

12-02 hrs.

STATEMENT RE: INCIDENT INVOLVING AN INDIAN CREW ON DUTY WITH U. N. COMMAND AT LEOPOLDVILLE AIRPORT IN CONGO

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Hon. Members must have seen reports in the press about an unfortunate incident, involving an Indian crew on duty with the U. N. Command, at Leopoldville airport in Congo on the 18th August. I should like to give the House the information that has reached us about this incident.

On the morning of the 18th August, Flt. Lt. Virmani, Captain of an aircraft engaged on U. N. duty, had loaded three civilian Moroccans as part of U. N. Technical Assistance programme and 14 Canadian soldiers with equipment for Coquilhatville. He had just started one of the engines of the aircraft when armed members of the Congolese Force Publique surrounded the aircraft and ordered the crew to dismount under gunpoint. The Congolese had positioned a jeep mounted with a Browning machine gun. Flt. Lt. Virmani switched off the engine and his Indian crew dismounted from the aircraft. The passengers stayed behind in the aircraft. The crew were manhandled by the Congolese soldiers and made to raise their arms. They were then led towards the control tower building in a hands-up position. During their journey the crew told the Congolese that they were Indian nationals and after some argument amongst themselves the Congolese released the Indian personnel. Although manhandled they received no injuries.

The Indian personnel withdrew into the United Nations Movement Control building. They saw some Congo-

lese get into the aircraft. The Moroccans came out and were manhandled, one of them being beaten up. The Canadians followed and started to show their U. N. identifications to the Congolese soldiers. One Canadian officer and three Other Ranks were beaten up, the officer being seriously injured with rifle butts.

The Congolese later explained that they suspected the Canadians to be Belgian paratroopers. The U. N. Secretary General has sent a protest to the Congolese Government on the incident. I have myself sent a message to the Prime Minister of the Republic of Congo, expressing my deep regret at this incident. I have pointed out to him that the Government of India have, at great inconvenience to themselves, spared India personnel to serve the Congo in the present crisis, in order to assist the Republic of Congo in restoring peace and stability. The Government and the people of India have the most friendly and sympathetic feelings for the Republic of Congo, whose independence they have welcomed. It is therefore a matter for sorrow to us that the Indian personnel should be given unfriendly and rough treatment. I have expressed the hope that there will be no recurrence of incidents of this type and that full facilities will be given to the Indian personnel to perform the service to the Congo State for which they have gone there.

Shri Braj Raj Singh: In view of the very profound sympathy for the cause for which the Republic of Congo is fighting, may I know whether the Prime Minister is trying to ascertain in what conditions this incident happened and also whether this incident will not recur?

Shri Jawaharlal Nehru: I have just stated what I knew. I do not understand the question.

Mr. Speaker: All the three will exhaust their questions.

Shri Tridib Kumar Chaudhuri (Berhampore): It seems that all the forces that we have sent to Congo are under the U. N. Commission. So, have we also taken up this matter at the U. N. end to see that effective steps are taken to prevent recurrence of this kind of thing.

Shri Jawaharlal Nehru: I do not understand this. It is the U. N. which is taking it up. The Chief of Staff is an Indian officer there.

Shri Goray (Poona): This incident may be taken as a symptom of the growing rift between the Prime Minister of Congo and the U.N. Today, in the press, it is reported that the Prime Minister of Congo has said that they are ready to renounce U.N. help. If these things happen, what will be our attitude? We are going there to help the Congo Government. If there is rift between the Congo Government and the U.N., what role can our soldiers play there.

Shri Jawaharlal Nehru: I cannot deal with hypothetical questions. It is rather delicate. I am not prepared to give any answer. If any situation arises, we have to consider. The matter is under the consideration of the Security Council and they are meeting tomorrow evening.

—

12-10 hrs.

STATEMENT RE: PALAI CENTRAL BANK

Mr. Speaker: The Finance Minister.

The Minister of Finance (Shri Morarji Desai): The statement is six pages long. If you want, I will lay it on the Table of the House. Otherwise, I will read.

Some Hon. Members: Read.

Mr. Speaker: Yes.

Shri Morarji Desai: With your permission I should like to make a statement about the Palai Central Bank.

Hon'ble Members will remember the statement I made on the floor of the House after the Kerala High Court had admitted the petition for the winding up of this Bank and appointed a provisional liquidator. I then gave the House all the facts which were then in the possession of the Government. I have since had the advantage of a detailed discussion with the Governor of the Reserve Bank.

There is considerable misunderstanding about the action taken by the Reserve Bank in asking for the winding up of the Palai Bank. The Reserve Bank has been criticised by some for not taking earlier remedial action and by others for having taken too precipitate an action. There has also been some criticism about the view taken by the Reserve Bank regarding the financial position of the Palai Bank.

I shall first deal with certain general issues which have been raised in the public discussions following the action taken against the Bank. There appears to be a mistaken belief that because a bank is a scheduled bank, the Reserve Bank or someone else has guaranteed the proper working of the institution and has in some way underwritten its deposits. The mere fact that the bank is entered in the Second Schedule to the Reserve Bank of India Act does not carry with it any such implication. It merely means that the bank is of a certain minimum financial standing, that it has to make certain statutory deposits with the Reserve Bank and because of its inclusion in the schedule it gets the benefit of credit from the Reserve Bank on suitable terms and conditions. The Reserve Bank of India Act by itself does not confer any degree of control or supervision over the affairs of the scheduled banks. The Reserve Bank's powers of supervision and control flow from the provisions of the Banking Companies Act, 1949. I shall have occasion to mention later something about the Reserve Bank's supervision of this bank.