

(b) **Figures concerning 1952-53** included in the First Progress Report were received from State Governments and were based on their revised estimates.

SHRI P. C. BHANJ DEO: May I know whether the prescribed form for making administrative and financial returns on the execution of the plan has since been standardized?

SHRI J. S. L. HATHI: Of course the *pro forma* has been decided on and in what forms the reports are to be sent.

SHRI P. C. BHANJ DEO: May I know, Sir, whether the progress reports on the Plan are to be sold as priced publications or circulated privately in cyclostyled copies?

SHRI J. S. L. HATHI: They are printed.

*489. [The questioner, (Shri D. Narayan) was absent. For answer vide col. 3490 infra.]

PRODUCTION IN SINDRI FERTILISER FACTORY

*490. **SHRI S. P. RAY:** Will the Minister for PRODUCTION be pleased to state:

(a) the quantity of fertilizers produced in the Sindri Fertilizer Factory during each of the last six months; and

(b) the sale price of the fertilizer produced at this factory?

THE MINISTER FOR PRODUCTION (SHRI K. C. REDDY): (a) A statement giving the information is laid on the Table of the House.

(b) The production of the Sindri Factory is sold by the Central Fertilizer Pool at Rs. 290 per ton f.o.r. Sindri for agricultural and other non-indus-

trial requirements. But the factory itself is paid only Rs. 285 per ton for its product. The pool price f.o.r. Sindri for industrial requirements is Rs. 335 per ton.

Statement

| Month. | Production |
|-------------|------------|
| | Tons |
| June 1953 | 18 543 |
| July " | 21,208 |
| August " | 21,230 |
| September " | 20,587 |
| October " | 20,045 |
| November " | 20,165 |

SHRI O. SOBHANI: Is it a fact that the Sindri Fertilizer Factory's main raw material is gypsum which is to be imported from Bikaner?

SHRI K. C. REDDY: Yes, Sir, the gypsum that is required for use in the Sindri Fertilizer Factory is brought from Rajasthan.

SHRI O. SOBHANI: For the extension programme, is the Government planning to use some other cheaper material?

SHRI K. C. REDDY: There is no extension programme which will require larger quantities of gypsum but the hon. Member has probably in view the manufacture of urea and ammonium nitrate later on, but that will not require additional quantities of gypsum.

PROF. G. RANGA: What are the safeguards to prevent a diversion of that part of the fertilizers, which is reserved for sale for agriculturists, to industrial purposes in view of the big disparity in prices?

SHRI K. C. REDDY: Well, Sir, the price structure is regulated by the Fertilizer Pool which is under the control of the Food and Agriculture Ministry. They have fixed different prices for different fertilizers and different consumers. For example Rs. 290 is the

pool price so far as the Sindri fertilizer is concerned. Rs. 310 is the pool price so far as the imported fertilizer is concerned. As between industrial and non-industrial purposes there is a difference. For industrial purposes the pool sale price is Rs. 335. As to what price the Sindri Fertilizer Factory is to get so far as the quantity sold for industrial purposes is concerned, that is still a matter of negotiation between the Ministry of Food and Agriculture and the Sindri Fertilizer Company.

PROF. G. RANGA: What I wanted to know was: What steps are being taken by Government to prevent that portion of the fertilizers reserved for the use of agriculturists being diverted for industrial use.

SHRI K. C. REDDY: That is the responsibility of the State Governments, if I may say so, because the State Governments are today responsible for its distribution in their respective States. If there is any improper diversion—it may be here and there—I can give the assurance that we will look into the matter.

MR. CHAIRMAN: The Question Hour is over.

SHORT NOTICE QUESTION AND ANSWER

GRANT OF LICENCE FOR THE OPENING OF BRANCHES BY A BRITISH BANK

SHRI GOVINDA REDDY: Will the Minister for FINANCE be pleased to state:

(a) whether a British Bank has recently been granted licence to open branches in India;

(b) whether it is a fact that this Bank is going to take over the business of another Bank which is closing down, namely, the Nationale Handels Bank, N. V. (Netherlands); and

(c) whether Government have considered how far the opening of this new bank will prejudicially affect the ex-

tension of foreign exchange business by Indian banks?

THE DEPUTY MINISTER FOR FINANCE (SHRI A. C. GUHA): (a) Yes, Sir.

(b) Yes, Sir.

(c) Before deciding on the question of issue of licence to the British Bank of Middle East for dealing in foreign exchange, Government have satisfied themselves that this would not prejudicially affect the extension of foreign exchange business by Indian banks.

SHRI GOVINDA REDDY: May I know, Sir, when this British Bank was permitted to operate here?

SHRI A. C. GUHA: Very recently. I think they have not yet started working.

SHRI GOVINDA REDDY: May I know, Sir, which authorities issued the licence—Reserve Bank or the Government?

SHRI A. C. GUHA: The licence was issued by the Reserve Bank but the matter was discussed and considered by the Government also. In fact, the hon. the Finance Minister himself and I both discussed the matter with the representatives of the two Banks concerned and we are satisfied that it will not prejudicially affect the interests of the Indian Banks.

SHRI GOVINDA REDDY: May I know, Sir, how many new foreign banks have been permitted to operate after 1947?

SHRI A. C. GUHA: Sir, I would like to have notice.

SHRI GOVINDA REDDY: May I know, Sir, whether the Government has a definite policy in this matter of permitting foreign banks to operate in India?

SHRI A. C. GUHA: Sir, this is a question of reciprocity. When Indian banks are operating in the U.K. and

other countries, we cannot prevent foreign banks from operating here.

SHRI GOVINDA REDDY: May I know, Sir, the percentage of foreign exchange work that the Indian banks are doing in India and the percentage that the foreign banks are doing?

SHRI A. C. GUHA: Sir, for Sterling the percentage of foreign exchange work done by foreign banks in India is about 82 and the percentage of work done by the Indian banks is only about 18. In Dollar the percentage of foreign exchange work done by the foreign banks in India is about 72 and the work done by the Indian banks is about 28.

SHRI GOVINDA REDDY: May I know, in view of the large proportion of the foreign exchange work being in the hands of foreign banks, whether the Government still consider it desirable to allow foreign banks to operate in India?

SHRI A. C. GUHA: As I have already stated; it is a question of reciprocity. When Indian banks are allowed to operate in foreign countries including the U. K. and other Commonwealth countries, it would not be possible to ban foreign banks operating here. And simply imposing a ban on foreign banks operating here would not help the Indian banks. It largely depends on the Indian banks improving the quality of the service given to their clients.

SHRI GOVINDA REDDY: I agree that it is not possible to ban altogether. But the question is what encouragement the Reserve Bank has given to the Indian banks to do foreign exchange work.

SHRI A. C. GUHA: The Reserve Bank and the Government of India are both conscious that the Indian banks have not been handling quite a good proportion of the foreign exchange work, and the Reserve Bank has given every encouragement to them to develop foreign exchange

work short of discrimination against foreign banks. As for the Central Government, we have been given all sorts of help. For instance, instructions have been issued to make use of the Indian banks to the maximum extent for all governmental purchases. The Central Government have directed the Reserve Bank that commercial work in London may be done through the Indian banks as far as possible. The Reserve Bank has also been asked to assist in all the ways which would help the Indian banks to raise the standard of service. The Reserve Bank has been asked to undertake a study to devise measures for giving special encouragement to the Indian banks to deal in foreign exchange business.

SHRI B. K. P. SINHA: Are Government aware that reciprocity always works to the disadvantage of the weaker of the parties?

(No reply.)

SHRI R. U. AGNIBHOJ: Did the Government of India enquire properly to see whether there was any Indian bank to whom this Bank might be transferred and not to a foreign bank?

SHRI A. C. GUHA: I think the hon. Member is under a misapprehension about the nature of the work so long being done by the Handels Bank and the work that is expected to be done by the British Bank. The Handels Bank was simply doing foreign exchange work. It was not interested in internal finance and banking business. Its main field is Far East and Dutch East Indies. The British Bank is operating mainly in Middle East and Persian Gulf. And there is no Indian bank operating in Middle East and Persian Gulf area and there is no chance in the near future of any Indian bank being in a position to operate there. So we do not think there would be any bar for Indian banks expanding their business simply because of the new British Bank being given a

licence in place of another foreign bank retiring.

SHRI P. T. LEUVA: How many Indian banks are operating in foreign countries?

SHRI A. C. GUHA: About 13, Sir.

SHRI P. T. LEUVA: And how many in the U.K.?

SHRI A. C. GUHA: It is about five or six.

SHRI R. U. AGNIBHOJ: Do the Government expect and want to encourage the spread of Indian banking in the Middle East?

SHRI A. C. GUHA: Sir, as I have already said, in the Middle East there is no Indian bank operating at present and we do not envisage any bank being started there in the near future.

SHRI B. K. P. SINHA: In view of the fact that the Government recognise that reciprocity works always to the advantage of the foreigners, do they propose to evolve a modified conception of reciprocity?

MR. CHAIRMAN: Suggestion for action.

KHWAJA INAIT ULLAH: Is this a new bank or an old bank under a new name? If it is a new bank, no doubt the Government cannot ban foreign banks but cannot the Government ban new foreign banks being opened in India?

SHRI A. C. GUHA: This bank was operating in India. In fact, I think, if my memory is not failing, it was in the original Schedule of the Reserve Bank in 1934 when the Reserve Bank was first established. Then it ceased work for a time but now it is again coming up. Anyhow it was open to the Government to ban it, but, as I have already stated, after considering all the aspects of the relevant situation and the question of reciprocity we have decided not to impose any ban in this case and to permit the bank working here.

WRITTEN ANSWERS TO QUESTIONS

COFFEE CULTIVATION IN MALNAD AREA

*481. SHRI B. V. KAKKILAYA: Will the Minister for COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government propose to encourage coffee cultivation in Malnad areas; and

(b) if so, what steps are being taken in the matter?

THE MINISTER FOR COMMERCE AND INDUSTRY (SHRI T. T. KRISHNAMACHARI): (a) and (b). It has been the policy of the Government to encourage coffee cultivation. The possibility of bringing further areas under coffee cultivation and the steps that should be taken in furtherance of this aim are now under consideration.

COAL ASH DISCHARGED FROM THE BOILERS AT SINDRI

*482. SHRI B. V. KAKKILAYA: Will the Minister for PRODUCTION be pleased to state:

(a) whether it is a fact that about three to four hundred tons of coal ash are discharged every day from the boilers at the Sindri Fertilizers and Chemicals Ltd.; and

(b) if so, for what purpose that coal ash is being used?

THE MINISTER FOR PRODUCTION (SHRI K. C. REDDY): (a) About 200 tons of coal ash is being discharged per day, at present.

(b) The coal ash is being stored, pending the result of certain investigations which are proceeding regarding its utilisation for stowing in collieries and as pozzolanic material with cement, that is, material which imparts an insulating quality and lightness to the cement.