

[Shrimati Laxmi Menon]

they had intruded into Indian territory and resorted to unprovoked firing on an Indian patrol party.

Shri Tridib Kumar Chaudhuri: In view of the fact that such intrusions have become quite common into West Bengal territory and also in view of the fact that these people come with arms, binoculars and all that, may I know what specific steps the Government have taken to ensure the security of these borders and also may I know where these arrested people have been kept?

Shrimati Lakshmi Menon: The arrested people have been under custody. I cannot say where exactly they have been kept.

Mr. Speaker: Why should the hon. Member be very particular to know where they have been kept? They have been kept in safe custody.

Shri Tridib Kumar Chaudhuri: Because I am not so sure about it. From past experience I know that sometimes the people who are arrested on the borders, that is, Pakistani personnel or Pakistani policemen are released by our Government, but, on the other hand, our people who are arrested have been kept there and they have not been released. So, I want to make sure that this is done, and no unilateral release is made.

Shri Nath Pai (Rajpur): May we know the rank of the arrested officers?

Shrimati Lakshmi Menon: As regards the first part of the question which the hon. Member has stated, all precautions are taken to see that border intrusions do not take place.

12-07 hrs.

NATIONALISATION OF BANKS IN BURMA

Mr. Speaker: The hon. Finance Minister will now make a statement on the nationalisation of commercial banks in Burma.

The Minister of Finance (Shri Morarji Desai): With your permission, Sir, I would like to make a brief statement in reply to the notices which have been received from certain members regarding the recent decision of the Government of Burma to nationalise commercial banks.

As the House is aware, Indian banks and moneylenders have played a notable part in the past in assisting the growth and development of the Burmese economy. Until comparatively recent times, and even about eight or nine years ago, foreign banks, including those incorporated in India, continued to account for the bulk of the deposits, and provided a very substantial part of the credit needed by various enterprises. But in recent years, there has been a marked change in the position.

With the establishment of the State Commercial Bank of Burma in 1954, the exchange banks tended to become, even before the recent nationalisation, relatively less important. Other developments in Burma's economy also led to a significant reduction in the volume of deposits and other business handled by these banks. The deposits of the state commodity and other boards ceased to be available to them; and counterpart funds, arising from the sales of surplus agricultural commodities by the United States were also deposited, either with the Union Bank of Burma or with the State Commercial Bank, and were not available to the exchange banks.

Indian banks which were already well-established in Burma still continued to operate there, in spite of these rapid and far-reaching changes, as they were in a position to assist some important sectors of the Burmese economy and to provide the facilities necessary for handling import and export trade. At the time that the decision to nationalise the banks was announced, five Indian banks, namely, the State Bank of India, the Punjab

National Bank, the Central Bank of India, the United Commercial Bank and the Indian Overseas Bank were functioning in Burma, and they had in all seven offices in that country. The total deposits of these five Indian banks amounted to a little less than Rs. 10 crores, and formed approximately 10 per cent of the deposits of all commercial banks. The advances amounted to approximately six per cent of the total advances of the commercial banks, but as was perhaps inevitable in the conditions which existed these advances were mostly granted to Indian traders or were in the nature of bills arising out of Burma's trade with India and other countries.

The Indian banks had no local capital, as they were not separately incorporated in Burma. The funds originally remitted to the branches of these banks in Burma by the head offices in India, amounting to a few lakhs, represented an initial capital outlay. But as branch adjustments, on account of several transactions which were taking place from day to day upto the 23rd February, 1963 affected or altered the extent of this capital liability to the head offices in India, it is not possible for me at this stage to indicate the exact position at the time of the nationalisation, except to say that the amount of capital which is involved, and which is due to be repatriated to India, cannot perhaps be very large.

I have already indicated, Sir, in this statement that Indian banks functioning in Burma were able to adapt themselves in recent years to the several changes which were taking place. I feel that these banks had a useful contribution to make to the further growth and diversification of the Burmese economy, and were in a position to assist in developing trade and other economic ties between India and Burma.

We are not aware of the exact reasons why the decision to nationalise the banks was ultimately taken by the Revolutionary Council. Presumably,

however, banks have been nationalised in Burma, in pursuance of a broader and more general policy decision, involving control over imports and exports, over essential commodities including rice and rice-milling and all new industrial enterprises. Some of these decisions as the House is aware, were forecast recently, in an announcement made a few days ago at Rangoon. It is neither desirable nor necessary for me, in a statement of this kind, to deal with these broader issues relating to the policy and programmes of another Government. I do not propose, therefore, to say anything more on this subject.

Our interest in this matter at the present stage is to ensure that the properties and other assets of the Indian banks will be transferred to the proposed new committee of management in an orderly manner and will be taken over at a fair and reasonable valuation, that all the amounts due to be remitted or reimbursed to the head offices of the banks in India, including unremitted profits, staff security deposits, provident and guarantee funds, and other similar items, will be remitted or paid promptly in free foreign exchange which we can accept, and that the Indian employees who are due to be transferred to other offices or branches in India, in view of the recent developments, will be allowed to come back to India and also to bring to India all their savings and other assets.

We hope, Sir, that the Government of Burma will take a fair and reasonable view regarding these matters and settle the dues of the Indian banks to their satisfaction. Our Ambassador is also in touch with the Government of Burma.

Shri Hari Vishnu Kamath
(Hoshangabad): On a point of clarification.

Mr. Speaker: It is a detailed statement which has been made.

Shri Hem Barua: May I know whether the basis of compensation that is to be allowed for this nationalisation of the banks in Burma has been communicated to us, and whether this nationalisation will affect our foreign exchange position?

Shri Morarji Desai: The basis has not yet been communicated to us. As regards the second part, I do not think it can substantially affect just now.

Shri P. K. Deo (Kalahandi): Are Government going to use their good offices with the Burmese Government to find out from them if the compensation is to be paid according to the book value of the shares or according to the market price of these shares? Also what will happen to the branch of the nationalised State Bank of India?

Shri Morarji Desai: These are matters which will have to be negotiated.

12.13 hrs.

PAPERS LAID ON THE TABLE

NOTIFICATIONS UNDER THE CONSTITUTION AND ALL INDIA SERVICES ACT

The Minister of Home Affairs (Shri Lal Bahadur Shastri): I beg to re-lay on the Table:—

- (i) a copy each of the following Notifications under the proviso to clause (3) of article 320 of the Constitution:—
 - (a) The Union Public Service Commission (Exception from Consultation) Second Amendment Regulations, 1962 published in Notification No. G.S.R. 1644 dated the 8th December, 1962, [Placed in Library See No. LT-698/63.]
 - (b) The Union Public Service Commission (Exemption from Consultation) Third

Amendment Regulations, 1962 published in Notification No. G.S.R. 1689, dated the 15th December, 1962. [Placed in Library See No. LT-699/63.]

- (ii) a copy each of the following Rules under sub-section (2) of section 3 of the All India Services Act, 1951:—

- (a) The Indian Police Service (Probation) Second Amendment) Rules, 1962 published in Notification No. G.S.R. 1729 dated the 22nd December, 1962.

- (b) The All India Services (Conduct) Amendment Rules, 1962 published in Notification No. G.S.R. 1730 dated the 22nd December, 1962.

[Placed in Library See No. LT-700/63]

MINERAL CONCESSION (FIFTH AMENDMENT) RULES AND COAL BEARING AREAS (ACQUISITION AND DEVELOPMENT) AMENDMENT RULES

The Minister of Mines and Fuel (Shri K. D. Malaviya): I beg to:—

- (i) to relay on the Table a copy of the Mineral Concession (Fifth Amendment) Rules, 1962 published in Notification No. G.S.R. 1707, dated the 15th December, 1962, under sub-section (1) of section 28 of the Mines and Minerals (Regulation and Development) Act, 1957.
- (ii) to lay on the Table a copy of the Coal Bearing Areas (Acquisition and Development) Amendment Rules 1963 published in Notification No. S.O. 315, dated the 2nd February, 1963, under sub-section (3) of section 27 of the Coal Bearing Areas (Acquisition and Development) Act, 1957.

[Placed in Library See No. LT-860/63.]