



Saturday
27th February, 1954

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

(Part I- Questions and Answers)

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**PARLIAMENT SECRETARIAT
NEW DELHI**

THE
PARLIAMENTARY DEBATES
(Part I—Questions and Answers)
OFFICIAL REPORT

463

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HOUSE OF THE PEOPLE

Saturday, 27th February 1954

The House met at Two of the Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

BOUNDARY DISPUTES

*459. **Shri Bahadur Singh:** Will the Prime Minister be pleased to state:

(a) whether it is a fact that the Financial Commissioners of the two Punjabs met in Simla in connection with the boundary disputes during October, 1953; and

(b) whether the dispute has been resolved or further meetings are proposed?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) Yes.

(b) Some progress has been made by the two Financial Commissioners in reaching agreed conclusions on certain boundary disputes. Negotiations are being continued on the remaining disputes and on the final demarcation of boundary between Punjab (I) and Punjab (P). Another meeting was also held between them on the 29th and 30th January 1954, and further meetings are proposed to be held to continue the discussions.

Shri Bahadur Singh: May I know what were the matters under dispute, and also whether any part of any dispute was settled?

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Shri Anil K. Chanda: There was a pretty long agenda, and they had several discussions.

Mr. Speaker: The items discussed may be placed on the Table.

Shri Bahadur Singh: Are there any tracts of land in East Punjab that have been claimed by the Pakistan Government, and if so, is there any other area also where such claim has been made?

Shri Anil K. Chanda: There are various pieces of land; some of which are claimed by them and some of which are claimed by us. In regard to some of the matters which were under discussion at the last meeting, some satisfactory conclusions have been arrived at. But I may say that the two Financial Commissioners meeting together can only recommend to their respective Governments, and the final decision rests with the Governments. These meetings have not yet concluded and therefore I am not in a position to say anything more.

Shri Bahadur Singh: May I know whether the question of provident fund and grant of pension to those who were injured or whose relatives were killed in riots was also considered; and if so, what is the result?

Mr. Speaker: This question relates to boundary disputes.

Sardar Hukam Singh: May I know whether there is any staff whose object is to see that the decisions taken are being implemented? There may be no boundary at present and some decision may be taken to fix a boundary.

Is there any staff to look after the implementation of those decisions?

Shri Anil K. Chanda: As soon as the decisions are accepted by the respective Governments, it becomes the responsibility of the Governments to see to their implementation. No special staff is needed.

Mr. Speaker: The point seems to be about a boundary being fixed up.

Shri Anil K. Chanda: That has not yet been done. The question of demarcation has not been taken up.

Sardar Hukam Singh: It may be that the demarcation of the whole boundary has not yet been done, but certain disputes where one country claimed a certain portion of the other country—some small pieces of land—have been settled. In such cases, is any mark put or any specification made, so that there may not be a dispute again in regard to the same matter?

Shri Anil K. Chanda: I should not think that if any particular disputed plot of land has been finally decided to be awarded to one of the two Governments, either this or that, there will be any difficulty in getting that decision properly implemented.

EXPORT EARNINGS

*461. **Sardar Hukam Singh:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that our export earnings in 1953 were much lower than those during 1952;

(b) if so, what are the causes of this decrease; and

(c) whether the advisability of having "an export credit guarantee scheme" has at any time been considered?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari):

(a) Yes, Sir.

(b) 1951 and 1952 were not normal years and comparison with those

years may be misleading. Export earnings during these years were unusually high on account of the conditions created by the Korean boom. With the revival of competitive conditions, the trade has again reverted to its normal level.

(c) Yes. The Export Promotion Committee set up by Government in 1949 examined the proposal to introduce an Export Credit Guarantee Scheme, but it did not consider it to be suitable for adoption in India. The question has again been taken up for consideration, and the schemes in operation in various countries are being studied.

Sardar Hukam Singh: What were the major items whose prices fell down and thus brought about a fall in our export earnings?

Shri T. T. Krishnamachari: It is a very tall order. One of the major items will be jute, in regard to which the prices rose and we were also able to levy an export duty of Rs. 1500 a ton. I am afraid I cannot give a catalogue of those items.

Sardar Hukam Singh: May I know whether there were any items whose exports had appreciated during this year?

Shri T. T. Krishnamachari: The real fact is that there has been a slight drop in the case of certain items like jute goods. I think during 1952-53 the drop was somewhere in the region of 82,000 or 83,000 tons, but the appreciation was more in value than in terms of quantity.

Sardar Hukam Singh: May I know whether the hon. Minister's appeal to the textile industry and exporting bodies for the setting up of a permanent export promotion organisation brought about any results?

Shri T. T. Krishnamachari: This proposal has reached a fairly advanced stage, and I have every hope that an export promotion body would be brought into being before long.

राज्य व्यापार

*४६२. **सेठ गोविन्द दास :** क्या वाणिज्य तथा उद्योग मंत्री राज्य व्यापार के सम्बन्ध में २ दिसम्बर १९५३ को पूछे गये तारांकित प्रश्न संख्या ५२७ के उत्तर को ध्यान में रखते हुए यह बताने की कृपा करेंगे कि १९५० की राज्य व्यापार समिति की सिफारिशों का पुनर्विलोकन करने के लिये जुलाई, १९५३ में नियुक्त की गई समिति की मुख्य सिफारिशें क्या हैं ?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): The State Trading Committee (1952-53) has expressed itself against the taking over by a State Trading Corporation, of the import of Foodgrains, Fertilizers, Steel and East African Cotton and of the export of Coal, Short Staple Cotton and Yarn. The Committee is, however, of the view that a State Trading Corporation should be established to undertake the export of handloom cloth and certain selected small and cottage industry products.

Seth Govind Das: Have Government decided to act according to the recommendations of this Committee?

Shri T. T. Krishnamachari: The matter is now being investigated.

Shri Muniswamy: May I know the conditions and circumstances in which State-trading is made applicable to a commodity by Government?

Shri T. T. Krishnamachari: It is more than I can answer. This question must be addressed to an economist.

NEPA MILLS

*463. **Sardar A. S. Saigal:** (a) Will the Minister of Commerce and Industry be pleased to state the total grant that has been given to the Madhya Pradesh State Government for Nepa Paper Mills up to 31st December, 1953?

(b) What will be its annual production?

(c) What will be the production cost per ton?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari):
(a) Rs. 97.33 lakhs.

(b) 30,000 tons when in full production.

(c) It is estimated that the production cost will not compare unfavourably with the cost of imported newsprint which is about 5 annas 9 pies per lb.

Sardar A. S. Saigal: May I know whether the Government are contemplating to advance Rs. 1 crore, which was asked by the State Government of Madhya Pradesh?

Mr. Speaker: If I remember aright, this question has come up more than once on previous occasions.

Sardar A. S. Saigal: It was asked, Sir.

Mr. Speaker: Then why put the same question again?

Sardar A. S. Saigal: At that time no proper answer was given.

Seth Govind Das: I think no reply was given and therefore it is being asked again and again.

Mr. Speaker: I think he replied that it was under the consideration of the Government.

Shri T. T. Krishnamachari: The position as stated then still remains. The fact was that the Expert Committee has submitted its report and we have called for the remarks of the Madhya Pradesh Government. They have not sent anybody here to discuss the matter with us.

Seth Govind Das: I want to know what will be the position after this production.

Mr. Speaker: That will be hypothetical just now.

IMPORT OF EDIBLE OILS

***464. Shri Jhulan Sinha:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether edible oils are imported into this country for direct consumption or manufacture of vanaspati; and

(b) whether any facility has been given by Government for such imports?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Yes, Sir, both for direct consumption and for the manufacture of Vanaspati.

(b) Yes, Sir.

Shri Jhulan Sinha: May I know if it facilities granted for this purpose?

Shri T. T. Krishnamachari: The usual facility is the grant of import licence. In the case of cotton-seed oil, and palm-oil which we wanted to be imported for the purpose of easing the edible oil position, we have also removed the duty.

Shri Jhulan Sinha: May I know if it has come to the notice of the Government that Vanaspati has come to be manufactured even out of non-edible oils?

Shri T. T. Krishnamachari: I can take that information from the hon. Member.

Shri Velayudhan: May I know whether there was any representation from the public or the Government of Travancore-Cochin State regarding the import of coconut oil from Ceylon to India?

Shri T. T. Krishnamachari: There have been representations in the past; but, I am not aware of any representations at the moment, which are pending

Shri Dabhi: May I know how much quantity is imported annually?

Shri T. T. Krishnamachari: Of what oil, Sir?

Shri Dabhi: Edible oils which are imported.

Shri T. T. Krishnamachari: I require notice.

RESTORATION OF PROPERTY BETWEEN INDIA AND JAPAN

***465. Shri S. N. Das:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether, as stipulated in the Indo-Japanese peace treaty, all the property, rights and interests of Japan and her nationals which happened to be in India when war broke out, have since been restored;

(b) whether, similar action has been taken by Japan in regard to Indian property etc. in that country; and

(c) if not, what still remains to be done in this regard?

The Minister of Commerce (Shri Karmarkar): (a) and (b). Neither India nor Japan has been able to return or restore the property belonging to the other country or its nationals.

(c) The matter is under consideration of the Governments of India and Japan.

Shri S. N. Das: May I know the reasons for the delay that is being caused in restoring the property to each other?

Shri Karmarkar: I am afraid I am not able to satisfy the curiosity of the hon. Member at the moment.

Shri S. N. Das: May I know whether any investigation had been made by the Government of India with regard to the assets of Netaji Subhas Chandra Bose there?

Shri Karmarkar: I have no information regarding the assets of Netaji Subhas Chandra Bose.

LIAISON BETWEEN MINISTRY AND CONSULATES

***466. Shri Bansal:** Will the Minister of Commerce and Industry be pleased to state what liaison exists between the various Indian Consulates abroad and the Commerce and Industry Ministry here?

The Minister of Commerce (Shri Karmarkar): The Ministry of Commerce and Industry maintains direct contact with all the offices, abroad irrespective of whether they are Embassies, High Commissions, Consulates etc. The Ministry receives periodical reports from these offices. Special reports are called for when necessary.

Shri Bansal: Under which Ministry do they function? Do they function directly under the External Affairs Ministry or under the Commerce Ministry?

Shri Karmarkar: The Consuls function under the External Affairs Ministry, and the other commercial officers function under the Ministry of Commerce.

HEAVY CHEMICALS AND FERTILISERS

***467. Shri Nanadas:** Will the Minister of Commerce and Industry be pleased to state:

(a) if any recommendations have been made by the Development Council with regard to heavy chemicals and the fertilizer industry; and

(b) if so, what they are and what action Government propose to take in regard to them?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Yes, Sir.

(b) A statement of the principal recommendations and the action taken on them is laid on the Table of the House. [See Appendix II, annexure No. 18]

Shri Nanadas: It appears from the statement that the imports of heavy chemicals and their values have been furnished to the Development Council. May I know the quantity of imported chemicals and their value?

Shri T. T. Krishnamachari: We have furnished the information asked for, but if the hon. Member puts a question. I can furnish him the information.

Shri Nanadas: May I know the powers which the Development Council is invested with?

Shri T. T. Krishnamachari: Development Councils are created as a result of a statute which the House has approved. The Industries (Control and Regulation) Act contains a definition of the powers of the Development Council.

Shri Nanadas: May I know at what state the work of the Sub-Committee, which has been appointed to study the sulphuric industry, is at present?

Shri T. T. Krishnamachari: The Sub-Committee has not yet reported.

DOCUMENTARY FILM

***469. Shri Dabhi:** Will the Minister of Information and Broadcasting be pleased to state:

(a) whether it is a fact that a film on the Cattlewealth of India is being produced by the Films Division; and

(b) if so, when the film is likely to be completed?

The Minister of Information and Broadcasting (Dr. Keskar): (a) Yes, Sir.

(b) By April or May next.

Shri Dabhi: May I know whether arrangements have been made to exhibit the film in villages, and if so, the nature of the arrangements made?

Dr. Keskar: We try to show our films on as wide a scale as possible, but I would not be able to say what arrangements will be made to show this film to the villages. I may, however, inform my hon. friend that the arrangements which we are making for giving the widest possible publicity to our constructive programmes, will be utilised for this film also.

Shri Dabhi: What will be the special features of the film and how much will it cost to produce?

Dr. Keskar: This is not a big feature film, but it is a documentary film, which will probably be about 10 to 12

minutes' duration. It will be very difficult for me to say what pictures will be filmed.

सेठ गोविन्द दास : इस फिल्म में जो बनाया जा रहा है, केवल यह एक फिल्म ही बनेगा या उस के भिन्न भिन्न अवस्थाओं के टुकड़े बनेंगे और यह काम एक ही फिल्म तक सीमित रहेगा या यह काम और भी आगे बढ़ाया जाने वाला है ?

डा० कसकर : अभी तो यह एक ही फिल्म बनाने का इरादा है, लेकिन इस के यह माने नहीं हैं कि और फिल्म नहीं बनेंगे, लेकिन फिलहाल एक ही बनाने का इरादा है ।

Shri C. R. Narasimhan : Do these shots include the various cattle farms in the country, which also have poultry farms attached to them, and is it found necessary to exclude the poultry portion from them?

Dr. Keskar : I would not be able to reply to questions of detail, because the responsibility for preparing the film is on the Chief Producer of Films, who takes all such factors into consideration. If my hon. friend is interested and lets me have the points on which he requires information, I will try to get it provided he tables a question.

FILM ENQUIRY COMMITTEE

*472. **Shri A. M. Thomas :** Will the Minister of Information and Broadcasting be pleased to state:

(a) the recommendations of the Film Enquiry Committee which are still under the consideration of Government; and

(b) how soon is their decision expected to be announced?

The Minister of Information and Broadcasting (Dr. Keskar) : (a) Recommendations of the Committee are at present under active consideration of Government.

(b) Within a month or two.

Shri A. M. Thomas : May I know when the report was submitted?

Dr. Keskar : The report was submitted in 1951.

Shri A. M. Thomas : What are the reasons for the delay in taking a decision on the recommendations? It is now nearly three years.

Dr. Keskar : Government is aware that three years have passed. The reasons for the delay were elaborately explained in the course of reply to two or three questions. In fact, there was a question last year exactly about the Film Enquiry Committee's Report.

I may briefly restate that the Enquiry Committee's report touched upon various questions which concerned the State Governments also and we had to carry on very elaborate correspondence with the State Governments. Also, financial questions like the entertainment tax had to be discussed with various authorities. That took a long time. Moreover, bodies like the Film Federation of India and other film organisations had also to be consulted. After all, this Government had to examine which of the recommendations could be carried out and implemented. That is the reason for all this delay.

But I might assure my hon. friend that very soon those of the recommendations which we propose to implement will come before the House in the form of a Bill.

सेठ गोविन्द दास : क्या माननीय मंत्री को याद है कि गत वर्ष भी जब यह प्रश्न पूछा गया था तब उन्होंने ने यह कहा था कि एक या दो महीने के अन्दर इस मामले का फैसला हो जायगा और क्या मैं अब यह समझूँ कि यह जो आश्वासन इस वक्त दिया जा रहा है कि एक, दो महीने के अन्दर निर्णय हो जायगा, यह कायम रहेगा या इस के और भी बढ़ने की सम्भावना है ?

डा० फेसकर : जहाँ तक मुझे याद है, एक या दो महीना यह उत्तर नहीं था। उत्तर यह था कि "शीघ्र से शीघ्र" और इस समय मैं उन को यह विश्वास दिला सकता हूँ कि महीना, दो महीना जो कहा गया है, उस महीने दो महीने के अन्दर अन्दर ही यह बिल आपके सामने आ जायगा।

TRADE WITH "ENEMY" COUNTRIES

***473. Shri S. C. Samanta :** Will the Minister of Commerce and Industry be pleased to state :

(a) whether trade with certain 'enemy' countries and 'enemy occupied' territories has been resumed;

(b) if so, the date when it was resumed;

(c) the names of such countries;

(d) whether trade agreements have been entered into with any of those countries; and

(e) if so, what they are?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b), (c) and (e). A statement is laid on the Table of the House. [See Appendix II, annexure No. 19]

(d) Yes, Sir.

Shri S. C. Samanta: From the statement I find that with four countries the agreement has expired. May I know whether Government are intending to renew the agreements with them?

Shri Karmarkar: So far as Italy and Hungary are concerned, negotiations have been started with them.

Shri S. C. Samanta: May I know, Sir, whether any negotiation is going on with Japan?

Shri Karmarkar: I do not think, Sir.

Shri S. C. Samanta: May I know, Sir, whether any quota has been allotted for import from these countries?

Shri Karmarkar: According to the present pattern of our trade agreement, as the hon. Member doubtless knows, no particular quota is allotted. The schedule merely mentions the imports from them and the articles to be exported by us. There are no fixed quotas.

Shri N. L. Joshi: May I know the names of the "enemy" countries?

Shri Karmarkar: I thought it was well-known: the information would be available in the library.

Shri P. C. Bose: Is it not improper now to call any country enemy country?

Shri Karmarkar: They are really not enemy countries: that is why the word is put in inverted commas.

Shri S. C. Samanta: Is it not a fact that in 1952 there were some quotas allotted?

Shri Karmarkar: Some quantity, I understand, but there was no question of a quota.

MAU MAU MOVEMENT

***474. Shri N. M. Lingam:** Will the Prime Minister be pleased to state:

(a) the number of Indian victims, if any, of Mau Mau attacks;

(b) the extent of property looted or destroyed in Indian trading settlements at Kijabe; and

(c) whether adequate protection is given to Indians in Kenya by the authorities of the colony?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) It is estimated that about 15 Indians have been killed in these disturbances.

(b) Property worth about £ 5,000 is reported to have been looted or damaged in the raid on this settlement.

(c) According to reports reaching the Government of India, Indians are not in need of any special protection apart from the general protection

afforded by the authorities of Kenya to all citizens.

Shri N. M. Lingam: Is it a fact that lack of police protection to Indians is attributable to a misapprehension of the Indians in relation to the emergency in Kenya? If so, what steps have been taken to allay those misgivings?

Shri Anil K. Chanda: I have already said in my answer that according to the information that we have received from our Commissioner there is no reason to suspect or think that the general protection given to other citizens of Kenya has been denied to our people and we also know that our people there can get fire-arms for self-protection, if needed, without any very great difficulty.

Shri Raghuramaiah: May I know whether Government have in their possession any information showing the possible causes for the Mau Mau attack on Indians?

Shri Anil K. Chanda: I should not think that in the few isolated cases where Indians have been attacked, they have been attacked as Indians. They were really raids on their shops.

Shri S. N. Das: May I know whether any Indian has been a victim to the shooting that is going on by the authorities there?

Shri Anil K. Chanda: Not to our information.

Shri N. M. Lingam: Is it not a fact that although fifteen murders were committed on Indians, police investigations have not been taken up even in respect of one of these murders?

Shri Anil K. Chanda: That is not our information.

FOUNTAIN PEN INK

*475. **Shri K. P. Sinha:** Will the Minister of Commerce and Industry be pleased to state what quantity of fountain pen ink was imported in the year 1953 and also its value?

The Minister of Commerce (Shri Karmarkar): Fountain pen ink valued

at Rs. 4,52,000 was imported into India during 1953. Information regarding quantity is not available.

Shri K. P. Sinha: May I know if the industry is producing enough ink locally?

Shri Karmarkar: The production in 1953 up to September is estimated at 500,000 dozen bottles of two ounces each, and the domestic consumption is about 900,000 dozen bottles of two ounces each per year.

Shri K. P. Sinha: May I know if foreign capital is producing inks here under foreign trademarks, and if so what protection is given to the indigenous industry?

Shri Karmarkar: Recently, three schemes have been permitted to be operated by the Parker, Pilot, and Watermen Companies, who are participating in these schemes.

Shri D. C. Sharma: What effort is Government making to see that fake fountain pen ink is not being put on the market? For instance, there are certain fountain pen inks which have a foreign trademark but they are manufactured in India.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I may mention here that we have recently revised the rules, under the Merchandise Marks Act, insisting upon the country's origin being mentioned on the bottles of fountain pen ink so that if the fountain pen ink is manufactured in India, it should be stated so therein and the buyer will not be cheated by the mere fact that the name looks like being foreign.

Shri Venkataraman: May I know whether it has come to the notice of the Government that some of these foreign firms which are permitted to manufacture fountain pen ink in this country are importing concentrated ink from foreign countries and dilute them and put them on the market?

Shri Karmarkar: It has not yet come to our notice.

GOVERNMENT BOARDING AND LODGING
HOUSES IN DELHI

*476. **Pandit D. N. Tiwary:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) whether the maintenance of Government boarding and lodging houses in Delhi has resulted in a profit or a loss;

(b) What is the extent of the profit or loss, as the case may be; and

(c) the class of people for whose benefit these houses are maintained?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) and (b). A statement showing the figures of income and expenditure relating to Government Hostels in Delhi for the years 1950-51, 1951-52 and 1952-53, is laid on the Table of the House. [See Appendix II, annexure No 20].

(c) Members of Parliament, officers of the Central and State Governments visiting Delhi on official business and officers of the Government of India stationed in Delhi.

Pandit D. N. Tiwary: What is the total investment?

Sardar Swaran Singh: I have not got these figures with me.

Pandit D. N. Tiwary: What is the reason for less income and more expenditure in 1951-52?

Sardar Swaran Singh: These hostels are not maintained as a commercial proposition, but they are meant for occupation by people who occupy them either for public purposes or for official work; and the slight loss that was incurred for the year mentioned by the hon. Member was due to some of the seats remaining vacant during the non-rush period.

Shri Bhagwat Jha Azad: In reply to part (c) of the question the hon. Minister has stated that these hostels are also meant for Members of Parliament. May I know if by now Government have constructed sufficient houses for Members of Parliament, and they

are not still being huddled together, two or three in one residence?

Mr. Speaker: I am afraid the question does not arise directly out of this.

Shri Thimmaiah: May I know whether these houses are owned by Government or whether they are hired ones?

Sardar Swaran Singh: Out of these, Kotah House and Pataudi House are hired, whereas Western Court, Constitution House and Baisina Road Hostel are owned by Government.

Shri B. S. Murthy: May I know whether there is any time-limit for staying in these houses for persons who are not either Members of Parliament or government officials; and if so what is the time-limit?

Sardar Swaran Singh: Normally persons who do not belong to these categories are not allowed to stay there. If they are, they can be asked to vacate as soon as any of the rooms is required for Government purposes.

COMPENSATION TO INDIAN LAND OWNERS
IN BURMA

*477. **Shri D. C. Sharma:** Will the Prime Minister be pleased to state:

(a) the efforts Government are making to settle the issue of compensation for the nationalized land in Burma; and

(b) how long it will take for the issue to be finally decided?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) A delegation was sent by the Government of India to Rangoon in December, 1953, to discuss this matter with the Government of Burma. After full and frank discussions, the Burmese representatives promised to give careful consideration to the views expressed by the Indian Delegation. They also stated that they would have the same regard for Indian landowners as for their own.

(b) It is believed that the matter will be considered by the Burmese

Parliament during its session commencing this month. It is difficult, however, to say how long it will take to decide the issue finally.

Shri D. C. Sharma: May I know the extent of land which is involved in this dispute, if I can use that word?

Shri Anil K. Chanda: Exact figures are not quite available with us, but it is in the neighbourhood of about 2 million acres in area and the total value is about Rs. 70 crores.

Shri D. C. Sharma: May I know how many persons are affected so far as this land is concerned?

Shri Anil K. Chanda: There are 574 firms who hold a thousand acres and below, with a total of 217,164 acres: 482 firms who hold a thousand acres and more, with a total of 1,501,401 acres.

Shri Radha Raman: May I know whether it is a fact that rents are still being collected from the Indian owners on lands which have been taken over by the Burmese Government?

Shri Anil K. Chanda: With regard to the Syriam township which came under the operation of the Land Act of 1949 I believe the rents have been collected and are being collected. We made a representation to the Burmese Government and they said that they did not accept the non-receipt of rents by the landlords from the tenants as a ground for the remission of land revenue.

Shri Radha Raman: How long will this matter take to settle?

Shri Anil K. Chanda: As I said in my first answer, the compensation clause of this new Bill will be taken up during the current session of the Burmese Parliament.

Shri Sarangadhar Das: May I know whether the tenants, Indian or otherwise, who were tilling the lands taken from the big landlords, are to be dispossessed of the lands when those lands would be nationalised, or will they remain as tenants?

Shri Anil K. Chanda: I am afraid, Sir, I have not got the information.

SALT WORKS

*478. **Shri K. C. Sodhia:** Will the Minister of Production be pleased to state:

(a) the total compensation paid to the Rajasthan and French Governments respectively for Salt Works during 1952-53;

(b) for how long these are payable;

(c) whether any agreement has been entered into with them; and

(d) if so, whether a copy of the same will be laid on the Table of the House?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): (a) The total compensation paid to the Rajasthan Government during 1952-53 was Rs. 22,10,803-5-2. No compensation was payable to the French Government during 1952-53. All agreements regarding payment of compensation to the French Government terminated on the 14th August 1951, and no fresh agreements have been entered into with that Government. A sum of Rs. 4,16,999/-, being the arrears due in previous years, was however, paid during 1952-53.

(b) The compensation to the Rajasthan Government is payable so long as the Central Government continue to manufacture salt in the salt sources located in the State Territory.

(c) Yes, only with the Government of Rajasthan.

(d) A copy is laid on the Table of the House of that portion of the agreement with the Rajasthan Government which bears on this question of Salt production in Rajasthan and payment for it. [See Appendix II, annexure No. 21].

Shri K. C. Sodhia: Are these payments treated as a part of the cost expenditure on salt manufactured?

Shri R. G. Dubey: No, Sir. They are not treated as cost expenditure. They are by way of rent and royalty.

Shri Nanadas: May I know the total expenditure on the salt works we have taken from the Rajasthan Government and the progressive total amount of compensation we have paid since we have taken those works?

Shri R. G. Dubey: I have not followed the question.

Mr. Speaker: The total expenditure and the progressive total amount of compensation.

The Minister of Production (Shri K. C. Reddy): The total expenditure and the progressive total amount of compensation? I am afraid, I require notice to answer this question.

Shri Nanadas: Are we paying this kind of compensation to any other State Government, and if so to which State Government?

Shri R. G. Dubey: So far as other State Governments are concerned, that information is not available just now.

BASIC EDUCATION IN DEVELOPMENT BLOCKS

*479. **Shri B. K. Das:** Will the Minister of Planning be pleased to state:

(a) whether Basic education has been introduced in the Community Development Blocks;

(b) if so, how many Basic schools and in how many blocks they have so far been started; and

(c) whether education in such schools is free and compulsory?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes.

(b) 662 New basic schools were opened in 22 Community Projects and 23 Development Blocks.

(c) Education is free but except in certain areas, it is not compulsory.

Shri B. K. Das: With reference to answer given to part (b) of the question, may I know how many schools—old schools—have been converted into basic schools?

Shri Hathi: Two hundred and sixty-three.

Shri B. K. Das: May I know whether any middle schools have been converted into senior basic schools?

Shri Hathi: Fifty-two.

Shri B. K. Das: May I know whether any estimate has been made regarding the increase in percentage of the students attending those schools, who are between the age group of six to fourteen, and if so, what is that increase in percentage?

Shri Hathi: That figure, perhaps, is not available.

Shri S. N. Das: May I know the break-up of the number of schools started in the community project areas statewide?

Shri Hathi: I have got the full list but it will take a long time to read. I shall lay that list on the Table.

अपहृत महिलाओं की पुनः प्राप्ति

*४८०. **श्री बाल्मीकि :** क्या प्रधान मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या भारत और पाकिस्तान में अपहृत महिलाओं की पुनः प्राप्ति के लिये अभी तक काम किया जा रहा है ;

(ख) अब तक कितनी महिलायें प्राप्त की गई हैं ; और

(ग) इस काम में सहयोग देने वाली असरकारी संस्थाओं के नाम क्या हैं ?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) Yes.

(b) The total number of persons recovered is 21,141 in India and 8,831 in Pakistan upto 31st December 1953.

(c) Attention of the hon. Member is invited to the reply given to part (b) of his starred question No. 43 on the 3rd August, 1953, by me. The answer was that members of various organizations have assisted Government in this work on humanitarian grounds.

श्री बास्मीकि : पिछले तीन वर्षों में इस विभाग पर कितना रुपया खर्च किया गया ?

Shri Anil K. Chanda: May I submit, Sir, that two days ago, we had a lengthy discussion of this matter in connection with the Recovery of Abducted Persons Bill and all the information which we had in our possession had been given to the House?

Shrimati A. Kale: May I know the expenditure involved in this recovery work so far?

Shri Anil K. Chanda: It is well-known; roughly speaking, it is about Rs. 9 lakhs a year.

बाध का हाथ से कटना

*४८२. **श्री विभूति मिश्र :** क्या वाणिज्य तथा उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) केन्द्रीय सरकार ने पंच वर्षीय योजना के अन्तर्गत बिहार सरकार को हाथ से धान कूटने के सम्बन्ध में अभी तक कुल कितना धन दिया है ;

(ख) राज्य में इस कार्य में अभी तक कितनी प्रगति की गई है ?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) No grant has yet been disbursed to any State.

(b) Does not arise.

श्री विभूति मिश्र : क्या सरकार इस व्यवसाय को राईस मिल्स से बचाने के लिये कोई कार्यक्रम बना रही है ?

Shri T. T. Krishnamachari: All that I can say is that an amount of Rs. 3,00,000 has been placed at the disposal of the All-India Khadi and Village Industries Board and the money has not been disbursed yet.

श्री विभूति मिश्र : क्या सरकार अपने मुहकमों के खर्चों के लिये इस हाथ से कुटे हुए चावल को खरीदेगी ?

वाणिज्य मंत्री (श्री करमरकर) : उस पर विचार जरूर करेगी ।

Shri Sinhasan Singh: In the last session, in reply to a similar question about the recommendation of the Planning Commission to introduce hand-pounding of rice, Government said that the matter was under consideration. May I know whether the Government have arrived at any conclusion on introducing hand-pounding in the place of milling?

Shri T. T. Krishnamachari: All I can say really is that so far as the Central Government is concerned, the agency through which we act happens to be the All-India Khadi and Village Industries Board. As I said, a sum of Rs. 3,00,000 has been placed at their disposal. They asked for an additional amount. An additional sum of Rs. 1,25,000 has been placed at their disposal. My information was that no money has yet been disbursed.

TOBACCO

*483. **Shri Raghavaiah:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government have received any representations to facilitate the disposal of large tobacco stocks, under the Indo-Soviet Agreement; and

(b) if so, the steps Government have taken in this regard?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) Tobacco has been included as one of the items of export from India to U.S. S. R. in the recent Indo-U.S.S.R. Trade Agreement.

Shri Raghavaiah: May I know whether any businessmen have gone

from this country to the Soviet Union to negotiate the question of disposal of the tobacco stocks?

Shri Karmarkar: We have no information on that point.

Dr. Rama Rao: May we know if the Government have taken any special steps to encourage or help the disposal of the accumulated tobacco, which the hon. Minister must have known, recently?

Shri Karmarkar: Recently in the departmental meeting between the representatives of the Commerce and Industry Ministry and the Food and Agriculture Ministry, they were considering this matter seriously.

Shri Dabhi: May I know how much tobacco is Russia likely to import annually from India?

Shri Karmarkar: One could not venture on any guess.

RELIEF TO WEAVERS IN ANDHRA

***485. Shri Gadilingana Gowd:** Will the Minister of Commerce and Industry be pleased to state:

(a) the schemes that have been taken up by the Andhra Government to give relief to weavers;

(b) whether the Central Government have power to see that the amount allotted to the States from the handloom cess fund has been properly spent by the co-operative organisations to whom this amount has been given;

(c) if the answer to part (b) above be in the affirmative, the method adopted for such check; and

(d) if the answer to part (b) above be in the negative, whether there is any other authority checking this?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari):

(a) A statement showing the schemes sanctioned for the handloom industry in Andhra from the cess fund is laid on the Table of the House. [See

Appendix II, annexure No. 22.] According to information received from the State Government, preliminary action is in progress for implementation of these schemes.

(b) Yes, Sir.

(c) The Central Marketing Organisation and its Regional Offices undertake the necessary checking. In addition, progress reports are required to be submitted by each State Government.

(d) Does not arise.

Shri Gadilingana Gowd: Is it a fact that the hon. Minister visited the Weavers' Society at Yennigarur in Andhra State on the 8th February and promised the society that he would recommend the grant of a subsidy of Rs. 1,44,550 under the subsidised industrial scheme for the houses already constructed long ago?

Shri T. T. Krishnamachari: It is undoubtedly a fact that I visited the society, but the hon. Member would be aware that Ministers cannot go on promising in their tours about payment of subsidies or loans without reference to Government or their colleagues. So, I could have made no promise of that sort.

Shri Gadilingana Gowd: Is the Government aware that those houses for which the grant is asked were constructed with the aid of subsidy and loan from the State Government and that even one instalment of the loan has not been repaid as yet by the society?

Shri T. T. Krishnamachari: If the State Government had given the money, then the obvious source from which information could be got is the State Government, not the Central Government.

Shri Raghavaiah: May I know whether Government have received any reports regarding the mistakes committed by the Textile Enquiry Committee which has been appointed recently by the Government to go into

the needs of the handloom weavers in Andhra State?

Shri T. T. Krishnamachari: Mistakes?

Mr. Speaker: What is the last part of his question? Will he repeat?

Shri Raghavalah: May I know whether the Government have received any report from the Textile Enquiry Committee which has been appointed by the Government recently to go into the needs of these handloom weavers in Andhra State regarding the disbursement of this cess amount?

Shri T. T. Krishnamachari: I cannot understand the import of this question. The Textile Enquiry Committee perhaps visited the State.

Mr. Speaker: Has it made any recommendation on this question?

Shri T. T. Krishnamachari: No, Sir. It has not submitted any report.

REHAND DAM

***486. Shri M. L. Agrawal:** (a) Will the Minister of Irrigation and Power be pleased to state whether Government have given any aid to the Uttar Pradesh Government for completing the Rehand Dam Project included in the First Five Year Plan?

(b) what is the nature of the aid, and when was it given?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). So far no aid has been given to the Uttar Pradesh Government for this project.

The project has been included in the Five Year Plan and has also been admitted for Indo-U.S. Technical Co-operation assistance for the year 1954-1955.

Financial arrangements regarding the project between the State and Central Government are under consideration.

Shri M. L. Agrawal: Did the U.P. Government ask for any aid in this matter?

Shri Hathi: Not yet.

Shri M. L. Agrawal: What has been the total contribution up to date of the Central Government to finance the irrigation and power projects of U.P. during the First Five Year Plan?

Shri Hathi: I would require notice for that.

Shri Muniswamy: May I know whether this project will be useful to some other States also partially?

Shri Hathi: Yes, it will be useful to Bihar also.

बाबू रामनारायण सिंह : तिलैया डैम से सिंचाई के लिए नहर बनना आरम्भ हुआ है या नहीं ?

Shri Hathi: This relates to the Rehand project in U.P.

INDO-PAKISTAN BORDER INCIDENTS

***487. Shri L. Jogeswar Singh:** Will the Prime Minister be pleased to state:

(a) how many incidents were officially reported during 1953 on the Indo-Pakistan border in Shillong-Karimganj area;

(b) what is the nature of the incidents, if any; and

(c) how many such incidents have been amicably settled between the two Governments?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) 28 incidents on the United Khasi and Jaintia Hills-Sylhet border and 8 incidents on the Karimganj-Sylhet border.

(b) (i) Of the 28 incidents on the United K & J Hills-Sylhet border, 13 were incidents of exchange of firing between Pakistani armed forces and the Assam Border Security Force; 5 were cases of trespass into Indian territory by Pakistani national and Pakistani armed forces; 9 cases of lifting of cattle by Pakistani nationals and Pakistani armed forces and 1 case of kidnapping of an Indian national by Pakistani armed forces.

(ii) Of the 8 incidents on the Karimganj-Sylhet border, 3 were cases of firing; 3 of interference by Pakistani forces in plying of boats by Indian nationals on the river Surma and 2 were cases of lifting of cattle.

(c) Under the Indo-Pakistan Agreement of December, 1948, such incidents on the Assam-East Bengal border are referred to the District Magistrates of the border districts concerned for settlement. Out of the cases mentioned in reply to part (b), the kidnapped Indian national has since been released and some of the cattle lifted by Pakistani nationals have also been returned. In other cases, the Pakistani authorities have either denied the charges or auctioned the cattle.

Shri L. Jogeswar Singh: May I know whether there were any casualties in the firing?

Shri Anil K. Chanda: There have been no casualties.

Shri L. Jogeswar Singh: May I know whether it is a fact that the Deputy High Commissioner of Pakistan is being posted in Shillong to expedite the early disposal of the issues on the Assam border?

Shri Anil K. Chanda: I could not follow the question.

Mr. Speaker: He wants to know whether the Deputy High Commissioner of Pakistan is being posted at Shillong for the early disposal of the cases.

Shri Anil K. Chanda: There are so many Deputy High Commissioners in Pakistan.

Mr. Speaker: He means the Deputy High Commissioner for Pakistan.

Shri Anil K. Chanda: Not that I know of.

Shri S. C. Deb: May I know whether there was any incident of firing on the Karimganj-Sylhet border?

Shri Anil K. Chanda: I said earlier that out of the eight incidents on the Karimganj-Sylhet border, three were cases of firing.

Shri L. Jogeswar Singh: May I know whether the kidnapped persons have been recovered now?

Shri Anil K. Chanda: There was one person kidnapped from our side, and he has been recovered, I think.

CANAL FROM DAMODAR VALLEY IN WEST BENGAL

***488. Shri Tushar Chatterjea:** Will the Minister of Irrigation and Power be pleased to state:

(a) whether it is a fact that in Sonamukhi P.S., Bankura District, West Bengal, the Damodar Valley Corporation Authority have made a number of changes in the officially declared line of the canal;

(b) if so, whether such changes have the approval of the Central Government;

(c) how much acreage of arable land and how many home-steads and other property have been newly acquired for this change; and

(d) whether proper compensations have been given for them?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Only one change has been made by exclusion of an area of 0.65 acres from the notified land.

(b) No Sir. The approval of the Central Government is not necessary.

(c) No land, beyond what has been notified, has been newly acquired

(d) Does not arise.

Shri Tushar Chatterjea: May I know whether any representation from the villages concerned has been received by Government, and if so, whether any action has been taken on the same?

Shri Hathi: No, Government have not received any such representation.

Shri Tushar Chatterjea: May I know whether the compensation has been fully paid?

Shri Hathi: Compensation has been paid for about 7,000 acres of land, and not for all the land, yet.

JUTE GOODS (EXPORT)

*490. **Shri Morarka:** (a) Will the Minister of Commerce and Industry be pleased to state whether it is a fact that the export of jute goods is falling this year as compared to the last two years?

(b) What is the main reason for the fall in exports?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari):

(a) No, Sir. Exports of jute goods during the current financial year are slightly better than the average exports during the last two years.

(b) Does not arise.

Shri Morarka: May I know whether our exports of gunny bags and gunny cloth have fallen this year, as compared with those of the last two years?

Shri T. T. Krishnamachari: The hon. Member means sacking as against hessian? I think sacking exports have dropped—I would not be able to say precisely how much—and the tendency has been for sacking exports to drop.

Shri Morarka: I put the question on jute goods, because in the classified items published in the *Journal of Industry and Trade*, gunny bags and gunny cloth are classified as jute goods.

Shri T. T. Krishnamachari: Gunny cloth is hessian, gunny bag is sacking. Sacking has shown a tendency to drop.

Shri N. M. Lingam: Is it a fact that the reduction in export is due to the development of jute substitutes in the importing countries?

Shri T. T. Krishnamachari: As I said in answer to a previous question, the position of exports as compared to the boom years is rather difficult. In 1952-53, we had a setback merely because of some over-stocking in some countries in the previous years. And it is also difficult to isolate the causes. It may be due not so much

to substitutes for jute, as to substitutes by paper bags, and also bulk handling.

Shri N. L. Joshi: May I know the total value of exports this year?

Shri T. T. Krishnamachari: I have only got the tonnage for the ten months in 1953-54. It is 6,50,000 tons. I have not got the value.

NEWSPRINT FROM SUGAR-CANE BAGASSE

*491. **Shri Jhulan Sinha:** Will the Minister of Commerce and Industry be pleased to state the progress made in the attempts to manufacture newsprint from sugar-cane bagasse?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): There is at present no concrete scheme for the manufacture of newsprint from bagasse, of which progress could be reported. The Forests Research Institute at Dehra Dun have, however, recently conducted several experiments to establish that a satisfactory kind of printing paper could be manufactured from bagasse pulp mixed with 30 per cent. bamboo pulp. Attempts are now being made by that Institute to carry out trials in paper mills for determining the exact cost of production. Experiments have also been undertaken to bring down the cost of production of printing paper from bagasse.

Shri Jhulan Sinha: May I know if the Government is in a position to state the cost of production of newsprint from sugarcane bagasse and how it compares with the cost of that produced from other articles?

Shri T. T. Krishnamachari: Experiments are being conducted and it is only after these experiments are completed that we may be able to evaluate the relative costs.

HANDLOOM

*492. **Shri S. N. Das:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether, and if so, which of the State Governments have decided to

allow rebates on sales of handloom cloth; and

(b) if the answer to part (a) above is in the affirmative, the rates of rebate allowed in each State?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari):

(a) A statement showing the names of the States to whom grants have been sanctioned for rebate on sales of handloom cloth is laid on the Table of the House. [See Appendix II, annexure No. 23]. All these States will allow rebates on sales of handloom cloth.

(b) The rate of rebate will be nine pies to one anna six pies per rupee on sales of Rs. 5 or over.

Shri S. N. Das: May I know since when the rebates on the sales of handloom cloth have been granted?

Shri T. T. Krishnamachari: I could not tell the exact date when it began. The scheme is now in operation.

Shri S. N. Das: May I know the total amount that has been sanctioned for the purpose and the basis on which the allotment has been made to the various States?

Shri T. T. Krishnamachari: The grant for rebates on sales is Rs. 91,76,950. The basis is, roughly, the schemes prepared by the States and also the offtake of yarn by the States.

ELECTRICITY TO CALCUTTA FROM DAMODAR VALLEY

***493. Shrimati Renu Chakravartty:** Will the Minister of Irrigation and Power be pleased to state:

(a) whether it is a fact that electricity generated at Damodar Valley will be transmitted to Calcutta;

(b) if so, the percentage of the total production and of the total installed capacity which will be so transmitted;

(c) the agency through which the power will be transmitted; and

(d) the price that will be charged to the consumers per unit of electricity?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes Sir.

(b) The supply to Calcutta will be about 24 to 32 per cent. of the total production and about 15 to 23 per cent. of the total installed capacity.

(c) Power will be transmitted by the DVC's own 132 KV transmission lines to Calcutta and distributed by the Calcutta Electricity Supply Corporation.

(d) The Calcutta Electric Supply Corporation will purchase power in bulk from the DVC and the price to the consumer will be at the Standard Tariffs as may be in force from time to time with the approval of the Govt. of West Bengal.

Shrimati Renu Chakravartty: May I know whether it is not a fact that it was stated again and again that the power that is generated will be used by this area for the industries of this area, and if that has not been done what is the percentage that is being actually used in that area?

Shri Hathi: Twenty-four per cent. will go to Calcutta, and the remaining will be used for the industrial areas.

Shrimati Renu Chakravartty: What is the price at which the Damodar Valley Corporation will be selling to the Calcutta Electric Supply Corporation, and is it going to be cheaper than the price now charged to the consumers in Calcutta by the Electric Supply Corporation?

Shri Hathi: The D. V. C. will sell to the Calcutta Electric Supply Corporation at a certain rate which is being negotiated. It is not finalized.

Shrimati Renu Chakravartty: Is there any clause in the contract that the rate at which the D.V.C. will supply to the Calcutta Electric Supply Corporation will be the same rate at which the people in Calcutta are now being charged and nothing extra will be charged?

Shri Hathi: Generally, when power is sold in bulk, it is definitely at a cheaper rate and there will be some margin which the Calcutta Electric Supply Corporation can have for them. The tariff will be according to the rates prescribed by the West Bengal Government.

Shrimati Renu Chakravarty: Is it contemplated that the price of electricity will come down in Calcutta after this,—according to your calculations?

Shri Hathi: I am not in a position to reply to that. That will lie with the West Bengal Government.

SALT

***494. Shri Raghavaiah:** Will the Minister of Production be pleased to state the steps Government propose to take to encourage the salt industry in the Andhra State?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): No special measures or steps are considered necessary for increasing the production of Salt in the Andhra State as there is already surplus production. In order, however, to improve the quality of the salt manufactured, Government have decided to set up a test laboratory at Kakinada to facilitate the rapid analysis of salt for the guidance of the manufacturers. The setting up of some more test laboratories is under consideration.

Shri Raghavaiah: May I know, Sir, whether the Government propose to start research laboratories, salt refineries and model farms in Andhra State?

Shri R. G. Dubey: Yes, Sir. The Salt Cess Bill was passed by Parliament and some provision is made there for development activities in the field of the salt industry. When those schemes are taken up, Andhra State also will have a share.

Shri Raghavaiah: What is the number of salt refineries and salt research laboratories and model farms that are going to be started in Andhra State?

Shri R. G. Dubey: At present, Kakinada is selected. Regarding other places, just now I am not in a position to give the information.

Shri Nanadas rose—

Mr. Speaker: Next question.

N.E.F.A. ADMINISTRATION

***495. Shri L. Jogeswar Singh:** (a) Will the Prime Minister be pleased to state whether it is a fact that Government propose to introduce shortly a special cadre of service for the North East Frontier Agency?

(b) if so, what are the criteria for the selection of candidates for these posts?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) The question of the formation of a special cadre for the North-East Frontier Agency has been under consideration. Before coming to a final decision, it has been decided to recruit a certain number of Political Officers and Assistant Political Officers and watch this experiment for about a year or so. Such recruitment was also made necessary because of the need arising from the extension of administration.

(b) Qualities of initiative, imagination, resourcefulness and a broad sympathy with and understanding of the tribal people and their customs are considered essential for officers holding posts in the North-East Frontier Agency. The officers are also expected to be mentally and physically fit for service in extremely difficult conditions.

Shri L. Jogeswar Singh: May I know, Sir, whether it is a fact that only military officers are eligible for these posts and civilian officers are totally excluded?

Shri Anil K. Chanda: No, Sir. When we decided to recruit a number of new officers, applications were invited from officers in the NEF area in the State of Assam and in the All-India Services such as the IAS, IPS,

Indian Foreign Service and the Defence Services.

Shri L. Jageswar Singh: May I know, Sir, whether there is any possibility of the services of this new cadre being extended to Manipur and Tripura?

Shri Anil K. Chanda: These people have been recruited now only for the NEF area.

Shri Muniswamy: May I know, Sir, whether any preference will be given to people from the Defence Services?

Shri Anil K. Chanda: No preferential treatment was accorded to people of the Defence Services. We constituted a Recruitment Board and a large number of applicants were interviewed. As it happens, I find quite a large number of the officers selected do belong to the Army or the Air Force.

Shri Rishang Keishing: May I know, Sir, the names of the persons who have been selected for the posts of PO and APO and the districts where they will be posted?

Shri Anil K. Chanda: There are about 24 names. If you permit me, I can read them out.

Shri L. Jageswar Singh rose—

Mr. Speaker: There is only one more question. Next question.

PEARLS

***496. Shri Morarka:** Will the Minister of Commerce and Industry be pleased to state:

(a) the total value of imports of pearls from the Middle East countries during April 1953 to January 1954 and the corresponding ten months of 1952-53;

(b) the total value of re-export of pearls during the above-mentioned two periods;

(c) whether there is any fall in the import and re-export of pearls;

(d) if so, the cause of such fall; and

(e) whether there is any duty on the import and export of pearls?

The Minister of Commerce (Shri Karmarkar): (a) and (b). A statement is laid on the Table of the House. [See Appendix II, annexure No. 24.]

(c) Yes, Sir.

(d) The import duty of 20 per cent. *ad valorem* imposed on 28th February, 1953, may have contributed to the decline in this trade, in addition to competition from synthetic pearls.

(e) There is no export duty on pearls. The import duty of 20 per cent. on raw pearls (other than cultured) has also been removed from 23-2-54.

Shri Morarka: May I know, Sir, whether the Government of India had received any representation from the Pearl Merchants' Association for removing this import duty on real and synthetic pearls?

Shri Karmarkar: That is so. We considered that and we have removed the duty.

WRITTEN ANSWERS TO QUESTIONS

RESIDENTIAL QUARTERS IN DELHI

***460. Th. Lakshman Singh Charak:** Will the Minister of Works, Housing and Supply be pleased to refer to the answer given to starred question No. 1151 on the 9th September, 1953 and state how much money Government have spent during 1952-53 on construction of quarters for clerks and peons in Delhi?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): About rupees Sixty lakhs.

PHARMACEUTICAL INDUSTRY

***468. Shrimati Renu Chakravartty:** Will the Minister of Commerce and Industry be pleased to state whether it is a fact that considerable difficulties are being experienced by the pharmaceutical industry as a result of dual control by the Health and the Commerce and Industry Ministries?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): No such difficulty has been brought to the notice of Government by the Industry.

GOVERNMENT'S HOUSING COLONY

***470. Shri Gidwani:** Will the Minister of Works, Housing and Supply be pleased to state whether the speech delivered by the Prime Minister on the occasion of laying the foundation stone of the Industrial Housing Colony at Chembur, Bombay State, to the effect that no house should be constructed in India for human habitation having less than two rooms, represents the policy of Government?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): Yes, Sir; that is the objective towards which we are working.

ALIGARH LOCK INDUSTRY

***471. Shri S. C. Singhal:** Will the Minister of Commerce and Industry be pleased to state :

(a) the causes for the depression in the lock and metal industry of Aligarh;

(b) whether Government have taken any steps to rehabilitate that industry; and

(c) the number of locks imported into India during the last three years?

The Minister of Commerce (Shri Karmarkar): (a) Some of the causes for the depression in the lock industry of Aligarh are:—

(i) The industry has expanded to a great extent during the last war for meeting defence requirements, but with the cessation of hostilities the demand dwindled and consequently a large number of small scale units had to close down.

(ii) The consumers have a preference to comparatively cheap and better quality steel pressed locks over brass and G. I. locks manufactured at Aligarh.

(iii) Certain mal-practices like spurious markings regarding number of levers, resorted to by some lock producers of Aligarh, must have resulted in the consumers losing faith in the locks produced by them.

(b) Yes, Sir. Some steps have been taken by the U.P. Government.

(c) Information regarding the import of locks is not available as it is not shown separately in the 'Accounts relating to the Foreign (Sea, Air and Land) Trade and Navigation of India'.

TRACTOR PARTS

***484. Shri G. P. Sinha:** Will the Minister of Commerce and Industry be pleased to state:

(a) the number of firms which are engaged in producing component parts of tractors in India; and

(b) the total investment thereon?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari):

(a) There is no organised manufacture of tractor components as such in the country.

(b) Precise information is not available.

CENTRAL SERICULTURAL RESEARCH STATION

***489. Shri S. M. Ghose:** Will the Minister of Commerce and Industry be pleased to state :

(a) when the Central Sericultural Research Station at Berhampore, West Bengal has been established;

(b) whether there is any proposal before Union Government to shift it to Bangalore;

(c) if so, the reasons therefor; and

(d) whether the Union Government have received any protest in this regard from the Government of West Bengal?

The Minister of Commerce (Shri Karmarkar): (a) The Central Sericultural Research Station was established in October, 1943.

(b) There is no such proposal.

(c) and (d). Do not arise.

SALT ADVISORY COMMITTEE

56. Shri Hem Raj: (a) Will the Minister of Production be pleased to state the number of meetings held by the Salt Advisory Committee during 1953?

(b) What are the main functions of this Committee?

(c) What were the recommendations made by it during this year and how many of them were accepted?

The Minister of Production (Shri K. C. Reddy): (a) One.

(b) The functions of the Committee are to advise Government on all matters referred to it concerning, in general, the development of the Indian Salt Industry on rational lines and, in particular, the attainment of increase in production, improvement in quality, reduction in costs and prices, efficiency in distribution and increased exports to foreign markets.

(c) It is presumed that by "this year" the hon. Member refers to 1953. A statement giving the required information is attached. [See Appendix II, annexure No. 25.]

RECRUITMENT FOR FOREIGN SERVICES

57. Shri Gadilingana Gowd: (a) Will the Prime Minister be pleased to state the methods adopted by Government to recruit personnel for foreign services to work in embassies abroad?

(b) Are these persons selected by the Union Public Service Commission or by direct recruitment?

(c) What is the percentage of direct recruitment and the basis therefor?

The Prime Minister (Shri Jawaharlal Nehru): (a) and (b). Selection of officers for the Indian Foreign Service is made on the results of the annual combined competitive examination held by the Union Public Service Commission for recruitment to the Indian

Foreign Service, the Indian Administrative Service, etc. Personnel for Foreign Service posts in lower grades are generally drawn from corresponding grades of the services in the Central Secretariat who in turn are recruited centrally by the Ministry of Home Affairs either on the basis of competitive examinations through the Union Public Service Commission or under other authorised procedures for competitive selection. Specialist officers e. g., Information Officers and Research Officers are as a rule recruited through the U.P.S.C. with reference to the requirements of each individual post.

There is no direct recruitment otherwise than as already stated except into the lowest clerical grades.

(c) The percentage of direct recruitment has not so far been laid down precisely. About 90 per cent. of the vacancies arising in the Indian Foreign Service 'A' are filled by recruitment on the results of the combined competitive examination conducted by the U.P.S.C., and the remaining 10 per cent. will be filled by promotion of category 'B' personnel when the Foreign Service 'B' has been constituted.

COMMUNITY PROJECTS IN RAJASTHAN

58. Shri Karni Singhji: Will the Minister of Planning be pleased to state:

(a) the amount allotted by the Centre upto March 1954 for Community Projects in Rajasthan and the amount actually spent so far by the Rajasthan Government against these grants; and

(b) the proportion thereof to the total expenditure to be incurred by the Centre and Rajasthan in this behalf?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Rs. 20.63 lakhs (representing grant and loan) out of which Rs. 4.02 lakhs was spent upto 30th September, 1953.

(b) 11.3 per cent. and 2.2 per cent. respectively.

VISAKHAPATNAM SHIPYARD

59. **Shri K. Subrahmanyam:** Will the Minister of **Production** be pleased to refer to the replies given to starred question No. 541 asked on the 2nd December, 1953 and state:

(a) whether any workmen were kept on nil-allocation of work at the end of January, 1954 at Visakhapatnam Shipyards;

(b) if so, how many;

(c) whether any ships were received in the Shipyards during that period for repairs; and

(d) if so, how many?

The Minister of Production (Shri K. C. Reddy): (a) Yes.

(b) 321.

(c) Yes.

(d) Eleven ships, of which ten were for minor repairs.

SUBSIDISED HOUSING SCHEME

60. { **Shri Bansal:**
Shri Radha Raman:

Will the Minister of **Works, Housing and Supply** be pleased to give:

(a) the amounts advanced each year as loans and subsidy, ever since the Subsidised Housing Scheme for industrial workers came into force, to

(i) State Governments and Statutory Housing Boards;

(ii) Cooperative Societies of Industrial Workers; and

(iii) Employers; and

(b) the number of tenements constructed each year by the agencies referred to in (i), (ii) and (iii) above?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) and (b). A statement showing the required information is placed on the Table of the House. [See Appendix II, annexure No. 26.]

EJECTMENT FROM EVACUEE HOUSES

61. **Shri A. N. Vidyalankar:** Will the Minister of **Rehabilitation** be pleased to state:

(a) the number of ejectments from evacuee houses for non-payment of rent arrears during 1950, 1951, 1952 and 1953 respectively;

(b) whether any house rent was realised by auctioning the properties of the displaced persons; and

(c) if so, the number of such cases?

The Minister of Rehabilitation (Shri A. P. Jain): (a) to (c). The information is being collected and will be placed on the Table of the House.

CENTRAL INDIA COAL FIELD

62. **Shri T. K. Chaudhuri:** Will the Minister of **Production** be pleased to state:

(a) the respective quantities of steam coal orders for each Railway placed on each of the collieries in the Central India Coal field month by month during 1952 and 1953; and

(b) the quantities of coal actually despatched by each of these collieries against the said orders?

The Minister of Production (Shri K. C. Reddy): (a) and (b). The information is being collected and will be laid on the Table of the House.

SURVEY OF EDUCATED UNEMPLOYED

63. **Pandit D. N. Tiwary:** Will the Minister of **Planning** be pleased to state:

(a) whether any survey has been made of unemployment amongst post-graduates, graduates, under-graduates and matriculates;

(b) if so, their number in rural and urban areas;

(c) the number of those who though not matriculates have studied up to that standard both in rural and urban areas; and

(d) if the answer to part (a) above be in the negative, whether a proposal exists for such a survey?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) to (d). No specific surveys of educated unemployment have been initiated, but the Sample Surveys already undertaken have been designed to secure data on educational attainments of the unemployed. Although no exact figures can be secured, it is expected that the representative character of the Sample Surveys will provide a sufficient working base in order to arrive at the percentage of the unemployed under each educational head.

A statement showing the number of persons registered with Employment Exchanges, for occupational groups, clerical and educational, is placed on the Table of the House. [See Appendix II, annexure No. 27.]

COLLIERIES

64. Pandit D. N. Tiwary: Will the Minister of Production be pleased to refer to the Unstarred Question No. 271 asked on the 2nd December, 1953 and state:

(a) whether there is any sale of coal to public consumers from the State collieries, and if so, the quantity sold in the years 1952 and 1953;

(b) the output of coal in 1952 and 1953;

(c) the consumption in Railways and other Government undertakings;

(d) the profit or loss in 1952 and 1953;

(e) the number of men employed; and

(f) total capital investment?

The Minister of Production (Shri K. C. Reddy): (a) Yes.

1952	152,770 tons
1953	77,187 tons
	(approximately)

(b) The total out-put from the State Collieries were:—

1952	3,278,777 tons
1953	3,139,348 tons

(c)—

	Railways	Other Government Undertakings
	TONS	TONS
1952	2,805,695	130,044
1953	2,650,458	149,342

(d)—

1951-52 Profit	Rs. 11,29,475
1952-53 Profit	Rs. 61,20,802.

(e)—

1951-52 (average)	32,488
1952-53 (average)	32,824

(f)—

1951-52	Rs. 7,38,56,354
1952-53	Rs. 7,28,23,050

CIGARETTE FACTORIES

65. Shri Dhusiya: Will the Minister of Commerce and Industry be pleased to state:

(a) the places in India where cigarette factories are located; and

(b) what percentage of the tobacco and paper used by these factories are imported?

The Minister of Commerce (Shri Karmarkar): (a) Bombay, Hyderabad, Calcutta, Bangalore, Monghyr and Saharanpur.

(b) Tobacco	5 per cent. approximate.
Paper	Import is not allowed, except for special grades.

PASSPORTS

66. **Shri L. Jogeswar Singh:** (a) Will the **Prime Minister** be pleased to state how many Pakistani Nationals staying in Calcutta have applied for Indian visa on the Pakistani passports during the period ending the 31st January, 1954 since the inception of the Indo-Pakistan Passport Scheme?

(b) How many Indian visas on Pakistani passports have so far been issued in Calcutta?

The Prime Minister (Shri Jawaharlal Nehru: (a) and (b). The information is being collected and will be laid on the Table of the House.

Saturday, 27th February, 1954—

Barsi Light Railway Company (Transferred Liabilities) Bill—Passed	885—894
Control of Shipping (Amendment) Bill—Motion to consider— <i>Not concluded</i>	894—928
General Budget—Presented	928—962
Finance Bill—Introduced	962

C O R R I G E N D U M

to Parliamentary Debates Part II (Proceedings other than Questions and Answers) of the House of the People dated the 27th February, 1954, Volume I, No. 11.

In Column 948, lines 18 to 26, for the existing word occurring after "current year" read as follows :-

"The reasons for the slower progress of developmental schemes, which these lapses reflect, have, I freely confess, been a matter of some concern to Government. We have asked a senior Officer to conduct a quick examination of the existing procedure in the drawing up, sanction and execution of".

THE
PARLIAMENTARY DEBATES

Date..... 01.12.22

(Part II—Proceedings other than Questions and Answers)
OFFICIAL REPORT

885

HOUSE OF THE PEOPLE

Saturday, 27th February, 1954.

The House met at Two of the Clock.

[MR. SPEAKER in the Chair.]

QUESTIONS AND ANSWERS

(See Part I)

3 P.M.

**BARSI LIGHT RAILWAY COMPANY
(TRANSFERRED LIABILITIES) BILL**
—(concl'd.)

Clause 3.—(Payment by Company to the Central Government).—contd.

Mr. Speaker: The House will now proceed with the further consideration of the Bill to impose upon the Barsi Light Railway Company, Limited, an obligation to make certain payments to the Central Government.

Yesterday, clause 3 was under discussion.

Shri T. B. Vittal Rao (Khammam): Yesterday, the Deputy-Speaker was in the Chair and an agreement between the Government of India and this Company was referred to, when he ruled that we might first see that agreement. I enquired in the Library for a copy of that agreement, and it is not available. This agreement is very important and we should go through it first. This Company is incorporated in England and there is no other source from which we can

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get an idea of their profits and liabilities.

Mr. Speaker: Will the hon. Minister tell me whether the agreement has not yet been laid in the Library?

The Deputy Minister of Railways and Transport (Shri Alagesan): I shall make enquiries. In fact, it ought to have been placed yesterday. If the hon. Member says that it has not been placed, then I shall have it placed.

Shri T. B. Vittal Rao: Without the agreement, we cannot proceed further with the Bill, because the agreement is necessary to enable us to realise the financial and other aspects of the Company.

Mr. Speaker: I appreciate the desire of hon. Members to know the financial implications and the liabilities of the Company, but then this Bill has been undertaken on the basis of the agreement and to give effect to that agreement. There is no scope now for changing the terms of the agreement. The agreement is there. We must carry out, as I see the position of the Government, the provisions of the agreement, whatever they may be.

Shri K. K. Basu (Diamond Harbour): Compensation is dependent on that agreement.

Mr. Speaker: Yes, but the agreement is already there and it has got to be given effect to. There is no scope for a change of its terms.

Shri S. S. More (Sholapur): Some of us were yesterday pointing out that this is a foreign company which started

[Shri S. S. More]

with a very small capital and its present share capital is of the order of Rs. 1 crore. During the years of its existence, the original capital has been repaid five or six times over. In view of this, Mr. Gadgil pointed out that the company does not desire the compensation of Rs. 1,89,00,000.

There is another matter, viz., the relationship of the Company with its former employees. What are the implications of the agreement, and how will the agreement affect the relationship of these former employees with their new masters, namely, the Government of India? These are some of the points to be considered.

Mr. Speaker: I quite appreciate them, but then I do not understand how they can be relevant so far as this Bill is concerned. The Bill has nothing to do with the merits of the agreement. All that the Bill seeks to do is to give effect to the agreement and I do not know how the Government of India or this House can interfere with the constitution of the Company or the law under which it was incorporated. I believe it is the English law.

Shri Alagesan: Yes.

Mr. Speaker: So, if hon. Members want to criticise the agreement, it is entirely a different proposition.

Shri S. S. More: We do not propose to do that. We shall do that during the Budget discussion. But I want to bring to your notice my amendment. It reads thus:

In page 2, after line 18, add—

"(c) all amounts necessary to pay compensatory bonus to the employees of the Company equal in value to the total salary of each employee for a period of one year ending with the 31st December, 1953 or such amount as the Government of India may determine to meet the claims of the employees in this respect."

Now, what does the Statement of Objects and Reasons say? It says:

"In order to secure continuity of service of such staff under Government, it was necessary that the Company should pay to Government suitable sums to represent the accrued liability of the Company in regard to gratuity, Special Contribution to the Provident Fund and leave salary etc. etc."

My point is that the accrued liability may owe its origin to two different sources. There may be accrued liability on account of the terms of employment—the contractual liability. But there may be a liability under the principles of natural justice. Yesterday, I quoted a case from the *Labour Law Journal* in which in the Madras Tramways case, the Justice who presided over the tribunal, has laid down that the employees' claim to a share in the accumulated reserve of the Company is there and must be recognised as a matter of fact. This claim of the employees and the judicial backing it has got do not rest for their support on the contractual relationship between the employee and the employer. The Justice who presided over the tribunal had stated that when the employees served the Company, some portions of the reserves which have been accumulated owed their origin to surplus labour which the employees put in, and therefore the employees have today an inherent right to claim a share in the reserves which the Company has built up. So, my submission is that this accrued liability to which Government is pinning down the Company falls on three counts: gratuity, Special Contribution to the Provident Fund and leave salary. But over and above this, the accrued liability of the Company as a judicial employer based on principles of natural justice stands supreme. As a matter of fact, this Government ought to take into consideration that accrued liability and make some provision to enforce that liability. The employees made several

representations to the proper authorities in the Government of India that the matter be referred to judicial arbitration, but, for reasons which are not apparent to us, the Government refused to refer that matter to judicial adjudication. What is the position that we are reduced to?

Mr. Speaker: I do not think that we need enter into any long argument. The position is very clear. Whether the Government rightly did it or wrongly did it, it has done a certain thing under an agreement. It is perfectly competent for the hon. Members to criticise that agreement and even to condemn the Government for that, if they so like. But, the object of the Bill as given is only securing the continuity of service. These are the three things which the Government, in course of time, will be liable to pay. Therefore they are trying to secure their payment. The Government are not going to take any more liabilities on themselves—if I mistake not—in respect of what the hon. Member thinks to be equitable or other kind of things.

Shri Alagesan: The liability is very well defined here, Sir.

Mr. Speaker: I think all this is irrelevant.

Shri S. S. More: I am misunderstood, Sir.

Mr. Speaker: I have perfectly understood him; he repeated the same thing yesterday and he is repeating it today. I think the amendment is beyond the scope of the Bill.

Shri S. S. More: I am trying to convince you, Sir.

Mr. Speaker: I am convinced; no further arguments are necessary.

Shri S. S. More: May I know how the matter stands?

Mr. Speaker: The matter stands this way; the amendment is out of order. The amendment of Shri Vittal Rao is also out of order, because it is consequential to what the hon. Member is relying on. I am not concerned

here, so far as this Bill is concerned, with the agreement or the merits of the agreement. The Bill is restricted only to giving effect to that agreement and the Statement of Objects and Reasons makes it very clear. The principal object is, as I said—and I may repeat it—to secure the continuity of service. The object is not to settle the relationship of equities between capital and labour. That is not the object of the Bill at all and the position is made clear. The Company is a foreign company. The Government of India cannot reach them in England for their funds or assets, whatever that may be. It is thus necessary for them to pass some legislation whereby the Company will be compelled to pay the amounts of this accrued liability for the purpose of enabling the Government to secure the continuity of service. That is the object.

Shri Gadgil (Poona Central): May I say something? What has happened is this. When the employees' union demanded a share in the reserve fund, the Government of India declined, saying that they were not entitled to it. They have also declined to refer the matter to adjudication. As far as the Bill is concerned, you are taking a view which may be correct or which may not be correct—still your ruling is given. Then, the position is, the Government still say that they will not accept any adjudication, and the Company has ceased to exist, and therefore the employees will have no remedy either here in this world or in the other world. That is the position.

Shri S. S. More: Why in the other world?

Mr. Speaker: We are not going to concern ourselves with what the position is in the other world. So far as this world—meaning this House—is concerned, I am clear on that point that rightly or wrongly, as I said—and I am again repeating it—the Government have done certain things and entered into an agreement, which according to the hon. Member, they ought

[Mr. Speaker]

not to have. For that, the remedy is to take them to task and vote moneys to enable the Government to pay what they think to be reasonable compensation. But so far as the Bill and the scope of it is concerned, the matter stands entirely clear to my mind. The hon. Member may continue his speech on clause 3 if he has anything more to add.

Shri S. S. More: After your ruling, I have nothing further to say.

Shri T. B. Vittal Rao: This Bill relates to transferred liabilities.....

Mr. Speaker: The hon. Member will resume his seat as it is too late now to speak on clause 3. The question is:

"That clause 3 stand part of the Bill".

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4.—(Payments to employees out of money paid to Central Government.)

Shri T. B. Vittal Rao: There is one amendment on this clause, Sir.

Mr. Speaker: Yes, that seems to be the only amendment which is in order on this clause.

Shri T. B. Vittal Rao: I beg to move:

In page 2, line 22, for "re-employed" substitute "taken over".

It has been the practice on the Railways, whenever a railway is taken over by the Government of India, to see to the continuity of the services of the employees, but here the word used is "re-employed", which means that the staff are taken for employment as from 1st January 1954, even though on that particular date an employee might have put in 30 years of service, and so he will not be eligible for fixation of his seniority in the new integrated railway.

[MR. DEPUTY-SPEAKER in the Chair]

He will be treated for all purposes as though he is re-employed on the 1st January 1954. By virtue of the services he has put in for the Barsi Railway, which has exploited him sufficiently and made huge profits, he has a claim for seniority when that railway is integrated with the Central Railway. As I told the House yesterday, he has been put to several kinds of difficulties and he has not got a share in the reserve, as it is just now said, which is his legitimate due. For example, when the Kanpur Electric Supply Company was taken over, the reserves were made over to the Government, but here, the Government of India have a soft corner for the British capital and they are not even taking back that reserve. Whenever an employee demands a share in the reserve, the reply given is that they are building.....

Shri Alagesan: The point that the hon. Member is just raising has already been decided.

Mr. Deputy-Speaker: It is true that the employee has not been given all those things, but let this at least be given. The hon. Member need not elaborate that point.

Shri T. B. Vittal Rao: The very agreement has been entered into without taking the reserve. They say that whenever there is less traffic, they want to use this reserve. Our Railway Minister fully knows as he tells us the same thing in the Railway Budget.

Mr. Deputy-Speaker: That is not a point which is allowed by the amendment. So far as this amendment is concerned, the hon. Member need not refer to the reserve. We have lost that, but let there at least be continuity and not re-employment.

Shri Alagesan: I think the hon. Member has painted a wrong picture when he said that the staff stand to lose so many things, because the object of the Bill is to safeguard the

benefits, like provident fund, leave salary, etc. that have accrued.

The only point is the question of seniority. This is not the first time that Government are taking over a light railway of this type. They have taken over some railways before. In those cases also the same thing has happened and we are now having the same arrangement. There is nothing new that is being done. Only vis-a-vis the employees of other portions of the Railway will their seniority suffer. But as among them their seniority will not be affected. All their old monetary benefits would be left untouched and they will get all of them.

Shri T. B. Vittal Rao: That means their seniority will not be taken into consideration. Supposing a man has put in thirty years of service. He should have that seniority counted in the whole of the Central Railways with which this light railway is now being integrated.

Mr. Deputy-Speaker: What the Minister says is that in so far as the railway administration that is being taken over is concerned his seniority will count, but in relation to the other portions of the railway to which it is integrated, this seniority will not count. The question is:

In page 2, line 22, for "re-employed" substitute "taken over".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 4 stand part of the Bill"

The motion was adopted.

Clause 4 was added to the Bill.

Mr. Deputy-Speaker: The amendment proposing a new clause 4A, as I have already said, is out of order.

Clause 5 was added to the Bill.

Clause 1 was added to the Bill.

Mr. Deputy-Speaker: Now I will put the Title and the Enacting Formula.

The Title

Shri S. S. More: But before you put them to the House you will have to rule my amendment out of order.

Mr. Deputy-Speaker: In view of what I have said the hon. Member may not move it.

Shri S. S. More: No, Sir, I would like to move it.

Mr. Deputy-Speaker: Then I rule it out of order. The question is.

"That the Title stand part of the Bill."

The motion was adopted.

The Title was added to the Bill.

The Enacting Formula was added to the Bill.

Shri Alagesan: I beg to move:

"That the Bill be passed."

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

CONTROL OF SHIPPING (AMENDMENT) BILL

Mr. Deputy-Speaker: The House will now take up the Control of Shipping (Amendment) Bill.

Shri S. S. More (Sholapur): Before you call upon the Deputy Minister for Railways I would like to bring to your notice that some changes have been made in the Order Paper circulated to us today. We have on former occasions complained about such sudden changes being made without any advance information.

In the Order Paper that was circulated to us earlier, next to the Barsi Light Railway Company Bill, came

[Shri S. S. More]

the Press Amendment Bill and then the Minimum Wages Bill. But in the Order Paper circulated to us today we find that all of a sudden the Control of Shipping Bill has been given the highest priority.

Mr. Deputy-Speaker: Was it never there in the Order Paper?

Shri S. S. More: It was down in the list.

Mr. Deputy-Speaker: Is it of such a consequence?

Shri S. S. More: We have been complaining before about such sudden changes and the hon. Speaker was kind enough to uphold our point.

Mr. Deputy-Speaker: Not rigidly.

Normally speaking, in the case of all important measures of which notice is given in the Order Paper, when notice is given for the whole week, it ought to be followed; but, if it is a small Bill, putting it up a little earlier should not be taken to be such a serious departure. But what is the urgency about this Bill?

The Deputy Minister of Railways and Transport (Shri Alagesan): It has been passed in the other House.

Shri S. S. More: There is no urgency.

Shri Alagesan: The existing Act expires by the end of this year and it has been passed by the other House. It is not as if a new item has been taken up; it was on the Order Paper yesterday.

Mr. Deputy-Speaker: Normally, I would certainly agree with hon. Members of the House who say that they have come prepared with a particular Bill and do not expect this Bill to come up though it may be in the Order Paper. There is no meaning in taking the House or any portion of it by surprise. But so far as this matter is concerned, it is also in the Order Paper. It seems a small Bill and is likely to expire in a short time.

Shri S. S. More: At the end of March

Mr. Deputy-Speaker: It is true. But our Budgets are coming. We may or may not have time. Therefore, with respect to such small Bills, I make an exception. We may take it up now.

Shri Alagesan: I beg to move:

"That the Bill further to amend the Control of Shipping Act, 1947, as passed by the Council of States, be taken into consideration."

As will be seen from the Statement of Objects and Reasons, the Control of Shipping Act, 1947, will cease to be in force on the 31st day of March 1954. This Act, as the Members are aware, was enacted in 1947 to provide for the continuance of powers to license Indian Shipping and to secure priority control over coastal shipping. These powers were originally conferred by the Defence of India Rules and were subsequently continued in force till the 31st March, 1947 by the Emergency Powers (Continuance) Ordinance. Under this Act, powers were also taken to fix rates and fares in the coastal trade which were originally conferred by the Defence of India Rules. The idea then was to keep the Act in force for a period of one year, i.e., upto 31st March, 1948 with power to extend it by notification for another year. It was, however, decided in 1948 to undertake amending legislation for the purpose of introducing a comprehensive system of licensing for ships engaged in the coastal trade and the opportunity was taken to extend the life of the Act for a further period of two years, i.e., up to 31st March, 1950. The life of the Act was subsequently extended for two years in 1950 and for another two years in 1952.

This Act gives complete control to Government over Indian Shipping in the coastal trade, the control extending to trades in which Indian shipping may engage and the voyages it may undertake, the class of passengers or cargo which the Indian shipping may

carry, the order of priority in which passengers and cargo may be taken on or put off such ships at any port or place either within or outside India and the rates of hire of such ships. By virtue of these powers the Government are able to make their policy of coastal reservation a success. The needs of the coastal trade are now practically met by the Indian shipping and the employment of foreign shipping on the coast has been practically completely eliminated. It is true that a few chartered ships are still allowed to ply on the coast but they are under the complete control of the Indian Companies and their tonnage is no more than 25,000 G.R.T. at present.

The powers taken by Government under this Act are all required on a permanent basis and were in fact proposed to be provided for in a comprehensive revision and consolidation of all the laws relating to merchant shipping. We expected during all these years that this consolidated legislation would be completed and brought before the Parliament but I am sorry that even though a draft of the Bill had been prepared some time ago, it has not been possible for us to finalise the measure so far. The provisions contained in the proposed Bill are of a complicated nature involving many important administrative and technical problems and it has not been possible to finalise them for want of personnel in the Directorate-General of Shipping.

An Officer on Special Duty has now been appointed in that Directorate and he has started working on the subject, and it is now hoped that by the next session of Parliament the Bill will be ready for introduction. In the mean time it is necessary that the Act should be extended for a further period of two years. I hope the House will agree to this measure.

Mr. Deputy-Speaker: Motion moved:

"That the Bill further to amend the Control of Shipping Act, 1947,

as passed by the Council of States, be taken into consideration."

Shri Raghavachari (Penukonda): Sir, on a point of information. The hon. Minister has no doubt given a long paragraph as to why he wants the same kind of nebulous state, that has been existing, to continue—that is from 1950 to '52 then from 1952 to '54 and now from 1954 to '56. But now in his speech he says that an officer has been appointed and the whole thing will be over before the next session of Parliament.

Mr. Deputy-Speaker: May be introduced.

Shri Raghavachari: To be introduced, surely. Therefore the question is why there should have been such a long delay when the Act is expiring in 1954 and why they should not have got ready with the consolidated legislation instead of coming and taking extensions like this.

Mr. Deputy-Speaker: I think the hon. Minister can reply once for all, at the end.

Shri Alagesan: Very well, Sir.

Shri H. N. Mukerjee (Calcutta North-East): I have heard the hon. the Deputy Minister and am prepared to concede that on the face of it this Bill is very simple and non-controversial. But what I am afraid of is that so far Government has delayed over and over again in bringing forward any comprehensive legislation relating to merchant shipping, and in spite of the assurance of my hon. friend I cannot quite persuade myself to believe that before long we shall get a really comprehensive legislation on the subject. This is so, Sir, because last year there was an amendment of the Merchant Shipping Act, and certain assurances were given to us by spokesmen of the Government and we were told that a comprehensive legislation was in preparation. As far as this Control of

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Shipping Bill is concerned it has been extended and extended and extended again, and now we are being asked to extend its operations till 1956. And I am afraid that Government wishes the House not to go into certain essential points in regard to the condition of our merchant shipping and that sort of thing.

Now, Sir, that is why I intervene in this debate, because I feel that from the side of Government certain assurances have been forthcoming which as far as we can make out, have not been implemented properly. We want to draw the attention of Government to the serious nature of the problems which have to be covered by legislation on merchant shipping, and we want to tell Government that the country is anxiously awaiting a really bold and imaginative policy which it should pursue in regard to this matter. Last year the Government gave us some assurance on the question of meeting the demands of seamen, and specially in reference to the ratification of the Seattle Convention which was entered into as far back as 1946. I must concede, in fairness, that certain demands of the seamen have been sought to be tackled by Government, especially in regard to their medical examination. But I feel that such improvements have not been consistently maintained.

I wish also to recall to the House the difficulties which are experienced by the Pakistani seamen who form an overwhelming majority of those who man our shipping, especially foreign shipping, in Calcutta port, and they have some difficulties regarding the issue to them of visas. This question has sometimes been brought up before the House. I wish to tell the Deputy Minister for Transport that it is very important that in regard to these seamen, who suffer on account of the technicalities of a very rigid medical examination or on account of the com-

plications in regard to the issue of visas, there should be a really human approach; and it is also of considerable political importance, Sir, because these Pakistani seamen have been coming for generations to Calcutta to earn their living. They are a sort of human bridge between the two States. They are the people who will take back with them stories about the conditions of living in this country which would help towards the improvement of our relations, of the mutual relations between India and Pakistan.

As I am on the subject of the conditions of seamen, I wish also to ask the Deputy Minister in regard to what has happened about a sum of some Rs. 14 lakhs odd, which it seems, during wartime, was accumulated to the credit of Indian seamen by the British sea-faring companies, and this money was to be utilised for providing amenities for Indian seamen. I hope, Sir, that Government has proceeded in the direction of utilising this sum of Rs. 14 lakhs odd and making provision for the amenities of seamen.

Last year when the Merchant Shipping Act was amended, Government said that some of the provisions of the Seattle Convention had been ratified, and others would very soon be ratified. But, we are under the difficulty that we do not know which of the provisions of the Seattle Convention have been ratified and which are going to be ratified in the near future. It is important for us to remember that one major item of the provisions of the Seattle Convention refers to amenities for seamen in regard to their accommodation, their medical facilities, messing facilities, leave facilities etc. We know that Indian seamen in foreign ships—Indian seamen have to earn their living by working in foreign ships—suffer under conditions of great discrimination, not only of discrimination, but also of racial insult. They are looked upon as cheap human material, the cheapest and the most efficient that they can get anywhere in the world, and these

Indian seamen—Indian as well as Pakistani—are made to work in these foreign ships under conditions which remind one of mediaevalism. We have found letters in the Press appearing from our seamen suggesting that the conditions in American ships, for example, are extremely reprehensible. There is insufficient accommodation, the messing facilities can hardly be tolerated, there is no provision for leave reserve, and there is punishment if any attempt at protesting against misbehaviour is made by seamen. They are sometimes asked to perform duties which require their having to keep on their feet for twenty-four hours at a stretch. This kind of thing appears to be still continuing. That is why we hope, and we said last time when the Merchant Shipping Act was on the anvil of this House, that in our comprehensive legislation there should be incorporated provisions regarding the demands made by the seamen for improvement in their conditions of work. As I said before, there has been unconscionable delay in the presentation of this supposedly comprehensive legislation.

I refer also to one matter which is agitating seamen and others in Calcutta port, and that is in relation to certain allegations which were made against the Deputy Shipping Master of Calcutta Port, by such a very respectable journal as the monthly *Modern Review*, and I passed on the documents to the Ministry saying that the Deputy Shipping Master had been accused of very serious charges of corruption amounting to several lakhs of rupees. Now, Sir, I hear that this officer has not been suspended and that there is a kind of departmental inquiry which is going on. This officer is notorious for his ill-behaviour towards seamen and their representatives who try to be their spokesmen. This officer is sort of ruling the roost in Calcutta in spite of the fact that there are some very serious charges, awaiting investigation, against him. I wish that the purely departmental enquiry is stopped and a judicial enquiry is set up so that, at any rate, this kind of inequity, this kind of

abuse may be put an end to. Even though it might be just a charge which may not ultimately be substantiated, still when such serious charges are made against a very responsible official of the Transport Ministry, steps which are adequate ought to have been taken. In this case, I feel very far from adequate steps have been taken and that a judicial enquiry should at once be instituted against this official and suspension orders against him should be issued at once.

Last time, we also got an assurance from the hon. Deputy Minister regarding the steps which our Government proposes to take against discrimination by foreign shipping interests, specially by the British Shipping interests, against the Indian shipping interests. Only the other day, I had occasion to ask a question in this House in regard to this matter and the only answer that I could elicit was that Government was doing everything that was possible. In regard to this, I want to draw the attention of the House to a statement made by Sir Ramaswami Mudaliar last December at a meeting of the India Steamship Co., Limited.

He said:

"While Indian shipping companies are members of the India-U.K./Continent Conference, they are not admitted into the Conferences relating to the trade between some of the intermediate ports on the India-UK/Continent route, so much so that when, for example, an Indian shipping line carries freight from an Indian port to Colombo, or Aden, etc., it cannot, after discharging that freight at those ports, carry further freight from these ports to any of the ports in the U.K. and, therefore, will have to go in ballast to that extent."

He adds:

"This amounts to an unjustifiable waste of space resulting in uneconomical operation, which is all the more regrettable on account of the fact that it is mostly the

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U.K. lines which have consistently refused to allow the Indian lines membership of these conferences notwithstanding the fact that India is a member of the Commonwealth."

Membership of the Commonwealth is praised to the skies in this House, even by the hon. Prime Minister. But, we want to know why it is that when India is a member of the Commonwealth, the leading partner in this Commonwealth association should take the initiative in refusing Indian shipping interests which are only now coming to the surface, so to speak, their legitimate rights their rights in equity and good conscience.

In regard to this question of flag discrimination, Sir Ramaswami Mudaliar also appeared to have thought that our Government is not behaving as it should.

He says:

"...the Indian Government have been so touchy about Flag Discrimination and so scrupulously fair (!) that they have rather ignored than furthered the primary claims of Indian Shipping."

I am quoting from *Indian Shipping* which is a journal issued by the owners, I suppose, dated February, 1954, where the speech of Sir Ramaswami Mudaliar is quoted and commented upon, on page 5. As you know very well, we have had many occasions to express our difference of view from men like Sir Ramaswami Mudaliar, who as far as I can make out, are very contented in collaborating with vested interests, British or otherwise. So generally, it is not our practice to refer to these gentlemen. But, we refer to this gentleman to show that even these people who are strong on the stronger side are finding that if the infant shipping industry of our country is going to grow, that industry has got to have certain kinds of assistance and sustenance from the Government of the day. Even these

people are discovering to their cost that the national interests of this country are not being looked after by this Government whenever the looking after of the national interests of our country requires that we take a strong line in regard to these British interests and other foreign interests about which I have to say a few words a little later. I wish to draw the attention of the Government very strongly to this matter and ask the Government to come out with a positive policy in regard to this. I demand of Government that a really positive, consistent, imaginative policy in regard to the development of our shipping is pursued.

I wish also to quote from another speech made by the Chairman of the Great Eastern Shipping Company Limited at a meeting held at Bombay on the 24th December, 1953. He refers to the fact of the trade between India and Persian Gulf which is being sought to be stopped by British interests. He refers to—

"...a long-established British Line which has monopolised the carrying trade between India and Persian Gulf. It is desirous of preserving this monopoly for all time to come. Any other Line wishing to enter this trade is threatened that its entry into this trade will be resisted by all means. The British Line argues that since it has served this trade in the past, it cannot allow any one else to participate in the trade."

Then, he goes on to say:

"It is hoped that the Line concerned will realise the untenable position of a British Line monopolising the trade either emanating from or destined to India and allow Indian Lines to share in this business."

He adds in regard to the Government of India's work on this point:

"The Government of India is already committed to the principle

that 50 per cent. of the imports and exports of the country must be carried in national bottoms and any monopoly which tries to exclude Indian interest cannot be allowed by the national Government. The Government of India cannot be expected to remain aloof if a powerful British line with huge resources tries to oust Indian lines from this legitimate Indian trade by cut-throat competition."

This, Sir, is a point to which I draw the attention of the Government and I wish Government to come forward and say that it is taking every step possible, that every weapon in its armoury is going to be utilised in order to see to it that this kind of insulting discrimination against Indian Shipping and possibilities of its development are stopped as soon as ever that is possible. We have to remember the very long context of discrimination against us by British monopolists. You, Sir, do not need to be told because you have been a Member of the Assemblies which preceded this present Parliament for a long enough time, and we all remember how for a very long time Indian shipping interests have shouted, so to speak unsuccessfully in order to have their claims accepted by Government. I remember having read something by Mr. Haji, for example, on coastal shipping and how, even in regard to coastal shipping, British interests—British monopolists—were behaving in a manner which today, at any rate, we ought to spurn with all the strength that we can command.

I wish also to refer to another point which is extremely important, and that is in relation to the very favourable terms which Government has chosen to offer to the oil companies with whom our Government has entered into certain deals which, as far as I can understand, are reprehensible and prejudicial to the interests of our country. In regard to the transport of oil which would be the result of the operation of these oil companies on our soil. Government has entered

into certain agreements with the oil companies concerned and against this Indian shipping interests have voiced their very strong protest. Lately, there was held an annual meeting of the Indian National Steamship Owners' Association at Bombay where its President, Mr. Dandekar, made a statement in regard to this agreement with the oil companies and made a complaint which I am quoting from the *Eastern Economist* of the 26th February, 1954. Mr. Dandekar said:

"It is difficult to understand why the Government of India agreed to the insertion of such shipping clauses in these oil agreements, as they have the effect of excluding Indian-owned tankers not only from bringing crude oil from foreign countries to India, but also from operating in the carriage of oil on the coast."

He went on to say that he hoped that the implications of the clauses in question are not as serious as they may appear at first sight and that Indian shipping companies may perhaps be permitted to go ahead with any plans which they may have for owning and operating a tanker fleet. Now it appears that our Minister of Production—whom I am sorry to miss at this present moment—was present at this meeting of the Indian National Steamship Owners' Association, and he said that when the negotiations were undertaken with the oil companies, India did not own any tankers, nor was there any prospect of her acquiring tankers at an early date, and that was—he argued—the reason why Government gave permission to these tankers to carry oil even from coast to coast, as far as our country was concerned. In regard to this, the writer of this editorial article in the *Eastern Economist* says that it was positively adding insult to injury when Mr. Reddy went on to give the analogy of coastal reservation to explain that a nucleus at least of Indian-owned tankers will obviously be necessary before complete reservation can be contemplated. This is because in the first place, no Indian shipowner has so far claimed complete reservation of

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tankers. All that they wanted was to have at least a share—an adequate and equitable share—in the amounts which were necessary to be transported. After all, it is for Government to have the foresight to realise that our country must have an oil tanker fleet of its own; whether it is owned and operated by Government or whether it is done in collaboration with some Indian business interest is another point. But surely when an oil agreement is being entered into with these massive combines from overseas, we ought to be really sure that we are not walking into their parlour so easily. We ought to remember that we have our own plans to think of, we ought to remember that our country should have its own oil tanker fleet, and therefore we should certainly try and see to it that the transport of oil at least from coast to coast on Indian soil is not done on tankers which are owned and operated by these massive monopolies which come from abroad. There are so many occasions when we have to refer to the octopus hold of these massive monopolies on the economy of our country, but of course, I need not repeat those arguments, but I say that in relation to these massive monopolies, we have behaved in a manner which suggests that our Government do not know their own mind. Government have made certain statements about reservation for Indian hands in coastal shipping, but they have not behaved in the manner in which they ought to behave.

In reference to this also, I have here the report of a speech made by the chairman of the Scindia Steam Navigation Company Limited, who says that in regard to coastal traffic they are facing competition, which is somewhat illegitimate, from foreign interests, and the result has been that the contracts for the carriage of coal from Calcutta to Burma, and the carriage of rice from Burma to Ceylon have been given to outside shipping interests. He made this speech on 24th February, 1954, in Bombay. Shri Dharmasy M. Khatau, chairman of the

Scindia Steam Navigation Company Limited says that these outside shipping interests have got the contract for the carriage of coal from Calcutta to Burma and of rice from Burma to Ceylon. This kind of thing should not happen. Our Government should come forward and see to it that our shipping industry is really and truly assisted. I know, of course, that it is rather difficult for our Government as it is to develop our shipping industry. We have heard about the retrenchment in the Hindustan Shipyard last year. We know to our disgrace how 900 people who got special training as ship-building workers were retrenched, because there was no work in the Hindustan Shipyard. This is a scandal of which we ought to be ashamed. I asked the hon. Production Minister at that time whether on account of shortage of steel this thing had happened, but he said there was no shortage of steel, as far as our plans were concerned. This is a kind of vicious circle argument which leads our Government nowhere, and our Government are leading this country astray, because they have not got a plan which works. We have not got steel, we have not got timber, and our Shipyard does not work properly, we discharge our trained ship-building workers, we do all these things, and at the same time, our shipping industry is in a very bad way, and we have to go with the beggar's bowl in hand to the foreign interests, so to speak, so that they might have the goodness to rescue us and in the bargain pocket millions of rupees. That is exactly what is happening. I say this because our expansion has not been very impressive in regard to shipping. Perhaps since 1937, in terms of percentage, the Deputy Minister might try to show that it is very impressive, but it is extremely misleading. Our share in the world trade is two and a half per cent., but our share in the world tonnage is as low as one half of one per cent. Now, if this goes on, where shall we be? After the Plan period is over, where shall we be? The Planning Commission en-

visages that by 1956 we shall attain six lakhs gross registered tonnage. Now, this target compares, as you perhaps remember very vividly, very unfavourably with the target of 20 lakh gross registered tons which was recommended by the Shipping Policy Sub-Committee a few years ago. Having regard to our long coast line of 3,500 miles, having regard to the volume of our coastal and international trade, having regard to the contribution of freight receipts to the nation's balance of payments position and also of course having regard to our defence and strategic requirements, we ought to have a much better plan. We should have a sizable mercantile marine, but we are not going to have that unless we have an imaginative outlook and a courageous approach in regard to this matter.

This reminds me of another point. Last month,—it appears from a report in *Indian Shipping* for February, 1954,—it appears that the Secretary to the Ministry of Transport went to Bombay and held a Press conference. He said there that Indian tonnage today is about 4½ lakh gross tons and it would definitely reach the target of six lakhs by 1956. So far, so good. Then, he added that the total amount involved in the country's tonnage expansion would be roughly Rs. 35 crores of rupees. That is the report in the *Indian Shipping*. That journal goes on to comment that roughly Rs. 35 crores would suffice to add about two and a half to three lakh tons. So, the Secretary to the Ministry of Transport must have had in mind something more than the mere amount which was needed for the addition of one and a half lakh tons which is our target's residue and for the replacement of obsolete tonnage. When there is no provision in the first Five Year Plan Report for any such large allocation, we should certainly like to know if this report is correct. I shall be happy if this report is correct, if you are spending more money than we need for bringing up our tonnage to six lakhs which is the target in the Five Year Plan. But let us know if this Rs. 35 crores is going to be

allotted and let us know how it is going to be spent.

That reminds me also of another point in relation to the port of Calcutta. The port of Calcutta, whether we like it or not, is our largest port which carries 40 per cent. of our trade. I know that some Members on the other side of the House and especially the Members of the Treasury Benches, wish that Calcutta was not on the map of India any longer, but anyhow they cannot wish it away. There is the Calcutta Port which is the largest in India. It needs renovation after the war time strain; it needs development to keep pace with the expansion that must happen if our economy is to grow. I find from the recent budget report of the Calcutta Port Trust that it is not in a particularly happy condition. I think that more money ought to be allotted for the development of Calcutta Port, because, actually that means that we develop Calcutta Port relatively to the size and the potentialities of the vast industrial areas which are its hinterland. Then we shall be making a real sizable addition to our national economy. What we want is really a well thought out plan on the part of the Government—that it comes forward with an imaginative scheme, with comprehensive legislation. I want the Government to take this House into its confidence regarding what exactly it is going to do.

I shall refer to one other matter before I close and that is in relation to the supposed reservation to Indian interests, of our coastal shipping. There are some figures for 1949-50 to 1951-52 which show that still the tonnage carried by British ships in coastal trade is higher than that carried by Indian ships.

Now, Sir, last year the Ministry of Transport sent us a report where we found mentioned that it was possible to reserve the coastal trade for Indian ships and that the proportion of foreign ships was practically very small. But actually the recent figures suggest that this contention is not correct.

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Then again, I want to know another matter which is rather intriguing. There are ships of Indian registry which are registered here. I do not know whether under the term 'ships of Indian registry' British ships are also given Indian status. I know that not only in regard to our trade with other countries, but in regard to inland navigation these British ships are there, very very much so, largely on the map. I know how very badly they treat our working people. Only lately in Calcutta there was an occasion when some 10,000 inland water transport workers who work mainly under British companies had to go on strike, and then they were victimised and all sorts of reprehensible steps were taken against them. I know—everybody knows—how these British shipping interests have functioned. If these British shipping interests get into the Indian registry by hook or by crook, then of course we ought to see to it that this kind of thing does not happen.

Then again, there is the question of sailing vessels. I understand—I am not very sure—that there are nearly 3,000 sailing vessels and in regard to them certain provisions are to be made. Some years ago there was appointed a Sailing Vessels Committee whose report, unfortunately, I have not been able to find out. But we ought to know from the Minister what provision Government wishes to make in regard to the working of these sailing vessels?

Therefore, there are so many matters which are germane in regard to legislation on merchant shipping that I think Parliament should have more facts. It is very queer that Government does not come forward with more facts. We are not told how it has worked, how the policy of Government has worked; we are not told how far the reservation of coastal shipping to Indian interests has really worked; we are not told how our dependence on foreign interests continues. We are not given any idea in regard to the implemen-

tation of the assurances given by the Minister last year with reference to the condition of the seamen and with reference to the discrimination against Indian interests. These are all very large matters, Sir, which perhaps require long discussion which, maybe the House will not be in a position to give to this particular measure. But I feel, Sir, that this measure is one to which considerable attention ought to be diverted. This is a measure which affects the country's interests deeply, and when Government comes forward merely with an extending Bill, we shall not allow Government just to say that this is a purely technical Bill and it should not take more than five minutes of the House's time. This is a Bill which affects the interests of the country so deeply that we wish Government to come forward with a really ample and comprehensive and adequate statement in regard to what Government has in mind with reference to the development of our shipping, and also with reference to the improvement of the conditions of those intrepid seamen who, in exchange for a few beggarly rupees, have to risk their lives and operate in shipping companies' vessels, Indian as well as foreign.

Shri Joachim Alva (Kanara). Sir, without any spirit of party alignment I would like to ditto every word which has been uttered by my hon. friend Shri Mukerjee. Shipping is one of our great life-lines. We have neglected it. Even the Members of this House take very little interest in shipping, and I must pay a tribute to a journal, coming from shipowners, no doubt, *Indian Shipping* edited from Scindia House, Ballard Estate, which has been educating a large number of our MPs.

Sir, we suffered a great deal under the British; we are still suffering under the Shadow of the mighty British Empire. The American Republic which has been existing for over 160 years, is ruling the seas with the largest number of ships and

ship-building concerns; Britain, may I say, is taking a secondary role, and we are asked to take a most inferior role which we cannot take under the spirit of our independence. We have got timber; we have got steel, and we have got men. Men have been discharged from the various concerns. Indian ships are still owned by the Indian shipowners who are not able to discharge their responsibility. They are not able to deliver the goods. It is high time the Government of free India took over the entire subject of shipping, controlled it and ran it on the coastal trade. I say with all responsibility that in the matter of giving contracts, if Government has the right to give contracts to foreign shippers, it has a right to cancel them also for the simple reason that they exercise racial discrimination. In regard to the P. & O. ships, we have been hearing allegations that little children were discriminated against in their ships on the mere ground of their colour. I suggest that our Government, out of a sense of self-respect, ought to cancel the mail orders which it gives to the P. & O. ships and other ships and make them lose the business which they are now getting. I make this proposal in all seriousness.

4 P.M.

Up to 1947, our nationals were treated with disrespect on foreign ships and even after the attainment of independence if our children are discriminated against on the high seas, it is time the Government of India without any tinge of fear cancelled the mail contracts of these ships. It should not remain content with merely issuing warnings or requests that in future such incidents should not occur.

Tankers and lascars are twin subjects. We are like diners in a large dining room. We seem to be waiting on foreign shippers who come and go away as they like. We seem to be simply waiters at the big table of Indian shipping, content to play a minor role. Today, we are still grop-

ing about with fear; we cannot assume an independent line. Scindia and other Indian shippers have managed to put big vessels on the ocean, but they cannot get any share in the Iran line or the African line. Why is that so? In the case of Africa, it is very near Kenya, and Kenya is a racial spot which the Britishers want to keep as a paradise for themselves by not allowing others to enter. They want to retain their hold through the great instrument of shipping.

One word about lascars. Some Members of Parliament went on a naval cruise from Cochin to Bombay. They saw the lot of our naval people. I am not talking of the officers. I am talking about the lot of the naval boys. It is not happy. If this is the lot of our naval boys who carry on their shoulders the responsibility of navigating on the high seas, then it is not good for us. The shipowners and managers of shipping companies earn huge profits, and there are Indian managers also. I call them brown men. They are also reaping rich dividends. But look at the fate of the ordinary workers: the lascars and boiler-room men. Or take the lot of the engineers who run the ship. We went down the boiler-room of I.N.S. Delhi.

We were thirty Members of Parliament. We saw the fate of the lascars and boiler-room men. Frankly, I may tell the House "without a sense of shame that when we wanted to go down the boiler-room, we felt very nervous, because the temperature was 2,000° and some of us felt that our glasses were cracking. But could we run away? We were the representatives of the people of India, and if these jobs could be done by our brethren and our boys, how could we escape seeing the actual conditions? So, we went down. The place was very hot. The boys complained that they were not even getting lime water to drink, so that they would be able to perform their duties without any difficulty. So, we found that our boys are denied even lime water.

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I want this House to remember the responsibilities discharged by these lascars and seamen who round the seas of the world. Their duties are as important as the duties of our soldiers and airmen. We also have a responsibility towards them. Our ancestors went out in small wooden ships. They went round the whole world and built our shipping trade. They carried merchandise all round the coast of India and the rest of the world. Today, having won our independence, we are not able to man our coast with our own ships. We are not able to develop our shipping.

I for one do not like the manner in which this Bill has been brought forward, without giving us a sufficient opportunity to say everything that we would like to say. This is a great national undertaking and concerns the trade and commerce of India, and we should have time to say everything that we want to say.

In 1952, India had only 0.5 per cent. of the world's tonnage. U.S.A., Britain, Holland, Norway and Sweden almost carried the world's tonnage in the palm of their hands. We are today again in that same helpless state. When we are going to build up our tonnage, I do not know.

I raised the matter of tankers during the Defence estimates in 1952. That was the first time the subject was raised in Parliament. I questioned the Defence Minister. Hitler lost the blitz because he had no petrol, and there was no petrol because there were no tankers. We have not been able to get tankers. I understand that this year one is coming, and four have been promised. I do not know when we are going to be masters of half a dozen tankers. If there is a conflict, then I am afraid we shall find that the foreign companies, including American companies, will blackmail us by saying, "We shall not supply petrol to you or oil to you". That would put us in a helpless condition. As such, I consider that the

right given to foreign shippers or the foreign oil companies to have their own tankers should not have been given. The hon. Minister for Production was rather quick in giving away this right to the foreign shipping companies to have tankers—to carry the oil in their own tankers—when we would have a chance to build up our tankers.

Mr. Deputy-Speaker: This is a Bill to continue an expiring law. What I submit to the House is that all these and other matters may be there relating to shipping in India. So far as this Bill is concerned, whether it should be continued or not or whether it is useful or not, these are the points that will be relevant and not a general policy relating to shipping in this country.

Shri Joachim Alva: My hon. friend has referred to the tankers and I want to lay stress on this aspect of control of shipping and I humbly.....

Mr. Deputy-Speaker: If he has already said about it, it is unnecessary to say now.

Shri Joachim Alva: I will humbly point out to you, Sir, that tankers are a part of Indian shipping. We may not own tankers now, but tankers are a part of the shipping trade of this country. If we have no tankers, how are we going to carry the oil from Bombay to Calcutta or from Calcutta to any other port in India? As such, I feel, the hon. Minister has given away a great right—of allowing the foreign companies to carry the oil refined in Bombay to any other port in India in their own tankers. This great right should not have been conceded in that cavalier or nonchalant fashion and lose our control or authority over shipping.

I do not want to minimise the importance of this Bill. The Control of Shipping Act is very very important in the sense that when we just stepped into office in 1947 this Bill was passed. This did not envisage all that was going to come about and all that we

wanted to do. We had imported nearly Rs. 170 crores worth of food in two or three years. We could have had our own ships to carry that. But, we allowed the foreign ships to carry the imported food and thus we frittered away a large part of our well-earned foreign exchange. It is time that the Government put its house in order and planned one million tonnage and not 6 lakhs by 1956, which is nearly two years hence. I want the Ministry to take account of all the interests related to this subject, railways, shipping and steel and all the other allied projects which go to benefit our country's economy, which would help us in times of trouble. If we do not help in producing tankers, our shipping will not be worth the name and we shall be nowhere when the time of crisis comes.

Shri V. B. Gandhi (Bombay City—North): Mr. Deputy-Speaker, we can all agree that the ending of the British monopoly of shipping in India is a welcome development. But, still, I was a little surprised at the way in which Shri H. N. Mukerjee was dealing with the Bill before the House. He seemed almost—from the way he was talking—satisfied with the ending of the British monopoly of shipping in India and he did not very much care if this British monopoly, which has now almost ended happily, has given place to another—Indian monopoly. So far as we are concerned, monopoly in any service or in any industry is an evil.

Monopoly, whether it is British or Indian, to us is an evil. I shall come to that presently. My friend, Shri Alva, made some very interesting contribution to the subject and he made a passing reference to the opportunity, which this Government has lost in not having its own ships to bring the millions of tons of food which we recently had to bring, thereby saving exchange. That needs to be put in a little clearer position. How could we save exchange by buying ships? The purchase of ships would probably have cost thousand times the exchange that

we have paid for bringing in the food. Again, after the food has been brought, what are you going to do with the ships? Anyway, that is a different subject.

So far as the record of the Government is concerned in the matter of bringing in a comprehensive and consolidated legislation on the subject of control of shipping, I think, it is not very creditable. The original Act was passed in 1947 and the life of that Act was one year. The intention is very clear that the framers of the Act expected to be able to bring forward another comprehensive Bill on the subject very soon. There is, of course, a provision in the original Act that by notification in the Government gazette, the Government could extend the life of the Act for a period not exceeding one year. Here again, the intention is very clear, but what has happened to this Act? The life of the Act has been extended for two years for the first time, another two years for the second time, and another two years for the third time, and now they are here before the House asking for a fourth extension for a period of two years. It is very difficult for us to appreciate—whatever may be the arguments that the Government have to offer in defence of their very unconvincing position—that in the matter of a very vital service of this kind, Government should not have been able to bring forward the promised consolidated and comprehensive Bill on the subject. The hon. Minister, Shri Alagesan, in order perhaps to allay any misgivings or apprehensions that the House may have because of the delay in bringing forward the promised comprehensive legislation, made much of the fact, in his speech in the other House, that the present Act gives Government a complete control over shipping. He was so convincing in the way he put the completeness of the control that Government has under the Act that one is sometimes tempted to ask "Why then is this Act not made permanent? Why are you asking for an extension of only two years? Why do you not have it permanently on the statute book

[Shri V. B. Gandhi]

and be done with it"? This is what he said there:

"The Act also gives complete control to Government over Indian shipping, the control extending to trades in which Indian shipping may engage and the voyages it may undertake, the class of passengers or cargo which the Indian shipping may carry, the order of priority in which passengers and cargo may be taken or put off such ships at any port or any place whether within or outside India."

Of course, it is true that the present Act does give Government all these powers, but is that the whole story? Is that the only objective of a shipping control Bill? We are told that the achievement of Government in the matter of removing foreign shipping from coastal service is something which stands to their credit and this achievement was made possible under the existing Act. That is so, so far as the facts go, but this talk about reservation of the coastal trade for Indian tonnage as distinguished from foreign-owned or British tonnage is a very old ghost, and I do not think that in the present context of an independent India, it serves much useful purpose to raise it.

Shri Joachim Alva: Very much alive.

Shri V. B. Gandhi: But what exactly is the objective other than having the control over the shipping industry or even having the power to reserve coastal trade to Indian shipping? We are also further told that shipping is in the private sector and we are informed of this in a tone as if to say that having left the shipping trade to the private sector, Government have almost done their duty by the shipping service. Are these things really so? That is what we have to see.

Now, Sir, I know that Indian monopoly in shipping wherever it exists is not altogether free from blame, I will take only one particular instance of

which I have personal experience. There is a passenger service from Bombay to Goa which is called the Konkan Line. Now, in the old days there were a British controlled company, and two or three Indian companies running on the same route. The fares and the quality of service that the passengers then used to get were entirely different from the miserable conditions which now obtain when that service is completely reserved for and owned by a monopolistic Indian company. Normally speaking, Sir, we are all led to expect that sea voyage should be cheaper than land journey. Railway fares cannot be as cheap as steamship fares. But the Indian company which now operates this service has a complete monopoly and the fares it charges, are—I do not know what to say, but I would not mind saying—scandalous, simply scandalous. That is what exactly comes out of a monopoly and I would suggest that Government's business, or Government's duty, or Government's interest in the shipping control does not end by simply seeing that an Indian monopoly is able to replace a British monopoly, or shipping is left open to the private sector. Government, on the other hand, should have complete control, to which reference has already been made.

Now, Sir, let us not forget in whatever we do in the matter of control of shipping, that the shipping service is a public utility service. This fact we should not lose sight of even for a moment. If we remember that, then much more than what is contemplated in the present Act—the Shipping Control Act—is required. It will be the business, it should be the duty of this Government to regulate the fares of passengers and the rates of freight on these monopolistic, even though Indian-owned, concerns. It should be the duty of this Government in bringing forward any legislation on the subject, to see that the service in quality and in quantity is adequate and also that it is available at an economic rate. I think that Government ought to take a serious note of the

fact that this House is not prepared to treat the subject with the rather cavalier attitude—I am sorry to say—which Government have been showing all these years in bringing forward the promised comprehensive and consolidated legislation. I am surprised to hear that the hon. Minister, Shri Alagesan in the other House said:

"We want to incorporate the provisions of this Bill in the consolidated merchant shipping Bill that we want to place before the House."

And note what he says further:

"Pending that, nothing is lost".

If that is the view of Government, if Government really believes that nothing is lost in keeping this Bill going on in its present form, I do not think we have much hope of seeing the promised comprehensive legislation. If they are really sincere and promise to bring the Bill before us next Session, I do not know why we should require two years' extension; one year's extension should be enough. This House should be trusted to have enough interest and to give it all precedence and priorities as soon as it is brought before the House.

Shri M. D. Joshi (Ratnagiri South): Sir, this is a very simple Bill. It asks for extension of time by two years for a legislation which was enacted to give very deserving protection to Indian shipping when there was a foreign power here. In the days of British rule, there was an ordinance and that ordinance was replaced by the present Control of Shipping Act. Formerly, on the excuse of wartime emergency as well as owing to their peculiar profit motives, the Britishers gave ample protection, in fact most undeserving protection, to British shipping vis-à-vis Indian shipping. The shipping authorities, were given under this Act, power to direct Indian shipping, or any other shipping for the matter of that, to ply on certain routes only. I was connected with an organisation which was dealing with Indian sailing

vessels. As Secretary of that organisation, I had to deal with several complaints. The complaints were that Indian sailing vessels were forcibly, under compulsion, tied down to particular routes when they were not used to take those routes. There was great injustice and a number of complaints were sent up to Government and ultimately the route scheme was dropped; it had to be dropped. That route scheme is not likely to be revived; in fact it is opposed to the spirit of the Indian Constitution. Section 5(a) of this Act says that the Shipping Authority which is to give a licence may give directions with respect to the ports or places, whether within or outside India and the routes by which the ships shall pass or proceed for any specific purpose.

Article 301 of the Indian Constitution prescribes that "subject to the other provisions of this Part, trade, commerce and intercourse throughout the territory of India shall be free". If there is to be any restriction, or if there is to be any prescription of a particular route or section of the country, it is not within the purview of the Shipping Authority but it is only within the purview of Parliament which is the Sovereign Representative body of this country. Article 302 of the Constitution prescribes that "Parliament may by law impose such restrictions on the freedom of trade, commerce or intercourse between one State and another or within any part of the territory of India as may be required in the public interest". So I submit that the provision in section 5(a) of the Control of Shipping Act is not in consonance with the spirit of the Constitution. Therefore, extending the life of the present Act also will, as a consequence, be giving further life to a provision which is not strictly in conformity with the spirit of the Indian Constitution. I therefore submit that it is high time that a comprehensive legislation is undertaken covering all these Acts, namely the Merchant Shipping Act, this Control of Shipping Act and other allied pieces of legislation. It is not good that a

[Shri M. D. Joshi]

sovereign body like Parliament should hastily continue to extend the life of a provision which goes counter to the Indian Constitution.

My friend Dr. Gandhi made mention of a subject which is very vital to my part of the country, namely the rates of fares of the passenger steamers. Last year I had tabled a question on the floor of this House asking whether Government were thinking of revising the rates or bringing them down; but the answer unfortunately was 'No'. I asked a supplementary question to the effect whether Government would examine the accounts and make them available for public inspection. The answer again unfortunately was 'No'. I do not insist that the accounts of the steamer company should be made available to the public. But it is a patent fact that these steamer companies and other concerns are very unwilling to lay before the public all their cards on the table. That was the complaint I found made in the debates on this Bill when it was on the anvil in 1947, in the Central Assembly and it is not a very happy state of things that companies had to be persuaded. The then Commerce Minister, Mr. Chundrigar, said that Government hoped to persuade the companies or otherwise the Government would use its powers. Those were different times, I can quite understand. But even now the state of things that obtains today is that the Companies justify the high level of the present rates on the ground that their finances do not permit a decrease; and when a demand is made by the public to convince them of the necessity of keeping the rates at their present level, they merely reply that it is necessary. I read a speech by the Chairman of the Scindia Steam Navigation Company the other day reported in the papers; from his exalted position he has merely condescended to assure us that the Company are not thinking of increasing the rates. A very strange consolation indeed! We have been demanding for the last twelve or thirteen years a decrease in the fares.

Sir, I shall mention some figures. In 1922, after the first World War, the fare was Rs. 3 from Bombay to Ratnagiri. Then the Scindia Steam Navigation Company came on the scene in 1940. Till then there was competition. There were two companies; one was called the 'English' Company, namely, the Bombay Steam Navigation Company, which was then managed by Messrs. Killick Nixon & Co., a British concern, and the other was popularly called Majhi Boat Company, that means 'My Steamer Company' which was subscribed to in small shares of Rs. 10 each by the common people. That Company unfortunately fell on evil days. Later on it was swallowed by the bigger fish, namely, Scindia Steam Navigation Company. The Scindia Steam Navigation Company swallowed the other two steamship companies also. It is a very big concern and India is proud of that company as it was giving battle, in the days of our battle for freedom, to other British companies in the field of international trade and commerce. We are proud of that. But, when the matter came up before the Scindia Steam Navigation Company to do justice to the people, to the common people, to the poor people, we have to say that the Company failed miserably.

Sir, I cannot too strongly emphasise the necessity of Government to exercise control in this matter. What is the use of extending the life of an Act if its provisions are to be allowed to rust unused? This power to control the rates has not been sufficiently exercised and I therefore implore the hon. Deputy Minister to exercise the power which is given to Government by the Act and see that the rates are brought down, at least to a reasonable level.

I was referring to the level of rates. In 1922-23 the fare between Bombay and Ratnagiri was Rs. 3 and it continued so for about fifteen years. When the Scindia Steam Navigation Company became all in all in 1940, they suddenly raised the rate from Rs. 2 which existed in 1939 to Rs. 5 in 1941. The

Ratnagiri District Congress Committee passed a resolution making a fair offer to the Scindia Steam Navigation Company that the matter be referred to the great Sardar Patel as arbitrator. The Company turned down the suggestion. In 1949 or so, one fine morning we woke up in Bombay—I was in the Bombay Legislature then—and what did we read in the papers? The great Scindia Steam Navigation Company was pleased to increase the fare from Rs. 5 to Rs. 7-8-0 i.e. fifty per cent increase. It is a patent fact, as my friend Shri V. B. Gandhi said, that the rates of fares on railways, which bear a considerably larger expenditure than the Steamer companies, are expected to be higher. The rates of the Steamer companies, which have not got to maintain so great an establishment such as rails and other things, ought to be lower. But they say, No. The reasons that they give are funny. They say that the coal prices have gone up, that the salaries of Captains, Engineers and the Crew have gone up and therefore we must pay higher fares. They also say that on account of our clamour for more amenities for passengers, Government have strictly enforced the rules as regards accommodation of passengers in Steamships. Accordingly, the accommodation has been cut down from 1,100 to 800 passengers in certain ships and therefore, they say that the rates ought to be kept at the present level. All these arguments are very unconvincing. The Bombay Steam Navigation Co was started with, I hear, a capital of Rs. 30 lakhs and in a space of 30 to 50 years, it has added to its fleet about 15 ships costing at least Rs. 4,00,000 each in those old days, that is, prior to World War I. Now, the cost of ship-building has mounted very high. I grant that. Even then, I submit that the present high level of rates is not justified and I protest with all the vehemence I can command that justice is not being done to the poor third class passenger. While all people have been congratulating the Government, because the Government is giving all possible attention to the amenities and comforts of third class passengers in the railways,

the poor steamer passenger, especially on the coastal lines, is left in the lurch. I would, in all humility, request the Government to give up this lethargy and indifference on this point.

The tonnage of coastal shipping also deserves attention. The Bombay Steam Navigation Co. which, under the aegis of the Scindia Steam Navigation Co. has been revived under the name of Bombay Steam Ship Co., of 1953, has lost certain ships in accidents. It lost the S.S. *Ram Das* in a very serious accident that occurred four miles from Bombay causing a loss of not less than 600 lives some years ago. Then, they lost two other very good ships in the cyclone in November, 1949. They have, it is true, added two very good ships costing Rs. 44 lakhs each, and that is one of the reasons which they assign for keeping this high rate of steamer fares.

When Government is paying attention to the building of Indian ships in the Visakhapatnam yard and elsewhere, I think it should spare some of its attention to supply of steamers and a properly furnished fleet of ships on the Konkan Coast. This coast, I submit, has suffered abnormally by indifference at the hands of the foreign Government. I request that we should not be compelled to repeat the same tale of woe at the hands of our own Government.

I shall now refer to the remarks—to the very unkind and undeserved remarks—made by the hon. Member Mr. H. N. Mukerjee. He accused the Government of forgetting that Calcutta was on the map of India. I am sorry he is not in the House. I wonder what prompted him to make that remark. Perhaps some other things were weighing on his mind, not this particular Bill, because the subject of this Bill does not justify his remark that the Government of India has forgotten Calcutta altogether. That remark was particularly unkind and unjustified and I think it sprang from Mr. Mukerjee's disconsolation in other matters, not in regard to this Bill.

[Shri M. D. Joshi]

I was again surprised by a very unexpected remark made by Mr. Alva. He is also not present here.

Shri K. K. Basu (Diamond Harbour): So many surprises.

Shri M. D. Joshi: Yes, very many surprises. You are providing surprises every now and then.

Mr. Deputy-Speaker: Let his speech not be disturbed.

Shri M. D. Joshi: I was surprised by the remark made by my hon. friend, Mr. Alva.

Mr. Deputy-Speaker: Cannot the replies be left to the hon. Minister? The hon. Minister will reply. When particularly the hon. Members concerned are not here, the hon. Member may leave it to the hon. Minister to reply to them.

Shri M. D. Joshi: I submit it is the duty of the hon. Members to hear what follows their speeches.

Mr. Deputy-Speaker: True. I agree. It will not be right that any hon. Member should make a remark or make a speech and not wait or be patient to hear what is said in reply to what he says. If I had known that in anticipation, I would not have allowed the hon. Member to speak, but it is too late. I will now call upon the hon. Minister to reply to them. In the meantime they may turn up.

Shri M. D. Joshi: I have not finished.

Mr. Deputy-Speaker: I thought we would be able to finish this Bill by five o'clock.

Shri M. D. Joshi: If you wish that I should finish then I shall do so.

Mr. Deputy-Speaker: No, no. I thought the hon. Member was finishing himself.

Shri M. D. Joshi: I shall require some more time.

Mr. Deputy-Speaker: Very good.

Shri M. D. Joshi: Mr. Alva remarked....

Mr. Deputy-Speaker: The hon. Member may continue his speech later. Now, the House will adjourn and meet again at five o'clock today.

The House then adjourned till Five of the Clock.

The House re-assembled at Five of the Clock.

[MR. SPEAKER in the Chair]

Mr. Speaker: I understand that the hon. Finance Minister has been unwell, and therefore, instead of straining himself even for five minutes, he may continue his speech sitting. He need not strain himself unduly.

The Minister of Finance (Shri C. D. Deshmukh): Thank you, Sir.

5 P.M.

GENERAL BUDGET

The Minister of Finance (Shri C. D. Deshmukh): I present the statement of the estimated receipts and expenditure of the Government of India for the year 1954-55.

The presentation of the annual budget provides an opportunity for a review of the economic conditions of the year which form the background against which the budget for the coming year has been prepared and I propose to give a brief account of the main features of the country's economy in the year now drawing to a close.

Like other countries India has been going through a process of return to normal conditions after the war, a process which was disturbed and delayed by the outbreak of the Korean war and its after-math. The return to "normality" commenced in 1952 and continued during 1953. Thus while at the end of December 1951 the price index of all commodities had risen from 397.1 immediately before the commencement of the Korean war to

432.2, by the end of December 1952 it had fallen to 374.5, well within the level reached at the time of the outbreak in Korea. In 1953 the variations of prices were within a narrower range than in the previous year and at the end of December 1953 the index number had risen by a little under 5 per cent. and stood at 392.6. Throughout the earlier months of the year and until about the middle of August there was a continuous but a moderate rise in prices, largely caused by temporary factors. The supply position was slightly difficult and the difficulty was aggravated by expectations of lower output in certain important commodities like black pepper, sugar, cotton and groundnuts. The demand for certain commodities like sugar and cotton also rose owing to increased internal consumption and the psychological effect of all these factors was to generate an upward movement of prices. Measures were taken from time to time to improve the supply position and bring down prices and among these I would mention the imposition of the ban on the export of sugar and gur, restriction on the export of groundnut oil, liberalisation of imports of coconut oil and copra, reduction in import duties on palm oil, copra, sugar and cotton seed oil, the opening of fair price shops, the issue of a larger quantity of foodgrains and the reduction in the price of imported wheat supplied by the Centre. These measures played an important part in arresting the upward movement of prices and between August and December there was a continuous decline. The general index number at the end of December was 20 points less than the peak figure reached in the middle of August. Since then there has been a slight increase but there is yet no evidence that this is not due to purely temporary and seasonal causes.

Over a wide field there was also marked increase in production during 1953. The domestic production of cloth and cement reached new records. Most of the other industries also showed a significant increase in their produc-

tion. The general index number of industrial production, which stood at 128.7 in 1952, the highest for any post-war year, was exceeded in 1953, the average for the first nine months being over 133. Though later figures are not yet available, there is good reason to believe that 1953 would be the best year yet for industrial production. This achievement is noteworthy because in some very important industries production was below normal owing to certain special factors. The strike in a steel plant resulted in a drop in the production of iron and steel, the total for which is now estimated at a little below the 1.1 million tons reached in 1952. Similarly the production of copper dropped by nearly a sixth on account of a strike. Jute manufactures were about 83,000 tons below the output of 1952, during part of which year the mills worked longer hours. Sugar production was also nearly 2 lakh tons less than in 1952 owing to a smaller acreage under sugarcane and the diversion of part of the cane supplies to the production of gur. The fact that, in spite of the drop in production in some individual industries, the general index number of industrial production in 1953 will be higher than in 1952 gives an indication of the progress achieved.

Industry, however, cannot be said to have been entirely free from difficulties. The jute industry was faced with the problem of maintaining its export market and had to be assisted by a readjustment of the export duties. The tea industry was also helped to meet a difficult situation created by the fall in the price of tea and is now in a healthier position than it was at the beginning of the year. Lack of demand is also affecting certain industries like paints, power-driven pumps and asbestos cement sheets. But the complaint so common in 1952 that industry in general was facing a severe recession may now be said to have largely disappeared. Nevertheless, the need for increasing efficiency and economy, especially in markets characterised by keener competition, still remains paramount.

[Shri C. D. Deshmukh]

The improvement in the general food situation recorded in 1952 was maintained during 1953. With the sustained improvement in production there has been a drop in food prices and at one stage there was concern in certain quarters over the possibility of prices falling below the economic level in certain parts of the country. The improvement in the food position has made it possible to relax controls in several directions. Gram has been completely decontrolled as also coarse grains except in a few areas. Controls on wheat have also been relaxed with the exception of certain restrictions on inter-State movements. The year 1953 closed with a comfortable stock of about 15 lakh tons of foodgrains, of which about 5 lakh tons were held in the Central reserve. The prospects for the coming harvest are generally good and, if the monsoons do not disappoint us next year, the food prospects may be said to be reassuring. In view of this improved position the target of food imports next year has been fixed at a much lower figure than in recent years; any improvement in this respect also improves materially the country's balance of payments position.

The production of cash crops during 1953 was also good except in the case of jute, which has shown a decline, partly due to adverse weather conditions and partly to fall in prices at the time of sowing.

While the general economic situation in the country continues to improve, there has, in recent months, been an aggravation of the problem of unemployment. The number of the unemployed registered with the Exchanges rose continuously from 4,25,000 in March 1953 to 5,22,000 in December. The problem of unemployment has been discussed at great length on the floor of the House and I had occasion to explain both the dimensions of the problem and the measures that Government have in hand for dealing with it. I should only like to reiterate what I have said

in the past, namely, that the problem should be viewed in its proper perspective. Unemployment is not a short term phenomenon calling for short term remedies. It is one which calls for long term measures and ultimately it is only by a considerable increase in economic activity that it will be possible to absorb the increasing number of men and women who come out of our schools and universities year by year. This means an increase in the tempo of development in which both the public and the private sectors have to take their due share. So far as the public sector is concerned, the Planning Commission have recently expanded the Plan to the extent of Rs. 175 crores, mainly to assist in meeting the situation created by unemployment in rural and urban areas. Measures for increasing employment opportunities have become an integral part of the Plan and in the orderly implementation of the Plan lies, in my view, the most promising method of easing the position.

I just mentioned the role of the private sector in mitigating unemployment. Industry has to expand and new industries providing wider opportunities for employment have to spring up in the country. To assist in such a development Government have under consideration the question of setting up an Industrial Development Corporation to stimulate the flow of capital into new industries. As I have mentioned in the statement I made in the House last Wednesday, Government are also exploring possibilities of bringing into existence, with the co-operation of private interests both in this country and outside, of another Corporation to promote the expansion of industry. These discussions, in which the International Bank for Reconstruction and Development are also taking interest, are still in their preliminary stages and the House will appreciate that I am now in no position to say anything definite about the outcome.

The country's balance of payments position was generally satisfactory during the year that is now drawing

to a close. The House will remember that for the first time, after a series of deficits earlier that year, a heartening surplus in the external accounts emerged in the third quarter of 1952. This trend became more pronounced in the last quarter of that year the surplus for which amounted to Rs. 38 crores, Rs. 13 crores more than in the preceding three months. From the beginning of 1953, however, the surplus began to decline and in the second quarter of 1953 a deficit of about Rs. 10 crores emerged for the first time in twelve months. In the third quarter of last year we nearly balanced our account, and for the last quarter, for which final figures are not yet available, there may well be a small surplus. Taking the year as a whole we are likely to have a moderate surplus, which is reflected in the Sterling balances held by the Reserve Bank, which have risen from Rs. 706 crores at the end of December 1952 to Rs. 723 crores by the end of December 1953. This overall improvement has, however, been achieved at a reduced level of trade. Export receipts for the first nine months of 1953 amounted to only Rs. 375 crores, registering a decline of Rs. 125 crores compared with the corresponding period of 1952. But this decline in export earnings has been more than balanced by the decline in imports which at Rs. 434 crores were less by Rs. 174 crores as compared with the previous year.

The fall in the country's export earnings is, in the main, due not to a contraction of exports but to a fall in export prices. Over the whole field of international trade we are now definitely in a buyer's and not a seller's market and the effect of this transition on prices has to be constantly kept in mind in regulating the country's export trade. It is not enough to maintain the present quantities of exports and the markets for them at that level. It is necessary to off-set the fall in export earnings due to a reduction in prices by expanding the country's exports. During the course of the year many export duties were readjusted with this end in view. The duties on hessian, linseed, and linseed oil were

reduced while the duties on some cotton goods and on selected jute manufactures like twist, yarn, rope and twine, hessians other than cloth and bags and all other descriptions of jute manufactures were totally abolished. These measures appear to have had a healthy effect and trade in the three principal commodities figuring in our export trade, namely, jute, tea and cotton textiles appears, in recent months, to have recovered from the difficulties which faced it in selling these goods abroad. In order to allow new lines of export to develop, the Sea Customs Act has also been recently amended to permit the grant of a rebate of import duty on raw materials and components used in the manufacture of goods subsequently exported. A special organisation to deal with export promotion has also been set up.

The reduced payments for imports in 1953, as compared with the previous year, have to be considered against the background of the special factors which accounted for the high level of imports in the latter year, in which there were very substantial imports of wheat and raw cotton. The improvement in the food position and the increase in the production of cotton has led to a contraction of imports of both in the current year. Although industrial production has, on the whole, remained buoyant, the demand for supplies of raw materials from abroad has not been on a level commensurate with the higher output. Part of this may be explained by the switch-over to indigenous supplies and the running down of inventories. But the position is not one which need cause anxiety, especially when one remembers the somewhat exceptional level of imports in the previous year against which the fall is measured.

The improvement in the dollar position during last year was even more striking than the improvement in the balance of payments position as a whole. In the first nine months of 1952 we had a deficit of Rs. 127 crores on current account; in the corresponding period of 1953 we had a surplus of

[Shri C. D. Deshmukh]

Rs. 18 crores. This improvement is largely due to smaller payments for food and cotton purchases from the United States. In the latter half of 1952 India's contribution to the gold and dollar reserves of the Sterling Area amounted to \$70 million against a net drawal of \$188 million in the first half of that year. In the first half of 1953 we had to draw a small sum of \$14 million from the Central pool. Figures for the latter half of 1953 are not yet available but the preliminary figures indicate that during the five months ended last November we made a net contribution of \$22 million to the Central reserves.

The improvement in the balance of payments position of this country has also materially assisted in strengthening the Sterling Area's position as a whole. I do not propose to say anything in detail now about the conference of Commonwealth Finance Ministers held last month in Sydney, as I have already made a full statement on the subject on the floor of the House. The Conference provided an opportunity for a free and frank exchange of views among representatives of the participating Governments and the review of the progress of their development plans. While individual countries would pursue policies best suited for their own needs, there was general agreement that all of them should follow sound internal policies, increase production and facilitate the expansion of world trade which would make it possible to achieve the multi-lateral convertibility of Sterling and other important currencies. So far as India is concerned, I would only repeat what I said last year, that the pursuit of these policies does not involve the adoption of any new policy by Government. By resolutely persevering in the implementation of the Five Year Plan we shall best serve the interests of both ourselves and the Sterling Area.

Before leaving the subject of external finance I should like to make a brief mention of a few other matters of interest in this connection. As the

House is aware, we have taken a number of loans from the International Bank for Reconstruction and Development for some of our development projects and the question of increasing this arena of assistance is under constant consideration. A mission of senior officials of the Bank visited this country last September with the object of studying the trends in the country's economy and considering the possibilities of further participation by the Bank in new projects. The report of the Mission is still awaited but, meanwhile, discussions are going forward for obtaining assistance from the Bank for the setting up of a thermal station in Trombay and financing a hydro-electric generator, which is part of the Koyana multipurpose project.

In view of the satisfactory balance of payments position we are also proposing to repurchase from the International Monetary Fund a portion of our currency which we sold to the Fund in 1948 in exchange for dollars when we needed the dollars to meet the heavy balance of payments deficits with the dollar area during that year. Out of the total outstanding of \$100 million, we propose to repurchase the equivalent of \$72 million, of which the equivalent of \$36 million will be purchased next month and the balance in the coming year. The repurchase of the rupees will result in a saving of the interest charges paid to the Fund.

The House is aware of the assistance which India has been receiving from friendly countries outside for the country's development schemes. This has come from Commonwealth countries under the Colombo Plan, from the United States Government and certain private agencies in that country and from other friendly countries like Norway. In the current year a sum of \$77.1 million was provided by the Indo-U.S. Technical Co-operation Agreement for utilisation on agreed development projects. The Government of Canada have agreed to provide a further sum of \$13.6 million. The Ford Foundation, which has been providing assistance for a programme

of rural development, made available an additional sum of \$1 million for undertaking a training programme for social education and health. Under the Colombo Plan we are also providing assistance to neighbouring countries. In the budget for the next year the total sum received by us by way of external assistance under the Colombo Plan and from friendly foreign countries is expected to amount to Rs. 45 crores while we shall be spending on the provision of such aid to other countries about Rs. 2 crores.

I shall now give a brief account of the financial position in the current year and the prospects for the coming year.

The House will remember that the budget for the current year placed the revenue at Rs. 439.26 crores and the expenditure at Rs. 438.81 crores leaving a nominal surplus of Rs. 45 lakhs. In balancing this budget, I had taken credit for a recovery of Rs. 18 crores from Pakistan on account of two instalments due from that country in repayment of the partition debt. Hon. Members are aware of the large number of complicated problems which are outstanding between us and Pakistan of which the settlement of the partition debt is only one issue. Over the whole front we have been trying to achieve a settlement of these issues but it has not been possible to arrive at a settlement so far. I may, however, mention that I have been having discussions on this subject with the Finance Minister of Pakistan and we both hope that it will be possible to commence the repayment of the debt in the coming year. This single factor has made for a deterioration of Rs. 18 crores in the revenue budget for the current year, and converted the surplus of Rs. 45 lakhs into a deficit of Rs. 16.96 crores.

The total revenue this year is now placed at Rs. 413.69 crores and the expenditure at Rs. 430.65 crores leaving, as I just said, a deficit of Rs. 16.96 crores. Of the drop of Rs. 25.57 crores in revenue, Rs. 18 crores are, as I have already explained, accounted for by the non-receipt of the instalments

expected from Pakistan. Customs revenue is expected to be Rs. 10 crores less than the sum provided in the budget, largely due to the readjustment of export duties during the course of the year, particularly the export duties on jute, to enable us to maintain our position in world markets where there has been a gradual shift from a seller's to a buyer's market. Union excise duties are expected to show a drop of nearly half a crore. The revenue from taxes on income and corporation tax is, on the progress of actuals, expected to show an improvement of Rs. 6 crores, of which nearly Rs. 3 crores will be absorbed by larger payments to the State Governments on account of their share of income tax. The receipts under other heads are unlikely to differ materially from the figures I had taken in the budget estimates.

On the expenditure side the revised estimates show an improvement of Rs. 8.16 crores. This is made up of a drop of Rs. 1.57 crores in the expenditure on the cost of revenue collections, Rs. 2.7 crores in the provision for Civil Administration and Rs. 8.73 crores in the provision for Extraordinary Charges, partly offset by increased expenditure of Rs. 1.68 crores under Debt Services and Rs. 3.64 crores under the head 'Miscellaneous'. The decrease in the cost of revenue collection is mainly due to a saving of Rs. 94 lakhs in the provision for the payment to the States of their share of the Union Excise Duties due to the readjustment of certain excess payments in the previous year made on a provisional basis, and a reduction in the collections of the shared taxes. The decrease under Civil Administration is distributed over a number of heads, details of which are given in the Explanatory Memorandum. A substantial portion of the saving is due to lapses in the provision for basic and social education and economic development in the Tribal Areas, where the progress on the implementation of developmental schemes has been slower than anticipated. There is also a saving of Rs. 93 lakhs in the provision for transfers to certain funds.

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the actual transfers being less than was expected at the time the budget was framed owing to the delay in passing the necessary legislation. Under extraordinary charges the budget included a total provision of Rs. 17.37 crores for community development schemes, local works, industrial housing and Grow More Food. The total expenditure on these items is now estimated at Rs. 8.72 crores. Community development schemes are now getting under way and the expenditure on them, in what is practically their first year of operation, has been less than estimated. Similarly, it has not been possible, owing to the inevitable delay in the drawing up of schemes spread over a large number of States and, within each State, over a large number of districts and involving a measure of local or State contribution to spend fully the provision made for local works. Assistance to States for Grow More Food schemes is partly given by way of grants and partly by way of loans, the actual distribution depending upon the nature of the schemes accepted for Central assistance. On the progress of actuals, it is expected that the expenditure by way of grants would be about a crore less than was assumed in the budget. Subsidies on industrial housing are also expected to be less than the budget by about Rs. 2½ crores mainly due to the slower progress in the expansion of industrial housing which, among other things, requires the co-operation of industrial employers and their willingness to undertake such schemes. In spite of the efforts made for accelerating schemes for the promotion of the welfare of the backward classes, it has not been possible to spend the entire provision made for this purpose in the budget. If I may put it somewhat shortly, the entire saving in the provision for extraordinary charges is largely due to a short fall in the development expenditure, the result largely of the inherent difficulties in the way of getting these schemes going. Under Debt Services, the increase of Rs. 1.68 crores is mainly accounted for by the hardening

of discount rates on treasury bills, while under Miscellaneous the increase is largely due to an unforeseen expenditure of Rs. 1.77 crores on payment of subsidies on foodgrains, mostly to Travancore-Cochin, which has a special problem, as a large importer of costly rice from outside, and a carry-over of Rs. 2.06 crores from the last year in the payment to sugar factories out of the special excise levied in November 1952, as part of the measures to secure a reduction in the price of sugar.

Before I pass on to the estimates for the coming year, I should like to mention the expenditure on Defence Services during the current year. The total net expenditure is expected to be just within the figure taken in the budget. While the total estimate remains about the same, there is an increase of Rs. 2.46 crores in the Air Force estimates offset by decreases in the expenditure on the other Services. These variations are mostly due to variations in the forecast for the receipt of stores.

For the coming year, I estimate the revenue at Rs. 441.03 crores and the expenditure at Rs. 467.09 crores leaving a deficit of Rs. 26.06 crores on revenue account.

The revenue from customs in the coming year has been placed at Rs. 175 crores against the current year's revised estimate of Rs. 160 crores. The improvement of Rs. 15 crores is due firstly to the additional duty expected to be collected next year on the increased imports of sugar on Government account, now estimated at between 4 and 5 lakh tons, against 2.5 lakh tons this year, secondly to increased yield from the import of commodities which carry high revenue duties, which may be expected with the easing of our foreign exchange position, and thirdly to the normal expansion of revenue. The revenue from Union Excise Duties is placed at a crore less than in the current year. The yield from sugar will be Rs. 2½ crores less than in the current year,

receipts in which were somewhat inflated by the proceeds of the special excise which was withdrawn last November; but this will be partly set off by an improvement of Rs. 1 crore in the receipts from tobacco and about half a crore from the other excises. Under Income Tax, I am repeating the revised estimate for the current year. I expect that the progressive drop in the arrears of excess profit and other taxes will be made good by the improvement in normal collections. Revenue from the Estate Duty, recently levied, is likely to come in for the first time in the coming year. It is a new tax, the yield from which is most difficult to estimate. The administrative machinery for the assessment and collection is being specially assembled and trained and I hope it will be possible to get it in full working in the coming year. I have taken credit for a gross revenue of Rs. 4 crores from this duty, nearly the whole of which will be transferred to the States in accordance with the provisions of the Constitution. Under Currency and Mint, following the increase in the gross income of the Reserve Bank from the increased yield on treasury bills held in the Issue Department, the surplus profits paid to Government next year are expected to be Rs. 5 crores more than the current year's payment of Rs. 12½ crores. I have also taken credit for the receipt of one instalment of Rs. 9 crores from Pakistan. As I explained earlier, I hope to reach a settlement of this issue in the near future and I am confident that it will be possible to commence these repayments with effect from the coming year.

For next year I am budgeting for a total expenditure of Rs. 467.09 crores, of which Rs. 205.62 crores will be on Defence Services and Rs. 261.47 crores under Civil heads.

In present circumstances, I do not think I need make any apology for the size of the expenditure on Defence Services. As I mentioned last year, there is no question of any sizeable reduction in the size of the Armed Forces so long as there exists any

danger to the country's security. In spite of recent developments likely to affect the balance of power in the area in which we and our vital interests are located, we are not embarking on any scheme of expansion of our Armed Forces. We are only going ahead with our normal programme of bringing the Navy and the Air Forces upto reasonable efficiency in men and material and the increase of Rs. 6 crores in the expenditure next year over the current year is due to this normal programme. While the recent developments have underlined the need for continuous vigilance on our part that the country's security is not in any way jeopardised, and the House may rest assured that this vigilance is being kept, it is not our intention to halt or slow down the economic development of the country on which, in the long term, the country's inherent strength depends, by entering into any race for armaments.

Civil expenditure next year is expected to be Rs. 30.5 crores more than in the current year. I do not propose to weary the House by giving a detailed account of individual increases, particulars of which are given in the Explanatory Memorandum. I shall content myself with drawing attention to the more important factors which account for this increase.

I must remind the House that the coming year will be the fourth year of the Five Year Plan and it is reasonable to expect a rise in the tempo of developmental expenditure during that year. The bulk of the increase of Rs. 30.5 crores in civil expenditure is due to this factor. For example, the total expenditure on what may compendiously be called the nation building and developmental services in the coming year is likely to amount to Rs. 53.67 crores against Rs. 39.52 crores in the current year. Expenditure on scientific departments, mainly on grants to scientific institutions and outlay on scientific services, is likely to be about a crore more than in the current year. The budget for education, providing for substantial grants for the expansion of basic and social

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education throughout the country, will be about Rs. 8 crores more than in the current year. Nearly a crore and three-quarters more will be spent on medical and health services and about Rs. 2 crores more on agriculture and allied services. Increased provision has also been made for the development of village and small-scale industries, so vital to the balanced development of the country. Community projects and national extension services between them will cost Rs. 8½ crores more than in the current year; about a crore more will be spent on grants for grow more food schemes and a crore and a quarter on schemes of social welfare. These increases in developmental expenditure together account for Rs. 25 crores roundly of the total increase of Rs. 30½ crores.

The increase of Rs. 5½ crores in the rest of the expenditure is mainly due to two factors. A lump sum provision of Rs. 3.6 crores has been made under grants-in-aid to States for meeting any assistance that may have to be given to the State of Jammu and Kashmir if the scheme for financial integration of that State with the Indian Union, somewhat on the pattern of the former Princely States, which is under discussion with it, materialises. The payment of the States' share of Union excise duties next year will, on the basis of the estimated revenue from the shared excises, be about three quarters of a crore more than in the current year. Increased provision has also been made under grants-in-aid to States for the welfare of Scheduled Tribes, Scheduled Castes and other backward classes. While, obviously, there are bound to be small increases here and there on account of the normal growth of expenditure, I think I could truthfully claim that the increase in expenditure in the coming year is mostly on development in accordance with the approved plan.

In the estimates of the coming year I have, in consultation with the Comptroller and Auditor-General, made a change in the classification, to which I must draw the attention of hon.

Members. The proper allocation of expenditure between revenue and capital is always a matter of some difficulty, particularly against the background of the large development programme, which is in process of implementation and which takes into account the resources of the country as a whole. While it is true that normally every effort should be made to meet current expenditure, in the sense of administrative expenditure and expenditure that does not result in the creation of tangible assets, from current revenue, an exception may have to be made in the case of expenditure which, in the broader national interest, is incurred at a faster pace than would be justified by the amount of revenue that can be raised or is expenditure which, while it technically does not create any tangible assets to the Government which spends the money, nevertheless results in the creation of such assets for the community or for other Governments. The House will remember that in the budget for 1951-52 I transferred to revenue from capital certain types of grants on the ground that the expenditure on the payment of these grants does not create any durable asset for the Central Government. I believe that the principle behind that change is still valid but, if it is carried to its logical conclusion, it may create a difficult position for revenue when, as under the Plan, we are providing Central assistance on a substantial scale to State Governments and others by way of outright grants for purposes which, if they had been the direct concern of the Centre, the Centre would have met from borrowing. I have in mind three types of grants, namely, grants for industrial housing, grants for local works and grants to State Governments under the report of the Gadgil Committee which recently looked into the question of the implementation of a special undertaking given to the States of Saurashtra, Madhya Bharat, Rajasthan and Patiala and East Punjab States Union in their integration agreements that the remedying of their backward condition would form

the subject of a special enquiry. The first represents the capital contribution which does create an asset and which, if the Central Government were building the houses for its own purposes, would have been met from borrowings. The second is mostly for the construction of roads, buildings, etc. in local areas which also creates durable assets for the community. The third is merely the conversion of a part of the Central assistance under the Plan to these States from loans to grants and additional grants for the construction of certain administrative buildings. In all these three cases I am convinced that it would be proper to meet the expenditure from capital. But as the expenditure does not create any durable asset for the Centre, I propose that it should be written back to revenue over a period of fifteen years so that ultimately all this expenditure is met from revenue. This proposal has the advantage of securing a measure of stability for the revenue budget, while at the same time outlay on developmental schemes is not held up by the mere size of the revenue resources currently available. In accordance with the change mentioned above, a sum of Rs. 16 crores will be debited to the capital budget next year. There may be other similar expenditure in the coming years and it will be decided from time to time, in consultation with the Comptroller and Auditor-General, whether it should be initially debited to revenue or capital.

Hon. Members are aware of the interim scheme of compensation for the loss of immovable properties in West Pakistan which was sanctioned last November for certain categories of displaced persons. The scheme involves, in addition to the transfer of property in kind like houses and the adjustment of outstandings of rehabilitation loans, the payment of some amount in cash. These payments are likely to amount to a substantial sum and it has been decided, in consultation with the Comptroller and Auditor-General, to debit these payments initially to capital and then write them back to revenue over the next

fifteen years. I need hardly mention that the debit of these payments directly to revenue would involve a very heavy strain on the revenue budget and there is good justification for spreading the burden over a reasonable period.

The current year's budget provided for an expenditure of Rs. 76.64 crores on capital outlay. I now expect that the expenditure will amount to no more than Rs. 63.9 crores. The large saving of Rs. 13 crores occurs mainly under three heads. On Defence a saving of a little over Rs. 4½ crores is likely to be realised mainly due to slower progress on certain works and the non-receipt of some plant and machinery. Civil works will also show a saving of Rs. 4 crores roundly, again due to slower progress on works taken up during the year. Schemes of Government trading, which were expected to involve a net outlay of Rs. 3½ crores in the budget, are now likely to balance their accounts. These three heads together account for a saving of Rs. 11.9 crores. The savings under other heads are relatively of smaller amounts and part of the savings will be absorbed by increased expenditure on the Damodar Valley Scheme where it has been possible to accelerate progress.

For next year a total provision of Rs. 145.75 crores has been made for capital expenditure. The large increase over the current year's revised estimates reflects a rising tempo of developmental expenditure to which I referred briefly earlier in my speech. In the first three years of the Plan developmental expenditure was necessarily somewhat smaller than the proportionate outlay for that period. This was partly due to the essential time taken in the preparatory work on new schemes. It is also partly due to the fact that in the earlier period of the Plan Government had to be cautious in going forward with expenditure, so as to keep inflationary trends under control. Now that the economic climate is better suited for stepping up investment and the

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schemes themselves are gathering momentum, and in some cases nearing completion, the expenditure in the last two years is bound to be much more than in the current year.

I shall briefly mention the more important factors accounting for the increase in the provision for the budget year. The estimates include a provision of Rs. 16 crores for grants to States for development which will be written back to revenue over a period of fifteen years. A sum of Rs. 4 crores has also been provided for payment of compensation to displaced persons which will be similarly spread over revenue. For Railways an increased provision of Rs. 16 crores has been made partly to meet essential commitments and partly to make good the fall in resources which the Railways themselves were expected to provide under the Five Year Plan for development. Expenditure on Posts and Telegraphs will be nearly Rs. 4 crores more than in the current year. On Major Ports about Rs. 2½ crores more will be spent on the development of the Kandla Port and the nearby township of Gandhi Dham. The provision for residential and office buildings in New Delhi, where the accommodation problem is still acute, is being increased by nearly Rs. 4½ crores. The development of roads and national highways next year will cost a little over Rs. 13½ crores against Rs. 8½ crores this year. The general building programme for Government departments located outside Delhi, covering both residential and office accommodation, will cost Rs. 8 crores next year against Rs. 2½ crores this year. Rehabilitation works will also require an additional outlay of Rs. 75 lakhs. Provision has been made for a possible outlay of Rs. 10 crores on the new steel plant which Government are putting up in collaboration with a German Combine. Capital outlay on Defence will, next year, cost Rs. 17½ crores, an increase of nearly Rs. 7½ crores over the current year which

provides for the normal programme of reorganisation and the carry-over from the current year.

In addition to the provision for capital outlay mentioned above, the estimates include Rs. 160 crores this year and Rs. 214 crores next year for loans to State Governments, mostly for their development projects.

Hon. Members may wonder whether the increased sums provided for development, both in the revenue and in the capital budget, are likely to be spent in full, when one remembers the large savings in the provision for developmental expenditure in the last two years and anticipated savings in the current year. The reasons for the slower progress of Government. We have asked a senior official to conduct a quick review of the existing procedure in the drawing up, sanction and execution of developmental schemes and to report on the causes leading to the present unsatisfactory position. Government attach the greatest importance to the implementation of the Five Year Plan within the period contemplated in the Plan and it is their intention to take all measures possible to remove the procedural and other impediments to the progress of the developmental schemes. I hope it will be possible to take early decisions on the findings of this enquiry and I am confident that it will be possible to spend the increased sums provided in the next year's budget. Such an increase is absolutely necessary if the targets visualised in the Plan have to be achieved and Government are determined that all possible steps should be taken to achieve these targets.

The House is aware of the recent decision of the Planning Commission to make certain readjustments in the Five Year Plan. This Plan, as formulated last year, provided for a total outlay of Rs. 2,069 crores. This figure

is likely to be increased by about Rs. 175 crores as a result of the readjustments. I have already referred to. In the first three years the expenditure, taking both the States and the Centre together, will be of the order of Rs. 1,000 crores, a few crores less and not more. This would leave something like Rs. 1,200 crores, to be spent in the next two years, of which a substantial portion will fall on the Central budget either by way of direct expenditure or in the form of assistance to the State Governments. In the context of this, the substantial increase in the budget provision for the coming year is inescapable and Government will strain their utmost to see that the development envisaged in the Plan and provided for in the budget goes forward.

The current year's budget provided for an overall deficit of Rs. 138 crores of which Rs. 28 crores was proposed to be met from the cash balances and the balance of Rs. 110 crores by the expansion of floating debt. On the basis of the revised estimates, the overall deficit will amount to Rs. 128 crores. The opening balance for the year was Rs. 19 crores more than I expected, the improvement reflecting the lapses in the provision made under various heads of expenditure. The market loan during the year amounted to only Rs. 75 crores against the budget anticipation of Rs. 100 crores but this shortfall was more than offset by an improvement of Rs. 40 crores in the cash outgo on the repayment of debt where, because of the large holdings of the maturing loan in the Cash Balance Investment Account, only Rs. 76 crores had to be paid in cash against the estimate of Rs. 116 crores. The net income from small savings during the year has been rather disappointing and may not amount to more than Rs. 40 crores against the budget estimate of Rs. 45 crores. The intensive drive on the part of certain State Governments to mobilise savings for their own public loans has to some extent affected the flow of money into Small Savings. This in itself is not a matter of any

concern since, to the extent additional resources are mobilised by the States, their dependence on the Centre is reduced. But in the long term it is essential to develop the savings movement so that, irrespective of temporary factors like the one I just mentioned, a continuous and rising flow of small savings is maintained. The question of securing this is, as the House is aware, receiving the constant attention of Government. Recently steps have been taken to extend the system of authorised agents which had been revived as an experiment in three selected States to all the States. We are also experimenting with the use of Village Panchayats as authorised agents and if this succeeds it will be extended to all the States. I mentioned last year that Government were taking steps to interest voluntary social and women's organisations in the movement. A Women's savings week organised last March produced very encouraging results and a regular Women's savings campaign has been inaugurated. A representative Central Advisory Committee has been set up to guide and organise the campaign and a large number of selected voluntary organisations are being appointed as authorised agents to mobilise savings. It will be some time before the results of these measures become apparent but I believe that they would go a great way in developing the movement. Taking the budget as a whole, I expect that the expansion of treasury bills to leave a closing balance of the order of Rs. 50 crores at the end of the year, need now amount to no more than Rs. 80 crores against Rs. 110 crores taken in the original budget.

The overall deficit next year is estimated at Rs. 250 crores. This is largely due to the substantial provision made for increased expenditure on development in both the revenue and capital budgets. During the coming year one loan namely the 2½ Per Cent. Loan, 1954, with an outstanding balance of Rs. 35 crores falls due for payment, while Government have the option of redeeming another loan, the 3½ Per Cent. Loan, 1954—

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59, with an outstanding balance of Rs. 13 crores. It has been assumed that both these loans will be discharged and credit has been taken for a market loan of Rs. 75 crores. Small Savings next year may amount to Rs. 45 crores. Allowing for all these and for the net receipts from the various miscellaneous transactions under debt and remittance heads, the receipt of foreign assistance, etc. it will be necessary to expand treasury bills by Rs. 250 crores to balance the budget overall.

There is another way of looking at the ways and means problem. Government have to find Rs. 26 crores for meeting the revenue deficit, Rs. 395 crores for financing essential capital outlay and assisting the State Governments, local bodies, etc. for financing their development schemes and Rs. 53 crores for the repayment of the maturing debt. Against this they hope to raise Rs. 75 crores from the market. Foreign assistance and dollar loans may bring in Rs. 48 crores and Small Savings Rs. 45 crores. Other miscellaneous debt and remittance transactions may bring in Rs. 56 crores. This will leave a gap of Rs. 250 crores in the available resources to balance the budget. As the cash balance will just provide the necessary till money and cannot be drawn down any further, the whole of this gap will have to be met by the issue of treasury bills. The amount for which it will be necessary to float treasury bills will depend upon the actual circumstances of the year as they develop. But for purposes of the budget I have assumed that it will be of the order of Rs. 250 crores.

There will be some—not many, I expect,—in this House and outside who will have doubts as to the wisdom of launching upon deficit financing on this scale. I have given the most careful thought to this question, and, on a balance of considerations, I am convinced that in the conditions as they now are and are likely to be in the near future, we are not taking

any undue risks in going forward in the manner I have indicated. In fact, deficit financing to a moderate extent is necessary under present conditions. The period of inflationary stresses is now well behind us and there are signs that the high levels of production we have attained in various lines,—and which we would like to improve upon—cannot be sustained without some increase in money supply in the hands of the public.

In judging the economic effects of the budgetary deficit, it has to be borne in mind that part of it might well be neutralised by a balance of payments deficit. For some time past, as I have indicated earlier, we have not, on balance, been drawing upon our sterling balances. This is an indication that the level of economic activity in the country so far, is not high enough to create any large demand for external resources; in other words, the optimum level or tempo of development has yet to be reached. A country's balance of payments is subject to many uncertain and unpredictable factors, and there is always need for caution. Nevertheless, so long as the domestic price situation is well in hand, and there are internal reserves which can be drawn upon in case of need, deficit financing for development involves little risk. Indeed, it can be said that deficit financing, subject to safeguards, has a definite part to play in bringing into use the unutilised resources in the system. It was in view of these considerations and in the context of the recent increase in unemployment in certain sectors that the expansion of the Plan was decided on, and the budget proposals for the next year have been framed in pursuance of this decision. With domestic food production at a satisfactory level, and with the outlook for larger imports from abroad better, should need arise, the budgetary deficit envisaged will, I expect prove deflationary rather than inflationary. If, however, major changes in the economic situation or climate take place,

obviously, Government policies will have to be reconsidered. For the time being, I should say that in the context of our developmental needs, it is important for us not only to live within our means but also to live upto our means.

This leads me to another point. The bulk of the deficit finance this year and the coming year will be more than accounted for by the Central assistance given to the States for their development schemes. The experience of the last three years has been that, while development schemes are more or less going forward according to the Plan, the States have not shown the same readiness to augment their resources to the extent envisaged in the Plan. In the same period, Central assistance to the States has been growing—the Finance Commission's award transferred over Rs. 80 crores from the Centre to the States, which have not been counted against the assistance promised to the States. I am not suggesting for a moment that the development of the States is not the concern of the Centre but I do feel that the States should make a more determined contribution towards shouldering the burdens of the Plan than they have done so far. By raising more resources they would help in reducing the amount which the Centre will have to find by recourse to deficit financing and thereby contribute to strengthening the country's economy.

National development is not merely the concern of Governments. In a democracy like ours, it is also the concern of the people and now that we are having substantial recourse to deficit financing, I would like to make a strong appeal to the public to save more and to lend more to Government. I referred a short while ago to the somewhat disappointing results of the small savings movement this year. It is not merely for support to this movement that I appeal. It is the duty of the people to support it on the widest possible front if the process of national development has to be carried on, as it must be, over a long period. Development involves sacrifice, and the

essence of democratic planning is that the sacrifice should, as far as possible, be evenly spread and should readily and voluntarily be forthcoming. To increase capital formation, which is the agreed objective, firstly, current consumption must be kept within limits, and, secondly, the production potential must be built up through utilisation of idle manpower. This means stinting as well as harder work. So far, in the first three years of the Plan, we have done reasonably well, but the stage has now been set for a much larger effort. In this, I trust, all sections of the community will co-operate and give of their best.

I now turn to the budget proposals for the coming year.

[MR. DEPUTY-SPEAKER *in the Chair*]

In the context of the substantial overall deficit in the coming year's budget, I have approached the problem of dealing with the revenue deficit, not so much from the orthodox angle of balancing the revenue budget, as from the larger angle of raising as much as is practicable by way of additional revenue for meeting the increased expenditure on development, which is wholly responsible for the revenue deficit. While as I have said earlier, the economic climate is now suitable for a moderate amount of deficit financing, it is obvious that every effort should be made to keep the amount raised by recourse to it as low as possible, so that it fills only the unavoidable gap between the available resources and the inescapable requirements for development and is not used to cover any shortfall in resources which could otherwise be currently raised.

The House will appreciate that, with the Taxation Enquiry Commission at work, it is neither proper nor desirable to initiate any large-scale change in the present structure of taxation until the whole problem has been considered in the light of the Commission's recommendations which are expected towards the end of the current year. I have therefore confined the changes which I propose to a somewhat restricted field.

[Shri C. D. Deshmukh]

I shall first deal with the Customs Duties.

My first proposal is to increase the preferential import duty on betelnuts by 6½ annas a pound. Profit margins on betelnuts have for some time been very high, often leading to the payment of premium on import licences. There is little justification for the importer and the middlemen retaining such profit and I am sure the House would welcome this attempt to divert a part of it for the benefit of the exchequer. I do not think that this would in any way affect the available supplies or occasion any significant increase in prices. The additional revenue from this is estimated at Rs. 3 crores.

In the budget for the current year, the House will remember that certain changes were made on import duties as part of the normal readjustments of these duties. Customs duties cover a very wide variety of goods and the level and incidence of these duties are under constant review so that readjustments could be made from time to time. The annual budget provides the most suitable occasion for making these changes except when, during the course of the year, it is found desirable in the public interest to make such changes without waiting for the annual Finance Bill. In pursuit of this policy I propose to make certain changes in the import tariff. Duties on some articles like plastic and rubber insulated cables, electric fans and electric conduits are being raised. On the expiry of the period agreed under the General Agreement on Trade and Tariffs the preference given to the United Kingdom on the imports of motor cars, motor-car parts and batteries is being abolished. The net effect of these, and other minor changes, with which I do not propose to weary the House, will be a net increase of Rs. 1.25 crores in revenue.

The third change I propose to make is to abolish the present import duty on raw cotton. Imported raw cotton enters not merely in the production

of cloth consumed internally but to some extent in the exports of Indian cloth. I mentioned earlier the arrangements which have been made for the grant of a rebate of duty paid on imports of raw materials which enter into the manufacture of our exports. The whole problem of regulating the import duty on essential raw materials came under review in that context and, while obviously no final view has yet been taken, it is felt that a move towards the gradual replacement of import duties on raw materials by Excise Duties on the goods manufactured from them could be made. This replacement seems more or less inevitable as the country is progressively industrialised; it will also make the export trade simpler by removing the complication involved in the grant of rebates of import duty. I feel that a useful beginning should be made with the import duties on raw cotton. The loss in revenue is estimated at Rs. 4 crores.

In pursuance of the same policy, the import duty on some varieties of steel—a basic material—is being abolished with immediate effect. They are steel sheets (both black and galvanised) plates and rails. The loss of revenue is likely to be Rs. 25 lakhs.

The last two proposals will be given effect to by notification under Section 23 of the Sea Customs Act, which is being issued today.

With the abolition of the import duty on raw cotton, I propose to raise the Excise Duty on super-fine cotton cloth by 6 pies per yard and on the other varieties of cotton cloth by 3 pies a yard. This is designed partly to replace the revenue lost by the abolition of the import duty on raw cotton and partly to rationalise the existing structure of the excise. The abolition of the import duty will avoid the complications involved in the somewhat cumbrous procedure of giving drawbacks on exports. It will also facilitate the free imports of foreign cotton required by the industry by reducing the amount required to

finance it. The increase in excise duties will, to some extent, also reduce the possibility of diversion of manufactures from one tariff category to another by making it less profitable than at present, and will also, I hope, ease the current pressure on Indian cotton. I consider that the changes, taking Customs and Union Excises together, will make the structure of taxation of Indian cloth more rational than at present. The net effect of these changes will be an increase in revenue of Rs. 6.5 crores.

My next proposal is to levy an excise duty of 1 anna and 6 pies per yard on artificial silk fabrics. The use of artificial silk fabrics is now very widespread and they compete to some extent with cotton cloth which has to bear an excise duty. There is no reason why, when the bulk of the cotton cloth is subject to taxation, artificial silk fabrics should be exempt. The new duty will not be levied on the manufactures of handlooms and small units which have less than 10-power looms. Art silk fabrics will also be placed in the same position as mill-made cotton textiles by the levy of an additional 3 pies per yard, corresponding to a similar levy which is now being made on cotton cloth under the Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953. The proceeds will be appropriated to the Special Fund for the development of the handloom industry. The revenue from this is estimated at Rs. 1.60 crores.

With the progress of industrialisation, revenue from Customs Duties is bound to be a progressively less stable source of revenue. Even otherwise, the revenue from Customs is inevitably subject to the vicissitudes of trade policies and the availability of foreign exchange. It is, therefore, necessary to turn increasingly to indigenous industries producing consumer goods for the replacement of a part of the revenue which, in the past, we used to derive from Customs Duties on such goods. It is also only appropriate that those industries which have in the

past developed with the assistance of protectionist policies, for which the consumer paid by way of increased duties, should, when they have reached the stage of full development, make a fair contribution to the country's exchequer. The country's tax structure can be made stable only by broad-basing its excises without affecting the economy of the industries taxed or placing an undue burden on the consumers. We are already levying excises on most of the important commodities produced in the country and the scope for further additions is somewhat restricted, but even so I feel that there is room for some expansion in this source of revenue. I, therefore, propose to levy a moderate duty on three commodities namely cement, soap and footwear. The duty on cement will be Rs. 5 per ton, that on soap Rs. 5/4/- per cwt. on washing soap in bars of one pound and more in weight and Rs. 6/2/- per cwt. on other washing soap and Rs. 14 per cwt. on toilet and other soaps and that on footwear at 10 per cent. *ad valorem*. The incidence of taxation on all these commodities will not generally exceed 10 per cent. of the value. In the case of soap and footwear the products of cottage industry will be exempted either by executive orders or directly by definition in the tariff. From such figures as are available, I expect that the revenue from the excise on cement would amount to Rs. 1.75 crores, that from footwear to Rs. 80 lakhs and that from soap to Rs. 1.20 crores.

No changes are proposed in the income tax rates which, for next year, will continue to be the same as at present. Certain formal amendments to the Indian Income Tax Act, intended to continue till 1956 some of the existing concessions like special depreciation allowance, exemption of profits upto 6 per cent., etc., have been included in the Finance Bill. This will maintain the *status quo* until Government have had an opportunity of re-examining the need for these concessions in the light of the Taxation Enquiry Commission's Report. Opportunity is also being taken of making two small amendments, both

[Shri C. D. Deshmukh]

of the nature of drafting changes, in the Estate Duty Act.

The effect of the above changes may now be summarised. The increased duty on betelnuts will yield Rs. 3 crores and minor readjustments in import duties another Rs. 1.25 crores. This will be offset by a drop of Rs. 4.25 crores from the abolition of import duties on raw cotton and some varieties of steel leaving the total revenue from customs duties unchanged at Rs. 175 crores.

The increase in the excise duty on cotton cloth will yield Rs. 6.5 crores and the new excise duty on artificial silk fabrics Rs. 1.60 crores. The new excises on cement, soap and footwear will together yield Rs. 3.75 crores. The total additional revenue from excise duties will thus amount to Rs. 11.85 crores. This will reduce the prospective revenue deficit for the coming year from Rs. 26.06 crores to Rs. 14.21 crores which I propose to leave uncovered.

I mentioned that the overall deficit for the next year would amount to Rs. 250 crores, which, will be met by the expansion of treasury bills. The taxation proposals will reduce the deficit to about Rs. 238 crores. For the present, I do not propose to change the figure taken in the budget for expansion of treasury bills. The actual amount of this expansion will depend on developments during the course of the year. I am therefore carrying the effect of these proposals into the cash balances and leaving them about Rs. 12 crores more than would otherwise be the case.

This is the fourth budget which I have had the privilege of placing before this House and, by a coincidence, it happens to be the fourth year of the Plan. The main purpose of all these budgets has been to secure the orderly implementation of the Plan. Progress reports on the Plan have recently been made available to Parliament and I have no doubt that this arrangement will be continued. I do

not, therefore, propose to say anything on the progress achieved in the implementation of the Plan as such, but I cannot resist the temptation of looking back and making an assessment of what has been achieved in the seven years since independence. Seven years are not a long period in the history of a nation but in the lifetime of a generation they certainly count for something. One can, therefore, understand the continuous urge for improvement and the frequent criticism that the progress achieved has not been sufficient. Such criticism is always welcome, both as a corrective and as a spur to further effort, but it is apt to obscure the sum of our achievement and place the problem of development out of its proper perspective. In 1947 we inherited a weakened administration, a war ravaged economy and a country in which only the rudiments of a welfare state had been developed. Immediately after independence we were faced with the gigantic problem of rehabilitating millions of people uprooted from their homes and cast adrift as refugees. Our food position was precarious owing to the loss to us of large areas surplus in foodgrains. We had the colossal administrative problem of bringing over 500 Princely States, of varying sizes and in widely disparate stages of development, into the stream of the country's national life. Looking back over the seven years I have no doubt that we can feel some satisfaction at the measure of our achievement. In this period, the country's economy has been strengthened, inflationary stresses have subsided or been eliminated and production expanded in many directions. In particular, notable improvement has been made in the country's food production. The transport system has been largely rehabilitated. Progress, sometimes well ahead of schedule, has been made in the construction of large irrigation and power schemes which were in hand and more of such schemes are being taken up. Vital industries, designed to reduce our dependence on external sources for our essential

needs, have been started with Government support. In the field of basic industries effective steps have been taken to improve steel production and a new steel plant is being set up which, in the near future, will make a substantial addition to the country's steel production. The Shipping Industry is also being assisted to expand and the important shipyard at Vishakapatnam has been developed. The rehabilitation of displaced persons is now nearing completion. The integration of the Princely States has been completed and a well-knit national Plan, covering in greater or less degree all important sections of the national life and economy, has been drawn up and is in process of implementation. The States have been assisted with increasing sums of money to enable their development to go forward. What is more vitally important, the people have been encouraged successfully to co-operate in the fulfilment of this high endeavour.

No idea of the vast upsurge in the national life can be conveyed by translating all this in terms of money or compressing it into a classified table of estimates and expenditures. The face of the country is changing and changing for the better. We know—and none more than those on the Government Benches—that much still remains to be done. But we can bend our energies to the tasks ahead fortified by the knowledge that, in spite of

mistakes and difficulties, we have made progress and, conscious that we are on the right road, however long and arduous it may be, we shall persevere, with a stout heart, with the task of building up a more prosperous India. In this task we have received a significant and important measure of assistance from friendly countries for which we are grateful and which only spurs us on to more sustained efforts without impairing our will to be self-reliant as much as possible.

6-16 P.M.

FINANCE BILL

The Minister of Finance (Shri C. D. Deshmukh): I beg to move for leave to introduce a Bill to give effect to the financial proposals of the Central Government for the financial year 1954-55.

Mr. Deputy-Speaker: The question is:

"That leave be granted to introduce a Bill to give effect to the financial proposals of the Central Government for the financial year 1954-55."

The motion was adopted.

Shri C. D. Deshmukh: I introduce* the Bill.

The House then adjourned till Two of the Clock on Monday, the 1st March, 1954.

*Introduced with the recommendation of the President.