

MESSAGE FROM THE HOUSE OF THE PEOPLE

THE REPEALING AND AMENDING BILL, 1953

SECRETARY: Sir, I have to report to the Council the following message received from the House of the People, signed by the Secretary to the House:

"In accordance with the provisions of Rule 148 of the Rules of Procedure and Conduct of Business in the House of the People, I am directed to inform you that the House of the People, at its sitting held on the 11th December, 1953 agreed without any amendment to the Repealing and Amending Bill, 1953 which was passed by the Council of States at its sitting held on the 20th April 1953."

PAPERS LAID ON THE TABLE

MINISTRY OF FINANCE (REVENUE DIVISION) NOTIFICATION EXTENDING THE TERM OF THE INCOME-TAX INVESTIGATION COMMISSION.

THE DEPUTY MINISTER FOR FINANCE (SHRI A. C. GUHA): Sir, I beg to lay on the Table a copy of the Ministry of Finance (Revenue Division) Notification No. 71, dated the 2nd December 1953, extending the term of appointment of the Income-tax Investigation Commission up to the 31st December 1955, as required under sub-section (3) of section 4 of the Taxation on Income (Investigation Commission) Act, 1947. [Placed in Library. See No. S-207/53.]

REPORT ON THE WORKING OF THE PREVENTIVE DETENTION ACT, 1950 DURING THE PERIOD FROM 30TH SEPTEMBER 1952 TO 30TH SEPTEMBER 1953.

THE MINISTER FOR WORKS, HOUSING AND SUPPLY (SARDAR SWARAN SINGH): Sir, on behalf of Dr. Kailas Nath Katju, I beg to lay on the Table a copy of the Report on

the working of the Preventive Detention Act, 1950, during the period 30th September 1952 to 30th September 1953. [Placed in Library. See No. S-206/53.]

ELECTION TO THE CENTRAL SILK BOARD

THE MINISTER FOR COMMERCE: (SHRI D. P. KARMARKAR): Sir, I beg to move:

"That in pursuance of clause (c) of sub-section (3) of section 4 of the Central Silk Board Act, 1948, as amended by the Central Silk Board (Amendment) Act, 1953, this Council do proceed to elect, in such manner as the Chairman may direct, one member from among themselves to serve as a member of the Central Silk Board."

PROF. G. RANGA (Andhra): Sir, may I suggest that the Report of that Board should be published and circulated to the Members of this Council?

SHRI D. P. KARMARKAR: I shall consider that suggestion.

SHRI H. P. SAKSENA (Uttar Pradesh): How many members are there on the Central Silk Board?

SHRI D. P. KARMARKAR: I shall require notice for that.

MR. CHAIRMAN: The question is:

"That in pursuance of clause (c) of sub-section (3) of section 4 of the Central Silk Board Act, 1948, as amended by the Central Silk Board (Amendment) Act, 1953, this Council do proceed to elect, in such manner as the Chairman may direct, one member from among themselves to serve as a member of the Central Silk Board."

The motion was adopted.

MR. CHAIRMAN: I have to inform hon. Members that the 17th December

[Mr. Chairman.]

1953 has been fixed as the last date for receiving nominations and the 21st December 1953, for holding election, if necessary, to the Central Silk Board.

The nominations will be received in the Council Notice Office up to 3 P.M. on the 17th. The election, which will be conducted in accordance with the system of proportional representation by means of the single transferable vote, will be held in Secretary's room (Room No. 29), Ground Floor, Parliament House, between the hours of 3 P.M. and 6 P.M. on the date fixed.

THE BANKING COMPANIES (AMENDMENT) BILL, 1953

MR. CHAIRMAN: We have to take up today the Banking Companies (Amendment) Bill, as Maulana Azad is engaged in the other House.

SHRI B. C. GHOSE (West Bengal): That is unfair.

MR. CHAIRMAN: I know it, but the Prime Minister is not here; Maulana Azad has to make some references and therefore he is held up in the House of the People for unavoidable reasons.

THE DEPUTY MINISTER FOR FINANCE (SHRI A. C. GUHA): Sir, I beg to move:

"That the Bill further to amend the Banking Companies Act, 1949, as passed by the House of the People, be taken into consideration."

Sir, I should like to give something like a background about the Banking Companies Act and the necessity that has arisen for the amendment which we are going to introduce. Sir, there was no separate law for banking companies. The banking companies were regulated and controlled under the general Company Law as other commercial companies were controlled under that law. But later on, as the

banking activities developed in this country, it was found that banking companies had got some particular features due to which they could not be controlled and regulated under the general Company Law as other commercial companies. So, in 1949 a separate Banking Companies Act was passed. But still the liquidation proceedings of banking companies were being conducted according to the Companies Act just as the liquidation proceedings of other commercial companies were conducted. But the problem of liquidation of banking companies also, appeared to be of a different nature and it appeared that it was not possible to have the same set of laws for conducting the liquidation proceedings of banks as of other companies. Firstly, Sir, the banking companies had got a large number of creditors as well as debtors, and so in the liquidation proceedings we had a multiplicity of cases as well as a multiplicity of courts. Due to these two reasons the liquidation proceedings of banks became a costly affair and also it made very slow progress.

Then due to partition and post-war economic conditions suddenly there was something like a crisis amongst the banking companies, particularly in Bengal, Punjab, Bombay and also to some extent in Travancore-Cochin. The problem being more acute in Bengal than in other parts of the country, the West Bengal Government instituted an enquiry into the liquidation proceedings, and then an Ordinance was promulgated in 1949. Subsequently there was an amendment of the Banking Companies Act in 1950 to remove these two difficulties. But this amendment removed only one of the two difficulties, namely, the multiplicity of courts. But the difficulty of multiplicity of cases still continued. The Government in the meantime had been receiving quite a large number of representations from the depositors of the closed banks; and it became apparent to the Government that a large number of people, running into several thousands, were practically ruined because of the collapse of these