there is very considerable difference of opinion and it is for this reason that Government decided to replace the original motion by a motion for reference to a Select Committee.

There is just one point that I should like to mention in that connection. These Ordinances are likely to expire within a short period. One of them as a matter of fact will expire in the course of this week. It is the practice of Government and a convention which I believe has been accepted by the House that while Parliament is sitting, the Executive should not promulgate any Ordinances which, if I may say so respectfully, is a very wholesome convention. Now in view of the very special difficulties in which we would be placed if some of these Ordinances granting for example, special concessions to business undertakings with a view to encouraging production were not continued, it might have a serious disorganizing effect upon the economy of the country.

I should like also to mention briefly to the House the circumstances in which the presentation of the Bill to the House has been delayed. As I explained to the House on a previous occasion these Ordinances which were issued towards the end of last year were put in the form of a Bill which I placed before the House during the budget session but during that session the House had a very heavy agenda to work through and it was not possible to take that Bill up for consideration and then for circumstances with which the House is perfectly familiar, there was no sitting of Parliament between the termination of the Budget Session and the beginning of this Session. As soon as this Session commenced the House will remember I asked for permission to withdraw the original Bill so that the more urgent matters covered by Ordinances

[Dr. John Matthai]

might be presented in the form of a revised Bill. This Bill was introduced last week so that the House will appreciate that there has been no avoidable delay on the part of the Government in bringing this matter to the notice of hon. Members. In the circumstances, I hope the House will not consider Government disrespectful to the House if they have to extend this Ordinance until such time as the House is in a position to dispose of this Bill.

Mr. Speaker: Motion moved:

"That the Bill to extend certain laws relating to taxation on income to certain areas administered as parts of Governors' Provinces or as Chief Commissioners' Provinces and further to amend certain laws relating to taxation on income, be referred to a Select Committee consisting of the hon. Dr. B. R. Ambedkar, Shri M. Ananthasayanam Ayyangar, Prof. N. G. Ranga, Shri S. V. Krishnamoorthy Rao, Pandit Hriday Nath Kunzru, Prof. K. T. Shah, Shri R. K. Sidhya, Shri B. Das, Shri B. P. Jhunjhunwala, Shri V. Ramaiah, Shri B. N. Munavalli, Shri R. L. Malviya, Shri G. S. Guha, Pandit Thakur Das Bhargava, Dr. Mono Mohon Das, Shri Deshbandhu Gupta, Shri Mahavir Tyagi, Shrimati G. Durgabai, and the Mover, with instructions to report on or before the 16th December, 1949, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Shri Biswanath Das (Orissa: General): Sir, I welcome the Bill and I feel it my duty to place before this House certain aspect of the question for consideration of the Select Committee. I come from a province which has got merged in it 25 States, an area practically as big as the province of Orissa.

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

This uncommon thing was made possible through the efforts of the hon. Deputy Prime Minister and the States Ministry by an agreement with the State Rulers in December 1947. That was practically the beginning of a process of merger of small states with the neighbouring provinces. The Rulers signed the agreement—so far as my recollection goes—by the middle of December 1947. From Orissa this process extended to C.P. and thereafter to Bombay and to other provinces. By 1948 most of the minor states had merged in the neighbouring provinces. India with her financial difficulties ought to have been vigilant to make good of her financial difficulties taking advantage of the merger of the States. The State Rulers functioned in practically almost all the smaller States as the Executive and Legislative authority taking upon themselves the responsibility of levy, assessment and collection of income-tax, super-tax and all the taxation that is contemplated by this legislation. With the merger of these small states into Provinces, the Provinces could only discharge their responsibilities and utilize their sources of taxation to the extent possible with the result that in most of the merged states the central sources of revenue are practically left untouched to the benefit not of the people in general, not of a Provincial Government which was called upon to run the show but to the advantage of the tax-payers who would otherwise have been made to pay the taxation. Sir in the result that from 1948 to 1949 you practically gave these people a blank cheque to go on with their business without paying tax. That is the convenient position in which the business community in these states were left. I think the hon. the Finance Minister and the Finance Ministry have a duty to explain in this regard. Why the Finance Department was silent over this important aspect of the question? It must be clearly understood that the Rulers signed agreements by handing over charge of administration to the Centre and it is the Centre that in theory and in fact, took charge of the States in the result that the Centre called upon the provinces to take charge of administration and these provinces actually were in charge of administration from 1st January 1948 as agents of the Centre till it has been declared authoritatively and by means of legislation and Statute by

the Centre as merged. Therefore I feel that the hon. the Finance Minister has a duty to explain to this House why this period of lax occurred so as to enable the business community of these States who constitute a fourth of the population and practically a third of area to go free from paying any tax to the Centre. Of course all these small states do not comprise a fourth of the population nor a third of the area but they certainly comprise a substantial portion of the area.

It must be said in this connection that these states are conclave on two counts. One count is the scope for tax evasion which the hon. Finance Minister has so many times complained on the floor of the House. This merger removes the difficulty once for all with the result you have the advantage of at once extending the provisions and utilising your powers of levy, assessment and collection of taxes. The ruler himself was collecting his taxes and it is left to you either to continue collecting the same on the same scale or apply your instruments of taxation, assessment and realisation. Why should you leave a gap?

Having said so much about the evasion of taxes, I speak of the other door left open by this Bill. For whom is it? Again for those people who can talk loud and plead vehemently and use their money to take the Government from court to court. You reserve powers for consideration for this class. Why show any consideration I do not see. If at all any consideration is necessary it should be limited to certain aspects of the question, namely, the small businessmen or the petty moneylenders of the mofussil areas. It is fair that I should state the reason why I plead for these unfortunate people.

It is a wellknown fact that in the states the level of prosperity among people is very low and the mofussil money-lenders and businessmen have to pay very often to state officials or even to the rulers of the petty states in the shape of *nazaranas*. Therefore if at all there is room for consideration it should be limited only to this class of people. These mofussil money-lenders and petty businessmen in the states have not been benefited by the rise of prices during the war years. It is because the rulers of the states, be it said to their credit, had kept the food prices fairly low.....

Dr. P. S. Deshmukh (C.P. and Berar: General): They have benefited during the last year and a half.

Shri Biswanath Das: I know. These petty traders and small moneylenders have not been benefited even by the war year prices. My hon. friend Dr. Deshmukh has drawn my attention to one aspect of the question, namely, that this interregnum period of one year has been beneficial to them along with the bigger exploiters of the community. I admit, but to what extent? It is in that period also that these restrictions regarding the free movement of cereals were imposed as usual with the result that the variation in prices between Indian India and States India was kept distinct. My friend will be wrong in thinking that these unfortunate people have been benefited to the extent that people in Indian India had been. Therefore if at all there is any consideration to be provided for, it should be limited only to this class of people. To that extent I think it is reasonable, desirable and necessary. I do not see therefore any justification for the loophole provided in clauses 7 and 26. If you keep the door wide open, be prepared for these people coming to you for remission, not the people who suffer or have already suffered and who are bound to suffer. In this country, whatever you might say the mofussil money-lenders, even in advanced provinces or districts, have not been able to keep even today their accounts which would satisfy the income-tax officials. If that is so after the working of the Income-tax Act in Indian India for the last so many decades, I would request you to imagine the difficulties of these

{Shri Biswanath Das}

unfortunate people, the mofussil money-lenders and petty businessmen, who certainly deserve consideration at the hands of the income-tax officials. So consideration should be shown to these people.

In these states you have various kinds of business activities—transport services, mines and minerals. Specially in my province, in the merged states as also in the Central Provinces there have been very good mineral resources which are being exploited by the business community. I do not see any reason why these people who are making tons of money in these times should be left free from taxation even for a year. I record therefore my stern and strong protest against the provisions which lay down that the Bill should come into operation only from the 1st of April 1949. I plead that this is unfair to the general tax-payer and to the financial needs of India as a whole. You are not benefiting the villager but a class of people whose duty it is to pay to the central exchequer.

Having said so much about extending the taxation provisions to these merged states and having recorded my protest against the opening of the door wide for people who do not deserve sympathy and lastly having pleaded the case of a class of people who deserve sympathy and consideration, I go on to the other aspect of the question, namely the question of allocation.

As the House knows, all income-tax is shared between the provinces and the Centre. What have you done? You have kept quiet. You can afford to do so for you have your Nasik Printing Press. There is paper enough to print money and you can go on. The hon. Finance Minister may nod his head but I know that he has behind him this reserve force. But what about the unfortunate provinces of India? They have nothing to fall back upon. Nothing. While speaking of Provinces, there are Provinces and Provinces. My hon. friend the Finance Minister hails from a Province which is rich and which can afford to throw off money. But think of the unfortunate Provinces. (*An Honourable Member: Orissa!*) Not Orissa alone, Sir. We are in the happy company of too many to be enumerated here. Why think of Orissa alone? Think of Assam (*An Honourable Member: Of West Bengal*) or think of West Bengal even, or of East Punjab and so many other States Unions. As I said we are in the happy company of so many friends. I am not pleading for myself. But I have a right to ask the hon. the Finance Minister why after having thrown these merged States on the Provinces and having asked the Provinces to raise the level of administration of the States to the level of the Provinces by undertaking to pay in full, to the extent necessary and desirable, salaries to the services in line with the Provinces . . .

Dr. P. S. Deshmukh: Is it not 'raising' all the time, it is lowering also.

Shri Biswanath Das: No, it is nowhere. My hon. friend who had so much to do with States' administration is doing grave injustice to himself if he says that. Of course he as a Diwan was getting a fat salary which no Provincial Ministers and officials are getting. But I would beg of him to forget his service and his salary. It is a very well known fact that the officials of States were paid far less salaries than those of provincial officers, cadre for cadre.

Prof. N. G. Ranga (Madras: General): They were expected to take bribes!

Shri Biswanath Das: Yes. I know. I do not propose to defend those small scales of pay. I am out for enhanced emoluments for keeping a man above want. You have asked Provinces, who are none other than your own agents, to raise the standard of the scales of pay of these officials. Speaking of my own experience in regard to the pay of these officials, in certain places in Orissa

eight per month?—yes, Rs. eight, seven or six per month. And mind you, Sir, these salaries have been enhanced to Rs. 24 or 25 all at once. The police people were in some States getting Rs. ten per month. Their pay has been now enhanced to Rs. 30, 35 or 40 per month. All this has to be met out of the provincial exchequer. How can you expect your agent to meet these heavy demands without your assistance? You may agree to forego your income—you can do anything for yourselves—but you have no business to expect the same thing from your agent. Therefore I have a right to ask the hon. the Finance Minister to state the justification he has for preventing the Provinces in coming forward with their bills to the Centre for payment, because they undertook the administration of these merged States as the agent of the Centre.

Having stated about the money which they have spent I come to the third aspect of the question, namely, what are you going to do in terms of article 278 of the New Constitution?

Shri H. K. Sidhva (C. P. and Berar: General): That has not yet come into operation.

Shri Biswanath Das: My hon. friend Mr. Sidhva says that it has not yet come into operation.

Mr. Deputy-Speaker: Is it not to be allocated according to the population and the amount received?

Shri Biswanath Das: I am coming to it and I am going to state the position. I know that article 278 has not yet come into operation. But we all know that we have passed the Constitution Act. Certain articles of the Constitution are today in operation and the rest is going to come into operation from the 26th of January. In terms of this article it takes two years for the allocation to be effected by the Commission. In between 1949 and 1951 my hon. friend has already appointed an official—if the newspaper reports are correct that Mr. Deshmukh, the former Governor of the Reserve Bank of India, has been called upon to make an enquiry into this question and report to the Government. I have a right to know whether this question has also been referred to Mr. Deshmukh, because the Sarkar Committee has made no recommendations in this regard. It has not taken into account the question of merged States and the allocation of their share of Income-tax. My hon. friend has not given any inkling on this question. I have a right to ask what he has done in this regard.

Having stated that I now come to record my protest against the Sarkar Committee report. I will never be a party to the allocation of Income-tax on the basis of the Sarkar Committee report. My hon. friend knows how the Percy Committee as early as in 1932 has stated that the allocation of Income-tax on the basis of realisation will be a grave injustice to other Provinces while it is to the benefit of Provinces like Madras, Bombay and Bengal. Under these circumstances it was unfortunate that this so-called Financial Expert Committee should have been appointed by the Constituent Assembly, consisting of gentlemen only from Madras and Bengal to the utter detriment of other Provinces. (*An Honourable Member*: Who are the people?) Whoever they are, I am not going to accept the recommendations of that Committee which is heavily loaded with interested recommendations. Under these circumstances I record my voice of protest of other Provinces also against these recommendations.

Dr. P. S. Deshmukh: Is this not a wrong place to record this protest?

Shri Biswanath Das: Absolutely not. It is not the wrong place. I am within my rights because the legislation that is proposed to be undertaken in this regard relates to all the taxes about which I have been speaking.

Mr. Deputy-Speaker: Income-tax comes under the general Finance Bill, and the hon. Member is thinking in advance.

Shri Biswanath Das: You are aware of the fact that the Government of India deputed two officers.....

Mr. Deputy-Speaker: But is a general discussion of that nature so relevant? The hon. Member would certainly help the Select Committee in giving his suggestions as to how the provision may be modified. Or, if he is opposed to the principle of the Bill he can say "these are the grounds on which I oppose it". But if it is neither the one nor the other but a general consideration as to how the money acquired is to be distributed, I think, there is no provision here regarding allocation.

Shri Biswanath Das: The taxes that have been enumerated here are taxes which are going to be shared between Provinces and the Centre. As such I have a right to say that while I welcome, though late, the imposition of these taxes, the extension of these taxation measures to these merged States, I will not agree to the system of allocation unless it is properly done.

Mr. Deputy-Speaker: That is not the subject-matter of this Bill.

Shri Biswanath Das: That is the subject-matter and I have a right of protest. Therefore, I would request the hon. the Finance Minister and the Select Committee to bear all these points in view. I am not pleading for Orissa and there is nothing shameful if I do it.

Shri Suresh Chandra Majumdar (West Bengal: General): Sir, are we discussing here the matter of allocation?

Mr. Deputy-Speaker: No, the hon. Member has referred to it incidentally and it has concluded there. We need not go into that matter now.

Shri Biswanath Das: Before I conclude, I would again request you, Sir, in the name of these two unfortunate classes of people whom I have already mentioned—the small businessmen and the moffussil moneylenders—that for them some protection is necessary in these merged States. Most of these merged States are still in the early part of the twentieth century and to expect up-to-date recording and accounts and the rest from these people will be a terrible thing for them. I would appeal that necessary provisions be made in the body of the Bill for certain relaxation in this regard to this class of people.

Shri Mahavir Tyagi rose—

Some Honourable Members: Sir, he is a member of the Select Committee.

Mr. Deputy-Speaker: Yes, he is a member of the Select Committee.

Shri Mahavir Tyagi (U.P.: General): Are members of Select Committees outlaw?

Mr. Deputy-Speaker: As the time is short, I will strictly follow the Speaker's convention here.

Shri Mahavir Tyagi: Then may I put a question to the hon. the Mover? I don't want to make a speech. I want to know this of the hon. Minister. Is it the meaning here to tax the residents of those merged States on the income which they earned during the days when the States concerned were not a part of the Union and had not acceded to the Union? Is that the meaning?

The Honourable Dr. John Mathai: May I explain. Under the Ordinance which is now in force, we have issued an order to the effect that the Indian rates of income-tax would be applicable only after the date of merger which would be August 1949. All income previous to August 1949 will be subject to original rates of taxation if income-tax laws were in force in the State.

Shri Mahavir Tyagi: What is the convention generally? When you tax people here in India, is it the income of the year which you tax or you realise the taxes in advance?

The Honourable Dr. John Matthai: The actual position under the order to which I referred would be this. If you take the Dewall year to be the usual accounting year in any particular State, then it is only the income in respect of two months of the current year which would be subject to taxation at the Indian rates. That would be the accounting year. The income of that year would be subject to assessment in the following year, that is to say in 1950-51, so that in 1950-51 the income-tax rates in India would apply only to two months' income earned in the previous year. Actually, assessment on the full income would become operative only during the assessment year 1951-52.

Thakur Krishna Singh (Residuary States): Sir, I want to ask a question. This Bill, when it becomes law, would be applicable from the 1st of April 1949. The assessment year will be 1949-50. For that assessment year any income that has accrued in 1948-49 will be taxable. That means that that income will be taken into consideration while calculating the assessment year 1949-50. Take for instance my own State, the Tehri-Garhwal State which merged on the 1st August 1949. The assessment year 1949-50 would mean that the income derived in 1948-49 will be taken into consideration when making the assessment for 1949-50. The Tehri State merged on the 1st of August 1949. The Income-tax Officer has published a notice in the *Hindustan Daily* that the residents of Tehri-Garhwal should give a statement of the income in 1948-49 so that he may levy an income-tax for the year 1949-50. How can that advertisement and the statement of the Finance Minister be reconciled?

The Honourable Dr. John Matthai: The hon. Member may rest assured that the position in regard to the State that he represents is precisely what I indicated in answer to Mr. Tyagi, in spite of all the considerations that he has urged. He can take it from me.

Thakur Krishna Singh: Then is the notice wrong?

The Honourable Dr. John Matthai: I will explain it in the Select Committee. It is a technical point.

Dr. P. S. Deshmukh: Sir, nobody can quarrel with the hon. the Finance Minister for bringing forward this Bill, and if I understood the spirit of my friend Mr. Tyagi's questions, I was rather surprised that he was concerned about the levy of income-tax on any persons in the merged States. I think he wanted to know what particular period those persons will be taxed for. As the taxation the States peoples were subjected to was comparatively less, I thought our concern should be in the opposite direction. Sir, this is a somewhat complicated matter. Of course we are getting used to the situation where under particular circumstances we must promulgate Ordinances because there is no time to enact legislation. And then we come forward to this House and say that the Ordinances are about to expire and therefore we must as hurriedly as possible pass the Ordinances into law. My complaint with regard to this measure is that we have very insufficient data before us. The various States which have been merged were at different stages of development. Nonetheless there have been attempts at industrialisation in many of these States and the number of agreements entered into between the capitalists and the financiers and the concessions that were given in each State are varied greatly. You must also remember that hardly any State was subjected to income-tax or other taxes to the same extent as the so-called British India. There were of course other forms of taxation which yielded the State certain revenue, but so far as capital or income were concerned, most of the States did not have taxes imposed on them on any substantial scale. We are certainly going to support the proposed Bill and also probably most of the clauses proposed by the hon. the Finance Minister more or less as they stand. But I for one would desire to have more complete information about the condition and state of affairs in these merged States, especially regarding industrial concerns which have come into being because of the extra protection they derived from the rulers of those

[Dr. P. S. Deshmukh]

States. In many cases you will find that the State itself has either invested money or the State was content to derive some subsidiary benefit from the establishment of certain industries and therefore there were many concessions given which were in many cases in addition to any direct taxation. I think I am correct in saying that all of us are in the dark as to the exact position about this whole matter. Actually, as I look into the Bill, I find that in more than one article there is a provision to see that more concessions are given and no hardship is caused to any of those who are liable to come under the provisions of this Bill. I do not see why we should give recognition to these concessions without having detailed information. There may be certain cases where concessions are necessary, but merely because of the fact that income-tax is to be levied for the first time it is no excuse whatever that the rate should not be of the same standard as it prevails in the rest of India. My reason for saying this is that most of these industrialists have reaped tremendous advantages—advantages which were not available to their competitors in the so-called British India. Because the rulers were anxious that their States should be industrialised, there were many concessions given to them. They not only gave them raw materials but they gave several different facilities. They also entered into agreements that they will be liable to pay no taxes whatever for a certain number of years. We would like to know what is to happen to these agreements. Are they to be set at naught or are they to be *ipso facto* ratified? What is the exact position? I do not think any attempt is made to investigate into the circumstances and nature of these agreements; to what extent their continuance would benefit the people and the capitalists or industrialists. Even though it is necessary to pass this Bill because the Ordinance is going to expire, I would request the hon. the Finance Minister to make a serious attempt to keep the House well informed as to the situation. Then alone it would be possible for us to give our opinion as to whether a certain group of individuals are deserving of any concession or not. We are passing this legislation and giving power for granting these concessions without knowing the facts of the situation. I would refer to clause 27. It says: There are also other proposals where it is contemplated that certain leniency will be shown; certain exemptions will be granted and certain reductions will be accepted. We have no quarrel with them if they are justified, but for want of information it is impossible to say whether they are justified or not. If this whole thing is going to be left to individual Income-tax Officers or other authorities created by us, I do not think it is correct that this House should be asked to give their assent to a Bill about the effects of which they are ignorant. While supporting the reference of this Bill to a Select Committee, I would again request the hon. the Finance Minister to give us some more concrete idea as to how this is going to affect the States which have been merged, because on these provisions are going to hang the fate and prosperity of the provinces in which they are merged, since the revenue that is derived from these areas will hereafter go to the provinces in which they are merged. Therefore, the capacity to discharge the responsibility that has been placed upon the shoulders of those provinces wherein those States have been merged will be affected largely by the way in which these provisions are administered. From that point of view also, it would be worth while to have greater information than is available at the present moment. Although for fear that the Ordinance will expire and there will be nothing on the Statute Book we are agreeable to pass this Bill, I would very much wish that we should not legislate, so to say, in the dark, but should know what we are doing and what the result of our action is going to be.

चौधरी रणवी रसिंह: सभापति महोदय, इस प्रस्ताव का समर्थन करते हुये मैं यह कहे बगैर नहीं रह सकता कि मुझे कोई कारण नहीं दिखाई देता कि इस बिल को

सिलेक्ट कमेटी को भेजा जाय। खास तौर पर ऐसी हालत में जबकि नये विधान के नीचे सेंट्रल सरकार ने राजाओं को तन्खाह देना अपने जिम्मे लिया है। ऐसी सूरत में वह सोचना कि रियासतों के भाइयों को दूसरे ढंग से टैक्स किय जाय, जायज नहीं है। उनके टैक्सेशन के प्रिंसिपल (principle) का भी वही होना चाहिये जो बाकी हिन्दुस्तान के प्रान्त-वासियों के लिये है।

एक बात जो श्री विश्वनाथदास ने कही, मैं उसका विरोध किये बयार नहीं रह सकता, वह इस लिये कि चूँकि कुछ थोड़ा बहुत हमें रियासत वालों से रियासत के रहने वालों और वहाँ के साहुकारों से वास्ता पड़ा है। मनीलैण्डर्स (money lenders) की सम्पत्थी (sympathy) में उन्होंने कुछ बातें कहीं। वह कहते हैं कि उनके पास कोई एकाउण्टस (accounts) नहीं हैं। यह ठीक हो सकता है लेकिन इस बिना पर उन्होंने कई लाख मेहनत करने वाले किसानों का खून चूसा होगा। तो सिर्फ इस लिये कि उन्होंने अपना कोई एकाउण्ट नहीं रक्खा, उनके साथ रियायत की जाय, मैं इसका कोई जायज कारण नहीं समझता। मैंने तो ऐसा भी देखा है और आप भी पटियाला स्टेट्स यूनियन के अन्दर चल जाइये। वहाँ जितने पक्के मकान आपको देहात में मिलेंगे वह तमाम साहुकारों के मकान मिलेंगे। लेकिन उन साहुकारों ने कमी मेहनत नहीं की, घर से बाहर नहीं गये। वह सब रुपया किस लोगों का उनके पास आया? वह सबका सब किसानों का कमाया हुआ है जो उनके पास गया। इस तरह से वहाँ के उन लोगों को जिनको छोटे छोटे व्यापारी कहते हैं, उनके मुनाफे की कोई हद नहीं थी, इस बात से कोई इनकार नहीं कर सकता। लेकिन इससे भी कोई इनकार नहीं कर सकता कि उनके पास हिसाब रखने का कोई अच्छा ढंग या तरीके का क्षान नहीं था। अगर उन्होंने वह अच्छा तरीका इस्तेमाल नहीं किया, या ज्ञान हासिल नहीं किया, इस लिये उन्हें रियायत दे दी जाय, वह मुझे कुछ बहुत ठीक नहीं मालूम देती। लेकिन एक बात मैं भी कहना चाहता हूँ कि चूँकि उन्हें ज्ञान नहीं था इस लिये उनको नाजायज ढंग पर तंग न किया जाय और इसका इन्तजाम जरूर किया जाना चाहिये लेकिन इसका वह मतलब नहीं कि उनके लिये कोई साफ्ट कॉर्नर (soft corner) आपके दिल में हो। इतनी बातें कहते हुये मैं इसका समर्थन करता हूँ।

(English translation of the above speech)

Ch. Ranbir Singh (East Punjab: General): Sir, while supporting this motion I cannot help saying that I do not see any reason why this Bill should at all be referred to a Select Committee, and particularly in such circumstances when under the new Constitution the Central Government have taken upon itself the responsibility of disbursing the salaries of the ruling princes. Under such circumstances it is not at all justified even to think of taxing the States' people in quite a different manner. The principle of taxation for them must be the same that is for the people of the different provinces of the country.

I cannot help opposing a point raised by Shri Biswanath Das and that also for the reason that as yet we have come in very little contact with the States, the

[Ch. Ranbir Singh]

people living therein and the money-lenders. He mentioned certain things in sympathy of the money-lenders. He alleges that they have not got any accounts with them. This is just possible, but by adopting such a method they must have sucked the blood of millions of poor peasants. I do not think this to be at all justified that they should be granted concessions simply for the reason that they have not maintained any accounts. I have come across such cases. You just go to the Patiala States Union. There in the countryside whichever pucca house you would come across will invariably be of some money-lender. But those money-lenders never did any manual labour; they never left their houses; then how did they get all this money? All the money that is with them has been earned by the farmers. No one can deny this fact that there was no limit of the profits earned by these petty businessmen. But at the same time no one can deny this fact also that they did not know of any good system of maintaining accounts. I do not think it to be proper and justified that they may be granted concessions simply for the reason that they did not adopt or get familiar with some better system of maintaining accounts. But I wish to plead that they should not be unlawfully harassed simply for the reason they did not know any better methods. This matter must of course be taken into consideration. But it does not mean that you may have a soft corner for these people in your heart. Saying this much I support the motion.

Shri Vinayak D. Vaidya (Bombay States): Sir, I just want to say a word or two on this Bill. I welcome the introduction of this measure, particularly after the assurance given by the hon. the Finance Minister that the States would be taxed after the first of August 1949. Up to now there was an apprehension on the part of the States that they would be taxed from the first of April 1949. That has been removed by the explanation given by the hon. the Finance Minister.

One thing I must say and that is that we people of the States are tired of hearing that the States have remained backward. We have been tired of hearing so much of calumny about the States.

I welcome the decision of submitting this Bill to a Select Committee inasmuch as there are representatives from the States and I hope they will look after the interests of their respective States and see that the States people are done no injustice.

ठाकुर कृष्ण सिंह : मैं पहले जो दक्षिण भारत के रहने वाले हैं उनसे क्षमा चाहता हूँ कि मैं हिन्दी में बोल रहा हूँ। हमारे कुछ मित्रों ने यह फैसला कर लिया था कि हिन्दी में बोलना चाहिये इस लिये मैं सभा के सामने हिन्दी में बोल रहा हूँ। अगर कुछ सदस्य नहीं समझ सकते हैं तो उनको समझने की कोशिश करनी चाहिये क्योंकि हिन्दी हमारी मातृभाषा है और हिन्दी में ही हमको यहां बोलने की कोशिश करनी चाहिये।

एक माननीय सदस्य : आप जो बोलते हैं वह मिनिस्टर साहब नहीं समझ सकते।

Mr. Naziruddin Ahmad: On a point of order, Sir. This speech in Hindi is open to two objections. If the hon. Member is irrelevant, the Chair will not be able to pull him up, and secondly.....(*An Honourable Member:* That is a matter for the Chair to decide.)...if he makes any point which calls for a reply, the hon. Minister will not be able to reply him.

Mr. Deputy-Speaker: I am glad the hon. Member has raised this point of order. So far as the Chair is concerned, it will be able to pull him up if

he is irrelevant to the point. So far as the hon. Minister is concerned, if he is not able to follow the hon. Member who wants to speak in Hindi, the hon. Member does not expect a reply to his points either.

The Honourable Dr. John Matthai: I will make every effort to have the gist of the hon. Member's speech conveyed to me in a language which I understand.

ठाकुर कृष्ण सिंह: १५ अगस्त सन् १९४७ के बाद जब कि भारतवर्ष में महात्मा गांधी के उद्योग से स्वतन्त्रता कायम हुई और भारत का शासन हम लोगों के हाथ में आया तब से जितनी छोटी छोटी रियासतें थीं उनका बड़ा भारी प्रयत्न देश के सामने था। हम वह मानते हैं कि जिस प्रयत्न से इन छोटी छोटी रियासतों को विलीन किया गया वह तारीफ की चीज है और वह संसार के इतिहास में बहुत भारी चीज मानी जायगी।

जब से यह छोटी छोटी रियासतें विलीन की गईं तब से यह जरूरी हो गया था कि उन पर जो केंद्र के टैक्स (taxes) हैं वह लागू किये जायं। इसमें हम सहमत हैं कि सेंटर (Centre) के जितने कानून हैं वह उन पर लागू किये जाने चाहियें, परन्तु इन कानूनों और कानूनों को वहां लागू करने में जो कठिनाइयां हैं उनके विषय में मैं कुछ कहना चाहता हूँ।

जब इस बिल को सिलेक्ट कमेटी में मेजने का प्रस्ताव आया तो मुझे खुशी हुई क्योंकि इसके सम्बन्ध में मुझे कुछ मतभेद था। इस बिल से जो कठिनाइयां उन रियासतों में होंगी जो कि प्रान्तों में मिला दी गई हैं, वह कठिनाइयां मैं इस भवन के सामने रखना चाहता हूँ। मैं तीन दृष्टियों से इसको भवन के सामने रखूँगा। एक राजनीतिक दृष्टि, दूसरी वैधानिक दृष्टि और तीसरी आर्थिक दृष्टि।

मैं पहले राजनीतिक दृष्टि से इस कठिनाई को इस भवन के सामने रखना चाहता हूँ। मैं टेहरी-से गढ़वाल की रियासत को दृष्टान्त के रूप में लेना चाहता हूँ। यह रियासत, आप सबने खसवार में पढ़ लिया होगा, अगस्त सन् १९४९ को संयुक्त प्रान्त में विलीन हो गई है। १५ जनवरी सन् १९४८ के पहले वहां पर महाराजा का वही शासन था जो कि पहले सब महाराजाओं का हुजा करता था। अनेक तरह के कर और अनेक तरह के कानून वहां पर थे जिनके द्वारा प्रजा से हर तरह से पैसे लिये जाते थे और वह प्रजा के इस्तेमाल में नहीं आते थे।

यह हालत सन् १९४८ ई० के पहले थी। सन् १९४८ ई० में १५ जनवरी को वहां पर जो अन्तिम हुई वह सब आप लोगों के सामने है, और सबको मालूम है। इस अहिंसात्मक लड़ाई के बाद वहां का शासन प्रजा मण्डल के हाथ में आया। १५ जनवरी सन् १९४८ ई० से अगस्त १९४९ ई० तक शासन प्रजा मण्डल का वहां पर रहा और

[ठाकुर कृष्ण सिंह]

स्टेट्स मिनिस्ट्री (States Ministry) उनके काम की देखभाल करती थी। अगस्त सन् १९४९ ई० को जब यह रियासत संयुक्त प्रान्त में मिला दी गयी तो संयुक्त प्रान्त की सरकार ने एक आर्डर (Order) निकाला कि जो कानून वहां पर अब तक ये बही जारी रहेंगे। वहां पर इन्कम-टैक्स (income tax), नहीं था लेकिन इन्कम-टैक्स के बदले में प्रोफेशनल टैक्स, (professional tax) पौ, ड्यूटी, कस्टम ड्यूटी और राह-दारी के टैक्स लागू थे। वहां पर विधान सभा के सामने इन्कम-टैक्स के लागू करने का सवाल सामने आया तो बतलाया गया कि इन्कम-टैक्स कीजगह पर वहां पर दूसरे टैक्स लागू हैं और इस चीज का इतराज किया गया। यह कानून और पुराने टैक्स जो ये कह पहली अगस्त के बाद पहली दिसम्बर तक जब उसको संयुक्त प्रान्त में पूरे तौर परमिला दिया गया चलते रहे।

श्री जसपत राय कपूर : अब पांच बज गये हैं, झुट्टी मिलनी चाहिये।

मिस्टर डिप्टी-स्पीकर : अभी आप कितनी देर तक बोलेंगे।

ठाकुर कृष्ण सिंह : कोई १५ मिनट तक और बोलूंगा।

(English translation of the above speech)

Thakur Krishna Singh: At the very outset I crave the indulgence of the people belonging to South India for my speaking in Hindi. Some of our friends had decided to speak in Hindi and so I am addressing the House in Hindi. If some hon. Members cannot understand Hindi then they should better try to learn it, because Hindi is our mother tongue and so we should try to speak here in Hindi.

An Honourable Member: The Honourable Minister cannot understand what you say.

Mr. Nasiruddin Ahmad (West Bengal: Muslim): On a point of order, Sir. This speech in Hindi is open to two objections. If the hon. Member is irrelevant, the Chair will not be able to pull him up, and secondly, (An Honourable Member: That is a matter for the Chair to decide.) if he makes any point which calls for a reply, the hon. Minister will not be able to reply him.

Mr. Deputy-Speaker: I am glad the hon. Member has raised this point of order. So far as the Chair is concerned, it will be able to pull him up if he is irrelevant to the point. So far as the hon. Minister is concerned, if he is not able to follow the hon. Member who wants to speak in Hindi, the hon. Member does not expect a reply to his points either.

The Honourable Dr. John Matthai: I will make every effort to have the gist of the hon. Member's speech conveyed to me in a language which I understand.

Thakur Krishna Singh: After 15th August, 1947 when through the efforts of Mahatma Gandhi the country became independent and we took up the reins of the Government the ponderous problem of the numerous small States faced the country. We admit that the effort whereby these States have been merged really deserve praise and will be acknowledged as a feat of great statesmanship in the world history.

Since the merger of these States it had become imperative to impose upon them the Central Government taxes. We agree that all the Central Government legislations should also be imposed upon them but I like to say a few things about the difficulties that stand in the way of these taxes and laws being imposed there.

When it was moved to refer the Bill to Select Committee I felt happy because I somewhat differed on the provisions of the Bill. I wish to place before the House the difficulties that would crop up as a result of this Bill being applied to those States that have since been merged. I would place these difficulties before the House from three points of view, firstly political, secondly constitutional and thirdly economic.

In the first instance I wish to discuss these difficulties from the political point of view. I wish to mention Tehri-Garhwal State as an illustration. This State as you all might have come to know through newspapers, merged with the United Provinces in August, 1949. Before 15th January, 1948 the Maharaja ruled over this State in the same customary manner of the previous rulers. Many different kinds of taxes and laws were there whereby money was taken away from the people in one way or the other and that money was not used for the benefit of the people.

Such conditions prevailed there before 1948. You all know of the revolution that took place there on the 15th January, 1948. After this non-violent revolution the reins of the State Government came in the hands of the Praja Mandal. From the 15th January, 1948 to August, 1949 the Praja Mandal held the reins of the Government and the States Ministry kept a supervision over its actions. When in August, 1949 the State was merged with the United Provinces then the United Provinces Government issued an Order that the existing laws would continue to be operative there. There was no Income-tax but professional tax, terminal tax, custom duty and poll-tax were being realised instead. When the question of imposing the Income-tax came up before the Legislature then the move was opposed on the plea that instead of Income-tax many other taxes were being realised. The old taxes and laws continued to be in force even after August and existed till 1st December when the State was finally merged with the United Provinces.

Shri Jaspal Roy Kapoor (U. P.: General): It is now five o'clock, we should be allowed to go.

Mr. Deputy-Speaker: For how long will you continue your speech?

Tankar Bishna Singh: I will speak for fifteen minutes more.

Mr. Deputy-Speaker: The House now stands adjourned till 10.45 a.m. tomorrow.

The Assembly then adjourned till a Quarter to Eleven of the Clock, on Wednesday, the 7th December, 1949.