

COUNCIL OF STATES

Saturday, 19th December 1953

The Council met at half past one of the clock, MR. DEPUTY CHAIRMAN in the Chair.

THE RESERVE BANK OF INDIA (AMENDMENT AND MISCELLANEOUS PROVISIONS) BILL, 1952— *continued*

SHRI GULSHER AHMED (Vindhya Pradesh) Mr Deputy Chairman, as I was telling the House yesterday, it is not true to say that our farmers in this country have not been looked after As I mentioned yesterday, there are so many means and avenues by which the Government has tried to help the rural population of this country There are, if I try to enumerate about five or six sources or avenues by which the Government has tried to help these areas For example, moneys have been advanced as *taccavi* loans, then moneys have been advanced to the farmers under the Grow More Food Campaign, under Community Project schemes and so on Besides the Government and the Reserve Bank have been trying to help the farmers by advancing short-term loans Then there have been loans which have been advanced as long-term loans through land mortgage banks Most of the Members in this House criticised that the Reserve Bank has not allocated more than five crores of rupees for the purpose of advancing medium-term loans In this regard I would submit that at the time when the Planning Commission was considering this matter, the Reserve Bank had made it completely clear that in view of the commitments in other directions the Reserve Bank would not be in a position to advance more than Rs 5 crores I do not know why my hon friends have come to criticise the Reserve Bank by saying that it has not provided more than Rs 5 crores, because the financial position of the bank was such that at the time when

this matter was being considered by the Planning Commission, they had made it quite clear that they would not be in a position to advance more than Rs 5 crores

Then I understand from this Bill that these medium-term loans are going to be advanced through the agency of State co-operative banks and State Financial Corporations I am afraid some of the States have no such agencies As most hon Members have pointed out only two or three States in this country have got co-operative banks and co-operative societies which are efficient and satisfactory and the rest of the States have not got good and organised co-operative societies There are some States which are very very backward and some of them have got no co-operative banks at all For example in the State from which I come, there are no co-operative societies or co-operative banks and also there is no State Financial Corporation I would like to know from the hon Minister how such States which are very very backward which have got no irrigation facilities and where nearly 50 per cent of the land is lying fallow, are going to get the benefit of these medium-term loans which have been provided under this Bill In this regard, I would like to suggest to the hon Minister that if it is not possible—and I do not think it is possible that co-operative societies and co-operative banks will flourish in these backward States—to have these agencies, some kind of other media should be found out to advance loans In my State, we have got a small bank It is a local bank and it has no branches outside the State, but it has got branches in nearly all the districts and it has been doing commercial business If it is possible, I would like the hon Minister to find some way by which he could advance loans through this bank and this bank after getting verifications and certificates from the District Magistrates or the village panchayats could advance loans to the farmers in those areas, because it is all the more neces-

[Shri Gulsher Ahmed.]

sary that where there are no big irrigation schemes these medium-term loans should be available all the more so that the people of that area might be able to improve their agriculture.

Then, Sir, I would strongly support the view which has been expressed by most of the Members in this House that there is necessity of having a Central Agricultural Finance Corporation. Not only hon. Members in this House but also people outside and eminent economists of this country have expressed this view that it is absolutely necessary that an Agricultural Financial Corporation should be established. I do not know the reasons why the Government has not decided to establish such a body on the lines of the Industrial Finance Corporation and I would like the hon. Minister to tell us in detail the reasons which have deterred him from taking such a step when there is general or universal approval for the creation of such a body.

Then, Sir, my learned friend Dr. Dube said yesterday that the high denomination notes were legal tender up to the year 1946 but after that they did not remain legal tender because an Ordinance was passed in the year 1946, and that they should be made legal tender again I would submit that by doing that the whole object and purpose of that Ordinance will be defeated. Why this money—I think it was one crore and twenty-five thousand—has not come back to the Reserve Bank? Is this that most of the people who have these notes could not give any satisfactory explanation to the banks where they could give these notes and get back notes of different denominations? Probably they earned it by blackmarketing or they had not shown them in their account books or probably they might have accepted this money as illegal gratification or reward or something like that. That was the reason why they did not return these notes. I know in some cases even now you can go and sell these high denomina-

tion notes which have become illegal tender for a lesser amount and there are some people in this country who are still buying these notes in the pious hope that one day or other it will again become legal tender. So I would request the hon. Minister to see, that these high denomination notes which are going to be printed, are printed in such a manner and with such colour and get-up and everything is made so different from the old ones that the ordinary people in the country will not be deceived by the cleverer people who are still keeping those high denomination notes with them.

So far as the definition of the terms "crop", "agricultural operations" and "marketing of crops" is concerned, I fully agree with the definition that has been given in the present Bill.

In the end I would once more request the hon. Minister to tell us in detail as to what are the reasons as to why he has not accepted the view which has been expressed by most of the Members in this House and also by a few of eminent economists in this country, to create a Central Agricultural Finance Corporation.

THE DEPUTY MINISTER FOR FINANCE (SHRI A. C. GUHA): Mr. Deputy Chairman, hearing the speeches of the hon. Members, I was rather feeling that there must have been some misapprehension in their minds for them to have said so many things. I think some Members have dealt with many extraneous matters either to impress on the Government certain points of view or to take this as an opportunity to make a sort of political propaganda. Certain matters have been brought in the discussion which might be called fundamental principles of economics and of politics, hardly relevant to the provisions of this Bill. The entire agricultural credit policy of the Government and often-times the entire banking policy of the Government were under criticism during these nearly two days. Things were exaggerated

in such a manner that I was reminded of the passage in Lenin where he has said "Every truth, if overdone, if exaggerated, if carried beyond the limits of its actual applicability, can be reduced to absurdity" I am afraid most of the Members have thus brought some of their theories almost to the realm of absurdity when they exaggerated them uttering so many things in connection with this Bill I was wondering how one can take this Rs 5 crores which is provided in this Bill by the Reserve Bank in the form of medium-term agricultural credit as all that has been and that is being done by the Government for meeting the agricultural credit needs of the country They have quoted profusely from the Planning Commission's Report, but they have avoided certain portions which would have placed the policy of the Government in this regard quite properly

Sir Rs 25 crores have been estimated to be the requirement annually by the Planning Commission and these Rs 5 crores are only a portion, mathematically one fifth of that sum of Rs 25 crores, as medium-term credit. In para 15 of the Planning Commission's Report, page 239 it has been stated "We consider that the target for medium term finance Government and co-operative at the end of the present plan might be placed at Rs 25 crores per annum" In the first part of this sentence, the Planning Commission has taken into consideration this Rs 5 crores which is provided from the Reserve Bank funds for the total need of Rs 25 crores. So there has been absolutely no reason to confuse this Rs 5 crores as the final sav of the Government for meeting the requirements of the medium-term agricultural credit of the country. The Planning Commission's Report is not a theoretical thesis on economics, it is a practical assessment of the requirements as also an undertaking of the Government to fulfil that assessment.

SHRI B C GHOSE (West Bengal)
The Planning Commission has said

that, does the hon Minister give an assurance that the Planning Commission's targets will be fulfilled by 1954-55 or 1955-56?

SHRI A C GUHA I give no assurance apart from what the Planning Commission has said I am quoting from the Planning Commission's Report

SHRI B C GHOSE The hon Minister said

SHRI A C GUHA Hon Members have been profusely quoting, and I am also quoting from the Planning Commission's Report. When the Planning Commission has said that the Five Year Plan targets are these, namely, Rs 100 crores per annum for short-term loan, Rs 25 crores per annum for medium-term loan and Rs 5 crores for long-term loan, to be attained by the end of 1955-56. This annual expenditure will have to be incurred up to 1955-56, and onward, perhaps for the second term of the Five Year Plan. Through various machineries and agencies Government have been fulfilling this task of providing this amount for agricultural credit.

SHRI B C GHOSE This is only for institutional finance

SHRI A C GUHA It is the total

SHRI B C GHOSE It is not the total

SHRI A C GUHA The actual amount likely to be available from the Reserve Bank and the funds that may be found from the Government will be commensurate to the target for medium-term finance. Government and co-operative together should put Rs 25 crores per annum at the end of the present plan.

SHRI B C GHOSE If I may interrupt the hon Minister, what he is quoting is for Government and co-operative. It does not include 'mahajans', moneylenders 'sahukars', etc

SHRI A C GUHA We are not concerned with 'mahajans' here

SHRI B M GUPTA (Bombay) Which are the agencies which the Government are adopting for fulfilling this target?

SHRI A C GUHA I am trying to come to that, Sir. So far Government have been giving credit facilities to the agriculturists through different agencies. I think hon Members will realise that 'Agriculture' is a State subject and that is an obligation which will primarily devolve on the State Governments. The Central Government, of course, are playing their part in fulfilling their obligation. Out of the total expenditure on Community Development projects for a period of three years namely, Rs 65 lakhs, I think about Rs 35 lakhs would go for agriculture. Rs 23 lakhs is given as medium and long-term loans and Rs 3 lakhs as short-term loan and the balance is borne by the Centre and the State Governments in agreed proportions.

Then, Sir for the Grow More Food Campaign the Central Government have been spending quite a big amount every year. In 1953-54, the Government expenditure is near about Rs 23 crores, I hope in 1954-55 it would be very much higher than the present year's allotment.

These, Sir are the many sources and machineries through which the Central Government has been providing this money.

Then apart from these, there are the co-operative organisations. In 1950-51—that is the latest figure available with me—the co-operative societies provided Rs 28,89,71,810 for agricultural credit. Besides, the land mortgage banks also provided Rs 1,32,92,000.

So, I think there is no reason to suspect that the Planning Commission has put forward simply a theoretical thesis on agricultural economy or on

the general economy of the country and has not taken any steps to fulfil the obligation which the Planning Commission feels that the Government as a whole the Central and the State Governments, should undertake.

Sir some Members have spoken about the peasants. I find that the hon Member, Prof Ranga, is not present in the House. I think he would recollect his tussles with Mahatma Gandhi to have a separate organisation for the peasants. Gandhi never acceded to such a request. Why? Not because he was indifferent to the needs of the peasantry, not because he could not realise and recognise the importance of agriculture in India, but because he felt that the Congress represented the agriculturists of India pre-eminently. If I am not mistaken and if my memory is not failing I think it was in 1931 when he went to England to attend the Round Table Conference that he declared there that if the Congress did not represent the peasants it had no reason to exist. I think the ideology.

SHRI P V NARAYANA (Andhra) That might be the case then.

SHRI A C GUHA I think the ideology which has been activating the Congress for so many years and the programme which thousands of Congress workers have been performing and implementing with toil through years have not all gone away from the Congress simply because some members have receded from the Congress.

SHRI P V NARAYANA Is it not carrying on party propaganda?

SHRI A C GUHA Sir, for two days I have been hearing all these things. So I must be given some time at least to have my say. I know that my replies have been unpleasant for them. I am not prepared to accept the position that seceders have taken away all the good things and all the ideology that the Congress had for so many years.

SHRI B. C. GHOSE: Unfortunately that is true.

SHRI A. C. GUHA: Sir, quite a large number of Congressmen still remaining within the fold of the Congress believe that the Congress even today stands by those principles.

Then, Sir, some Members have made some personal reference to me also. Some have gone to the length of almost showing some pity because of the metamorphosis they have seen in me Sir, I do not think I have undergone any metamorphosis I was a Congressman at least since 1921 and today also I am a Congressman. I am not ashamed of any change having occurred in me—as with the Greek philosopher Heraclitus, I believe, we live in a world of change. (*Interruption.*) Sir, I do not think the revolution started in 1946 is yet complete. It is in the process of completion and in the process of achievement. And this Government surely can undertake that task Sir, some Members may have occasion to be impatient. But I would give them only one or two small quotations. The quotation is from Engels written in 1871. It says:

“These Blanquists are Communists, because they imagine that, merely because they want to skip the intermediate stations and compromises—that settles the matter.”

If we have taken some intermediate stations, if we feel that the target has not yet been reached and will take some time to reach through some intermediate stations and some compromises. I have nothing to be ashamed of. Again, Sir, I quote from history. Lenin says:

“Let us go down to work slower, more cautious, more persevering and more persistent.”

He advised slower and more cautious steps. Here also, if some Members feel that the Government have been taking slower and more cautious steps, we simply imitate an eminent person who may be called the master in the technique of achieving revolution.

Sir, then Engels said:

“What childish innocence it is to present impatience as a theoretical-
by convincing argument!”.

MR. DEPUTY CHAIRMAN: I think the hon. Minister may go to the Bill.

SHRI A. C. GUHA: I am just coming to it within five minutes.

SHRI S. BANERJEE (West Bengal): I am glad the hon. Minister is quoting scriptures.

SHRI A. C. GUHA: Yes, he thinks quoting scriptures is the monopoly privilege of the Opposition Members—as according to the proverb.

Then, Sir, Lenin cautioned his followers to be aware of deviation from the Right and from the Left. He called Leftist enthusiasm infantile disorder. He wrote a complete book on that. We must beware of such infantile enthusiasm.

SHRI S. BANERJEE: Sir, is this all relevant? The hon. Deputy Minister may follow Lenin by writing a book—Congressism now; a similar disorder.

MR. DEPUTY CHAIRMAN: To the extent that you level criticism against the ruling party—the Congress. Criticism cannot be only on one side. When you level criticism, you must be prepared to take criticism from the other side.

SHRI A. C. GUHA: Sir, I have been hearing these things for the last two days.

MR. DEPUTY CHAIRMAN: I think the hon. Minister may leave that.

SHRI A. C. GUHA: All right, Sir, I leave that. It is more a privilege of the Opposition to digress.

Then, Sir, as far as the provisions of the Bill were concerned, some Members were not hopeful about the machinery of co-operatives. But I think it is too late now to question the utility of co-operative organisations. The principle has been accepted all over the country and the Plan-

[Shri A. C. Guha.]
ning Commission also said that the co-operative organisations would be the best organisations to render help in regard to agricultural credit to the rural areas. Sir, the Planning Commission says:

"The co-operatives are also in a better position to mobilise the local savings. It would therefore be advantageous to distribute the State loans for development purposes through co-operative societies."

2 P.M.

I admit that the co-operatives are not properly developed in many States, but I do not think the position is as bad as some hon. Members have pointed out. Many Members have quoted figures about the rate of interest charged by the co-operatives. I am not unaware of these things. In fact, these figures were given in the other House in reply to a question of mine. Then, when I had to take charge of that section in the Finance Ministry I pursued the matter, and I think the Reserve Bank has taken some steps to improve the working of the co-operatives. As far as the rates of interest charged by the co-operative societies are concerned, that depends upon some factors beyond the control of the Reserve Bank. That depends mostly on the borrowing capacity of or the borrowing rate of interest for the co-operative society. A co-operative organisation borrows or sells its share capital in the rural areas, and all their shareholders are agriculturists. The rate at which they can borrow money would determine the rate at which the co-operative societies can lend money. I think that within the last few months there has been some improvement in the rate of interest also. At least I know that in some of the States, the rate of interest has been reduced. I find from the table here that in most of the States, the Money Lending Acts or the Usurious Practices Acts have provided certain maximum rate of interest, and the rates of interest charged by the co-operatives in most of the States are not higher than the

rates fixed by those enactments in the respective States. Anyhow, as I have said, this rate of interest would mostly depend on the rates at which the co-operatives would be able to get money on loan from the public and also on the volume of work. If Members who are enthusiastic or anxious about the development of co-operatives would try in their own ways to improve the co-operative organisation in their own places, then I think the rate of interest, with increased volume of work, will go down.

SHRI RAJAGOPAL NAIDU (Madras): May I know which State is charging the maximum interest and for what reason?

SHRI A. C. GUHA: I think the hon. Member comes from Hyderabad.

SHRI RAJAGOPAL NAIDU: Madras

SHRI A. C. GUHA: Madras is not charging high. The rate of interest there is fairly low. In Hyderabad and in some other States—mostly Part B States—there is the system of grain banks and the peasants deposit their grains with the grain banks, and other peasants take the grains on loan to be repaid in grains and if we exclude the interest charged in kind by these grain banks the rate of interest would be near about nine per cent. or ten per cent. Madras is charging 6½ per cent. Bombay also is charging only 6½ per cent. Bengal was charging—Mr. Ghose may be interested—a much higher rate, but now they have reduced it, I think, to 7½ per cent. I am not quite sure about the actual figures, but they have reduced the rates.

SHRI RAJAGOPAL NAIDU: Madras is charging 7½ per cent.

SHRI A. C. GUHA: 6½ per cent.

SHRI RAJAGOPAL NAIDU: I have verified. I am a director of a bank and we are charging 7½ per cent. for certain loans.

SHRI A. C. GUHA: It may be. But even if it is 7½ per cent., it cannot be called usurious.

SHRI RAJAGOPAL NAIDU: It was increased recently from 6½ per cent. to 7½ per cent.

SHRI A. C. GUHA: Then some Members said that many States would not be able to take advantage of the short-term loan given by the Reserve Bank as the co-operative societies in most of the States are not developed. That also is not quite correct. In the present year the sum allocated by the Reserve Bank for short-term loans is Rs. 25 crores. I have got the names of 21 different States, and there is some allocation for each State.

SHRI GULSHER AHMED: May I know the allocation for Vindhya Pradesh?

SHRI A. C. GUHA: Then every State will start asking.

SHRI H. C. MATHUR (Rajasthan): Let us know about some of the States. I would like to know particularly about Rajasthan.

MR. DEPUTY CHAIRMAN: You can get the information afterwards.

SHRI H. C. MATHUR: Because I propose to speak on the third reading of the Bill, I want to have some information

SHRI A. C. GUHA: He can make out his point, but why should I furnish him information on that? The hon. Member can get it from the library.

SHRI H. C. MATHUR: I thought it was the practice of only the Home Minister to hold up information.

SHRI A. C. GUHA: Anyhow, I am stating them, if you kindly permit. These are the figures:

	Rs.
Bombay ..	7.5 crores
Madras ..	6 "
Madhya Pradesh ..	1.5 "
Orissa ..	75 lakhs.

	Rs.
Bengal ..	1 crore.
Uttar Pradesh ..	2 crores.
Punjab ..	75 lakhs.
Assam ..	60 "
Saurashtra ..	50 "
Mysore ..	1 crore.
Hyderabad ..	75 lakhs.
Bihar ..	75 "
Coorg ..	10 "
Rajasthan ..	50 "
Madhya Bharat ..	50 "
PEPSU ..	15 "
Bhopal ..	10 "
Himachal Pradesh ..	10 "
Travancore-Cochin ..	20 "
Delhi ..	5 "
Other States ..	20 "

So, I do not think there is any justification for the apprehension that most of the States have not taken any advantage of this loan.

Some Members also stated that no State Government would have the courage to guarantee these loans. There also, Members must have been speaking without knowing the real position. Every State has been guaranteeing loans where necessary. Loans are given under several clauses and sub-clauses of section 17 of the Reserve Bank Act, and under certain sub-clauses, the State Governments guarantee the loans. There has hardly been any case—at least I have not got any information—where a State Government has refused to give that guarantee. I know that the State Governments have been guaranteeing in quite a number of cases. Last year State Governments—quite a number—guaranteed loans up to a total of Rs. 5.52 crores.

PANDIT S. DUBE (Madhya Pradesh): What was the amount of the bad debts out of the loans which the State Governments had guaranteed and while they could not recover?

SHRI A. C. GUHA: We have not got any such report. I don't think there will be any bad-debts. That will be the concern of the State Governments. They would take care of their

[Shri A C Guha]
own money As for the utility of these co-operative organisations and the possibility of the co-operative organisations utilising the opportunities offered previously under the Reserve Bank Act or now proposed to be given by this Amending Bill, I don't think there is any reason to apprehend that this will be ineffective

Then some Members questioned the real intentions of the Government in bringing forward this Bill I find that in the last two lines of the Objects and Reasons for this Bill, there is something mentioned about some administrative difficulties It says "The Bill incorporates certain minor amendments found necessary as a result of the experience gained in the working of the Bank" Two hon Members from my own State sailing in the same boat for the present have reason to believe that this is the real purpose of the Government for bringing forward this Bill and that provision for agricultural loans and other things are mere eye-wash I do not suggest any thing Sir, I don't know how they could come to such general propositions and say that the sting shall always be in the tail I can only say that the other provisions of the Bill are much more important than the administrative provisions one of which is that the Governor may authorise the Deputy Governor to function in the Board of Directors meeting and give vote on behalf of the Governor That is not a very great difficulty for which this Bill would have been necessary or is not such a bad thing that it would require to be camouflaged under some other provision

Another thing, which is not also an administrative matter is about the Imperial Bank loans not to be shown in the weekly returns of the scheduled banks Mr Ghose and some other Members have referred to this and Mr Ghose suggested, why not the loans from all the scheduled banks be given the same exemption? I think he cannot expect that the Imperial Bank can be treated on the same level as other scheduled banks He

knows quite well that the Imperial Bank stands by itself, as a type by itself and the exemption that he wanted to be given to all borrowings from any other scheduled bank would then hardly leave any necessity for furnishing the weekly return and the provision of 5 per cent of their borrowings to be deposited with the Reserve Bank

SHRI B C GHOSE That is not quite true That will be a very small item The deposits of the scheduled banks will still be subject to the reserve requirements, for example, there are banks borrowing money from the Exchange Banks which are not in any way inferior to the Imperial Bank either in the matter of safety or of the extent of their operations.

SHRI A C GUHA It is not a question of safety or credit-worthiness It is a question of the fact that the Imperial Bank is a bank working under a special statute of the Government of India and that it is a type by itself and it stands quite apart from other banks

SHRI B C GHOSE Why not nationalise it?

SHRI A C GUHA I am coming to that Why are you so impatient?

SHRI B C GHOSE Without impatience we would not have got our independence

SHRI A C GUHA That was pre-independence and so the difference Then as regards the nationalisation of the Imperial Bank, this question was considered and several times this matter has been brought before the Government Nationalisation was demanded particularly on three grounds

(a) Higher personnel of the Bank was overwhelmingly British and Indians were excluded from higher posts,

(b) In regard to advances there was discrimination in favour of European companies and this was facilitated by the majority of European directors on the board,

(c) The Bank derived unfair advantages over other banks in regard to facilities for transfer of funds to currency chests.

As for (a) the position is just the reverse now. I think the Members know that most of the staff are now Indians. In 1946 in the personnel of the higher staff, 101 were Europeans and 73 were Indians. Now, on 31st October 1952, only 29 are Europeans and 120 are Indians and the target year is 1956 when the entire staff will be Indianised.

SHRI B. C. GHOSE: Those are the old arguments. Those arguments we are not advancing today. Our only argument is that it is more or less like a State Bank, gets patronage from Government, performs agency operations and gets other facilities. So why should it not be nationalised?

SHRI A. C. GUHA: As for the second argument that there was discrimination in favour of the European companies, now Mr. Gorwala as a nominee of the Central Government attends the weekly meetings of the Imperial Bank which decide the advances and he is satisfied that there is no discrimination now. As for the third, that the Bank derived unfair advantages over other banks as regards facilities for transfer of funds to currency chests, the Rural Banking Enquiry Committee Report states that they are satisfied that this facility is no longer existing. Then as for the number of ...

SHRI B. C. GHOSE: May I interrupt? The Rural Banking Committee itself stated if I remember correctly, that the position should be changed, if the bank is not fully nationalised. There should be more control and it should be more or less like a nationalised institution.

SHRI A. C. GUHA: The Enquiry Committee, if I correctly remember, have stated that this is almost a State sponsored bank.

SHRI B. C. GHOSE: Then complete it.

SHRI A. C. GUHA: The Board of Directors, I think, about 70 per cent., are Indians now. Among the shareholders also 60 per cent. are Indians, 9 per cent. are foreigners and the remaining—I am not quite sure about the figures and I can find out from the papers—the remaining are held by others which means some corporate bodies like insurance companies, banks, etc. Those also must be Indians. Only 9 or 10 per cent. of the shares—not the number of shareholders—but the amount of shares or money involved in the shares—are held by foreigners.

As for the control, the Managing Director and the Deputy Managing Director are both Indians now. On the Board quite a good majority are Indians. The Central Government, I think, appoints three directors on the Board. So the control is practically in the hands of Indians and the Central Government has got quite a good control over the working and the management of the Imperial Bank. The only thing that remains to be done is to buy off the shares and pay off the shareholders. I do not know, simply by doing that, what particular gain will be achieved. Anyhow, it is not a closed matter and gradually the Central Government is exercising more and more control over the Imperial Bank and for the present, the Central Government feel that there is no necessity for buying off the shares. If, some day, the Central Government is convinced of the utility of doing that, they will do it. For the present it is almost a State-sponsored bank and is under the complete control of the Central Government and is under the management of Indians.

SHRI B. C. GHOSE: Sir, if I may interrupt for a moment.....

MR. DEPUTY CHAIRMAN: No, not necessary. All this debate is not germane to the point. The nationalisation of the Imperial Bank is only incidentally relevant here and I think the hon. Deputy Minister has met the point.

SHRI B. C. GHOSE: The Deputy Minister has said that it is practically a State-sponsored and State-controlled bank. Then why pay a dividend of 18 per cent?

MR. DEPUTY CHAIRMAN. You may leave it at that.

SHRI A. C. GUHA: Many hon. Members referred to the Reserve Bank of India and asked the question as to why that bank has not been doing more for agricultural credit. I think I should tell these hon. Members—and I think I have stated it before also—that the Reserve Bank is not the only machinery through which the Central Government is functioning in the field of agricultural credit. The Reserve Bank has, however, from its very inception, been taking keen interest and doing a lot in the field of agricultural credit though this may not be quite enough to meet all the requirements. Somebody suggested that we require Rs. 800 crores annually, and some others have suggested that we require Rs. 500 crores. It may be so, and I do not like to enter into that mathematical controversy. But I think hon. Members will easily realise that it is not possible for the Central Government, with its present limited resources, to fulfil all these requirements. The Reserve Bank has got only Rs. 5 crores as share-capital and Rs. 5 crores as reserve fund. Besides this sum of Rs. 10 crores, it has no more assets with which it can do anything else than give short-term credit. We are providing in this Bill Rs. 5 crores for giving medium-term credit for agricultural purposes. Then the Reserve Bank is purchasing 20 per cent. of the debentures of the land-mortgage banks and there is no limit there as to the amount. If the land-mortgage banks can afford to float more debentures, the Reserve Bank will purchase 20 per cent. of these debentures also. There is no limit as to the amount up to which the Reserve Bank can purchase debentures of the land-mortgage banks. That is also medium or long-term credit. And then, the Reserve Bank is also purchasing shares from the State Finance Corporations.

They buy 20 per cent. of the shares of the State Finance Corporations. That is also from the sum of Rs. 10 crores available with the Reserve Bank for long-term investment. Therefore, I do not know how the Reserve Bank can afford to give more than Rs. 5 crores for medium or long-term loans for agricultural credit. With its limited resources, I think it has done quite enough. Practically it has given 50 per cent. of the money now available with it in medium-term credit for agricultural purposes, besides purchasing the debentures of the land-mortgage banks. Considering the limited resources of the Reserve Bank, I think this is quite creditable for the Reserve Bank, that it has given a lead and set apart 50 per cent. of the money available.

Some hon. Members have suggested that at least Rs. 50 crores should have been set apart. I do not know whether this amount of Rs. 50 crores is for short-term and medium-term credits. If it is short-term credit, there is no limit fixed. This year the allotted amount is Rs. 25 crores. What amount will be taken by the co-operatives will depend upon the capacity of the co-operative organisations to absorb the money. It is no use paying them more money unless the co-operatives have been able to absorb the money. Sir, year after year, they are increasing the amounts of short-term loans. In 1946 they had only Rs. 15 lakhs as short-term loans for agricultural purposes. This year the Reserve Bank has allotted Rs. 25 crores. So the hon. Members will realise at what pace the Reserve Bank is increasing its allotments for short-term agricultural loans.

Some hon. Members referred to the Advisory Committee of the Reserve Bank, and to the question of selection of the personnel of that committee. From the list that I have got, I find that they are all connected with and are more or less eminent in the field of co-operative movement in the country, and they have been taken from different States. I for one do not think

there is any reason to doubt that these gentlemen will not look to the interests of the agriculturists or to the interests of the co-operative organisations and will not do their very best in their capacity as members of the Advisory Committee, to give correct advice to the Reserve Bank.

About the State finance organisations also some hon. Members have expressed some doubts. As it is, we have four State Finance Corporations and I think within the next few months, we may get about three or four more of them. It may be of some interest to hon. Members that recently the Government have set aside a certain amount of money to help the States in setting up State Finance Corporations. I think every State will try to set up their own State Finance Corporations and will help these corporations to avail of the money now being provided in this Bill for use in the small-scale and cottage industries.

In the course of the debate one point was made by hon. Members, including Prof. Ranga and that was about fixing the ceiling on land. Of course, personally speaking, I don't consider their objection to such fixation to be a very progressive idea.

MR. DEPUTY CHAIRMAN: That is a different matter. I think the hon. Deputy Minister need not reply to every point that was raised. Whatever is relevant need only be replied to.

SHRI A. C. GUHA: Certain things have been mentioned about the high denomination notes. There is no need for any apprehension that the new notes will in any way bear similarity to the old notes.

The old notes will still stand cancelled and they would carry no legal value. As I have stated, only Rs. 1,25 crores worth of high denomination notes have not come back and it is not sure that all these must have been in the hands of hoarders. Some must have been lost or destroyed. They

are not to be found. Out of Rs. 138 crores then in circulation, if only one crore is left outside, we could not put a permanent ban on high denomination notes. These notes were demonetized when there was an urgent necessity to stop inflation and blackmarketing, and because of that Ordinance we could get some important informations which were utilised by the Income-tax Investigation Commission. The Government also have been helped in getting some more revenue. It is easily to be understood that with only Rs. 100 notes the entire business, trade and commerce of the country cannot be carried on with ease. Businessmen and bankers must be feeling some difficulty and so it is quite natural that the Government should re-introduce high denomination notes. But I can assure Members that the old notes will still stand cancelled and invalid and that the new notes will surely not bear any similarity or semblance in appearance to the old notes so that the ordinary people may not confuse the old notes with the new notes.

Sir, I think I have covered almost all the points raised by the Members and I hope now that they will be pleased to consider the Bill.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill further to amend the Reserve Bank of India Act, 1934, and to make special provisions in respect of certain high denomination bank notes, as passed by the House of the People, be taken into consideration"

The motion was adopted.

MR. DEPUTY CHAIRMAN: We shall now take up clause by clause consideration of the Bill.

Clause 2 was added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved.

"That clause 3 stand part of the Bill."

[Mr. Deputy Chairman.]

There are a number of amendments Shri V P Narayana is absent. Shri Rajagopal Naidu is also absent. Are you moving your amendments. Shri Dhage?

SHRI V. K. DHAGE (Hyderabad) Yes. Sir I beg to move.

That at page 2, after line 12, the following be inserted, namely:—

“(ba) to sub-clause (d) of clause 4, the following Explanation shall be added. namely:—

‘Explanation.—For the purpose of this sub-clause—

(i) the expression “agricultural operations” includes animal husbandry and allied activities jointly undertaken with agricultural operations;

(ii) “crops” include products of agricultural operations, and

(iii) the expression “marketing of crops” includes the processing of crops prior to marketing by agricultural producers or any organisation of such producers’ ”

SHRI A C GUHA I think, Sir, that this amendment is out of order. 17(4) (d) is not being amended by this Bill and moreover, I do not know

MR. DEPUTY CHAIRMAN: You are trying to amend section 17.

SHRI A C GUHA But not (4).

MR DEPUTY CHAIRMAN Well, that would be relevant The amendment is in order

SHRI V K DHAGE. May I submit a few words, Sir?

SHRI C G K. REDDY (Mysore) He has given a ruling

MR. DEPUTY CHAIRMAN I have held that it is relevant You can speak now.

SHRI V K DHAGE. Sir, I pointed out yesterday that the amendment with regard to section 17(2)(b) is for the explanation of the words “agricultural operations” and “marketing of crops” and to include the process of manufacture, etc. Now, in the Statement of Objects and Reasons it has been stated as to what these mean. Paragraph 2 thereof says, “to widen the scope of the terms ‘crops’, ‘agricultural operations’ and ‘marketing of crops’ used in section 17 (2) (b) of the Act so that finance may also be made available for production and marketing of commodities such as gur, milk, cream, butter, ghee, etc, and also for processing of goods where such processing is a necessary preliminary to marketing, etc ”

Now, Sir, in section 17 (4) (d) also the words appear as follows: “the making to States in India * * * * of loans * * * * against the security of * * promissory notes of any scheduled bank or State co-operative bank, supported by documents of title to goods which have been transferred, assigned or pledged to any such bank as security for a cash credit or overdraft granted for *bona fide* commercial or trade transactions, or for the purpose of financing seasonal agricultural operations or the marketing of crops;”. The only thing here is, Sir, that in section 17(2) (b)

MR DEPUTY CHAIRMAN: Well, Mr. Dhage, if it is defined in the Act in one place, is it not sufficient? Should you define it in every clause wherever these words occur?

SHRI V. K. DHAGE: I do not know, Sir, what the interpretation will be but then the amendment moved confines itself to section 17(2)(b). It says:

“In section 17 of the principal Act, to sub-clause (b) of clause (2), the following explanation shall be added, namely:—”

It does not at all mean that

MR. DEPUTY CHAIRMAN Clause (4) comes after clause (2)

SHRI V K DHAGE Yes

MR DEPUTY CHAIRMAN Should you define it in clause (4) also? Suppose these words occur in some other clause you cannot go on defining in every clause

SHRI V K DHAGE But then, Sir I do not know what the interpretation will be

MR DEPUTY CHAIRMAN Your amendment is not properly worded

SHRI V K DHAGE Well that may be—I am not an expert draftsman But Sir I think it is just logical that this explanation should be extended to section 17(4) (d) as well

MR DEPUTY CHAIRMAN Is it the intention of the Government, Mr Guha that these words will have those meanings only for this particular sub-clause and not for clause (4)?

SHRI A C GUHA I think Sir that speaking on behalf of the Reserve Bank their purpose is not exactly to limit it but I am not sure whether legal explanations will cover these things also We feel—we have consulted our legal advisers also—that it will cover Moreover, the main thing is the clause (4) (d) concerns only “title to goods such as documents transferred or assigned” This particular amendment is for warehousing and there is no warehousing arrangement

MR DEPUTY CHAIRMAN In clause (4) also you get the same words agricultural crops, agricultural operations marketing of crops, etc

SHRI A C GUHA These are to be guaranteed by some title to goods These goods may be anything but they should be supported by documents of title to the goods such as documents transferred assigned, etc The goods may be anything, even of dairy products

MR DEPUTY CHAIRMAN Apart from the title, those words occur Have they the same meaning or is it the intention of the Government that the

words should have the same meaning as in clause (2) or should they have a separate meaning because in the amendment you say “Explanation—For the purposes of this sub-clause ”

SHRI A C GUHA That I have seen Our intention is not actually to limit it to this clause and we feel that that explanation will also apply to the other clause We have no idea of limiting it to this clause but this clause is almost a dead letter

MR DEPUTY CHAIRMAN You can go on In the meanwhile the hon Minister may consult his advisers

SHRI A C GUHA I have already consulted, our legal advice is that the explanation that we have put there is not limited to that particular sub-clause That will extend to this clause also

MR DEPUTY CHAIRMAN Wherever those words occur?

SHRI A C GUHA That is our intention but for the present I can say that this clause is a dead letter There is no warehousing arrangement, as such this clause has no effect for the present but we feel that the explanation that is given to 2 (b) should also extend to this The legal advice given to us is that it automatically extends

SHRI V K DHAGE Would the hon Minister then change the words to say ‘In section 17, wherever the words ‘agricultural operations’ ‘crops’, etc occur the explanation will apply’?”

SHRI A C GUHA We do not feel that there is any necessity for it I think it is quite enough what we have provided If, in future we find that there is any difficulty when this clause is to be operated and it is found that this explanation does not extend to that clause—our legal advice is that it is automatically applicable—then we may do that

MR DEPUTY CHAIRMAN I should think so

SHRI B. C. GHOSE: Why instead of "sub-clause" can you not say "clause"? "For purposes of this sub-clause" it is said; "for purposes of this clause" you should say.

SHRI P. V. NARAYANA: Which clause is under discussion, Sir?

MR. DEPUTY CHAIRMAN. Clause 3 is under discussion. Do you want to speak on Mr Dhage's amendment?

SHRI P. V. NARAYANA: I have given notice of some amendments, Sir.

MR. DEPUTY CHAIRMAN: But you were not here to move them at the appropriate time.

SHRI P. V. NARAYANA: I had been to the bath-room, Sir.

MR. DEPUTY CHAIRMAN: You should have gone earlier. Now if you want to speak on Mr Dhage's amendment you can. You can speak on the clause and on the amendment of Mr Dhage, but remember your amendments are not there.

SHRI P. V. NARAYANA: My amendments are not there but the clause is before the House and I shall speak generally on the clause.

MR. DEPUTY CHAIRMAN: But yesterday you said that you would not speak again today.

SHRI B. C. GHOSE: Since he could not move his amendments he wants to speak.

SHRI P. V. NARAYANA: Since I have been deprived of the chance of moving my amendments.

MR. DEPUTY CHAIRMAN: You got extra time yesterday and you said that you would not speak on your amendments except two or three sentences. Anyhow let us not waste time. Please carry on.

SHRI P. V. NARAYANA: It has been provided, Sir, that medium-term credit for agricultural purposes is repayable on the expiry of fixed periods not being less than fifteen months and

not exceeding five years. 'Fifteen months' is generally taken as a short-term period and it does not very much benefit the agriculturists. It is not for seasonal agricultural operations. The agriculturists have to effect improvements to the land, purchase agricultural implements, bullocks, and so on, for which they have to approach the banks for medium-term loans. Unless the repayment is spread over 3, 4 or 5 years it is not possible for the agriculturists to avail of these loans and advances whereas the Bill prescribes the minimum period of repayment as fifteen months. Of course the maximum also is there as five years. If the fifteen months' minimum period is enforced or applied in practice they won't be able to get the benefit of these loans. The minimum period of repayment should be two years in place of fifteen months. Such loans only are considered as medium-term loans and it should be provided "not being less than two years and not exceeding five years" in place of the existing provision "not being less than fifteen months and not exceeding five years" if our idea is really to help the agriculturists.

Then it is provided that "the amount of loans and advances granted to any State co-operative bank shall not exceed the owned funds of such a bank". Owned funds or owned capital generally will not be very much but the working capital would be about four times or five times its 'owned' capital. So unless it is increased to thrice 'the owned funds' or unless that clause is dropped it is not going to help those for whom the loans and advances are proposed to be given. It should not be limited to 'the owned funds' of the State co-operative bank inasmuch as the State Government would guarantee these borrowings. The primary duty is of the State Government and not of the Reserve Bank. If ultimately the Reserve Bank loses the amount advanced, it is the State Government that will make good the loss to the Reserve Bank. The State Government is there to look after what limits should be put. As I said,

the word "thrice" should be inserted before the words 'the owned funds' or the sub-clause (b) deleted. Therefore no limit should be stipulated in the Bill so that the hands of the Reserve Bank will not be fettered.

Then in the proviso the amount of loans and advances has been limited to five crores of rupees only. The Planning Commission in their report has recommended about twenty-five crores of rupees for the agriculturists in this sub-continent of India. In the other House when it was suggested that it should be twenty-five crores in place of the provision of five crores it was rejected by Government. So taking that into consideration I suggest that at least it should be fifteen crores of rupees, so that it may be acceptable to the Government. If the Government accept these suggestions they can come forward with the necessary amendments even at the third reading stage. I hope they will do so so that the spirit underlying this Bill could be clearly brought out.

SHRI A. C. GUHA: Am I to reply to the observations just now made?

MR. DEPUTY CHAIRMAN: Only to Mr. Dhage's amendment you can reply.

MR. A. C. GUHA: I have already said that I have not been able to accept the amendment, and it is not necessary also, and our legal advice is that the explanation will automatically extend to this. Moreover this clause is still now almost a dead letter. There has been no advance given on this clause as there is no warehouse arrangement. So I am not in a position to accept the amendment.

SHRI V. K. DHAGE: May I know from the Deputy Minister whether, because there has been no advance made so far, they will not make any advance hereafter?

SHRI A. C. GUHA: We feel that this explanation will automatically extend to this sub-clause and that is our legal opinion, but if some court in future decides otherwise then only we need think over it. I do not think at present there is any necessity for this.

SHRI V. K. DHAGE: You would wait for the court to decide in the matter and then bring an amendment! It is a logical amendment that I have proposed.

MR. DEPUTY CHAIRMAN: He is not prepared to accept the amendment.

SHRI V. K. DHAGE: He may just reconsider the matter. Nothing will be lost thereby.

MR. DEPUTY CHAIRMAN: Do you want me to put your amendment to vote?

SHRI V. K. DHAGE: Yes, Sir.

MR. DEPUTY CHAIRMAN: The question is:

That at page 2, after line 12, the following be inserted, namely:—

"(ba) to sub-clause (d) of clause (4), the following Explanation shall be added, namely:—

'Explanation.—For the purpose of this sub-clause—

(i) the expression "agricultural operations" includes animal husbandry and allied activities jointly undertaken with agricultural operations;

(ii) "crops" include products of agricultural operations;

(iii) the expression "marketing of crops" includes the processing of crops prior to marketing by agricultural producers or any organisation of such producers.' "

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clauses 4 to 9 were added to the Bill.

Clause 1, the Title and the Enacting Formula were added to the Bill.

SHRI A C GUHA I move that the Bill be passed I have nothing more to say.

MR. DEPUTY CHAIRMAN. Motion moved:

"That the Bill be passed"

SHRI H C MATHUR I want to speak on this Mr Deputy Chairman I was not surprised when the hon the Deputy Minister, while answering at the time of the first reading, said that most of the hon Members had not referred to the provisions.

SHRI A C GUHA I did not say 'most of the hon. Members'.

SHRI H C MATHUR That is what you said

SHRI A C GUHA I remember to have said 'some of the hon Members'.

SHRI H C MATHUR And he referred us to the important provision of this measure and that was that the Deputy Governor will henceforth be authorised to act for the Governor It appears to me, Sir, that the Government has developed some knack for attending to first thing last, and if priorities have any meaning, they invariably start at the wrong end Sir, I can understand that position, but what amazes me most is that members of the ruling party were the loudest in their denunciation of the provisions of this Bill and they spoke so much about inadequacy of the provision but when it comes to business we find nothing doing

Sir my complaint is not that inadequate funds have been provided I do not repeat the arguments which have been very forcibly put by many hon. Members of this House that proper provision has not been made and that the funds are not adequate Sir, my complaint is that no sincere effort has been made and that there is no human approach to the whole problem Funds, I can understand, if they are short of funds or if there are certain difficulties you cannot produce funds simply by talking, but there must be a human approach to the problem There must be a sincere effort made

in the direction and it is here that my complaint comes. To me, Sir, this Bill stands as a huge joke and a cruel joke One peculiar feature of this Bill is that it gives the least where the need is most and it gives the most where the need is least My hon friend while meeting this point made it clear that we have got the co-operative movement almost in all the States and that their complaint that there would be many States who would not be able to take advantage of the provisions had no substance But, Sir, I do maintain and I maintain it even on the facts given by him, that the one peculiar feature of this Bill is that the States which stand in need, the States where the demand is more urgent, will get the less, while the other States where the demand is comparatively—of course the demand is very much everywhere—less pressing, they will get the most According to the figures that my hon friend himself gave, Rajasthan could get the benefit only to the extent of Rs 50 lakhs when a much larger amount was available. Now, the co-operative movement is almost non-existent in that State and so this Bill is not meant for those States where this movement has not taken roots or has not properly expanded.

My other complaint is not that it should not be only Rs 5 crores, but it should be more, but my urgent demand is that this money should not be advanced till the Government gets the satisfaction and assurance that this money when advanced would be given to the agriculturists on reasonable terms Our friends here have talked of usurious rates of interest being charged by the moneylenders, but Sir, I make a straight charge against the Government itself that they are not less usurious than the old moneylenders They have directly stepped into his shoes and I make bold to submit that the rate they charge is as high as 50 per cent The State Government advances loans by way of improved seed and it is given absolutely on the basis of sawabadi That is the common rule in almost all the States And what does it mean? Sawabadi means 25 per cent more to be returned straightway

when the harvest is done, that is, within four or six months and if we work it out properly we will find that it works out straightway to 50 per cent. I myself applied for it. I have got a small farm. I applied for improved seed and the seed was advanced to me on those terms which I have just now stated. That is, it was advanced on the *sawaibadi* basis. That means I must pay them 50 per cent. more. What is the use of the Government setting apart this amount? Whether it is five crores or ten crores, we will come to it next. My demand from the Government is this that instead of making this a condition precedent, that is, that the State should give guarantee for the amount which is being advanced from the Reserve Bank or from the Centre, they should see to it that it reaches the agriculturists and that the agriculturists have not got to pay more than four to six per cent. That should be the condition precedent, if you have changed your outlook or if you have got any idea for their welfare. That should be the condition precedent instead of adopting your *bania* attitude of securing your amount first. That is not being done.

Sir, you might ask, 'why should people go in at all for improved seeds?' As a matter of fact, I could have afforded to buy straightway rather than go in for this loan. The story is still sad. If I would like to have improved seed, I will have to pay for it. I said, all right, let us pay for the seed. And we had to go in for improved seed because the Agricultural Officer put the fright in our mind that because there has been excessive rain this time, it is very likely that the crops would get the rust and so we must have rust-proof seeds, that is, the treated seed from their store. If I go in for a loan from them, I have to pay 50 per cent. more; if I do not go in for a loan, but borrow somewhere from a *bania* and then with that purchase seed, he says 'we will charge you Rs. 19 per maund, because that is the rate which we have paid'. Their rate is so high, while in the market wheat is available at the rate of Rs. 13

per maund. These people have got no sense. They do not understand that they must adjust their rates to the market rates. Because they had purchased some eight months back and paid a higher rate, that can be no reason. The rates have fluctuated and their prices have become out of tune, but still they are demanding this price and they are making good their administrative charges, interest and what not. Is this the way in which we are going to tackle the problem of rural reconstruction, the problem of rural indebtedness? If this is the spirit in which we are going to arrange rural credit. I think, Sir, only God may help the Government.

MR. DEPUTY CHAIRMAN: The hon. Mr. Guha

SHRI H. C. MATHUR: This is absolutely a new approach to it. Sir, I have not finished.

MR. DEPUTY CHAIRMAN: We are on the third reading stage, Mr. Mathur.

SHRI H. C. MATHUR: But I have not stated anything which has been urged by some other Member.

MR. DEPUTY CHAIRMAN: But you are going into all these details.

SHRI A. C. GUHA: If I may humbly submit, all these points have been raised by other Members—rate of interest, inefficiency of the co-operative societies, that the Government have not been doing anything and so on.

SHRI H. C. MATHUR: About rate of interest, has anybody given a concrete instance that you are charging 50 per cent? Did you yourself know anything about this?

MR. DEPUTY CHAIRMAN: All those details are not relevant at the third reading stage.

SHRI H. C. MATHUR: I am opposing the basic thing and I am wanting the Government to understand that.....

MR. DEPUTY CHAIRMAN: Order, order. The House has accepted the Bill. If you have got anything to say on the principle of the Bill, it will be considered.

SHRI H. C. MATHUR: What I wish to emphasise is this.....

MR. DEPUTY CHAIRMAN: Please do not go into details.

SHRI H. C. MATHUR: Let there be five crores. All that I want to say is that before you advance those five crores, instead of making these foolish conditions precedent, make this the condition precedent that the amount reaches the agriculturists and that the agriculturists are made to pay much less interest.

Sir, I realise that this is third reading; otherwise I should have gone on much longer, but I would not tire your patience and the patience of the House.

SHRI A. C. GUHA: I think the hon. Member has repeated practically all that was said during the last two days.

MR. DEPUTY CHAIRMAN: Does not matter; let us have your reply.

SHRI A. C. GUHA: He has mentioned only one relevant point to which I think I should reply. I stated certain figures as allotted for each State by the Reserve Bank. I think for Rajasthan it might have been 50 lakhs, I am not sure of the figure. Anyhow that allotment is made only on the basis of the capacity of each State to absorb. If the hon. Member can make the Rajasthan co-operative societies more active and if they can be made to absorb more money, certainly the Reserve Bank will not fail to give them more money. The allotment is not a fixed thing. It is only on the basis of some calculation of the past activities of the co-operative societies in different States. Another thing about which the Members complained was that more or less the Government have stepped into the shoes of the money-lenders. These things, Sir, do not deserve any reply. I have no reply for

abuses. If I start replying to these things, every Member will raise a point of order, and you, Sir, will also raise a point of order.

SHRI H. C. MATHUR: Do you then advance this money with the expedition with which it should be? You are unconcerned with it.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

THE INDIAN PATENTS AND DESIGNS (AMENDMENT) BILL, 1953.

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

"That the Bill further to amend the Indian Patents and Designs Act, 1911, as passed by the House of the People, be taken into consideration."

Sir, I will not take much time of the House in dilating on the import of this measure. As I had explained in the other House, the effect of this Bill is merely to enlarge the scope of section 23CC so as to cover patented inventions relating to insecticides, germicides, fungicides, etc.

As already indicated in the Statement of Objects and Reasons, the existing section 23 CC does not include insecticides, fungicides or germicides, etc., which omission proved some time ago an impediment in the way of the early establishment of factories in the country for the production of important insecticides like D.D.T., etc. We consider that this Bill will remove this obstacle and enable the Controller of Patents and Designs to grant liberally working licences for the manufacture of insecticides, etc., in the country in the same manner as in the case of food and medicines.

Clause (2) of the Bill is intended to enlarge the scope of existing section 23CC of the Indian Patents and Designs Act, 1911, so as to include insecticides, germicides or fungicides along