

[Shri B. N. Datar.]
of the Report of the Commissioner for Scheduled Castes and Scheduled Tribes for the year 1954, under clause (2) of article 338 of the Constitution. [Placed in Library. See No. S—183/55.]

REQUEST OF THE NEW YORK
TIMES FOR BRINGING OUT AN
EDITION IN INDIA

SHRI BHUPESH GUPTA (West Bengal): Sir, I wish to draw your attention to some information which has caused us a little perturbation. We are told that the "New York Times" applied to the Government of India for permission to bring out an edition in India, and the Government, I think, wanted the matter to be treated in the light of the recommendations of the Press Commission. Expecting that the Government might not issue the permission, they are now trying to buy a certain Indian paper, so that they can directly bring out their publication. Sir, that is a matter of serious concern, and.....

MR. CHAIRMAN: No doubt. That's all.

CUT IN EMOLUMENTS OF BANK
EMPLOYEES

DR. R. B. GOUR (Hyderabad): Mr. Chairman, before we take up the regular business of the day, I beg your indulgence to draw the attention of the House and the Government to the fact that certain banks have effected a cut in the emoluments of their employees when even under the Modification Order, no cut could be there before 24th August 1955, and further, the cut is more than the specified one-third.

In view of the specific assurances given by the Government to maintain *status quo* and in view of the awaited recommendations of the Gajendragadkar Commission, the Government should intervene to set this injustice right.

SHRI S. N. DWIVEDY (Orissa): This is a matter of great importance.

MR. CHAIRMAN: We will pass it on to the Government.

THE STATE BANK OF INDIA BILL,
BILL, 1955

THE MINISTER FOR HOME AFFAIRS (SHRI GOVIND BALLABH PANT): Sir, I move for leave to introduce a Bill to provide for the abolition of whipping as a punishment by repealing the Whipping Act, 1909, and further amending the Code of Criminal Procedure, 1898.

MR. CHAIRMAN: The question is:

"That leave be granted to introduce a Bill to provide for the abolition of whipping as a punishment by repealing the Whipping Act, 1909, and further amending the Code of Criminal Procedure 1898."

The motion was adopted.

SHRI GOVIND BALLABH PANT: Sir, I introduce the Bill.

THE STATE BANK OF INDIA BILL.
1955—continued

MR. CHAIRMAN: Now we go back to the discussion of the State Bank of India Bill. We had about 11 speakers yesterday, and I have another five speakers. I hope they will not take, each of them, more than ten minutes, so that the Minister might be in a position to reply at 12-30. Mr. Kishen Chand, please conclude soon.

SHRI KISHEN CHAND (Hyderabad): Sir, I want another ten minutes.

MR. CHAIRMAN: Ten minutes today is the time for each speaker. And you have already taken some time.

SHRI KISHEN CHAND: Mr. Chairman, I was speaking about the amount of compensation. And I pointed out that the Government should fix some principles in regard to this matter.

But later on, if different principles are adopted, it will lead to a great deal of heart burning. And in this connection, I pointed out the principle to be adopted. I maintain that the compensation should be fixed on the basis of the paid up capital and the declared reserves, and that no consideration be given to the hidden reserves, as they are built up from profits without paying the income-tax, and, therefore, no consideration should be given to them. On this basis, I submit, the compensation will not amount to anything more than Rs. 1,200 per share of Rs. 500, or it may be slightly less.

Then Sir, I come to clause 33, and I shall not take more time of the House, because you have restricted my time. I therefore come to the question of the functions of the State Bank as enumerated in clause 33. You will find, Sir, that in clause 33, there are 23 sub-clauses, and in one of these sub-clauses, there are eight different items. The result is that out of nearly 35 functions of the State Bank, there is only one function relating to the advancing of short-term loans to the extent of six months or up to fifteen months on the security of agricultural products. I submit that this State Bank of India is going to perform commercial functions to a very large extent and only one of its functions will be to give credit facilities to the rural banks. Therefore I suggest that drastic changes should be made in clause 33. For if no changes are made, the Board of Directors will make rules in such a way that loans will be granted to rural societies only on the security of foodgrains and goods placed in warehouses. Thus new warehousing societies will have to be started, and these warehousing societies will come to the State Bank of India and borrow money from it.

Sir, in this connection, I will particularly read out to you sub-clause (xv), where it is stated as follows—

“the buying of bills of exchange payable out of India at any usance

not exceeding fifteen months in the case of bills relating to the financing of seasonal agricultural operations or six months in other cases,”

That is the whole sub-clause which relates to the credit facilities for the rural population. That means, these usance bills will have a life of only six months, which in the case of rural credit may extend up to 15 months. But our rural population wants credit facilities for developing lands etc. The Reserve Bank is going to advance some money to the apex banks and the central banks for the purchase of share capital and in this indirect way, it may, to some extent, help the rural population.

Sir, for industries there are the Industrial Finance Corporations at the Centre and in the States. I wish there had been an Agricultural Finance Corporation for our rural population. But in the absence of Agricultural Finance Corporation, it is essential that the State Bank of India should perform all that function. And that can only be done if the rules and regulations of the State Bank are properly drafted. In their present form they are quite useless.

Then, Sir, if you refer to clause 34, it deals with the business which the State Bank may not transact. Now sub-clause (1) of that clause says that “The State Bank shall not make a loan or advance upon the security of any immovable property”. That means that an agriculturist cannot get any advance or loan on the security of his lands; therefore some changes must be made in clause 34. I submit that all small banks are advancing moneys on the security of houses etc., and if it is the idea of the State Bank of India to slowly and gradually acquire the small banks, then naturally, as the other small banks advance money on the security of urban properties, and if their business is taken over by the State Bank, the State Bank of India will have to advance loans on the security of properties. So I feel that clauses 34 and

[Shri Kishen Chand.]

35 negative each other. If we retain clause 34, clause 35 will not become operative at all, and our main object of nationalising these non-scheduled banks will not be achieved. I submit that in their present form, clauses 34 and 35 are not acceptable, and they should be suitably altered.

And lastly, Sir, I will say something about the early establishment of some sort of an Agricultural Finance Corporation. That will help our rural population. Our main objective should be that the rural population gets short-term, medium-term and long-term credits through one agency, and not through various agencies.

With these few words, Sir, I conclude my speech.

SHRI M. GOVINDA REDDY (My-sore): Sir, I have very great pleasure in extending my wholehearted support to this Bill. With the passing of this Bill, an era of prosperity for the agricultural community of the land will be ushered in. The appalling problem of rural credit is summarised by the Rural Credit Survey very briefly. Nearly 70 per cent. of our population of 36 crores who contribute a moiety to the national income, who contribute more than a half of the national income, have got credit facilities of a little over 3 per cent. of institutional credit and less than 1 per cent. of Government credit. One can imagine what the condition of the rural economy could have been with such meagre facilities of credit. It is therefore a very long-felt and urgent need that the State should participate very closely in the provision of rural credit, and I am glad that the Rural Credit Survey have given expert suggestions and have given very valid and sound suggestions for administering rural credit. If we look to the reasons why institutional credit failed in the past, the Government and the authorities concerned which are going to administer rural credit under this Bill, can profitably take some lessons.

Institutional credit mainly through the co-operative banks in the past, meagre as it was, even in regard to that less than one per cent. was not administered satisfactorily. The reasons for the failure of co-operative institutions were many. First of all, it was lack of resources. The Co-operative Mortgage Banks had very little resources with them. They had almost to fall back on their share capital, and they had necessarily to charge a high rate of interest. It must also be noted that there was lack of interest on the part of the then existing Governments. They did not care to devote proper and due attention to the development of co-operative institutions. The third reason, according to me, is the inexpert and inefficient staff which they had. People were not trained in administering co-operative societies and much less in studying the needs of the rural society and in catering to them. The fourth reason which I conceive was responsible in a very large measure for the failure of the co-operative societies was the management. The management was in the hands of the money-lenders themselves. Most of the people who could become directors of the rural co-operative societies were either landlords themselves or small money-lenders, and as such they were not interested in seeing that the poor agriculturist, the poor farmer, the poor peasant, got the help he needed from co-operative institutions. They were just like wolves tending the sheep, and how can a flock grow under wolves? That was the condition of the rural co-operative societies. For this and other reasons, the co-operative credit institutions and co-operative institutions in general, could not thrive. Therefore, if this measure is to be a success, we must learn some lessons from the working of these institutions in the past. The State Bank which we are conceiving now and which carries some promise for the future will have to take note of these defects and will have to give attention to the following points: One is that the resources of this Bank should be enhanced. When we look at the enor-

mous problem of rural credit and rural indebtedness, the provisions which have been made here with regard to capital for this Bank and also for the special funds mentioned are not adequate. The Committee has estimated the rural credit need to be about Rs. 750 crores but this does not take account of past indebtedness. If this indebtedness is to be eradicated in any small measure and if the normal credit needs of the rural community are to be met in any adequate measure, the State Bank should have ample resources. I would like to make another suggestion in regard to this and it is this: This State Bank should be an expert body, a body specialising in the building up of our rural economy. As far as the building up of the industrial and commercial economy is concerned, we have the Reserve Bank. It implements the State's monetary policy on the one hand and supplies commercial and industrial credit on the other. When this is so, the State Bank should have as its field of operation agricultural economy as a whole. As it is now conceived, it works as a loan-giving body mainly, but that would not do. It should work not as a loan-giving body only; it should also work as a nation-building body. I mean by it that the State Bank should extend assistance to the agriculturists in every aspect of their life. Lending of money is one aspect, no doubt, but the creation of warehouse facilities and the creation of marketing facilities also need a lot of attention on the part of the State Bank. I therefore wish to make this humble suggestion to the Government that they should have a planning section in this Bank which will plan for the co-ordination of the material and monetary assistance that this Bank will give to several of the activities of the peasantry particularly on the marketing side. I consider that the provision made for the warehouse side is adequate, but the marketing side has to be given greater attention.

Another vital point which I consider to be very essential, if this Bank is to be a success, is its management.

I would very humbly suggest to the Government that they should take care to see that the Directors of the Central Board and the Directors of the Local Boards are men who are not only conversant with rural problems but are men who themselves come from the rural masses. This is very essential because, if any good scheme is to be worked well, if it is to be worked in the right spirit, it must be staffed by people who have got sympathy with the rural masses, who have got a kinship with the rural masses, who consider the rural masses as their flesh and blood. Only then would any beneficial measure of the Government in this field prove fruitful. On the Directorate, excepting for the provisions in sub-clause (c) and sub-clause (f) of clause 19, all other directors should be people who either come from the rural communities or who have very close touch with rural life.

Having made these suggestions, I would like to make some observations on the question of compensation. The question of compensation in the context of the Constitution Amendment that we have just passed assumes supreme importance, immense importance. We have listened to the reasons that the Government have given for giving the compensation for shares in the Imperial Bank. The compensation is high but the Government have their commitments and the history of this State Bank was a long one and since its initiation when we did not think of the Constitution Amendment, the Government did rightly enter into a commitment to assure the interests that their interests would not be ignored but although this can be accepted in view of this historical background, I must humbly say that a high principle is involved in this question and I am going to make an observation or two on this. This question should be viewed in connection with the Constitution Amendment that we have passed. The Government seems to make a distinction between commercial assets and land. As we have to go on

[Shri M. Govinda Reddy.]
acquiring more and more in order to build up our socialistic pattern, we have to take good care to see that there are no misgivings on the part of the public. There is an idea that these commercial assets should be compensated fully whereas acquisition of lands need not be compensated at full value or market value. This is an argument which needs very cool consideration. Supposing we say that because commercial assets are convertible assets, we can easily exchange them, many of them are negotiable and therefore we should give them full and market value and when we go to give very low value to the agricultural holdings, we will be eating our words. If it is the considered view that commercial assets should be compensated fully and at market values, then we will not be advancing towards a socialistic pattern of society. If that is the view, it is as well that we should bid goodbye to socialistic pattern of society. I don't suppose that that is the view. This point is to be made clear. In view of the compensation that has been now given, fears are entertained among the public that commercial assets are going to be discriminated from the land acquisitions in their favour and high compensation will be given to these concerns and in view of the impending changes that are there, for instance, the nationalisation of insurance which the Government should take up at some time or other, and that too very soon, this question is of paramount importance and I wish that the Government make it very clear that it is not their policy that commercial assets will be compensated fully and at market rates. If we should do so, then my suggestion is that we should also compensate land-holders fully and at market values. Then of course we will be far from realizing our objectives but if the first step should be taken, there should be no reason for discriminating against the landed interests. There will be small land-holders who will be owning 50 or 100 acres and

when we come to fix a ceiling on lands, necessarily the small land-holders will have to give up lands and when we acquire their lands, they should be given not only adequate compensation but they should get full compensation. Land also is in my opinion as commercial an asset as any share of a bank. In some parts of my country, land is as easily convertible as shares of a bank and one can say that the shares and rich commercial assets are speculative whereas land is not speculative at all. Land carries almost substantial and permanent value with it. Therefore I would like the Government to make their policy in this regard very clear. With these observations I wish the Bill a very happy career and the contemplated scheme of the State Bank a great success.

SHRI K. C. KARUMBAYA (Ajmer and Coorg): Sir, I support the Bill. I congratulate the Government and the Deputy Minister who pilots the Bill for various reasons. This is one of the revolutionary measures that gives us, the public workers of this country, an opportunity to redeem a pledge which we have been giving to our farmers for the last 30 or 35 years that after Independence the first act will be the redemption of rural debt. So though the Bill is belated, I congratulate the Government for thinking at least at this late hour of reconstructing our society from the lowest rung. Just like the Bill which we passed the day before yesterday, the Untouchability Offences Bill, this Bill also is very progressive and revolutionary. I congratulate the Government for another reason. Our object is co-operative commonwealth and though speaker after speaker has said that the Co-operative Movement in India has been a colossal failure, I am one of those who think that the co-operative movement has done immense good to the people of India and particularly to the village folk. Since the publication of the MacLachlan Committee Report, the underlying formula of which is

one man one vote, a new life has dawned on the farmer. Is there a more progressive step towards a socialistic pattern of society? We have been declaring that our society must be built on a socialistic pattern. Our Avadi Session has proclaimed it. Our Prime Minister has been declaring again and again that our society will be built on a socialistic pattern. Has not the Co-operative Movement from the start taught our villagers that one man can have one vote? Is it not progressive enough? Is it not a socialist pattern? Has it not done immense good to the people of India as a whole? And so, the idea that the ultimate borrower is to be served through the village co-operative society is another step for which I congratulate the Government. To reach that socialistic pattern, to reach the co-operative commonwealth, the society is to be built on a co-operative basis and so I congratulate the Government for having brought this Bill.

But I must say that the measure brought before us is not progressive enough. It is proposed to give us 400 branches in five years. Without going into details, for want of time, I would only say that it must be ten-fold. Within 5 years it must be 4,000. It is for this reason that I compare rural indebtedness to a contagious disease which is corroding the vitality of our farmers at a terrible speed, probably a speed which is greater than that of a cyclone, and by these tinkering measures, this measure of ours, granting that it will serve 1 or 2 per cent. of the people, by the time we reach our goal, by the time we serve all our farmers, the whole society will be destroyed and we will have to reconstruct the whole society—the whole farmer class. I visualize a situation worse than that of the partition days—a worse situation. The farmer is at a stage where he is in utter bankruptcy. He prefers to change his present condition to that of a labourer, he prefers to run away elsewhere if there is a place outside India but he is not capable of running away. So the only

places he can run to are our cities and towns. Unless we reconstruct him at a speed which is greater than the speed of this contagious disease that has afflicted him, we will not be able to arrest it. Therefore, I have to make a few suggestions in this direction. I know the hon. Minister who is in charge of the Bill will say that these suggestions are beyond the exact scope of his Ministry, that they relate to the work of various other Ministries. Sir, I would submit that I come from a village and so personally I am not acquainted with the technicalities of this question. I look at the Government of India as a whole and I feel that whoever the Minister might be, it is the good of the villager, it is the good of the farmer that is to be served. It is from that viewpoint that I would like this measure to be looked at.

Sir, most of our farmers are highly indebted. They have no credit. Their lands are mortgaged. If it is visualised that the State Bank will lend money to the villager, to the farmer, through the co-operative societies then its first work must be to create either through legislation or through executive orders.—whatever it might be—a debt conciliation board. A debt conciliation board must come in immediately, prior to the distribution of the money to the farmers. Through the debt conciliation board a survey must be made of the indebtedness of every farmer. They must assess the requirements of each farmer for the purpose of redeeming his land. That is the first thing to be done—redeeming his land—before thinking of cultivation and productive purposes. Before that, his private creditor to whom he is subjected to, whose burden he is suffering from, must be conciliated through the conciliation board. Then we must see where he stands and what is the amount that he requires. Having paid off all his debts, then we have to think of providing money for the work of cultivation. Otherwise, whatever money we may give to the farmer will be taken away, will be

[Shri K. C. Karumbaya.]

consumed in meeting the demands of his creditor and the farmer will have nothing left to invest in his own productive purposes. So we must first of all take care to see that at least 75 per cent. of the money given to the farmer goes to the productive activities of the farmer. If that is done, then in the course of three or four or five years, he will be in a position to repay in instalments all the loan granted to him. Therefore there must be the debt conciliation board working along with this measure. That is one suggestion.

Then there is the question of the price of the agricultural commodities. We know how in the days of depression, before 1939, every farmer was indebted. This indebtedness is being handed down from father to son and even in these days of boom, the farmer has not been able to pay off all his debts. According to the Rural Credit Survey Committee, his condition is going from bad to worse. When the prices of agricultural produce are falling down, what is the promise that we give to the farmer? What is the promise that the Government can give him by way of the redemption of his debt, by way of reviving him and reconstructing him? Sir, it seems we are not serious about the whole thing. I think the whole thing is only a sort of paper propaganda. We are not trying to tackle the whole question very seriously. I suggest that the Government must come in to stabilise the prices of agricultural produce and they should see that the prices of agricultural produce tally with those of the consumer goods. What we now find is that, when the prices of agricultural produces are going down, the prices of consumer goods are not going down in consonance with the reduction in the agricultural commodities. Along with this warehouses and godowns must be established. Though there may be godowns here and there, I don't think the Government have got a definite scheme for the cons-

truction of these godowns so as to make them rat-proof and damp-proof. It is generally believed that we lose at least 5 per cent. of our agricultural produce through rats and dampness. Government must see that our godowns are made damp-proof and rat-proof, otherwise whatever is stored there will be lost to the extent of about 5 per cent. and therefore, the farmer will not be inclined to store his grains in our godowns.

Along with these measures, moratorium has to be declared for at least five years. Unless this is done immediately, all the money that will be lent to the farmer will go to the pockets of his present creditors.

Another subject of equal importance is that of water supply. With the vagaries of the monsoons as they are, the farmers do not know what they get after harvest. He does not know when he will lose his crop. The farmer is not in a position to draw up his own budget. He does not know which year he will get a good crop and which year he gets no crop. That brings us to the question of irrigation—that of course, as we know, is a separate department. But we should not wait until schemes like the Bhakra Nangal projects come into operation to relieve the water scarcity of the farmers. Temporary measures such as the provision for wells, lift pumps etc. within six months or within a year, should be made. We must see that the farmer is assured of his water supply.

There are various other measures that are allied with this question. Sir, this is not a charitable institution. It is not just giving away of money which does not come back. It is an institution which must be worked on a commercial basis. As I said in the very beginning, our farmers have no credit. Their lands are under mortgage or they have uneconomical holdings. Under his present

state of indebtedness, he has not got sufficient credit. So on his standing crop, he must be given loan. On his personal security he must be given loans and some other forms of securities also must be found out in order to redeem him from his debts and he must be paid sufficiently for increasing his production.

Sir, it is the general belief that we do not have good personnel in the villages to work these primary societies. I do not fully agree with this statement. But granting that I do agree with it, is it any wonder that we do not get good human material in sufficient quantities in villages to work these societies? What about the various government departments? Have we not imported an army of men for the Bhakra Nangal project? Have we not got a number of experts in the Army? Which Department is free from experts? So it is no wonder that the villages which were neglected for thousands of years lack in these experts. For this it is not the villager who is entirely responsible. It is not the villager who is lacking in enthusiasm.

The reason for the failure of the co-operative movement is the apathy of the Government and the apathy of the personnel of the Department. I may also say that all of us here are equally responsible for the conditions of the villagers and the farmers. I wish to make a fervent appeal that instead of discussing these things, everyone of us, Members of Parliament, M.L.As., M.L.Cs., Government servants and Ministers,—this is not a party matter at all because in the co-operative field there is no party—should become members of some primary society and work it to the satisfaction of all. Our yardstick and touchstone should be this, that after two or three years, the villagers must tell any casual visitor that they have recovered 50 per cent. of the villagers from the clutches of

the moneylenders and that their life has become a better life.

श्री अब्दुर रज्जाक खान (पश्चिमी बंगाल) :
चेयरमैन साहब, जनाब वाला, तकरीबन सभी बातें आनरबल मेम्बरों ने खत्म कर दी हैं और इस बिल पर ज्यादा कहने की गुंजाइश बाकी नहीं रही। मैं सिर्फ चन्द बातों पर जोर देने के लिए अर्ज करना चाहता हूँ। जरूरत का तकाजा जब बंधे बढ़ जाता है तो सूत बढ़ते बगैरे चारा नहीं रहता और मामला टाले नहीं टलता। मुझे खुशी है कि रिजर्व बैंक के कार्यकर्ताओं को हमारी रूरल क्रेडिट की जरूरत का एहसास हुआ और उन्होंने इंकवायरी करके, तहकीकात करके, एक रिपोर्ट सिफारिशों के साथ हमारे सामने पेश की। इन सिफारिशों की बुनियाद पर एक बिल हम पास कर चुके हैं, यह दूसरा बिल हमारे सामने है और आयन्दा शायद एक बिल और आने वाला है।

[MR. DEPUTY CHAIRMAN in the Chair.]

मेरी गुजारीश यह है कि रिपोर्ट यह बताती है कि ब्रिटिश साम्राज्य ने इस मुल्क के अवाम को लूटने के लिए रूरल क्रेडिट का जो ढांचा खड़ा कर रखा था उसे बदले बगैरे चारा नहीं। जो क्रेडिट सिस्टम मुल्क की गरीबी और मुफ्तसी बढ़ाने वाली, तबाही लाना ही जिसका मकसद है, उसे बदलना ही है। सदियों के आह व नाले इसी का रोना रोते रहे। चुनावों इस बिल को इस की तरफ कदम उठाते हुए देखकर मैं इसका स्वागत करता हूँ। यह बिल एक कदम है जो आगे की तरफ जाता है। काश, ज़ुम्बिश जरा अच्छी होती और भद्दा न बन जाता।

जनाब वाला, कंस्टीट्यूशन फॉर्थ अमेंडमेंट बिल पास करते वक्त दोनों हाउसों के मेम्बरों के अन्दर बावजूद पार्टी राय में इखतिलाफ होते हुए मूआविजा के बर में एक उसूल तय होने में बड़ी हद तक एकाई हुई थी। एक बड़े से बड़े मामलों में इस एकाई की कॉपी हैसियत से

[श्री अब्दुर रज्जाक खान]

बड़ी अहमियत हैं। चुनावों के मुल्क के छोटे बड़े, सब को, इस बात की खुशी हुई थी। इसके चन्द ही दिनों बाद जब यह बिल पेश हुआ तो पार्लियामेंट के मेम्बरों में खुशी की लहर दौड़ गई। वे बड़े जोश व खरोश से यह तमन्ना करते रहे कि कांस्टीट्यूशन को तरमीम करते हुए हमने जिस स्प्रिट और जिस उसूल को सामने लाकर बड़ी हद तक एकाई कायम की है उसे हमें इस बिल में अमली जामा पहनाने का मौका मिला है। मुझे अफसोस है कि दोनों हाउसों के मेम्बरान के जबबों और उनकी स्वाहिश पर पानी फेर दिया गया है। मुझे बेहद अफसोस है कि कांस्टीट्यूशन के तरमीम होने के चन्द ही दिनों में उस पर सही मानों में अमल नहीं हो सका। उसमें लीज-स्लीटिव को जो क्वांटम तय करने का अस्तिथार दिया गया है, उस अस्तिथार की टंगड़ी तोड़ दी गई है। इस मौके पर जो दोबारा एकाई होकर एक नजीर कायम हो सकती थी क्या वह मुल्क भर में एकाई और यकजहती पैदा नहीं करती, उम्मीद और आशा की भलक नहीं दिखाती? मगर उसे रोक दिया गया। नतीजा क्या हुआ? मुआविजा मिनिस्टर तय कर चुके हैं और उनके कमिटमेंट के मुताबिक आज मुआविजा तय हो रहा है। लीजस्लेचर जो माकूल और मुनासिब समझे उसके मुताबिक नहीं हो रहा है। क्या यह कांस्टीट्यूशन का गला घोटना नहीं है? इस तरह से आपने इम्पीरियल बैंक के शेयर होल्डरों को खुश किया है लेकिन इन चन्द हस्तियों के सिवा और कोई खुश नहीं हो सकता है। सब लोगों के इस्तिलाफ के बावजूद भी शेयर होल्डर के मामले में हमारी सरकार की नजर-इनायत बड़ी बिलहाज बन जाती है। कांस्टीट्यूशन फोर्थ अमेंडमेंट एक्ट का इतना जल्दी गला घुटते देखकर मुझे निहायत अफसोस है। मुझे अफसोस है कि इस मौके पर बड़ी से बड़ी एकाई के साथ मुआविजा के मुताबिक जो नजीर कायम हो सकती थी, उसे करने से रोक दिया गया है। कल के बाद जब आज दूरत है तो आयन्दा के मुताबिक क्या भरोसा है।

मैं अपनी पार्टी के जरिए से सरकार के इस्ति-लाफ पर एतराज नहीं कर रहा हूँ बल्कि मैं सरकार के अपने कॉल व इक्वार से गुर्रज करने पर एतराज करता हूँ। मुआविजे पर आपने जो मीठी मीठी बातें सुनाई, बड़े से बड़े बैंक का मामला आया तो क्या बात है कि आप अपनी तमाम बातें भूल गए? मैं पूछता हूँ कि क्या आप किसी उसूल के मुताबिक काम होने देंगे, या आप अपनी मन मर्जी से काम चलाएंगे? यह तो पार्लियामेंट का मजाक उड़ाना है, जमहूरियत की टंगड़ी तोड़कर रख देना है।

जनाब वाला, अब मैं क्वांटम पर आता हूँ कि क्या होना चाहिए। मुझे याद है कि आनरबल मिनिस्टर इस बिल पर जब मेम्बरों से तजकिया कर रहे थे तो यह सवाल काफी तौर पर वहां तजकिया में आया और ज्यादा से ज्यादा मेम्बरों की राय यह थी कि इस मसले को हमें सियासी तौर पर तय करना होगा, यानी पूरा मुआविजा नहीं एक माकूल मुआविजा। नीज वहां की राय थी कि इम्पीरियल बैंक के शेयर के दाम में यह जो इजाफा है उसमें सरकारी पुरत पनाही एक बड़ी वजह है। सरकारी खजाने के बक्स को वह अपना नफा बढ़ाने के काम में लाए। तो उनके पैसे का खयाल करते हुए, सरकारी पैसे जो काम दें उसका भी खयाल किया जाए। उनके पैसे से ज्यादा तो सरकारी पैसे थे। फायदे का एक रत्ती भर भी उनके जेब से बाहर न जाए? क्यों यह बात हो गई? अब तो वह तमाम लोग जिनकी जर्मीदारी नेट इंकम के तीन गुना या चार गुना मुआविजा पर ले ली गई थी वे चीखेंगे। अब नहीं कि वह फिर सुप्रीम कोर्ट की तरफ दौड़ने लगें।

MR. DEPUTY CHAIRMAN: It is time, Mr. Khan.

SHRI ABDUR REZZAK KHAN: It is very difficult. मुझे इस बिल के बारे में दूसरे प्वाइंट्स पर भी कुछ कहना है।

MR. DEPUTY CHAIRMAN: You have got a number of amendments

and there you will have an opportunity to speak again.

SHRI ABDUR REZZAK KHAN: All right. Thank you, Sir.

SHRI H. P. SAKSENA (Uttar Pradesh): Sir, it gives me genuine pleasure to support the Bill for constituting the State Bank of India, which in a way celebrates the demise of the Imperial Bank of India and its transformation and transmigration into a new form known as the State Bank. It also does in the same sweep the work of nationalising the bank which was known as the Imperial Bank the very name of which was jarring to my ears and galling to my taste. We on our part carried on an incessant battle against Imperialism for the whole of our life and yet we found that a thing known as the Imperial Bank which smacked of Imperialism all round was still clinging to us in our country. Happily that obnoxious thing is now dead and gone for ever.

Sir, nationalisation of the Imperial Bank came to my mind in the month of December last year as if by intuition. Some acts of the Imperial Bank in our own Parliament House troubled me so much that I prophesied in a sense to the manager of the branch of that Imperial Bank in our Parliament House that the day was soon coming when this Imperial Bank would be nationalised. Exactly a week or fortnight after that, the announcement of the 20th of December 1954, was made which sounded the death knell of the Imperial Bank.

Sir, the Bill has only one object and it is to provide banking facilities to the rural people. The acid test of the working of the State Bank will be the extent to which it fulfils its object of providing banking facilities to all rural people, whether they have credit-worthiness or whether they do not have. Who does not know that 95 per cent. or more of our peasantry does not have any cre-

ditworthiness. But if their condition is to be improved, if the peasantry has got to be rehabilitated, it is sure and certain that each one of them who stands in need of financial help will have to be given financial help, credit-worthiness or credit-inworthiness apart.

Our thanks are however due to the authors of the Rural Survey Committee who did a fine job in making a very thorough investigation and providing us sufficient material to make a beginning in the tremendous task of providing some sure financial facilities for improving the condition of the peasantry. Now along with this process they have got to increase the agricultural wealth of the country and that can only be done when the peasantry is provided with the wherewithal to improve its own condition as well as the condition of its agricultural activities.

Sir, it is common knowledge that our peasantry has to borrow money at a very high rate of interest. The moneylender who makes his home in a village is the veritable Shylock to the poor peasants and once a peasant falls into his trap, it is very difficult for him to extricate himself from that trap for his own lifetime as well as for the lifetime of his sons and grand-children. This state of affairs, I am led to believe, will soon come to an end and some succour and assistance will surely be provided to the peasantry.

There was much talk about the failure of the co-operative societies. I am reminded of my own non-co-operation days. There was a period when we non-cooperated with all that was evil and co-operated with all that was good. Now the days of non-cooperation are over; the days of co-operation have begun and we are in full swing. It is up to us to improve our co-operative credit society fabric because I am of the firm belief that if the movement for co-operative societies fails in India,

[Shri H. P. Saksena.]

India fails. There can be no real progress, there can be no success, there can be no increase in national wealth if the co-operative movement does not succeed. So, as pointed out by my friend, the previous speaker, the co-operative movement has not failed. It is only our energy, our proper direction that is needed to make that decaying and dying movement a complete success, and I hope no efforts will be spared to provide that impetus.

Now, as I visualise them, the coming years are the years of joy, happiness and prosperity for our peasantry. There is Acharya Vinoba Bhave's movement which is doing a lot to provide land to the landless peasants and labourers. There is the State Bank that we are constituting to-day, the development projects, the community projects and so many things and they are all directed towards increasing the facilities to and the conditions of the rural people. So the time is ripe when we should shed off our pessimism and think in terms of seeing a glorious and prosperous India in the very near future, each one of us contributing his own mite towards bringing about that glorious result.

Some of our friends here are an enigma to me. I find that voices are raised from this side of the House that there are so many Ministers, so many Deputy Ministers and so many Parliamentary Secretaries and all that and yet my wise friend whose opinion I always honour and respect suggested yesterday that we should constitute a ministry for rural development whose sole function ought to be to look after the rural development of the country. Now, not to say of one Minister; even if all the Ministers combine to contribute towards the rural development work of the country, that will not be too much because the interests of 70 to 80 per cent. of the people lie in

rural development. To suggest that the Government should saddle itself with another expenditure of several lakhs of rupees per year for constituting a ministry for rural development was something beyond my comprehension. There is a Minister for Agriculture; there is a Minister for Food and then there are Deputy Ministers. Why cannot one of them be put in charge of rural development? I strongly oppose the very idea of forming a separate ministry for rural development.

There is only one fly now in the ointment of the State Bank Bill and that is the question of compensation. It has created a very unhappy—to put it most mildly—situation. Everyone is dissatisfied; whether that dissatisfaction is vocal or it is silent, the dissatisfaction is there. We all remember that the payment of Rs. 55 crores by India to the Pakistan Government cost Mahatmajī's life. Similarly, this compensation to the shareholders of the Imperial Bank of India has cast a gloom on this otherwise joy-bringing measure constituting the State Bank of India. Now, Sir, compensation had to be paid. Those people had put in their good hard-earned money in purchasing the shares of the Imperial Bank. It was all done in 1920 when three Presidency Banks were merged and out of that merger this Imperial Bank was formed. It is 35 years now and they have received huge sums of money as dividend year after year. But that happens in the case of every financial investment, whether it is share or anything else. We cannot blame them for it, but at the same time this quantum of compensation at the rate of 3½ times per share is a thing which is best understood and best comprehended only by those who have done it. I do not say anything about it because the thing is now an established fact. Nothing is going to be done. Therefore we have to take it in the spirit that all that

cannot be cured must be endured. There is no other way out.

MR. DEPUTY CHAIRMAN: It is time, Mr. Saksena.

SHRI H. P. SAKSENA: I will just finish in a couple of minutes.

I may, however, inform my hon. friend, the sponsor of this Bill that there is a very ancient Hindu Law known as the Dumdupat Law which says that a lender of money cannot get back more than twice the amount of money that he had advanced. Similarly the only thing that these shareholders of the Imperial Bank should have got was double the amount of their share. Nothing beyond that. This ancient law ought to have been brought into play. They have made a commitment about which so much has been said. Instead of that, the shareholders should have been referred to this ancient law. They are blending together the old and the new. The Prime Minister is not tired of repeating time and again that we are not going to drop down our roots which lie in the ancient civilization of India. Therefore the old and the new have got to be blended and this law should have been brought in to prove the accuracy of the quantum of compensation.

There are three kinds of loans which are contemplated to be advanced to the peasantry. They are the long-term, the short-term and the medium-term loans. I am not very much concerned about the long-term loans which would be given only to very fat peasants. So far as short and medium-term loans are concerned, I hope every possible facility will be given to them to avail themselves of these loans. With these words, Sir, I wholeheartedly support the Bill.

SHRI A. C. GUHA: Mr. Deputy Chairman, I am glad that almost all

Members of the House, including my friend Shri Bhupesh Gupta, have at least welcomed this Bill. They have made certain suggestions.

MR. DEPUTY CHAIRMAN: I have to inform the House that the House will sit through the lunch hour. The amendments can be considered but voting will take place after 2-30. Of course, if we have the quorum we can have the voting also. Members will please maintain quorum.

SHRI A. C. GUHA: Certain suggestions were made in the other House also. I can assure the Members that the Government have given their best consideration to all the suggestions. I shall deal with them later on. I shall first confine my remarks to certain general points, points of principle raised by hon. Members.

[THE VICE-CHAIRMAN (SHRI H. C. MATHUR) in the Chair.]

Sir, much has been said about socialist pattern and socialism and also of the 4th amendment to the Constitution. I deliberately avoided the phrase 'socialist pattern'. Yesterday I had to go through some of the papers of the Avadi Congress and I think my impression has been confirmed. What has been said in that Resolution is more or less a clarification or reaffirmation of the policy that the Government has been following so long.

SHRI BHUPESH GUPTA: Since the hon. Minister is reading the Resolution, may we know if the Government has come to a decision that the Resolution of the Avadi Congress should be implemented by it?

SHRI A. C. GUHA: I think there has been some Resolution by Parliament to the effect that socialist pattern will be implemented. Sir, the Resolution says: "In view of the declared objective being a socialist pattern of society, the State will necessarily play a vital part in the planning and development." Here the

[Shri A. C. Guha.]

declaration of the objective to be socialistic pattern is not the conclusion of a syllogism. It is rather a premise and the conclusion is that the State will necessarily play a vital part in the planning and development.

I do not know how the hon. Members will define socialism or socialist pattern, but I can say along with thousands of Congressmen that the Congress has got its socio-economic ideas and ideologies from Mahatma Gandhi. I do not think the Avadi Congress Resolution indicates any departure from those ideas and ideologies in respect of the social and economic structure or reconstruction of our society. What we had been following so long, of course with our limited capacity, was to implement the socio-economic ideals of Mahatma Gandhi and Avadi Congress has only interpreted that to be a socialist pattern. I do not like to commit anybody else in this interpretation, but I, who have been nursed in the ideas and ideologies of Congress for so many years, have taken this resolution and the ideology of the Congress from that point of view.

Sir, in the same Resolution we find "the private sector or the non-State voluntary enterprises will, however, continue to have importance." In the present conditions in India such non-State enterprises are necessary for adding considerably to the production and employment. It is the accepted policy of the Government also to have a mixed economy and private sector has been given a definite role to play in the economic and industrial development of the country. So, anything which goes beyond that declaration of the Government or of the Congress which is running this Government, I think, for the purpose of any discussion here is more or less irrelevant. We can only discuss in the background of certain accepted principles and policies and on those principles and

policies we should discuss the provisions of this State Bank Bill.

Further, Sir, much has been said about fifty-five per cent. or hundred per cent shares being kept by the Government. Though the term used here or the language used in this Bill indicates that not less than fifty-five per cent of the shares will be kept by the Reserve Bank, it does not mean that just fifty-five per cent. of the shares will be kept by the Reserve Bank. It may keep even more. For the present all the shares of the Imperial Bank will be transferred to the Reserve Bank and the Reserve Bank in an opportune time and at a price fixed by it may transfer a certain number of shares to private parties not exceeding forty-five per cent of the total issued capital. So, I do not know why this emphasis is being placed on hundred per cent. or fifty-five per cent. shares being held by the Government? What difference in effect would it make? I do not think it is the contention of any Member that simply taking over by the State of this or any other industry concerned would mean the ushering in of socialism. Sir, State control should be clearly differentiated from socialism. If State control is confused with socialism, then, I think, Bismarck should have been called the first practical socialist. But I do not think Mr. Bhupesh Gupta would like to take him in this rank.

SHRI BHUPESH GUPTA: Quite right. Just as I won't take you!

SHRI A. C. GUHA: Yes, I concede what is right, without caring for you.

So, I do not really appreciate this meticulous distinction about fifty-five per cent. or hundred per cent. shares being kept by the Government. What is really significant and important in this respect is the control of this machinery. I think most of the Members have agreed that as far as the general policy and principle of working are concerned, effective control

will be kept by the Central Government or by the Reserve Bank, as the case may be. Just as yesterday I told you, today also I should like to remind the House that I may use the term Central Government meaning thereby also the Reserve Bank which always works in consonance with the policies of the Central Government.

Then, Shri Bhupesh Gupta has also said something about employees' participation in the management. Sir, this is what is prevalent in the U.S.S.R.: "The Director and the administrative personnel constitute management. Top level administrators are appointed by the Government department responsible for the particular industry or enterprise." So, I do not find anywhere here that the workers of the factory or of the industry have got any hand in the management of the factory. Moreover, there is another interesting thing here which also I should read out. "In the U.S.S.R. wages are set on the principle of payment according to quality and quantity of work done. There is no upper ceiling." Sir, if the payment of wages is made on the basis of the quality and the quantity of work done, then, I think, it will be a far cry from socialism. If there is any nearly, generally accepted definition of socialism I can say it is this: "from each according to his capacity, to each according to his needs."

SHRI BHUPESH GUPTA: That is right.

SHRI A. C. GUHA: But I do not think in spite of the claim made by the U.S.S.R. authorities, in their latest Constitution, this principle has been implemented in the U.S.S.R.

SHRI BHUPESH GUPTA: Sir, on a point of explanation and clarification. You had been to U.S.S.R. and I too had been there. There sometimes the skilled workers get more wages than the Directors.

THE VICE-CHAIRMAN: (SHRI H. C. MATHUR): Two of you are standing.

SHRI B. C. GHOSE: Why don't you follow the socialism of Yugoslavia?

SHRI S. N. DWIVEDY: That he will not agree.

SHRI A. C. GUHA: Sir, Mr. Ghose has mentioned Yugoslavia. I think Tito is a more horrible name in U.S.S.R. than *petit bourgeois* Nehru or anyone this side. (Interruption.)

Then, Mr. Bhupesh Gupta has said so many other things. I was rather amused yesterday to hear his political lectures. It was not a speech on the State Bank, but it was just a thesis on what I should say Big Business or something like that.

SHRI BHUPESH GUPTA: And what is the lecture that you are delivering at the moment?

SHRI A. C. GUHA: I am only replying to the points. You have provoked me. Sir, he has said: "We have seen what is happening in the Industrial Development Corporation that you have set up in the various parts of India. We have seen how the grip of the monopoly concerns is still retained in the Hindustan Shipyard. We have seen how it is still there in the Indian Airlines Corporation and all that." I think, the Development Corporation has not yet started working. It has only been incorporated, I think, with a nominal capital of Rs. 10 lakhs. But my friend, Mr. Bhupesh Gupta.....

SHRI BHUPESH GUPTA: I know what is happening there, and how the capitalist influences have been working there.

SHRI A. C. GUHA: Then, Sir, he has also said that the Congress has lost 7½ years—first he mentioned 7 years, but then he corrected himself to 7½ years—in taking any step in

[Shri A. C. Guha.]
this direction. Perhaps his reference was not only to the Imperial Bank, but to many other things also. Sir, I would again ask him to refer to the history of the U.S.S.R. from 1917 October Revolution to 1928. They did not even have planning started by that time I do not like.....

SHRI BHUPESH GUPTA: That is the October Revolution.

SHRI A. C. GUHA: I do not like to be misunderstood. I have nothing to say against the authors of the Russian Revolution. But only for some historical and practical comparison, I am mentioning these things. I know the difficulties under which they had to work. And personally speaking, I think, I do not give in, in my regard and respect for the creator of that Revolution, Lenin, even to Mr. Bhupesh Gupta. The only difference is that he will not utter the name of Lenin except in conjunction with some other names. I shall utter the name of Lenin sing^h and I consider him next to Gandhiji, the greatest social and economic revolutionary of this age.

To revert I do not think that the 7½ years time is a very big gap for a Government. We had also our difficulties. And to overcome those difficulties, we have been tackling our problems, I think, in a fairly efficient and satisfactory manner.

Then, Sir, I think, I should come to the most controversial point regarding compensation. I think that there has been some misunderstanding. It appeared to me from the speeches that there is an impression that the Finance Minister, i.e. the present Finance Minister gave some assurance to the shareholders of the Imperial Bank. But there is nothing of that sort. The assurance which he referred to in his speech was the one given by his two predecessors, and the language used in the announcement of 20th December 1954, is "we

reaffirm." So, it was no assurance given by the present Finance Minister behind the back of this House or anybody else.

SHRI BHUPESH GUPTA: On a point of clarification, Sir. Suppose, I succeed you, and I say "I reaffirm the statement." and suppose, that statement was an assurance. Then, does it not follow that I have also given that assurance?

SHRI A. C. GUHA: I am coming to that. Sir, even the assurance that was given by the two preceding Finance Ministers was given on the floor of Parliament, not in a private negotiation or in private correspondence. And I do not think there was any opposition or any objection to that assurance from any side.....

SHRI BHUPESH GUPTA: When was that?

SHRI A. C. GUHA: Some years ago. Anyhow, Sir, I am not basing my case on any assurance given. Of course, the Government is trying, and in fact, every Government should try.

SHRI RAJENDRA PRATAP SINHA: Sir, may I request the hon. Minister to read out the passages from the debates which he is now quoting?

SHRI A. C. GUHA: I have seen those passages. Yesterday also I saw them.

SHRI BHUPESH GUPTA: Sir, I draw your attention to the speech which the hon. Minister made in the Lok Sabha. He said that the Finance Minister had already given an assurance, announcing the decision about nationalisation of the Imperial Bank in December last. Now, Sir, in this whole speech you will find that he was talking about a certain assurance.

SHRI A. C. GUHA: He has used the language "we reaffirm". Anyhow, Sir, I do not like to base the case of

the Government on that assurance only, although the public assurance given on the floor of this House by the two preceding Finance Ministers has some force on the Government and the Government have got some obligation to such assurances unless some very strong reasons prevail upon them

Sir, now I would like to refer to the real merit of the case. These shares were quoted in 1921 or in 1920 at the value of Rs 1,770, Rs 2,200 and Rs. 1,675 That was the value of the shares of the three Presidency Banks, the Bank of Bengal, the Bank of Bombay and the Bank of Madras. And each shareholder got his share calculated on this price. So it would not be quite correct to say

SHRI BHUPESH GUPTA: But how many shares did he get? Not one, but four.

SHRI A C GUHA. So, Sir, it would not be quite correct to say that The shareholders got their shares, face value for face value, i.e. for a share the face value of which was Rs 500, another of Rs 500 And then, if we examine the fluctuation of shares during the last 20 years, we will find that the average price of the shares is Rs 1,810-8-0 If you take the average of the last 10 years, the price would be Rs. 2,013-10-0 And if you take the preceding 10 years, it would be Rs. 1,607-4-0 And if we take the 20 years' average, as I stated, it would be Rs 1,810-8-0 And we are paying Rs 1,765

Then, Sir, as I stated yesterday, even up to the year 1930, the majority of the shares were held by Europeans Subsequently, those shares have been purchased by Indians And they did not pay only Rs. 500, but they paid the market price, which, on the average, would come to about Rs 1,800 or Rs 1,700, or something like that Now, if we pay less, we would not be depriving the Europeans, who have cleared

out with their dues, but we would be depriving the Indian shareholders, who purchased these shares in recent years at a very high price Sir, I think, only about 4 per cent. of the shares are still held by the original shareholders, and about 96 per cent. of the shares have changed hands, perhaps several times, during all these years

SHRI BHUPESH GUPTA. Changed hands how? By transfer or by inheritance or succession? These are very pertinent questions

SHRI A C GUHA. Mostly by purchase They may be very pertinent questions, but I do not know how

SHRI BHUPESH GUPTA. You said "changed hands" But I may have got these things from my father, or from somebody else

SHRI A C. GUHA. Then, I think that we should also take into consideration the assets that we are going to have It has been stated that the paid-up capital of the Bank is Rs 5,62,00,000, the Reserve Fund is Rs 6,35,00,000 So, it would be Rs 11,97,00,000 The depreciated value of the houses and buildings is Rs 1 30 00 000 There are other assets also whose depreciated value would be Rs 1,14,00,000 Then there are investments in Government securities to the tune of about Rs 1,10,00,00,000

SHRI BHUPESH GUPTA. May I know from what document he is reading?

SHRI A C GUHA. I am reading from the Report of the Central Board of the Imperial Bank for the year ending 31st December 1954 This investment in Government securities of about Rs 1,10,00,000 is not the real amount that we are going to inherit from this Bank According to their accounting procedure, these securities are valued either at the market value or at the cost price whichever is less Most of these securities must

[Shri A. C. Guha.]
have appreciated during this time, and these have been put at the original purchase price—not at the appreciated value. But if any security has depreciated, only the depreciated value has been put in. We can take it that at least a few crores of rupees—I do not like to make any guess—would be available out of this Rs. 1,10,00,00,000 investment in securities.

SHRI RAJENDRA PRATAP SINHA: The hon. Minister said that a few crores will be gained under this heading. Can he give an approximation?

SHRI A. C. GUHA: As regards buildings and houses, I can only cite a few cases to show how the prices of these buildings and houses have been shown in their account books after depreciation has been deducted for all these years. A house in Naini Tal was valued in the account books of the Imperial Bank at only Rs. 800, but it was sold in 1950 at Rs. 6,560. A house in Vizagapatam was shown valued at Rs. 60 only in their account books, but the sale proceed was Rs. 34,000.

SHRI BHUPESH GUPTA: Profiteering.

SHRI A. C. GUHA: Profiteering? I will have to have a new dictionary to understand the meaning of words. Ordinary dictionaries will not help me.

SHRI BHUPESH GUPTA: Ask for one from the Imperial Bank.

SHRI A. C. GUHA: I would therefore ask hon. Members to calculate for themselves as to how much more would be available out of these Rs. 1,30,00,000 shown in their account books as the value of their buildings and houses. I can straightway give this assurance to the House that the State Bank will surely inherit much

more than what the Reserve Bank will be paying.

The shares will be purchased and sold by the Reserve Bank. The State Bank will not come into the picture at all in this transaction. As I said before, the Reserve Bank will sell these shares in the proper time at a price fixed by the Reserve Bank, and it should not be presumed by Members that the Reserve Bank will sell the shares only at their face value—a 100 rupee share for Rs. 100. Surely the Reserve Bank will sell the shares at a premium, and that also will be coming to the Reserve Bank coffers. Taking all these things into consideration, I do not think that we are paying a high price for the shares of the Imperial Bank.

Then, there has been some mention about zamindari abolition. I consider that comparison to be utterly misplaced and misconceived. As I have stated, the Government's industrial policy, as approved by both the Houses of Parliament, has allotted an important role to the private sector in the economic and industrial development of the country. If we abolish private sector—that is a different situation, but as long as we retain private sector, we cannot and should not do anything to discourage the will to invest in the private sector. It will be doing something which is likely to sabotage our policy of leaving some development works to be undertaken by the private sector also. We must see that there is sufficient will to invest, and if we do not pay a fair compensation in such cases, I do not think that anybody would be coming forward to invest money in the private sector. As for the abolition of zamindari, I reiterate what I said in the other House that this Government does not want landlordism in any shape or form to continue in the country even for a day more. We want to give it a decent burial for all time to come. So, there cannot be any comparison between these two.

There is a qualitative distinction between the taking over of a private industrial concern when we still have a private sector having an important role in the industrial and economic development of the country, and the taking over of zamindari.

Sir, some Members then suggested that in pursuance of the resolution about a Socialist pattern or in consonance with the Fourth Amendment of the Constitution, there should have been some gesture here. I cannot understand how one or two or three crores of rupees less as compensation would have helped in establishing socialism, and as far as I have been able to understand the Fourth Amendment of the Constitution, it is not for the purpose that we may be able to fix compensation in an arbitrary manner. It is rather for the purpose of keeping the Government more or less independent of the judiciary in this matter. The Prime Minister in his first speech in the other House made repeated reference to the Sholapur Mill judgment. That judgment jeopardised a number of our legislations—the Insurance Act, the Industries Development and Regulation Act and so many other Acts. All these became suspect in the eyes of the law. So it was necessary for the implementation of the Industrial Policy that the Government should have adequate authority to take over certain concerns in the public interests, in the interests of the nation. I don't think compensation paid here can in any way be interpreted as contradicting the Avasi Resolution or the spirit of the Fourth Amendment of the Constitution. But yet I would concede that in such a matter there must always be scope for difference of opinion. Those who hold different views in this matter, who think that a lower rate should have been paid—I have nothing to complain about that view and I have every respect for such views being held but at the

same time—I would ask them to remember that Government also must have taken some material things, some significant factors into consideration before coming to this decision. I hope this will satisfy this controversy.

Then I come to certain points regarding the Bill. Quite a number of friends have mentioned about the State Associated Banks, about 400 branches being inadequate and about share capital and I think about the inadequacy of number of branches or even about the inadequacy of directors of the Central Board having experience of cooperatives. I should first take up the State Associated Banks matter. I have stated several times that Government have more or less accepted in principle the recommendations of the Rural Credit Survey Committee. While implementing this there may be slight variations as in one case where the Committee recommended Rs. 5 crores to be put in a particular fund, the Government decided to put Rs. 10 crores. So there may be some slight variations but in spirit, the Government has accepted the recommendations and it has accepted also the recommendations regarding the State Associated Banks. I can give this assurance to this House that it is the definite intention of this Government generally to integrate all the State Associated Banks particularly....

SHRI B. C. GHOSE: All?

SHRI A. C. GUHA: particularly those which are catering in the Part B States because otherwise there will be some gap which it would be very difficult for the State Banks immediately to fill.

SHRI B. C. GHOSE: Might I ask the hon. Minister in regard to the recommendations of the Gorwala Committee, whether the Government

[Shri B. C. Ghose.]
have informed the Houses of Parliament as to which particular recommendation they have accepted in full and which in a modified form? If they have not done so, will they please lay some papers indicating their decision on the various recommendations?

SHRI A. C. GUHA: For this Session it is rather too late.

SHRI B. C. GHOSE: It is an integrated matter.

SHRI A. C. GUHA: Anyhow the question may be considered in the interim period. Then we shall see what..

SHRI AKBAR ALI KHAN: Will he assure that in the next Session he will make a statement in this matter as to what recommendations have been accepted or not?

SHRI A. C. GUHA: There are so many recommendations. Gradually the Government will be coming before this House and certain recommendations are to be implemented by the State Governments and some by the cooperative organizations. Anyhow I can say this that this matter will be considered by the Government and whatever is possible will be done.

SHRI B. C. GHOSE: Is the Government proceeding piece-meal at the moment?

SHRI A. C. GUHA: Naturally it cannot be done all at once. Taj Mahal cannot be erected in one day.

SHRI B. C. GHOSE: Certainly. But it was an integrated whole. If you take one or two recommendations, it will not serve the purpose.

SHRI A. C. GUHA: Integration can be done only after the pieces have been put together.

SHRI RAJENDRA PRATAP SINHA: (Bihar): We want to know the mind of the Government—how they are considering this whole question of the entire report and whether they will accept it. In what stages they will be implemented—that we are not concerned with. We want to know the decision regarding the report.

SHRI BHUPESH GUPTA: The financial tailors should put together the pieces.

SHRI A. C. GUHA: In the present Bill there is clause 35 which provides certain facilities for voluntary merger. We expect that some of the State Associated Banks may take the opportunity of that clause and may agree to merge but there may be certain technical difficulties for other banks to avail themselves of that clause or there may be some other difficulties also. It is the intention of the Government to come before this House with a further legislation so that the State Associated Banks may be taken over.

SHRI B. C. GHOSE: All State Associated Banks? I want a definite answer.

SHRI A. C. GUHA: I cannot give a definite reply whether all the State Associated Banks are even worth taking. It may be that some of them are not worth taking.....

SHRI B. C. GHOSE: All those which are worth taking?

SHRI A. C. GUHA: That is to be examined.

SHRI B. C. GHOSE: After examination?

SHRI A. C. GUHA: That question is still under consideration. We are having discussions with the several State Governments. I think this hon. Member is particularly anxious

about the Baroda Bank and without mentioning that name yesterday he was indirectly referring to that.....

SHRI B. C. GHOSE: I want you to take it over.

SHRI A. C. GUHA: Whether to take it over or not—I don't say. You are anxious to do it.

SHRI BHUPESH GUPTA: He wants to know from the Hamlets of the Government when this drama will end—to be or not to be.

SHRI B. C. GHOSE: Because you are implementing the recommendations of the Survey Committee about the State Bank.

SHRI A. C. GUHA: I can concede that I am not a *Sarvagna*—omniscient. Whatever points they have mentioned, I am, to the best of my knowledge and capacity, replying to them, within the time allotted. If they go on asking so many things about Hamlets, I am not in a position to say.....

SHRI V. K. DHAGE: Shakespearean language.

SHRI A. C. GUHA: Sir, Shri Mathur mentioned about the nominated Directors and I think there is some misapprehension about this. The nominated Directors, except two—one from the Central Government and one from the Reserve Bank—will all be non-officials.

Next I come to the pay structure. Sir, yesterday, you made certain observations about the salaries of the Governor of the Reserve Bank. Previously the Governor of the Reserve Bank was getting Rs. 10,000 per month.

SHRI BHUPESH GUPTA: Rs. 10,000?

SHRI A. C. GUHA: Yes, previously.

SHRI BHUPESH GUPTA: And now how much?

SHRI A. C. GUHA: And then it was reduced to Rs. 7,000.

SHRI BHUPESH GUPTA: When was that?

SHRI A. C. GUHA: I think before the advent of Independence. And subsequently, the present Governor was getting Rs. 6,000; but from the 1st of July he will be getting Rs. 5,000.

SHRI V. K. DHAGE: First of July next?

SHRI H. P. SAKSENA: Piece-meal reduction.

SHRI B. C. GHOSE: Is it Rs. 5,000 all together? Is there no perquisite?

SHRI A. C. GUHA: There may be some.

SHRI B. C. GHOSE: May be? How much?

SHRI A. C. GUHA: Sir, on a previous occasion, in reply to some supplementary questions I said—the Prime Minister also stated it on the floor of the House when referring to the high salaries drawn by bank officials to which Government's attention was drawn,—that it is not possible to implement the ideal by cutting down the salaries at one stroke; in view of the salaries given by the private banks. Our difficulty is that we have to keep the salaries of the officials of the Reserve Bank and the State Bank more or less comparable with those of private banks. Of course, we are not keeping them actually on par, but anyhow there should be some parity between the salaries of these officials and the officials in the private banks.

SHRI BHUPESH GUPTA: Why?

SHRI A. C. GUHA: Otherwise we will not get any proper men.

SHRI BHUPESH GUPTA: I see.

SHRI A. C. GUHA: In the other House, one hon. Member suggested,

[Shri A. C. Guha.]
or I think actually moved an amendment that the managing director of this State Bank should not get any salary higher than the salary of the Finance Minister. The Finance Minister was present then and he said: "I object to this amendment, not because I would come before this House for increasing my salary, but I may have to come with a notice to this House that no man is available at that salary for being the managing director of the State Bank." So we cannot ignore facts altogether in our anxiety for some social and economic ideas. But what I have stated clearly indicates that the remunerations of the officers of the banks under our control are being reduced gradually.

The hon. Member Shri Ghose asked what other perquisites the Governor would get. He will only get a free house—nothing more and he has to pay a substantial tax on the concession—and he has voluntarily offered to have a reduced salary, i.e., to cut down his salary from Rs. 6,000 to Rs. 5,000.

SHRI BHUPESH GUPTA: Rs. 500?

SHRI A. C. GUHA: I say, from Rs. 6,000 it will be now Rs. 5,000. At Rs. 500 you cannot expect to get him.

SHRI BHUPESH GUPTA: Not under the present regime.

SHRI A. C. Guha: Not even under the regime of my hon. friend for as I said, there is no ceiling even in the U.S.S.R.

THE VICE-CHAIRMAN: (SHRI H. C. MATHUR): You have already taken about one hour, and we want to keep to the schedule.

SHRI A. C. GUHA: As regards the pay structure, as hon. Members would have seen, we have excluded the managing director and the deputy managing director from the purview of this Bill. Their salaries will be determined when the Imperial Bank

is taken over by the Reserve Bank. As for other employees, we have given a guarantee of continuous service and same terms and conditions as they have been getting now.

There has been a frequent criticism about cooperative movement in our country. I myself have stated that the record of the cooperative movement in this country so long has not been a very happy one, and I have stated also that that is due not so much to any intrinsic defect in the cooperative institution as such, but to certain circumstances. First of all, it was due to the political situation which was not suitable for the fostering of any nation-developing institution or organisation. Secondly, at the initial stage, it should have got some State support which it did not get. As one hon. Member stated, atleast in the primary stage, these organisations are run more or less by honorary workers or part-time workers, getting Rs. 10 or Rs. 15 or something like that. It was something like a vicious circle. Unless we have efficient and good workers, we cannot develop these societies and unless the organisation is developed, we cannot afford to keep efficient and good workers. That is why in this scheme the State's participation has been enunciated. It will be the responsibility of the State Governments to develop these co-operative societies and organisations by subscribing to their share capitals, by giving loans and rendering help in other respects. I think hon. Members know there are so many schemes under the Central Government for helping the different co-operative institutions especially for the benefit of the small scale and rural industries. Some hon. Member suggested that instead of depending on the broken reed of cooperative organisations, the Government might have availed itself of the small banks, numbering about 400 or so, for this purpose. I do not think that anybody who has got any knowledge of the working

of these banks would agree to such a proposal. I can forthwith cite Mr. B. C. Ghose, as a witness on my behalf. I think he will agree that these banks.....

SHRI BHUPESH GUPTA: He may be a hostile witness.

SHRI B. C. GHOSE: No, no.

SHRI A. C. GUHA: I think he will agree that these banks, unless they are radically changed and reorganised, are not worth touching. Actually these banks have been a problem to the Government. I think some hon. Members may recollect that as a private member of the Constituent Assembly I used to take some interest in bank failures and it was, more or less, on my agitation that the Government set up a committee of enquiry into the bank failures in Bengal, and still as a Minister I am taking some interest in these small banks. So I can say with some inside knowledge and authority that it would be a dangerous thing to depend on these small banks for the distribution of agricultural credit.

As for other commercial banks, due to their limited resources and due to the paucity or insufficiency of their finance it is not possible for them to do anything. I would like hon. Members to refer to pages 323 and 324 of the report of the Rural Credit Survey regarding the place of commercial banks with reference to the requirements of agricultural credit.

I can say that they are not at all suitable for direct agricultural financing.

Some Members have referred to land or any immovable property not being accepted as security as provided for in the State Bank Bill. Some Members have cited the case of banks operating in other countries but in our country it had been found

necessary to restrict the operations of the commercial banks only to credit on movable property and, more or less, to short term transactions. There also, I think, Mr. B. C. Ghose will bear me out that most of the banks in Bengal failed because of their investment in immovable property and their assets being blocked there.

SHRI B. C. GHOSE: They were the commercial banks but this is the Rural Section of the State Bank.

SHRI BHUPESH GUPTA: Not because of that but because of their liaison with blackmarketing and their investment in such markets.

SHRI A. C. GUHA: I do not know what is meant by liaison with black-market. The hon. Member may have better knowledge of that.

SHRI BHUPESH GUPTA: I have.

SHRI A. C. GUHA: He is a Bar-at-law and many clients may come to him for consultation.

SHRI BHUPESH GUPTA: Not that way, exactly.

SHRI A. C. GUHA: The State Bank, as I have stated, will take over the biggest commercial bank in the country and will continue to be the biggest commercial bank. We do not want to injure in any way that character of the State Bank or the Imperial Bank when transformed into the State Bank. I feel that it would be wrong to do otherwise than to follow the established practice in this regard even for the State Bank.

Mr. Ghose suggested that the agricultural credit department of the Reserve Bank should be transferred to the State Bank. In the discussion on the Reserve Bank Amendment Bill also, he expressed the same doubt about the wisdom of having certain things done by the Reserve Bank and certain things by the State Bank. I do not know if he means that the

[Shri A. C. Guha.]
part allotted to the Reserve Bank may be taken over by the State Bank and the part allotted to the State Bank may be taken over by the Reserve Bank. Anyway, he has not given any reason why he does not like that allocation nor has he suggested any alternative scheme.

SHRI B. C. GHOSE: All that I said seems to have fallen on deaf ears. He says that I have given no reasons and no suggestions when I have given reasons and suggestions.

SHRI P. T. LEUVA: That is what you say.

SHRI A. C. GUHA: I can assure this House that the agricultural department of the Reserve Bank has been doing very good work and it will continue to do very good work. From the very inception of the Reserve Bank, the Bank has been taking some interest in agricultural credit and has been helping the apex banks and the co-operative organisation in arranging rural credit. The Reserve Bank will continue to be the principal source for short term accommodation to be advanced to the co-operative apex banks in various States. The Reserve Bank has been helping the co-operative movement in numerous other ways, e.g., to purchase debentures of the land mortgage banks or to advance medium credit to the State apex banks.....

SHRI B. C. GHOSE: Yes, but there was no other institution.

SHRI A. C. GUHA:.....under the amendment of 1953 and by organising and financing training schemes.

SHRI B. C. GHOSE: There was no other institution then but the Reserve Bank. Now, there is another Government Bank.

SHRI A. C. GUHA: I do not know why this work in which the Reserve Bank has, more or less, specialised

should now be transferred to the State Bank.

Some other Members have said that this agricultural credit is not the work of a Central bank. That is more or less true for advanced countries but I think, for an under-developed country like India, it is necessary and it rather helps development. The role that is being played by the Reserve Bank for so many years has been appreciated by the different State Governments and also by the co-operative organisations and we see no reason to change this system.

I think he was not very serious about the suggestion of Ministry of rural development.

SHRI B. C. GHOSE: Who was not very serious? I was very serious but Government is not serious about it.

SHRI A. C. GUHA: For a special Ministry for rural development.

SHRI B. C. GHOSE: There will be one more Minister from the Congress.

SHRI A. C. GUHA: I am not interested. Let the hon. Member come over this side and then we shall consider.

SHRI BHUPESH GUPTA: Is this kind of inducement permissible, Sir?

SHRI A. C. GUHA: Mr. Ghose mentioned something about the Head Office or the central office. He said that he did not like the financial concentration in any one particular city or town. He may not like it but that is the fact and that is the fact in spite of the Imperial Bank of India having its headquarters not exclusively in Bombay and I think the Reserve Bank also functioned more or less from two cities unless the Bengali industrialists and economists like Shri B. C. Ghose can

change the trend of Indian finance and economy he will have to accept

SHRI B. C. GHOSE That is for the Government

SHRI A. C. GUHA. I think he will have to take it as fact and reconcile himself to it.

SHRI B. C. GHOSE I do not agree.

SHRI H. P. SAKSENA: Is it a review on the debate or a lecture on Mr. B. C. Ghose?

THE VICE-CHAIRMAN (SHRI H. C. MATHUR): Do not say that. He is answering all the points raised

SHRI A. C. GUHA. The difficulty is that the other Members may not have such a thick skin as Shri B. C. Ghose. So, I can throw all my shafts on him.

THE VICE-CHAIRMAN (SHRI H. C. MATHUR): Mr. Guha, kindly continue. Time is over now

SHRI A. C. GUHA: It is not possible or really practicable to have mobile headquarters, moving like seasonal birds from one city to another city. So, we have decided that the head office should be in Bombay but, at the same time, there is sufficient provision here that the interests of the other regions should not be ignored. There would be a number of local head offices; there would be local registers maintained, there will be local boards; and directors on the Central Board will also be nominated with some regional and territorial considerations and the Board may also meet in other places, not necessarily in Bombay. So, sufficient care has been taken to **see that the financial and economic** interests of other regions do not suffer.

There is one particular point which Mr. Dasappa very vehemently put and that is about the representatives

of co-operative institutions on the Board. The phrase used is, "not less than two" I can give this assurance to Shri Dasappa and to this House that Government will see that the real purpose of rural credit, as desired by the Government, is implemented through this Bill and that the movement will not be allowed to suffer in any way. The rural interests would surely be represented in adequate number and proportion.

We have not put any maximum limit. We shall see that sufficient representatives of rural areas would be there. When there is no maximum number fixed, I think Shri Dasappa may depend on the Government that they will take sufficient care to have the proper representatives of the rural areas on the Board

Then he has also referred to some rural industries. The Rural Credit Survey Committee also made certain reference to these and also made certain recommendations. Sir, I completely agree with him that unless we can have rural industries we cannot relieve the burden on land. Other industries can select their employees according to their requirements in number and also quality, and they reject other candidates. But for agriculture, as at present, there is no such choice or the possibility of any such rejection. Anybody born in the rural areas is a burden on agriculture. So it is of paramount importance that rural industries should also be started and certain recommendations have been made, and, as I stated a few minutes ago, already the Government has got so many schemes for helping rural industries and they have also so many Boards for helping rural industries. They have been giving some contributions to the co-operatives for helping rural industries and under this scheme also they will do the same.

Then, Sir, it seems there has been some misapprehension about the

[Shri A C Guha]

Warehousing Board Certain Members have mentioned ten crores or something like that I do not know where they have found the ten crores This Bill has no mention of any money, and, in fact, no money can be mentioned here The State Bank will help to finance the warehousing corporations and warehousing companies in different regions—it will not exactly finance the warehousing companies, rather through the warehousing companies it will finance the tenants for short-term loans Sir, the proposed warehousing scheme in the Report of the Rural Credit Survey which the Government has the intention to implement, is as follows

The Government of India in the Ministry of Food and Agriculture will set up (1) National Co-operative Development and Warehousing Board with the Minister for Food and Agriculture as Chairman, (2) an All-India Warehousing Corporation with the Secretary to the Ministry of Food and Agriculture, as Chairman; (3) State Warehousing Companies (Chairmen to be nominated by the All-India Corporation) and (4) Co-operative Warehouses in different regions of the country

The National Co-operative Development and Warehousing Board will administer the National Co-operative Development Fund and the National Warehousing Development Fund The Central Government will contribute a sum of Rs 5 crores non-recurring to the National Warehousing Development Fund and the Central Government would also make annual recurring grants of Rs 3 crores to the National Co-operative Development Fund and Rs 2 crores to the National Warehousing Development Fund The National Board is mainly concerned with laying down general policies and to promote the planned development throughout the country of the co-operative processing and marketing of agricultural commodi-

ties and of facilities for storage and Warehousing of such commodities.

The All-India Warehousing Corporation will have an authorised capital of Rs 20 crores out of which Rs 10 crores will be issued and paid up The following will subscribe to the capital (1) National Co-operative Development and Warehousing Board (2) State Bank of India (3) Other commercial banks (4) Insurance companies and investment trusts (5) Joint Stock Companies dealing in agricultural commodities and (6) Organised Forward Markets, e.g., the East India Cotton Association The total would be Rs 10 crores

A minimum dividend will be guaranteed by the Government of India on the same lines as the Industrial Finance Corporation The Corporation will acquire and build godowns and warehouses and regulate markets at places of all-India importance, train the necessary cadres and staff, and take up the work of distribution as agent of the Government of India or of the State Governments

The State Warehousing Companies will have an authorised capital of Rs 2 crores of which Rs 50 lakhs will be issued and paid up 50 per cent of the capital will be subscribed by the All-India Corporation and 50 per cent by the State Governments These companies will acquire and build godowns at places up to the district and sub-divisional levels and subscribe to the share capital of co-operative societies concerned with storage and warehousing as their primary function

Co-operative warehouses will be established at Taluka headquarters, smaller towns and important marketing centres in semi-urban and rural areas Where a State warehousing company has contributed to the share capital of a co-operative society it

will be open to the society to return the share capital of the company according to a phased programme of replacement. The company will however continue to hold not less than 51 per cent. of the share capital of the societies which may run godowns or warehouses at and above the sub-divisional and district levels.

In the proposals formulated by the Ministry of Finance in consultation with the Ministry of Food and Agriculture and the Planning Commission, which have been approved by the Cabinet, it has been suggested that the National Board should be concerned only with co-operative development and not with warehousing and that the All-India Warehousing Corporation will be directly managed by the Ministry of Food and Agriculture without the intervention of the National Board. Besides their own share capital the All-India Warehousing Corporation as well as the State Warehousing Companies will be able to issue debentures to supplement their funds.

The Committee have also made mention of other sources like *ad hoc* grants by the Government of India and possible foreign assistance.

I would also like to draw the attention of the Members to clause 36 of this Bill. The dividends payable to the Reserve Bank on such shares of the State Bank held by it as do not exceed fifty-five per cent. of the total issued capital and such contributions as the Reserve Bank or the Central Government may make from time to time will be put in a special fund known as the Integration and Development Fund to make up the losses that might be incurred by the State Bank in doing this rural banking work.

Sir, I think I have touched most of the points and it is not possible to refer to other points. Only I like to end with some reference to Shri Bhupesh Gupta. Yesterday he said

that I could quote only Goldsmith and asked me to remember what Rabindranath Tagore had said. I promised to myself that I should present him with some quotations from Rabindranath Tagore also to-day. I think the Bill I have the honour to pilot will reflect the spirit of this quotation which I am giving from Rabindranath Tagore. It may be possible for him to recollect from which poem I have taken this quotation:

“ओई जे दांडायें नत शिर

मूक सबे म्लानमुखे लेखा शुद्ध शत शताब्दिर
वेदनार करुन काहिनी; स्कन्धे जतो चापे भार--
बहि चले मन्दगति जतवस्त्रन थाके प्रान तार,
तार परं सन्तानेरं दिये जाय बंश बंश धीर
नाही भर्त्से अट्टर्हरं, नाही निन्दे दंवतारं स्मरि,
मानवेरं नाही दैय दोष।

ओई सब मूढ़ म्लान मूक मुखे

दिते हवे भाषा; ओई सब श्रान्त शुष्क, भग्न बुके
ध्वनिया तुलिते हवे आशा, डाकिया बाँलिते हवे--
“मुहूर्त तुलिया शीर एकव दांडाव दीखि सबे;
मार भयं तुमि भीत, सं अन्याय भीरु तोमा चये
यखनी जागिबे तुमि, तखनी सं पालाइबे धये;
देवता विमुख तारं, केहो नाही सहाय ताहार
मुखे करे आस्फालन, जाने शे हीनता आपनार
मने मने।”

I have tried to put it in English also.

THE VICE-CHAIRMAN (SHRI H. C. MATHUR): As you are addressing the Chair, you will please give the purport of it also.

SHRI A. C. GUHA: Here it is:

“Hither they stand
with heads bent
All mute figures,—

Their pale faces carry
mournful stories of centuries;

The more load you put
on their shoulders.
They drag on their weary steps
till life lingers

[Shri A. C. Guha.]
And then—

They leave the load as legacy
to their descendants

They don't curse their fate
nor complain against the gods,
nor blame men.....

We shall have to put words in
these mouths—
ignorant, pale and mute;

We shall have to instil new hopes
in these hearts—
tired, arid and broken

We shall have to give them the call
"Stand up together for moment
with head erect.

That injustice, of whom you are
afraid,
is a greater coward than you.

Whenever you will awake—
he will run away.
God is averse to him.
there is none to befriend him;

However bombastic he may speak,
in his heart of heart—
he knows his wickedness."

Sir, I hope this Bill and other measures which this welfare State is taking for the rural areas will give words to these pale, ignorant and mute mouths and will instil new hopes in these hearts.

THE VICE-CHAIRMAN: (SHRI H. C. MATHUR): The question is:

"That the Bill to constitute a State Bank for India, to transfer to it the undertaking of the Imperial Bank of India and to provide for other matters connected therewith or incidental thereto, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI H. C. MATHUR): Now we will take up clause by clause consideration of the Bill.

Clause 2. There are no amendments.

Clause 2 was added to the Bill.

THE VICE-CHAIRMAN (SHRI H. C. MATHUR): Clause 3. There is one amendment, No. 45 in List No. 2.

SHRI BHUPESH GUPTA: Sir, I move:

45. "That at page 2, lines 16 to 19, for the words 'together with such other persons as may from time to time become share-holders in the State Bank in accordance with the provisions of this Act, shall, so long as they are shareholders in the State Bank', the word 'shall' be substituted."

THE VICE-CHAIRMAN (SHRI H. C. MATHUR): Clause 3 and the amendment are open for discussion.

SHRI BHUPESH GUPTA: By my amendment I want to delete certain words in the clause, that is, those words by which you have made provision for other people to become shareholders. I want to delete those words for the simple reason that I do not want any shareholder other than the Government, Reserve Bank in this case. It has a technical meaning but I do not think this amendment will be accepted.

SHRI V. K. DHAGE: Why do you start with that?

SHRI BHUPESH GUPTA: Because he has said that the capitalists must have the pound of flesh and that he will give it. Such is the judgment. But my suggestion is there and if good sense dawns upon them even now.....

SHRI V. K. DHAGE: In consonance with other amendments of yours you must move this.

SHRI BHUPESH GUPTA: I have moved it. The only thing is that I am not speaking on it.

SHRI A. C. GUHA. I am not ready to accept this amendment. It is against the very basic principle of the Bill

THE VICE-CHAIRMAN (SHRI H. C. MATHUR). The question is:

45. "That at page 2, lines 16 to 19 for the words 'together with such other persons as may from time to time become shareholders in the State Bank, in accordance with the provisions of this Act, shall, so long as they are shareholders in the State Bank', the word 'shall' be substituted"

The motion was negatived

THE VICE-CHAIRMAN (SHRI H. C. MATHUR). The question is

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4 was added to the Bill.

THE VICE-CHAIRMAN (SHRI H. C. MATHUR). Clause 5 There are four amendments No. 46—Shri Kishen Chand is not here. No. 47 also; Mr Parikh is not here.

SHRI BHUPESH GUPTA: Sir, I move

3. "That at page 3, line 1, for the word 'fifty-five', the words 'one hundred' be substituted."

SHRI V. K. DHAGE. Sir, I move

4 "That at page 3, lines 1-2, for the words 'fifty-five per cent', the words, 'seventy-five per cent' be substituted"

THE VICE-CHAIRMAN (SHRI H. C. MATHUR). The clause and the amendments are open for discussion.

SHRI BHUPESH GUPTA: Sir, this is an important amendment. We want that one hundred per cent. of the shares should be held by the State, the Reserve Bank in this case. Sir, we have been given some reasons as to why the hon. Minister does not think that it is important from the point of view of having State control to see that all the shares are held by the State His argument is that he would have a large number of people to protect public interests and to look after the work of the bank in the way he would like it to be looked after Here I am not questioning his intentions at all I take it they are good after the verses that he read out to us It is not the intentions that really matter

SHRI V. K. DHAGE Sir, may I draw your attention to the fact that the Deputy Chairman had ruled that during lunch hour votes would not be taken if there was no quorum Now that there is no quorum, I do not think we shall be able to take votes The discussion only can proceed.

THE VICE-CHAIRMAN (SHRI H. C. MATHUR) Yes; the discussion can proceed Let us see.

SHRI BHUPESH GUPTA: Sir, it is said that the way to hell is paved with good intentions. Assuming that the intentions are good, it is not the intentions that will rule the Imperial Bank or control and direct its finances. What is the objective logic? I can quite understand their position in so far as it ensures that atleast 33 per cent. of the shares would be held by the Government and that a number of persons would be nominated by them to be on the Board of Directors. I do not at all minimise the seriousness, the importance and also the significance of such an arrangement At the same time

[Shri Bhupesh Gupta]

it would be, I think, incorrect for us to accept the arguments that he has advanced in favour of allowing not exceeding 45 per cent of the shares to be held by private shareholders. Sir, there are two paths of nationalisation and I make it very clear that I have no illusion that the path that they have embarked upon is a path of socialism. Socialism means that the means of production should be owned by the real producers of the land, that is to say, the workers on the land. As long as that does not come about, the question of socialism is a far distant cry. Here we are not concerned with theoretical dissertation as to what socialism means or not. What we are really concerned with is that the Government should have effective and proper control in this matter and I think until and unless they hold the entire share capital in their own hands they are not going to have that control. Sir, it might seem possible to some gentlemen that since they are going to have the majority, the majority will dominate. But first of all I wish to make it quite clear that there is no certainty that among those who will be put there to constitute the majority by way of nomination by the Government there would not be people who actually belong to the other side, the side of the Big Money and the big shareholders. It is very likely that some of them by reason of their alleged experience in trade, industry and commerce would find their way into the Board holding Government nominations in their hands.

2 P M

Secondly, those people who will be coming in from among the shareholders will be very powerful people. I do not know if you have had any experience of sitting with some of the moneyed people. The moment they get there, they will start exerting their influences so that even

honourable and good men will sometimes succumb to their undue and unfair influences.

The other point is, why must we give them the shares? There is an economic side to it. These 45 per cent of the shares would mean roughly half the capital of the bank. Therefore the profits made by the bank will be divided accordingly, *pro rata*, that is to say, 45 per cent of the profits of the bank would go to those people who hold 45 per cent of the shares and who are private individuals. The remaining 55 per cent of the profits would of course come under the control of the Government. Now, if we are running a State Bank, if the business is conducted on the support of the Government and with the blessings of the Government, then certainly a measure of goodwill would be associated with this bank. The moment it becomes the State Bank of India, it will begin to shake off the grim and dismal legacy of the past. If, after having been placed in such a favourable position, it begins to earn profits, well and good. We would like our State enterprises to make profits so that sufficient revenues for national reconstruction are available. Why on earth in that case should the profits made by the bank be dissipated by distributing it to individual shareholders? And remember, Sir, the shareholders would all be more or less rich people. I do not think there are any poor people among the shareholders. If they were there, they would prefer to have cash compensation rather than going in for buying shares because I take it that family requirements are such, they are in such distressed conditions today that they would like to have cash. They would like to utilise that cash and take some other chance in life. It is only the very rich people who have savings and investments who would be interested in keeping these shares. Even among the rich,

as you know, everybody will not have shares. Only those who are better off, who are well placed and who have got influence with certain high officials, only such people who are highly placed would be in a position to wangle out shares. So by and large most of the shares will fall into the hands of the monopolistic class of rich people. It is no use telling us that some of the shares are with the poor people. We know how these shares are manipulated with a view to avoiding taxation and other things. In this case the shares would be grabbed by the rich people. By this Bill you are creating a base that will always operate against you. You have brought in, shall we say, a fifth column inside the Board of Directors to operate against your plans and projects and against your way of functioning Sir, many concerns have been nationalised in other countries; in France in England and in other places. Of course, the shares are not so divided as we are doing here. As you know, the London Transport is a nationalised concern. The Steel Industry in England was taken over but the Churchill Government gave it back again to the private capitalists. But we know that the entire thing was taken over. Of course, we do not support the payment of compensation, because that was the Imperialist way of doing things. Why must we give over these shares to private individuals? It is a bad precedent. They are introducing the concept of mixed economy but this kind of mixture will spoil the whole thing. In the first instance, it will have a wrong sort of control. It will create a fifth column inside which will dissipate the gains and profits which should be utilised for the development and reconstruction of the country. We always complain about capital formation. We are not satisfied with the rate of capital formation in the country. The panel of economists who have advised the Government on planning has attached

great importance to this matter. When the second Five Year Plan was discussed this question of capital formation engaged the attention of many economists and planners. When we have got this chance of getting money for our development work, why are we parting with it in this way? Why do they make such an arrangement that part of the money completely gets out of their hands? I cannot understand this at all. They may say that it is a kind of accommodation which more or less has to be put up with for the time being. I ask why. According to their own scheme of things, compensation is being paid. Even after that, they are saying, 'take these shares'. This is the most unfortunate thing. And I think the Government has already made up its mind on this point. I am not asking them to follow our path even if the hon. Minister quotes Lenin. I know it will be a misjudgment on my part if I were to expect that Shri Guha will tread along my path. We were fellow-travellers once, but at that time I was not a communist, nor he a Congress Minister. Those were the old days. I only ask them to have the fullest measure of control with themselves. I do not make this a party issue at all. Remember, Sir, I am asking this Government to take over the entire control to themselves, this Government to which we are fundamentally opposed. Even so I believe they will make a better job of it than the monopolist class. If they are put in charge, what is more, the Parliament will have control, and the Congress Members on that side of the House many of whose sincerity I do not at all doubt and who mean well by the country, will also have a better say in the matter. Therefore I am asking them to take it over themselves and put their own good men on the Board if they do not like us and see that the whole thing becomes a fully State-controlled and truly nationalised thing. This is

[Shri Bhupesh Gupta.]

what we demand of them. Now, from the point of view of economics, from the point of view of public policy, from whichever angle you view that matter, I think it is very very important that this amendment should be accepted. If Bismarck could think in these terms some centuries ago, why could not our little Ministers here do that today with the world so much changed, with all the factors in their favour, when even the Communist Party is supporting them. It is really beyond my comprehension that the Government should have taken a step forward and faltered thus at the next. I want an explanation for this. The arguments that have been given are puerile and childish. I think we are all well advanced in age. I think he is somewhere near 60. We cannot indulge in such puerile and infantile arguments. Let there be some solid arguments against what I have stated in order to vindicate and justify the standpoint of the Government. I therefore hope that my amendment will be accepted by the hon. Minister.

SHRI KISHEN CHAND: Mr. Vice-Chairman, I had gone for lunch and so I could not move my amendment but I wish to say a few words on the amendment which I had sent in. My amendment has not been formally moved. Even if it had been I know that it would not have been accepted. But I want to make a few observations. I am definitely against any sort of secret reserve. If the assets of the new State Bank, as taken over from the Imperial Bank, are valued today and they are found to be of the value of Rs. 20 crores, what is the point in having a share capital of Rs. 5 crores sixty-two lakhs and odd, and then keep a Reserve Fund and another secret Reserve Fund and sell the shares of the State Bank for Rs. 350 or according to Mr. Parikh for Rs. 500? If the shares of the State Bank are sold at a

premium, the result will be that at a later time when the Government tries to acquire these shares which have been sold at a premium, the public will come forward and say, "when you were selling, you sold at a premium and therefore you must purchase at a premium." So I am against the idea of premium completely. If the share capital of the new State Bank is fixed at Rs. 20 crores and no reserve fund is kept, the advantage would be that from every year's profit some amount will have to be transferred to the reserve fund. And naturally the dividend will not be given till that time. With a big share capital and a big reserve fund which may go up to twenty crores of rupees, the financial position of the new Bank will be very strong. I submit that when we are going in for this type of financing where we are going to provide funds for financing rural credit, it is very essential for the bank to have a high share capital. You know, Sir, that for good banking, it is supposed that the amount of deposits and savings, etc. should not be more than ten times the share capital. For orthodox banking it is agreed that if the share capital is less than one-tenth of the deposits, the profits will not be sufficient, and, the reserve fund cannot be built up. I submit that to go in for risky rural credit, it is essential that we have a share capital of twenty crores of rupees, which may subsequently be raised to fifty crores of rupees and a reserve fund of a like amount. For this type of Bank which is doing the composite work of a commercial bank as well as rural credit, it is very essential that its share capital is increased substantially, as its present share capital is much too small. I am surprised that the hon. Finance Minister is thinking of perpetuating this principle of selling shares at a premium when he can very easily and suitably by a slight amendment, without making any alteration, raise the capital to twenty crores of rupees

and sell all the shares at par. He will thus set a very good precedent. Therefore, I would request the hon. Minister to adopt a bold policy and accept my amendment even at this late hour by agreeing to it; then the Chair can give a ruling and adopt it.

SHRI V. K. DHAGE (Hyderabad): Sir, I do not wish to make a long speech on this occasion as Mr. Bhupesh Gupta has already dealt with the problem. It has been the clear intention of the hon. Finance Minister to have an effective control and it has been also suggested by some of the Congress leaders that this is a measure to nationalise the Imperial Bank. I feel there is no nationalisation at all unless and until the entire capital belongs to the Reserve Bank. I also feel that there is no question of effective control, when there will be forty-five per cent. of the capital belonging to the private people. From the working of the banking institutions it will be very clear that with a forty-five per cent. of the share capital belonging to the public, it is the big capital interests that will be able to have its sway, particularly when the nominations that are to be made by the Government are to be from the people who shall have experience in banking, industry, etc. Besides that the six people who will be elected from the shareholders representing forty-five per cent. capital will also be such people as will wield very great influence. I, therefore, feel that a *via media* may be found and I have suggested in the amendment that I have moved that seventy-five per cent. of the capital be retained by the Reserve Bank of India and if they wish to have the co-operation of the private sector, they may have twenty-five per cent. of it. That is why I suggested in my amendment that to the extent of seventy-five per cent. of the capital it may be retained by the Reserve

Bank and only twenty-five per cent. may be given to the public sector. I hope that the Finance Minister will be able to accept this amendment.

SHRI C. P. PARIKH: Mr. Vice-Chairman, I was not able to formally move my amendment because I was absent, but the clause is now for discussion and I would suggest that instead of the share of the Reserve Bank being fifty-five per cent. if the percentage was kept at fifty-one per cent., it would have been quite adequate. It is no use keeping fifty-five per cent. when fifty-one per cent. could have been quite sufficient, because fifty-one per cent. gives the assured majority to the Reserve Bank.

Now, Sir, the question about nationalisation has been raised. What is nationalisation? To own one hundred per cent. and to lock up the funds of the Government to the extent of ten crores of rupees or more is not necessary. First of all, it must be properly understood that in the first five years this State Bank is not going to make profit. That I can see. The Imperial Bank has made profits, because the profits have been on account of the commercial and industrial side of the banking. Now, the rural banking side is thought fit to be taken over and I think no higher rates and no higher profits will be charged in the rural banking side in the initial stage for the first five years. Our agriculturists will not be able to pay any higher rates of interest. On the contrary, in my opinion, what will happen is that in spite of the profits on the industrial and commercial side, the real profits of the bank will diminish, by the loss that will be made on the rural banking side. We people who are experienced in business, trade and commerce know that it is bound to be losing for the first five years until the agricultural side or the rural banking side of this bank begins

[Shri C. P. Parikh.]
to pay. So, whether the State takes fifty-five per cent. or fifty-one per cent, it is immaterial.

Now, Sir, the point has been raised that this capital is inadequate. Let us understand the banking rules, let us understand how banking is functioning in other countries. The capital of a bank is not the only thing. What are the reserve funds and what is called in the technical term of banking, what is the own funds of the bank? Nobody talks about capital; nobody talks about reserves. What are the own funds of the bank, is the main criterion. Every bank is judged by its 'own funds' in the technical language used in banking circles. For the banks their 'own funds' constitute the capital plus the reserves. The 'own funds' may remain the same whether the capital is eleven crores or fifteen crores. In the case of the Imperial Bank, the reserve funds which are to the extent of six crores, will be transferred to the State Bank. Therefore, this State Bank will have the same capital and the same reserve funds as the Imperial Bank. That is the present position. In that case practically the credit position or the status of the Bank is not at all affected. Furthermore, we must understand that about ten more State Banks have to be amalgamated. That also will go to increase the capital as well as the reserves because the whole process is to take over the various banks coming into the field. That is not also enough. The non-scheduled banks are there. Some of them are not functioning properly. Even some scheduled banks are not functioning properly. There are some banks which Government may take over if it thinks that expansion is necessary in order to have more branches without any great risk. And the power to amalgamate is taken under a clause framed in this Bill. So, the amalgamation is going to increase

the capital. With the amalgamation there will be increase of capital and there will be increase of reserve funds and, therefore, the 'own funds' of this Bank will be to the extent of twenty crores of rupees. Now, whether capital is in the form of 'own funds' or in the form of reserves, is the same thing. The Bank at any moment can transfer the reserve fund to capital or the reserve funds can be capitalised. Suppose there are losses to the bank and there are no reserve funds kept with the bank. Then naturally the bank cannot write off the losses from the capital. There will then be a reduction of capital if the bank incurs a loss. So, provision has to be made by every sound bank that its reserves are also correspondingly of a fair amount. That is the main consideration.

Now, with regard to the other points raised about keeping all the one hundred per cent. shares, I do not know what advantage can be gained. As I have explained already, this Bank is not going to make profit for some time to come. I can assure hon. Members of the House that looking at the way in which this Bill will become an Act, even forty-five per cent will not be taken up by the trade, industry and small investors also, because they have other sources of getting more return. And I am doubtful whether all the forty-five per cent. which will be offered to the public or which the Reserve Bank wants to allocate to the public will be taken at the rate at which Government desires to issue those shares. If the valuation is proper and if the market rate is proper, the rate of issue should be Rs. 353 and nothing less. And if they issue these shares at the rate of Rs 350/- I am quite sure that applications for forty-five per cent. will not be coming in. Therefore, the Reserve Bank has said that they will keep more shares in their hands

They will keep more than fifty-five per cent. and when the Reserve Bank thinks it proper and necessary, it will sell its own excess shares keeping the minimum at the level of fifty-five per cent. That point has to be understood, because when this Bank becomes a profit-making concern after five years, Government has always adequate powers to take over all the remaining shares by passing another Act. Just as they have taken over these shares, if the other shares are there to the extent of forty-five per cent. and if the Bank is making great profits after five years, then Government have only to bring forward a Bill to acquire the remaining shares at a particular price which they prescribe.

Therefore, there is no difficulty about that and the proper procedure is there. At present the Government has provided to pay only Rs. 10 crores by way of cash.

SHRI H. P. SAKSENA: Why can't bonds be given to the shareholders instead of cash?

SHRI C. P. PARIKH: Bonds will be given only for the remaining amount, because all the shareholders are not receiving this. The minimum amount of cash is only Rs. 10 crores and the balance will be by way of bonds. These bonds will be securities calculated at the market rate. So, cash will be given, but we are not discussing the compensation clause here. Therefore, what I am saying is that the decision that the Government have made is quite simple, fair and understandable. The whole point here is that the assets and liabilities of the Imperial Bank are transferred to the State Bank. The whole balance sheet of the Imperial Bank is transferred to the State Bank. It is not nationalisation. It is only a transformation of

the Imperial Bank into the State Bank.

Now, Mr. Bhupesh Gupta said that these are rich shareholders. I think that the people who have money know how to invest their money at a higher rate of interest. If you see the classification, you will see that 10 per cent. are held by foreigners; 28 per cent. are held by trusts and companies. Under companies will come banks, insurance companies, corporations, etc. They are investing their money in this bank, because they are legally bound to invest their money in this way. And the rest are invested by the general public. As regards these, if Mr. Gupta sees the classification, there are about 10,700 shareholders of the Imperial Bank now. For a total of 1,12,000 shares, there are 10,700 shareholders, and out of these shareholders, 7,500 are holding shares less than ten each. Therefore, there is no great accumulation in the hands of anybody. Now, Mr. Gupta has said that the entire control is in the hands of the Directors of the Imperial Bank. This is so, because the shareholders do not attend meetings and absent themselves from voting in electing the Directors. Only those people who attend meetings vote. The smaller men do not usually attend meetings, and the people who hold block shares attend meetings and it is they who get elected. But here in this Bill the control is entirely different. The whole control is in the hands of the Government, because Government nominates about 14 Directors and six Directors alone are elected. So, the commercial side of banking which should have ten Directors, has had its share considerably diminished. If Mr. Gupta thinks that persons of big business or who have experience of banking should not be there, I think that this whole business will come to grief on that account. I may tell you the experience I have had with one of

[Shri C. P. Parikh.]
 the ex-Directors of the Reserve Bank I asked him to explain certain items in the Balance Sheet of the Reserve Bank and he was unable to explain. This man had been a Director of the Reserve Bank and still he did not know what items a certain entry in the Balance Sheet covered. This is the way Directors are chosen. I think that Government should take note of this and should appoint only those men as Directors who can devote a greater part of their time to this work. Experience and knowledge have to be taken into account. If there is no knowledge, if there is no experience, we shall get into a muddle. Here 55 per cent of the shares are proposed to be held by the Reserve Bank. Even 51 per cent. would have been sufficient. The only point is that they should control the Bank in such a way that they may get some profit and not run into losses. If later on the Government thinks that it should have a cent per cent interest in the Bank, it can always do it by bringing in another piece of legislation. Therefore there is no sanctity about this figure of 55 per cent. I think that 51 per cent, as I have suggested, should be kept.

SHRI A C GUHA: I don't think I need have to say anything on the amendment of Mr Bhupesh Gupta. According to him 100 per cent of the shares should be kept by the Reserve Bank. I have already replied to that point in my reply to the general discussion.

Mr Kishen Chand's amendment is for increasing the share capital to Rs 20 crores. I think it has already been mentioned in the Bill that they can do it. Only any increase beyond Rs 12½ crores of subscribed capital will require the approval of the Central Government. So there is no particular necessity for the amendment. As Mr Parikh said, a Bank works

not only on its own subscribed capital but also on deposits, reserves etc.

As far as the amendment for increasing the shares to be held by the Reserve Bank from 55 per cent to 75 per cent is concerned, I find that the gentleman concerned has not even followed it up by a consequent amendment for decreasing the number of directors to be elected by the shareholders. So I take it that he is not serious about his proposal.

THE VICE-CHAIRMAN (SHRI H. C. MATHUR): Only amendments Nos 3 and 4 have been formally moved. The question is—

3 "That at page 3, line 1, for the word 'fifty five' the words 'one hundred' be substituted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI H C MATHUR): The question is—

4 "That at page 3, lines 1-2, for the words 'fifty-five per cent' the words 'seventy-five per cent' be substituted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI H C MATHUR): The question is—

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clause 6 was added to the Bill.

THE VICE-CHAIRMAN (SHRI H. C. MATHUR): Clause 7. There are three amendments No 5, Mr Sekhar is not here.

SHRI BHUPESH GUPTA: Sir, I move:

6. "That at page 4, after line 8, the following provisos be added, namely:—

'Provided that no officer shall receive emoluments exceeding rupees one thousand per month:

Provided further that no foreigner, unless he is a Pakistani national or a naturalised citizen of a foreign State but of Indian origin, shall receive any pension or gratuity:

Provided also that no remuneration in the form of salary, allowances, pension or otherwise shall be paid to any one except in Indian or Pakistani currency."

7. "That at page 4, line 20, for the words 'shall be final', the words 'shall, subject to the approval of Parliament, be final' be substituted."

THE VICE-CHAIRMAN (SHRI H. C. MATHUR): The clause and the amendments are now open for discussion.

SHRI BHUPESH GUPTA: One aspect of my amendment deals with emoluments that can be drawn by any officer. It says that no officer shall receive emoluments exceeding Rs. 1,000 per month:

"Provided further that no foreigner, unless he is a Pakistani national or a naturalised citizen of a foreign State but of Indian origin, shall receive any pension or gratuity."

I add further:

"Provided also that no remuneration in the form of salary, allowances, pension or otherwise shall be paid to any one except in Indian or Pakistani currency."

There are two aspects of the matter. One is what should be the emoluments. That is one thing. Here we have put a ceiling of Rs. 1,000. We are quite clear about it. There is no use trying to tell us what is happening in Soviet Russia or in the People's Republic of China.

[MR. DEPUTY CHAIRMAN in the Chair.]

We are concerned with our country and our country alone in such matters. Comparisons are not necessary in this case, because the whole thing has to be related to the standard of living of our people, the capacity of our country, the position of our exchequer and the resources available to us at any point of time and also to the ideals we have set before us. There was a time when at the Karachi Congress, a Resolution was passed putting a ceiling on salaries at Rs. 500. Now that is dead and buried as far as the Congress Party is concerned.

SHRI H. P. SAKSENA: Because Karachi has gone out of India.

SHRI BHUPESH GUPTA: We want to resurrect that. I think in that resolution, some of the sentiments of our people, their wishes and aspirations were given expression to and that still prevails and should prevail. Since the prices have gone up, the cost of living has gone up, we are putting it at Rs. 1000. You may say 'Why not four times this?' I say that at that high level it should not be on *pro-rata* basis because Rs. 1,000 would give a person enough to live as a reasonable being and to have a decent standard of life. We don't spend so much money and I don't think many of the Members on that side of the House, despite the heavy drafts on the Parliamentary allowances and all that do spend so much money but I think all of them are honourable and reasonable men, live a decent life engaged in public work actuated by a selfless desire to serve in the way they think best for their people. So are we on this side of the House. Therefore if we could perform such functions in the country,

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could undertake such great responsibilities, then can we not find from our human resources a person who would be satisfied with Rs. 1,000? I say this thing because of the conditions of our own reputations and traditions which you and I, the Congress Party at one time and ourselves had shared. Therefore it is nothing new that I am saying. It is known that the Prime Ministers of other countries draw high salaries. The Prime Minister of U. K. gets £10,000 a year and free residence—Chequers and all that. Our Prime Minister thought that he should get less. We wish he had drawn a little less but he is getting much less. If one might have said that since he is the Prime Minister, he would require much more money, he would have, I know, rejected that idea and he would have been perfectly justified as indeed he has been, in not accepting salaries at a higher level. The country appreciates such gestures. That attitude will certainly set certain ideals before the country.

MR. DEPUTY CHAIRMAN: Please be brief.

SHRI BHUPESH GUPTA: Similarly a question was raised. You were not present. Here we say keep to that ceiling. The argument is, if you pay this money and no more, then you would not get persons to function as Directors or as officers of the Imperial Bank of India. It hurts one's patriotism to hear such arguments. If the Congress Party, especially through its Prime Minister, who is loved by a large section of the people had made an appeal to the countrymen that he wants such men of patriotic fervour and self-less stature who would man such places and forego a higher salary, if he had made such an appeal and the Government had backed it up, I have no doubt in my mind that experts in this line, devoted to the service of the people, would have come forward and would have been satisfied with a smaller salary. I have great esteem for the patriotism of our people and I know that among our people, to

whatever party they belong, there are many people who would like to serve the nation even undergoing such sufferings. Therefore it is no use trying to tell us.....

MR. DEPUTY CHAIRMAN: That will do, Mr. Gupta.

SHRI BHUPESH GUPTA: A little more. That will, do for you, I know.....

MR. DEPUTY CHAIRMAN: Order, order.

SHRI BHUPESH GUPTA: That will do as far as you are concerned.

MR. DEPUTY CHAIRMAN: That will do as far as your speech is concerned.

SHRI BHUPESH GUPTA: You will see the reasonableness. He says that unless you pay Rs. 5,000—he did not say Rs. 5,000 but suggested it. He said you will not find people because other banks pay such high salaries. I reject that argument—it is not acceptable. If the other banks are paying then pass a legislation and make it impossible for those banks to do this kind of black-legging; if they indulge in this kind of thing, stop it by legislation. We can put a ceiling on all salaries in the country. We shall be with you. In any case, when a State Bank is sought to be brought into existence and if it sets before itself certain ideals and is associated with a different type of functions, I think people would be coming. If we could get people for the universities—professors etc.—how much do they get?—they get Rs. 1,800,—they are very eminent men, scholarly people, who have made great contribution.....

MR. DEPUTY CHAIRMAN: We are not concerned with university affairs. We are here concerned only with the clauses in the State Bank Bill.

SHRI BHUPESH GUPTA: If we could get professors—we are concerned with the salaries here.....

MR. DEPUTY CHAIRMAN: Why go to universities and scholars?

SHRI BHUPESH GUPTA: Neither are we concerned with bank managers of other banks. An analogy was drawn and a counter analogy is being drawn. I say, if he points to those in the private banks when he talks about the salaries of these people, I point to the university professors and lecturers who are doing a great service to the Nation with their culture and learning and are satisfied with a very small salary. You should take such lessons from this. Therefore I say that the salary should be reduced.

With regard to pensions, I say that pension should be paid only in Indian and Pakistani currency. If you are to pay in any other currency, it should be in Pakistani currency. Why do I say that? You know that every year we spend not less than Rs. 9½ crores in England in Sterling as pensions etc. Every year during the last 7 years or so, we have exhausted not less than Rs. 70 crores that way which is not a small amount—which had been dissipated and squandered away for paying pensions to the gentlemen who at one time ruled India and left us a horrible legacy. I think the time has come to put a stop to such things. We should not give any pension to those people. Here in this particular clause I have only suggested some restrictions. Don't pay any pension in other currencies and more especially in Sterling currencies. That is most important that I am saying. You save money every year and a beginning must be made somewhere so that these funds are not dissipated, and that they are utilized for developing the economic interest of this country. Why must we go on spending on pensions to those people about whose service we have nothing to commend. Therefore I say, accept this amendment. With regard to Pakistani citizens, I make an exception. Because we are kith and kin. An artificial disruption in our economic and social ties has taken place for no fault of the people themselves. We recognize that and we want that bar-

rier to go, to crumble down one after another—the barriers that divide the friendly relations and the fraternal relations between our two countries and the two people who are kith and kin. Therefore I say with regard to Pakistani citizens that families may have been divided between Pakistan and India but exception may be made and there should be no hesitation on our part in giving pension in Pakistani currency when that becomes necessary.

The last amendment—No. 7—reads:

“That at page 4. line 20, for the words.....”

MR. DEPUTY CHAIRMAN: “Shall, subject to approval of Parliament”.

SHRI BHUPESH GUPTA: Yes. I am very thankful to you, Sir, for the kind help which I very much desire and appreciate.

MR. DEPUTY CHAIRMAN: You always have it provided you are reasonable.

SHRI BHUPESH GUPTA: Before your happy departure, such help would leave you with good remembrances.

As you see, Sir, the amendment seeks to give Parliament a right to look into the decisions. All manner of decisions are taken by the Board of Directors or the controlling authority which is the Central Government. We want the decisions taken under this clause to be placed before Parliament and subjected to a kind of review and discussion. That is very important because we feel that it will be necessary for us—at least for some time to come, before you formulate your policy and come to definite conclusions as to what the direction and guidance for the State Bank should be—Members of Parliament to get an opportunity to bring their judgment to bear upon such matters and make suggestions so that the Government can know the minds and draw upon the experiences in order to evolve their policies. This is being turned into a State Bank; it will

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no longer be the Imperial Bank in private hands. It will be under Government control and the policy formulation will pass through various experiences. I think the Parliament should be given this right; that does not mean that I want every minor matter to be brought before Parliament. That is not my suggestion. My suggestion is that decisions of this nature like allowances, etc., the basic policy decisions, should be placed before the Parliament in order to get a direction from Parliament. This is my suggestion that I hope—hoping against hope, I suppose—that these amendments will be accepted because they seem so reasonable and the hon. Minister has no doubt in his mind that had he not been committed to this policy in a particular way, he would have seen the reasonableness of accepting this and accepting this wholeheartedly.

SHRI A. C. GUHA: I cannot accept this amendment. I do not think it would be practicable to come before Parliament for approval of these decisions.

MR. DEPUTY CHAIRMAN: What about the other thing about Pakistani currency?

SHRI A. C. GUHA: No, Sir. I am not accepting that too.

SHRI BHUPESH GUPTA: Your family may be there, I know that some members of your family are there.

I press both the amendments to the vote, Sir.

MR. DEPUTY CHAIRMAN: The question is:

6. "That at page 4, after line 8, the following provisos be added, namely:—

'Provided that no officer shall receive emoluments exceeding rupees one thousand per month:

Provided further that no foreigner, unless he is a Pakistani

national or a naturalised citizen of a foreign State but of Indian origin, shall receive any pension or gratuity:

Provided also that no remuneration in the form of salary, allowances, pension or otherwise shall be paid to any one except in Indian or Pakistani currency.'"

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

7. "That at page 4, line 20, for the words 'shall be final', the words 'shall, subject to the approval of Parliament, be final' be substituted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

PAPER LAID ON THE TABLE

EVIDENCE TENDERED BEFORE THE JOINT COMMITTEE ON THE COMPANIES BILL, 1953

SHRI A. C. GUHA: Sir, on behalf of my colleague Shri H. V. Pataskar, I beg to lay on the Table a copy of the evidence tendered before the Joint Committee on the Companies Bill, 1953. [Placed in Library, See No. S-190/55.]

THE STATE BANK OF INDIA BILL, 1955—continued

Clause 8 was added to the Bill.

MR. DEPUTY CHAIRMAN: Clause 9

SHRI BHUPESH GUPTA: Sir, I beg to move:

8. "That at page 5, line 30, after the words 'every person', the words 'other than a British national' be inserted."