

# LOK SABHA DEBATES

(Part II—Proceedings other than Q

Answers)

VOLUME X, 1955

(10th December to 23rd December, 1955)



ELEVENTH SESSION, 1955

(*Vol. X contains Nos. 16 to 27*)

LOK SABHA SECRETARIAT  
NEW DELHI

# CONTENTS

COLUMNS

## No. 16—Saturday, 10th December, 1956.

Statement re Cyclone in Madras . . . . .	2097—99
Paper laid on the Table . . . . .	2099
Messages from Rajya Sabha . . . . .	2099—2100
University Grants Commission Bill . . . . .	2100
Indian Tariff (Second Amendment) Bill and Indian Tariff (Third Amendment) Bill—	
Motion to consider . . . . .	2101—54
Consideration of clauses . . . . .	2154
Motion to Pass . . . . .	2154—55
Demands for Supplementary Grants . . . . .	2155—2250
Daily Digest . . . . .	2251—52

## No. 17—Monday, 12th December, 1955.

Papers laid on the Table . . . . .	2253—54
Message from Rajya Sabha . . . . .	2254
Bar Councils (Validation of State Laws) Bill . . . . .	2254
Constitution (Eighth Amendment) Bill—	
Motion to consider . . . . .	2254—68
Demands for Supplementary Grants, 1955—56 . . . . .	2267—2395
Appropriation (No. 4) Bill . . . . .	2395—98
Demands for Excess Grants, 1950—51 . . . . .	2398—2412
Appropriation (No. 5) Bill . . . . .	2412—14
Hindu Succession Bill, as passed by Rajya Sabha—	
Motion to consider . . . . .	2414—16
Daily Digest . . . . .	2417—18

## No. 18—Tuesday, 13th December, 1955.

Code of Civil Procedure (Amendment) Bill . . . . .	2419
Constitution (Eighth Amendment) Bill—	
Clauses 2 and 1 . . . . .	2419—72
Motion to pass . . . . .	2472—78
Hindu Succession Bill, as passed by Rajya Sabha—	
Motion to consider . . . . .	2477—2510
Working Journalists (Conditions of Service) and Miscellaneous Provisions Bill, 1955—	
Motion to consider . . . . .	2510—43
Clauses 2 to 21 and 1 . . . . .	2544
Motion to pass . . . . .	2544—50
Daily Digest . . . . .	2551—52

## No. 19—Wednesday, 14th December, 1955.

Papers laid on the Table . . . . .	2553—54
Message from Rajya Sabha . . . . .	2554—55
Motion re Report of States Reorganisation Commission . . . . .	2555—2692
Daily Digest . . . . .	2693—94

## No. 20—Thursday, 15th December, 1955.

Committee on Private Members' Bills and Resolution—	
Forty-second Report . . . . .	2695
Motion re Report of States Reorganisation Commission . . . . .	2695—2834
Daily Digest . . . . .	2835—36

## No. 21—Friday, 16th December, 1955.

Messages from Rajya Sabha . . . . .	2837—38
Paper laid on the Table . . . . .	2838
Committee on Absence of Members from sittings of the House—	
Twelfth Report . . . . .	2838
Motion re Report of States Reorganisation Commission . . . . .	2838—2922
Committee on Private Members' Bills and Resolutions—	
Forty-second Report . . . . .	2923—38



## No. 21—Friday, 16 December, 1955—contd.

Arbitration (Amendment) Bill ( <i>Amendment of Sections 2 and 39 etc.</i> )	2938
Child Marriage Restraint (Amendment) Bill ( <i>Insertion of new Section 2A</i> ).	2938-39
Hindu Marriage (Amendment) Bill ( <i>Amendment of Section 28</i> ).	2939
Insurance (Amendment) Bill ( <i>Insertion of new Section 44A</i> ).	2939
Workmen's Compensation (Amendment) Bill ( <i>Insertion of new Section 3A</i> )—	
Motion to consider	2940-45
Indian Registration (Amendment) Bill ( <i>Amendment of section 2 etc.</i> )—	
Motion to consider	2945-69
Clauses 2, 3 and 1	2969-74
Motion to pass	2974-78
Motor Vehicles (Amendment) Bill ( <i>Substitution of section 65 etc.</i> )—	
Motion to consider	2978
Daily Digest	2979-80

## No. 22—Saturday, 17th December, 1955.

Death of Shri R. K. Chaudhuri	2981-82
Messages from Rajya Sabha	2982
Petitions on Report of States Reorganisation Commission	2983
Motion re Report of States Reorganisation Commission	2983-3134
Daily Digest	3135-36

## No. 23—Monday, 19th December, 1955.

Leave of Absence	3137-38
Messages from Rajya Sabha	3138-39
Motion re Report of States Reorganisation Commission	3139-3308
Daily Digest	3309-10

## No. 24—Tuesday, 20th December, 1955.

Papers laid on the Table	3311-12
Messages from Rajya Sabha	3312-13
Motion re Report of States Reorganisation Commission	3313-3486
Written Statements of Members	3469-86
Daily Digest	3487-88

## No. 25—Wednesday, 21st December, 1955.

Papers laid on the Table	3489-90
Prevention of Corruption (Amendment) Bill	3490
Motion re Report of the States Reorganisation Commission—	3490-3668
Written Statements of Members	3665-68
Daily Digest	3669-70

## No. 26—Thursday, 22nd December, 1955.

Committee on Private Members' Bills and Resolutions—	
Minutes of Forty-third to Forty-sixth Sittings	3671
Papers laid on the Table	3671-73
Messages from Rajya Sabha	3673
River Boards Bill	3673
Inter-State Water Disputes Bill	3673
Report of Committee on Offices of Profit	3674
Committee on Petitions—	
Seventh Report	3674
Petition re Report of States Reorganisation Commission	3674
Correction of Answer to Unstarred Question	3674-75
Motion for Adjournment—	
Situation in Ratachera in Agartala	3677-85
Motion re Report of States Reorganisation Commission	3675-77;
	3685-3898
Written Statements of Members	3851-98
Daily Digest	3899-3902



2097

2098

LOK SABHA

Saturday, 10th December, 1955

The Lok Sabha met at Eleven  
of the Clock.

[Mr. Deputy-Speaker in the Chair]

QUESTIONS AND ANSWERS

(No Questions: Part I not published)

STATEMENT RE. CYCLONE IN  
MADRAS

Mr. Deputy-Speaker: I find there is  
no quorum. The bell may be rung.

Now there is quorum. Shri Alage-  
san.

The Deputy Minister of Railways  
and Transport (Shri Alagesan): The  
House is already aware of the ravages  
of the cyclone which recently hit the  
Coromandal Coast. I rise to apprise  
the House of its unfortunate effects  
on the rail transport system in that  
part of the country.

On the 30th November, 1955 a cy-  
clone hit the Coromandal Coast of  
recting several metre gauge sections  
of the Trichinopoly region of the  
Southern Railway. The cyclone was  
accompanied by heavy rain, and this  
resulted in dislocation to train services  
with interruption to communications  
on the undermentioned sections, either  
due to breaches or water flowing over  
the track:

- (1) Tiruthurai-pundi-Toppoturai
- (2) Tiruvarur-Arantangi
- (3) Tanjore-Nagore
- (4) Nidamangalam-Mannargudi
- (5) Peralam-Karaikkal
- (6) Mayavaram-Tranquebar
- (7) Mayavaram-Tiruvarur

- (8) Trichinopoly-Sivaganga
- (9) Manamadurai-Sattirakkudi
- (10) Madura-Sattirakkudi
- (11) Ramnad-Dhanushkodi.

Some of the above sections suffered  
damages to the track, station build-  
ings, staff quarters and signalling  
equipment, partly as a result of the  
cyclone and partly due to the heavy  
floods and breaches. The storm centre  
was Point Calimere on the East  
Coast, and the intensity of the storm  
was felt most from Negapatnam in the  
North on the Tanjore-Nagore section  
and the coastal section of Ramnad  
district extended upto Karaikkudi and  
in the interior upto Manamadurai. Sea  
water rushed up the line upto Adira-  
mapatnam and around Nagore Villages  
around Adiramapatnam and Nagore  
were heavily damage. Fortunately no  
loss of life to railway staff or their  
families has so far been reported, al-  
though casualties among the civil  
population have occurred.

As soon as the cyclone abated, ar-  
rangements were made to restore rail  
communication, and traffic has so far  
been restored on all sections except  
the following:

- (1) Toppoturi-Point Calimere
- (2) Arantangi-Karaikkudi
- (3) Sivaganga-Manamadurai
- (4) Sattirakkudi-Ramnad.

The major breach is between Sat-  
tirakkudi and Ramnad. This branch  
is expected to be repaired and traffic  
restored by 20th December, 1955. The  
breach between Sivaganga and Mana-  
madurai is expected to be restored by  
13 hours on date, that is today.

A daily passenger service is being  
run between Ramnad and Dhanush-  
kodi.

[Shri Alagesan]

250 Passengers who arrived at Dhanushkodi by steamer from Ceylon on 1st December, 1955 were held up. Of these 129 have gone to Ramnad by 5th December, 1955 and the remainder have stayed back at Dhanushkodi pending restoration of through communications to Manamadurai.

All co-operation is being given by the Railway to the State Government in arranging relief to the affected areas and prompt transport is being arranged for rice which is moved by the Madras Government to such areas. Rice has moved from Tuticorin to Mandapam by sea and then by rail to Ramnad which was the worst affected town.

It has not yet been possible to collect exact figures of damages to railway property. It is, however, roughly assessed that damages may amount to Rs. 5 lakhs.

#### PAPER LAID ON THE TABLE

CONSTITUTION (HINDI LANGUAGE FOR OFFICIAL PURPOSES) ORDER, 1955

The Deputy Minister of Home Affairs (Shri Datar): I beg to lay on the Table a copy of the Constitution (Hindi Language for Official Purposes) Order, 1955. [Placed in the Library See No. S-438/55].

#### MESSAGES FROM RAJYA SABHA

Secretary: Sir, I have to report the following three messages received from the Secretary of Rajya Sabha:

(i) "In accordance with the provisions of rule 125 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to inform the Lok Sabha that the Rajya Sabha, at its sitting held on the 8th December, 1955, agreed without any amendment to the Prevention of Corruption (Amendment) Bill, 1955, which was passed by the Lok Sabha at its sitting held on the 22nd November, 1955."

(ii) "In accordance with the provisions of rule 125 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to inform the Lok Sabha that the Rajya Sabha, at its sitting held on the 8th December, 1955, agreed without any amendment to the Manipur (Courts) Bill, 1955, which was passed by the Lok Sabha at its sitting held on the 1st December, 1955."

(iii) 'I am directed to inform the Lok Sabha that the University Grants Commission Bill, 1955, which was passed by the Lok Sabha at its sitting held on the 28th November, 1955, has been passed by the Rajya Sabha at its sitting held on the 7th December, 1955, with the following amendments:

#### Clause 2

1. That at page 2, lines 7-8, for the words "on the recommendation of" the words "in consultation with" be substituted.

#### Clause 5

2. That at page 2, line 26, for the word "number" the words "total number" be substituted.

I am, therefore, to return herewith the said Bill in accordance with the provisions of rule 126 of the Rules of Procedure and Conduct of Business in the Rajya Sabha with the request that the concurrence of the Lok Sabha to the said amendments be communicated to this House.'

#### UNIVERSITY GRANTS COMMISSION BILL

Secretary: Sir, I lay on the Table of the House the University Grants Commission Bill, 1955 which has been returned by Rajya Sabha with amendments.

**INDIAN TARIFF (SECOND AMENDMENT) BILL AND INDIAN TARIFF (THIRD AMENDMENT) BILL**

**Mr. Deputy-Speaker:** The House will now proceed with the further consideration of the two Tariff Amendment Bills. The time allotted for this is three hours out of which 27 minutes have been taken yesterday. The balance is 2 hours and 33 minutes. Now the time is 11-7. That means we go up to 1-40 with this.

**Mr. Bansal.**

**Shri Sivamurthi Swami (Kushtagi):** Sir, I have tabled an adjournment motion.

**Mr. Deputy-Speaker:** I have already sent word that this is a matter of law and order. I have already intimated to him that I am not giving consent to it.

**Shri Sivamurthi Swami:** It is administered by the Central Board.

**Mr. Deputy-Speaker:** I find Mr. Bansal is not present. Mr. Thomas.

**Shri A. M. Thomas (Ernakulam):** I would like to make only a few observations and take time on one or two subjects. Though not directly concerned with the two Bills under discussion, a review of the work of the Tariff Commission is relevant, and Shri Bansal raised the question of the prices of rubber tyres and tubes and the enormous profits that the foreign manufacturers in India are making. He also referred to two or three recommendations of the Tariff Commission, one with regard to the import of tyres, and the second with regard to Indian participation being necessary in the manufacturing concerns. And thirdly, he also referred to the recommendation of the Tariff Commission with regard to the setting up of a pilot project.

The question of setting up a tyre manufacturing concern was raised by me when the Rubber Production (Amendment) Bill was discussed on the floor of the House, and it was also supported by one or two Members,

hailing from my part of the country. I recall with gratitude the assurance then given by the Commerce and Industry Minister that he would be only too glad to proceed if any body is coming forward for setting up a tyre manufacturing concern. In view of the fact that the major portion of raw rubber is produced in Travancore-Cochin and also having regard to the great unemployment situation there, it would be highly desirable to set up a tyre manufacturing concern in that State. Subsequent to the discussion here, several questions have been tabled in this subject and from the answers given I gather that no definite project has still been placed before the Commerce and Industry Ministry. That is rather unfortunate. I would again impress upon the Commerce and Industry Ministry the absolute necessity, in view of the prices of tyres and tubes, as well as the peculiar position in my part of the State, to set up a tyre manufacturing concern there. I am not concerned how that concern is set up there, whether by private participation or directly by the Government itself stepping in. I am afraid that some of the observations made by my hon. friend Shri Bansal may prejudice any of the foreign companies coming in on our terms. I understand that some time back the Goodrich Company had made a proposal, that it did not react any definite stage and that they have backed out. Some other concerns are also in the field. I submit that the observations made by Shri Bansal should not also in any way prejudice the Government in approaching the question on its own merits. The State Government itself has forwarded a scheme in the Second Five Year Plan for the production of tyres and rubber goods. That scheme was principally based on the scheme submitted by the Goodrich Company. That scheme perhaps, may not be before the Government any more now. I would like to get a clarification from the hon. Minister for Commerce and Industry as to the exact position in which the Ministry finds itself at present in

[Shri A. M. Thomas]

regard to this matter. The State Government has also recommended for adoption in the Second Five Year Plan, expansion of the present Travancore Rubber Works, which is a State concern. I should think that the Commerce and Industry Ministry will consider that request also most sympathetically.

I would then pass on to another subject. You will find from the recommendations of the Tariff Commission as well as the decisions that have been adopted by the Government, as also from the provisions of these Bills that protection is sought to be stopped with regard to two industries, starch and glucose, along with some others. I am afraid that the Tariff Commission has been a little hasty in recommending the discontinuance of protection to starch and glucose. The hon. Minister Shri Karmarkar, when he introduced the Bill, said with regard to the glucose industry, that the industry has not been behaving properly in spite of a warning given by the Government. All the same, I feel a little more time ought to have been given to the industry to have its equipment modernised and then a decision should have been reached. The hon. Minister did not refer to all the circumstances which compelled the Government to adopt this course. I believe, in the reply, this will be made clear.

With regard to the discontinuance of protection to the starch industry, I feel that in spite of the fact that imports are not being allowed, that course ought not to have been adopted at present. On going through the report of the Tariff Commission on the Starch industry, I find these observations on page 26:

"It should be clear from the data given above that the indigenous maize starch is at present at no disadvantage in comparison with imported starch or sago flour in point of price, quality or consumers' preference. No cost data

are available for tapioca starch or tamarind kernel powder, but these products are cheaper than maize starch."

I have a serious complaint to level against the Tariff Commission with regard to this aspect. On a former occasion also, when the Tariff Commission enquired into the question of the continuance or discontinuance of protection to the starch industry, it failed or omitted to consider the case of tapioca. The industrial possibilities of this tapioca starch have been on more than one occasion mentioned in this House; especially when the previous Tariff Bill concerning the continuance of protection to the starch industry was considered, it was given very much prominence. Even then, the Tariff Commission has not cared to enquire in detail or to make any enquiry at all with regard to the industrial possibilities of tapioca starch. The object for which the Tariff Commission institutes an enquiry is not only solely for the purpose of continuance or discontinuance of protection. In its report, it makes several subsidiary recommendations which are very valuable for adoption by the Government. I think that if the Tariff Commission has bestowed a little more care with regard to this aspect, it would have been in a position to recommend several subsidiary things for the adoption of the Government and that would have led to the development of this starch industry. It is found that the Tariff Commission has come only up to Madras and has not cared to come further south where tapioca is produced in abundance. On former occasions also that was the course that was adopted by the Tariff Commission. It also mentioned in its report that we have very little data regarding the capacity for the production of tapioca starch or its actual production as it is carried on mostly on a cottage industry basis. Then, it refers to one or two factories which produce starch on a large scale. I should think that a little more care and attention ought to have been given

to this industry. I have, on former occasions, referred to the fact that there is a tremendous scope for expansion of this starch industry as also the development of tapioca production. According to the Tapioca Enquiry Committee which went into this question in Travancore-Cochin,

....the acreage under cultivation of tapioca is estimated over 6 lakhs and the quantity of tubers left for industrial purposes after meeting the demand as a food-stuff is over 7 lakhs of tons. By improved methods of cultivation this quantity could very easily be expected to be increased to 3 to 4 fold.

Tapioca is at present industrially made use of for the manufacture of starch or dextrin or tapioca flour. The only organised starch factory in the State is the Lakshmi Starch Factory in Travancore-Cochin. It is also the report of that Committee that glucose manufactured from tapioca starch has the special advantage of the absence of oil and protein unlike that of maize. It is also said that if India could manufacture a high grade tapioca starch, it could find a ready export market. A scheme was submitted by the State Government for the approval of the Commerce and Industry Ministry for the starting of a starch factory there. The matter was referred to during the Question-hour two or 3 days ago. I am glad that, although there is foreign participation in the venture, in view of the peculiar circumstances, it was possible for the Commerce and Industry Ministry to sanction the starting of that industry there. I would only request the Commerce and Industry Ministry to follow up its sanction and also see that that industry is developed to the maximum extent possible. In the various recommendations that have been made by the Tariff Commission it has also been said that the present policy of import control over starch and sago flour should be maintained to ensure continued development of the domestic starch industry. I hope

the Government will bear this recommendation in mind. It has also recommended that the Indian Standards Institution should formulate standard specifications for indigenous starch for industrial, pharmaceutical and edible purposes as early as possible. This recommendation should be very seriously considered by the Government and implemented as early as possible, especially in view of the fact that we have got an ambitious plan for the production of tapioca starch.

The hon. Minister stated during question time some days back that the main object of sanctioning a factory in Travancore-Cochin now with foreign participation is export. The possibility of a good export market has therefore been understood by the Central Government. In view of this export market, I would say that the above recommendation No. 3 of the Tariff Commission should be implemented as early as possible.

One more minor fact and I have done. Because of the peculiar circumstances and the very little attempt that has been made to popularise it, in the textile industry tapioca starch is not having an internal market. But there is possibility of an export market, and in order to relieve the producers in Travancore-Cochin, Government was pleased to give permit for the export of tapioca starch, but I understand the period expires on 31st December, 1955. We do not find any necessity for having a large quantity of tapioca starch in India, so that if there is an export market, let it go out. So, I request the Ministry to extend the period for a fairly long time so that the producers also may be benefited.

With these few observations I support the two Bills that have been presented.

**Mr. Deputy-Speaker:** May I know how many hon. Members wish to participate? Let me have an idea, so that I may limit the speeches. Shri Jhunjunwala, why half rise and half sit? Nine.



**Shri Kasliwal (Kota-Jhalawar):** As there are no amendments we decided yesterday that the full three hours should be given only for consideration.

**Mr. Deputy-Speaker:** I agree. It is now 11-20 and we have to close by 1-20. Two hours. About ten minutes normally, 15 minutes at the utmost. There are about eight people. It will consume the time. Others may also come in later on.

**Shri Kasliwal:** Yesterday, the hon. Minister, while moving the motion for the consideration of these two Bills, divided the industries falling under these two Bills into three categories: those to which protection is being granted for the first time, those from which protection is being withdrawn, and those to which protection is being continued for varying periods.

So far as the question of granting protection to new industries is concerned, I have nothing much to say. I welcome the protection in respect of these three or four industries.

In respect of those from which protection is being withdrawn, I want to say few words. The hon. Minister classified these industries into three categories: those which had progressed satisfactorily and could stand on their own legs and therefore needed no further protection; those which have not been progressing satisfactorily and, if I may say so, have misbehaved, in respect of which protection is being withdrawn; and, industries like starch for which there is no necessity to grant protection since the raw material in respect of them is available in the country.

In respect of certain industries like glucose which are supposed to be misbehaving, my friend Shri Thomas has raised some objections. I recall that last time when we were discussing the Tariff (Amendment) Bill I had occasion to point out to the hon. Minister that this industry's rated capacity was 3,000 tons whereas the actual production was 34 tons, and the Min-

ister had promised me that he would warn the industry. I am glad that so far as this industry is concerned, protection is being withdrawn. I do not know why my friend Shri Thomas says that protection to glucose industry should be continued. If protection to this industry is continued, it only means that consumers are going to suffer, and nothing more. So, I support withdrawal of protection to this industry.

I equally support withdrawal of protection to the starch industry. The hon. Minister has said, and very rightly, that maize which was not available and which is the raw material for this industry is now available in plenty in this country and there is no reason to grant protection to this industry. So far as the question of tapioca is concerned, my friend Shri Thomas had certain things to say. I do not have much information on this matter but I hope the hon. Minister will keep that point in mind.

Now I come to the category of industries to which protection is sought to be continued for various periods. I will first of all deal with the question of soda ash. I am really very glad that under the watchful eye of the hon. Minister this important industry has made considerable progress. Last year when we were discussing the Tariff (Amendment) Bill, I had occasion to point out the unsatisfactory nature of this industry but now I find that the two major units, the Tata Chemicals and the Dharangadhara Chemicals, are now in a position to produce something like 93,600 tons of soda ash. The capacity of Tata Chemicals has been raised to 140 tons a day and that of Dharangadhara to 120 tons a day. And from the report of the Tariff Commission I find there are three more units coming up, and they will be all in a position to supply the entire demand of the country. I only want to point out to the hon. Minister a small note given in the Tariff Commission's Report and that is this, that the hon. Minister will continue to watch the



**Bill**

progress of this industry for the simple reason that there is a danger of over-production and equally a danger of under-utilisation of the products of this industry.

Now, I will deal with another industry which the hon. Minister said was a very important industry which caters for both civil and military purposes, namely hydroquinone. There is only one single unit which is now manufacturing hydroquinone. And I am very glad that one single unit is not only in a position to supply the entire demand of the country but is also in a position to export some of its products. But one thing I am not able to understand, and that is this. Protection to this industry is being sought to be given till 1959, that is, for four years. The Tariff Commission have given no reasons why protection should be given for such a long period as four years. I would very much like the hon. Minister to examine the position with regard to this industry at a much earlier stage. If, of course, he feels that it is necessary to continue to give protection, I shall have no objection. But again, as I said earlier, the question of the sacrifice on the part of the consumers also comes in, because there are consumers in the country using the products of this industry. The Tariff Commission have given no reason why protection should be continued till 1959.

I now come to the titanium dioxide industry. There is only one unit in the country manufacturing titanium dioxide. The Travancore Titanium Dioxide Company has the virtual monopoly of this industry, and is in a position to supply the entire demand of the country. I am very glad that protection is being given to this industry in the national interest, as the Tariff Commission has put it. The rated capacity of this industry is 1,800 tons. But I want that this industry should take note of certain remarks which the Tariff Commission have made. They have said that this industry should manufacture not only one kind of pigment but also the other

kind of pigment, that is, not only the anatase kind of pigment but also the rutile kind of pigment. The Commission have also stated that the industry will not make any progress and the consumers will suffer, if it does not manufacture both these kinds of pigments. The industry has also been warned that it has taken certain loans from the Industrial Finance Corporation to the tune of Rs. 15 lakhs, and now that the industry is making profits, it should pay off the loans as soon as possible.

I shall deal only with two more industries, which I feel have not been behaving very well. One is the machine screw industry. The Tariff Commission have said that the average demand for machine screws (iron and steel) is 6 million. But the two major units and a few other small units in the country are hardly supplying the needs of the country; in fact, they are hardly supplying half the needs of the country. This industry has been receiving protection since 1951, and I would, therefore, very much like that the hon. Minister issues a warning to this industry that unless they are in a position to supply the entire demands of the country, there will be no reason why protection should be continued to this industry after this period.

I shall now deal with the non-ferrous metals industry. So far as this industry is concerned, the number of units that exist at present is 44. The estimated domestic demand from this industry is 82,600 tons. The rated capacity is 1,37,200 tons. But look at the amount of production. In 1952, it was 28,380 tons; in 1953, it was 42,900 tons; in 1954, it was 30,000 tons and in 1955, up to October, it is 18,731 tons. It seems to me that instead of progressing upwards, this industry is progressing downward. I would very much like that the hon. Minister should again issue a warning to this industry that they should behave better and they should be in a position to supply if not the entire demand of the country at least a good deal of it. I am very glad that

[Shri Kasliwal]

the Tariff Commission also have made a note of this, and have recommended the giving of protection to this industry only till the end of 1956.

In this connection, I want to make one or two general observations about these industries, which can be culled out very easily from the report of the Tariff Commission also. Previously, whenever we had discussed the tariff amendment Bills, we had taken account of certain factors in respect of these industries. One of them was that some of the industries were not behaving as well as they should have. I do not know what their position was, why they were not behaving so well, whether it was due to the negligence of certain officers, or whether it was due to mismanagement. Whatever that may be, now I find that the misbehaviour of certain industries is no longer there to the extent to which it used to be there before. The gap between the rated capacity and the actual production of these industries is also getting narrower. That is certainly a very good thing.

I find also that there are certain new units which are not only coming into production in respect of various industrial goods, but are also looking forward to export markets. That is a very good sign for the industrial progress of our country.

With these remarks, I support the two Bills.

**Shri S. V. Ramaswamy (Salem):** While generally supporting the two Bills, I wish to draw the attention of the hon. Minister and the House to three points.

The Indian Tariff (Second Amendment) Bill seeks to continue protection to the art silk industry. In this connection, I want to draw the attention of the House to the recommendations made in para 17 of the report of the Tariff Commission. It is a well-known fact that there are fluctuations in the prices of art silk. They are

largely due to the fact that the import is not properly regulated, and the quantity is not attuned to the demand. The price fluctuations are so great that the weavers suffer for want of this art silk. Art silk has come to stay, and it is making headway, no doubt. But the question is that there should be evenness in the prices.

The Tariff Commission have observed that import control policy in regard to art silk should be administered in such a manner as to prevent recurrent shortages of this material. They even go to suggest that as the proposed liberalisation of import policy does not result in the desired stability of prices of art silk, Government should examine the possibility of utilising the powers under the Forward Contracts (Regulation) Act, 1952, to control speculation in art silk. We should like to know what steps have been taken to control and regulate the price of this yarn.

Even after the passing of this Act in 1952, the price fluctuations are so great and that the handloom industry and the people depending on the handloom industry are seriously being affected.

One way of stabilising the prices would be to increase the production at home. We have at present three large factories. Only one of them is concerned with the acetate process. The acetate yarn seems to be finding a great difficulty in being marketed. Unless the import of acetate yarn is regulated, it appears to me that the prospects of the factory which produces acetate yarn are not very bright. I therefore suggest that some steps should be taken to see that help is given for the absorption of the acetate yarn inside our country.

In this connection, I would like to draw the attention of the House to the fact that when we are encouraging art silk, it seems to have a very bad and deterrent effect upon the silk industry. The hon. Minister is in charge of both the industry dealing with art silk as also the silk industry.

When you protect art silk and give encouragement to the development of the art silk industry, there is the danger of affecting the other industry, namely, the silk industry. Silk has become very costly. Yet silk has got its own charm. If you further encourage the use of art silk, I apprehend that the day is not far off when the production of real silk may be in great jeopardy.

It does not pay, for instance, to produce, real silk. It must be made worth while. I would suggest further expansion of the production of real silk in areas where castor seeds are grown. In the whole of South India, even in the dry arid regions, as also rain-fed areas, the castor seed grows and we must be able to develop the manufacture of real silk in those areas. If we increase the production of real silk, the demand for artificial silk may also be affected. But, this process will be such that there will be a proper balance between the two, and so the development of the real silk industry may not be affected. I would urge upon the hon. Minister to see that a just balance is struck between these two industries and that in trying to protect the art silk industry, the real silk industry does not die.

Then I pass on to the aluminium industry. It is good that an import duty is imposed upon the import of scrap. Now, large quantities of aero scrap seem to have been imported. As the Tariff Commission has noted, inferior materials are made out of this and they are exported to foreign countries and it has had a bad name on our export trade. Further, inferior aluminium material has had a deleterious effect upon the health of the people, because unless vessels are made out of pure aluminium, they are likely to deteriorate by use and also affect the health of the users. That has been noted in the Tariff Commission's report. It is, good, therefore, that this import of scrap aluminium is sought to be controlled

by a heavy duty. But then, it must also be noted that the demand for aluminium is increasing, and the uses of aluminium are varied. It is now required for making bus bodies, boats, railway coaches and so on and so forth. There is an infinite variety of uses. If only we can have more aluminium, the requirement of even steel may be cut down. It will go a long way, for instance, to make cheap houses, and good houses, as we saw during the Housing Exhibition which took place in New Delhi. Therefore, our aim should be to increase the production of aluminium in our own country. The protection that we are seeking to give seems to be only to two aluminium companies, the Aluminium Corporation and the Indian Aluminium Company, who seem to be enjoying the special benefit. I would urge upon the hon. Minister to see that the production of aluminium is increased in our own country through the public sector. There are large areas where we can have good bauxite. But it is unfortunate that this bauxite has not been developed. For instance, in Salem district in South India, we get bauxite of the highest grade and yet no attempt has been made to develop this industry there, so that we may increase the production of aluminium. The increased demand for aluminium is rated at 40,000 tons. At present, we have only about 5,000 tons. Therefore, there is an enormous scope for the starting of aluminium factories in the public sector. The factory in South India alone is capable of yielding 20,000 tons and will go a long way to meet the requirements of the country. Therefore, I would urge upon the Minister to see that early steps are taken to set up an aluminium factory in the public sector which will use the bauxite of the Salem district.

Thirdly, I am somewhat apprehensive about the discontinuance of protection to sago flour. My hon. friend, Shri A. M. Thomas, has drawn attention to a certain portion of the report bearing upon the sago industry. I would like to draw attention to certain

[Shri S. V. Ramaswamy]

observations made by the Tariff Commission in its report. In para 5, it says:

"We have very little data regarding the capacity for production of the tapioca starch, and its actual production has been carried on mostly on a cottage industry scale."

Now, with all our cry for the small-scale and cottage industries, I do not know why the Ministry has not yet thought of collecting necessary data as to the capacity and actual production. I submit greater attention should be paid to the production of tapioca starch. Shri A. M. Thomas was quoting figures in regard to Travancore State alone. In one district in Madras State alone, production is somewhere about 50,000 tons, but because there was some dispute between the Madras Government and another Government in our Union, the products of that district, of tapioca starch, could not find a market internally. That led to a very great loss to the agriculturists and to the manufacturers of tapioca. Instead of depending entirely upon the manufacture of globules alone, I would suggest that this tapioca be used for the production of starch as well. The starch will be consumed by the textile industry. It is estimated that 45,000 tons of starch are needed. Of this quantity, the Tariff Commission estimates that 36,000 tons of maize starch will be required, 3,000 tons of tapioca starch and 6,000 tons of tamarind kernel powder. I do not know why only 3,000 tons have been allotted so far as tapioca starch is concerned. The capacity of the industry is such that if this starch is fully utilised, it can meet the entire requirements of the country from tapioca starch. This would be helping not only the agriculturists who grow tapioca but also the various industries would be making starch out of it. It is unfortunate that the scheme for the production of starch on a pilot plan basis has not yet been implemented. I would impress upon the Minister to see that early steps are taken to start

this project so that if this project succeeds, other districts and other places in the State of Madras can take it up and start factories for the manufacture of starch.

With regard to tamarind kernel powder, so much of tamarind seems to go waste. There is wealth in waste and yet we do not realise that tamarind kernel is thrown away as refuse. Out of that kernel, it is possible to make starch of the highest quality. Also, tamarind rind yields a very valuable pharmaceutical product, tannin. These too can be manufactured on a cottage or small-scale industry basis if proper attention is paid to it. In para 3 of the report, the Commission says that the tamarind kernel power industry has not made appreciable progress despite the order issued by the Textile Commissioner in 1953 that at least one-third of the sizing material used by the textile mills should consist of this powder. "The industry has been unable to obtain adequate supplies of tamarind kernel at reasonable prices". I do not know why; I know that in certain places in Madras they are being thrown away because there is no demand for them. So I do not know on what basis the Commission has observed that the industry has not been able to obtain tamarind kernel at reasonable prices. I would urge upon the Minister to see that the order that was issued as early as 1953 is implemented and steps are taken, both by the research section and the production section, to see that this tamarind is used for manufacturing starch.

That way we shall be helping not merely the textile industry, but also the poorer section of the people, by developing cottage and small-scale industries.

[SARDAR HUKAM SINGH in the Chair]

Shri Punnoose (Alleppey): I wish to make only two short points. I agree with Shri S. V. Ramaswamy and Shri A. M. Thomas with regard to the point made about the sago flour, starch and other industries, the development of which requires particular attention from Government. The question of the

tapioca cultivator and the tapioca industry has been raised in this House very often, and the discontinuance of protection to sago flour, starch and glucose should not affect the interests of the tapioca cultivator, in two of the southern States of India which have important cultivations involving lakhs of acres and lakhs of cultivators, especially small cultivators. Therefore, I am sure, Government will restate its policy very clearly and firmly that import will not be allowed to do harm to the interests of these industries.

There is a complaint that sago flour produced from tapioca is not up to the mark and consumers have complaints about it. I wonder why Government could not give technical advice and see that the right type of sago is produced. It can be done and steps should be taken to do that and also to develop the starch industry on a cottage basis in order to get the maximum benefit for the cultivator.

I come to the second point; that is something which Government ought to take into consideration and that is the point referred to yesterday by Shri Bansal with regard to the rubber manufacturing industry. I am surprised that even at this late hour Government have not looked into this recommendation and taken a firm line with regard to the rubber manufacturing industry. For some time past, the Government of India have taken a very keen interest in the rubber industry. It is not a secret that the Rubber Board has recommended a plan for increasing the production of the rubber industry. I mean there is a plan by the Government of India to replant 70,000 acres of rubber within the next 10 years. That will considerably increase our production. For this replanting, the proposal is to give a subsidy per acre to the cultivators. In January next, the Rubber Board, I know, intends to draw up a plan for new planting also. The idea in the mind of some of the members is that an area, out of the 600,000 acres cultivated by tapioca may be diverted to rubber cultivation. This means that

the Government of India is investing a considerable amount of money in this industry. The rubber manufacturer is purchasing rubber today at a price which is not very much but lower than the world price. Even today, it is somewhere about Rs. 30 less than the world price for 100 lbs. It is also stated and is a well-known fact that the gap between the production and consumption of rubber will be going on increasing as our industrial activity goes on. This industrial activity is, there because of deliberate undertakings and because of a deliberate plan put in by Government, financed by Government and piloted by Government. As such, the rubber manufacturer cannot reap any undue profit out of a situation which is deliberately created and which does not come by accident. It is well-known that both at the manufacturing end and in the planning section the foreign interests are strongly entrenched. It is, therefore, time for Government to see to the formulation of a pattern of the whole industry. When we invest money in plantations and encourage plantations and increase production, we should also see that the Indian consumer gets his requirements at a price which would be just.

The price of rubber goods, in India, I am told, is much higher than the world price, while the rubber we give to the manufacturer is at a price lower than the world price. Therefore, Government have to take this into consideration and they have to adopt a policy by which the Indian planter gets his due, the Indian manufacturer gets his due profit and, at the same time, the Indian consumer gets his goods at reasonable prices. For this, there was a proposal some time ago that a rubber manufacturing concern should be begun somewhere in the Travancore-Cochin State. At present, this rubber manufacturing industry is almost exclusively held by foreigners. I am surprised that even under the present proposal, Government intend to enter into partnership with some foreign company. In an industry in which the nation is so vitally interest-



[Shri Punnoose]

ed, in which the Government is investing so much money, I believe we must think in terms of starting a rubber manufacturing industry—manufacturing tyres etc.—in the public sector. It will be a good beginning and it will be an area from which we will be able to control private concerns also. So, I would strongly urge that the Government may take steps clearly and firmly to lay down its policy with regard to the rubber industry—manufacturing side also—and Government may also restate its policy with regard to sago flour.

**Shri Jhunjhunwala** (Bhagalpur Central): I have to bring to the notice of the Commerce and Industries Minister two or three points, coming, as I do, from a place where production of indigenous silk is going down from day to day. I have already brought this point to the notice of the House—at least of the Minister—that because of the protection to the artificial silk industry, the encouragement to the indigenous silk is not there. It is being discouraged. As a matter of fact, I pointed out to the Commerce Minister, Shri Karmarkar that so far as the indigenous silk industry in Bhagalpur is concerned, it has practically disappeared. Formerly, thousands of people were being supported by this industry and this import of artificial silk yarn has displaced all these persons from the indigenous silk industry. Ultimately, you will find that indigenous silk is much cheaper though, for the time being, it may appear that glittering artificial silk is cheap. People purchase it simply because of its glitter and cheapness but it does not last long. Only yesterday I had been there in the market and found that large quantities of artificial silk cloth are being sold and, on enquiry, I found that these are not at all lasting, not so durable as indigenous silk is. As such, I would draw the attention of the hon. Minister and urge on him to make an enquiry as to what has been the effect of the protection on the import of this artificial silk yarn particularly so far as my district is concerned, where this

indigenous silk industry has practically disappeared. I would request him to look into the matter and see that the indigenous silk industry is not discouraged.

12 Noon

The second thing which I want to bring to the notice of the Minister is regarding buttons. Protection was originally granted to the buttons industry in March, 1951 for a period upto the 31st December, 1953. The protective duties levied were 35 per cent. *ad valorem* on porcelain buttons and 30 per cent. *ad valorem* on the other buttons excluding those made of or plated with gold or silver. Thus metal buttons, mother of pearl buttons, plastic buttons etc., as also porcelain buttons were protected. With effect from the 28th February, 1953, the protective duties were, on revenue considerations, raised to 66 2/3 per cent. *ad valorem* under the Finance Act of 1953.

Before the period of protection was due to expire, the Tariff Commission conducted a fresh enquiry into the industry. The Commission came to the conclusion that buttons other than plastic buttons did not need any protection from competition from imported varieties. This point was brought to the notice of the hon. Commerce Minister last time that in Bihar in the district of Champaran lots of cottage industries were there and these mother of pearl buttons were produced in large quantities. We had a representation from them that these buttons were not selling in the market because of the removal of the protection. If I am right, my hon. friend, Shri B. B. Verma, worded a note on this point and sent it to the Commerce Minister so that he may look into it. But I find that protection has been removed. I would request the hon. Minister to go into this matter and see whether this protection should be restored or not.

Regarding non-ferrous metal industry, my hon. friend Shri Kasliwal has pointed out that this protection should

be discontinued. We know how this industry has behaved. The logical conclusion is that protection should be discontinued. But at the same time we have to see the requirement and demand in the country and also find out whether this material is required here or not. If the material is required it is the duty of the department to find out why the production has gone down. I find that the people are in great difficulties to get raw material for this non-ferrous metal. They can produce many things but there is the difficulty about the raw material and at times it becomes difficult for them to get it from foreign countries. It is all right to say that protection should be removed but at the same time it is our duty to see also that we do not lose unnecessarily foreign exchange. We should try to find out why production has gone down. If the production has gone down for reasons which are within the competence of this department, they should find out and remove those reasons so that the demand for the non-ferrous metal may be met by production in our country. If, as pointed out by my friend, Shri Kasliwal, the protection is removed, the result will be that whatever little production we have here will go down and whatever little foreign exchange we are saving will be lost. Further, many things are produced out of this non-ferrous metal. The result will be that these small industries which are using this metal will not get the particular material and they will suffer. I would, therefore, request the department concerned to go into the details as to why production has gone down.

The other point which I want to bring to your notice is regarding item No. 9—sparkling plugs—used in motor cars. The automobile concerns import all parts from outside and are merely assembling them here. Of course in the beginning they were getting many parts but now they are getting less. Still there are many parts which could be manufactured here in India if proper encouragement is given. There are some concerns which pointed out to me that they had enquiries from

automobile concerns for some parts, particularly cast parts. But they could not make them because die was required and the automobile concerns were not prepared to meet the cost of the die. They want those small concerns to purchase one and make spare parts. The requirements of these spare parts are very small and there are different patterns of the same spare part. They are not required in large quantities. As such the small scale industries, which can manufacture those spare parts, because they impose upon those manufacturers the condition to make the die on their account, cannot do it. As such Government should see that these small concerns are encouraged and the automobile industry should be asked to encourage them and for the time being they should bear the cost of die making on their own account. Otherwise the small scale industries people cannot afford to make the payment for this unless the automobile industry gives them a guarantee that they will purchase large quantities so that the cost for making the die will be met. With these few observations, I support this Bill.

**Mr. Chairman:** Shri K. K. Basu.

**Shri Achuthan** (Crangannur): You should also see this side.

**Shri K. K. Basu** (Diamond Harbour): Generally speaking, I support the continuance of protection to certain types of industries. This policy of protection should be considered in the light of the industrial potential of the country. The report of the Tariff Commission which an expert body on the subject shows certain things. What I would like to emphasize is that the Government should give us a picture as to what extent the protection has helped the particular units of production and also the growth of industrialisation.

My friend Shri Kasliwal referred to certain figures supplied by the Government regarding non-ferrous metals. There has been quite a good difference. Not only that but the actual

[Shri K. K. Basu]

production is going down. What are the reasons? The continuation of protection means that the consumers have to bear the loss on goods which they might have got at a cheaper price. Naturally the citizen of India is willing to make sacrifices provided he knows tomorrow or in the near future we will establish an industry and he will have its benefit. But we continue the protection and we do not see that the industry is in a position to stand on its own legs. Actually in some cases the production has gone down or they could not produce according to the rated capacity. I wish the Government gave us a real picture as to what extent the continuation of protection will help to stabilise the particular unit of production or the industry and to what extent it will help the industrialisation of the country.

I have also to emphasise one point. Taking advantage of the protective policy of the Government concerns known as (India) Limited—all foreign concerns in combination with foreign interests—are allowed to thrive. That does not show correctly the position of the country so far as the industrial strength and potential of the country is concerned. There is the ball-bearing industry. We have only one unit. I understand that with the enforcement of their extension programme, they will come up to the requirements of our country. But as far as I remember in this ball-bearing industry large foreign interests are involved though Indian partnership is there. Therefore, I would emphasise that the Government should see before giving protection whether the industry concerned has a very vital role in the industrialisation of the country and whether it really has, I should say, a position in the industrial sector. Ball bearing industry is an important one. Ball bearings are used for all purposes, for tractors and other machineries. Therefore, such things should not be left to the individuals especially when the industry is combined with

large foreign interests as ultimately that may go against the interests of the country. So, I feel when the Government intends to continue protection to industries they should keep in view the truly national industries in the country.

In the case of aluminium, as far as I know, there are two concerns in which foreign interests are there in a large proportion. There also, possibly taking advantage of the protective policies of the Government; they will get the benefit and they will try to establish their position. You know fully well, Sir, that before 1947 there were certain Indian industries, but on many occasions they were at a disadvantages and taking advantages of the policy of the Government many of the foreign concerns, possibly in some cases with Indian combination and in some cases by themselves, had tried to establish themselves. But, when we have our national Government it is the duty of the Government to see that gradually foreign elements are eliminated. On the other hand we see that by continuation of certain protective policies these foreign interests are strengthened as a result of which new Indian enterprises which might have come up are prevented from coming up. If you allow an international combine to establish as Indian Limited then it is very difficult for an Indian concern who may try to get some 'know-how' from outside by sending some Indian engineers to get training and all that, to establish itself in India. That concern will be at a disadvantageous position.

I find with regard to the continuation of protection to electric motors there are quite a good number of Indian units, but I understand that there are some big foreign concerns. They have already established their offices and manufacturing units. I am told that they are also thinking in terms of expansion. They will possibly take advantage of the position and try to compete with indigenous products availing the benefits of the



Bill

protection given. These concerns should not be allowed to grow and Government must see that their policy is so determined that protection is not given to those industries where the proportion of foreign interests is too large. There is no point in giving protection to such industries because they will have advantage in both ways. They will possibly utilise the cheap labour available in the country and also take advantage of the protective policy of the Government and thus try to establish their position at the cost of Indian consumers as well as at the cost of Indian concerns that could have grown up in a different set-up.

Now, wherever Government want to discontinue protection—so far as batteries for motor vehicles are concerned—I do not know the exact position of the industry and the intention of the Government on these matters. We know there are a large number of Indian concerns which have grown up in the last 15 to 20 years for the manufacture of batteries for motor vehicles. At the same time there are certain British concerns who have, after the war or during the last war, established small units. Now I am told that they are trying to increase their capacity though in some cases they have taken one or two Indian partners. But, some of these foreign concerns, as I said earlier, with their vast experience, wide resources and, possibly, the advantage they may have in the international market will compete adversely with our existing Indian units. At the present moment it may look that our Indian units will be in a position to compete with the foreign imported goods, but if protection is not given I do not know what will happen. I do not know the exact position and I should like to have a clarification from the Minister whether these Indian units have established themselves in so strong a position that under any condition they will be able to compete with the imported goods; because the foreign agents who may have reduced the quantity of imported goods may try to flood the market

again and then they may be able to compete with our goods. As is generally known for the time being they may try to reduce the prices to compete adversely with Indian produce and when Indian produce possibly will go out of the market they will again change their price policy. Therefore, I should like a clarification regarding the Government's attitude so far as the battery industry is concerned.

Therefore, generally I would like the Government to see that this policy of continuing protection should only be looked into and considered from the stand point of real national industries and not India Limited.

Sir, one more point and then I close, and that is regarding the automobile sparking plugs and parts thereof. As my friend just referred it is true that in our country we have now about 2 or 3 concerns who are trying to manufacture motor cars and the different parts and accessories, but we are not sure to what extent they are still in the stage of assembling work and whether they are actually manufacturing the different parts of motor cars. I am told in respect of the Hindustan Manufacturers that though they are manufacturing now about 60 per cent. of 65 per cent. of the components the quality of the produce has also to be looked into. Certainly, our industry will not be in a position to compete with very well established, long established American, British or German concerns, but the Government must see that our industry is run on proper lines. We have often seen that big business concerns which are interested in running the industry establish themselves and they have some sort of monopoly as in the case of ball bearing industry where there is only one unit, or as in the case of motor car industry where there are two or three units. If you give protection they might take advantage of it and may not try to see that the quality is improved.

Therefore, I hope the hon. Minister will assure us that he is looking into

[Shri K. K. Basu]

the matter and that he is always alert to see that the protection is continued to such industries as will really try to produce things of good standard so that in course of time not only our national industry is established strongly having a really sound footing but they will also be able to compete very favourably with products of good standard from other countries.

**Mr. Chairman:** May I know how long the hon. Minister is likely to take for his reply?

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari):** It is rather difficult to say, but I will take about half an hour.

**Shri Thanu Pillai (Tirunelveli):** The tariff protection which is given to our industry has not been utilised for the purpose for which this protection is given. People engaged in industry today are anxious to make 100 per cent. profit taking what all they can get by tariff protection and unmindful of the quality which they are bound to improve. If today, taking the automobile industry, other cars would be permitted to be imported even with 100 per cent. tariff duty I am sure the local producers of small cars will not have a market, any further because that is the quality which is now being manufactured in this country. The consumer is paying such a lot of money for his things that it is more than what he would have had to pay if he had to buy foreign goods. It is a premium on our national duty, we may say, but how long are we to continue to pay this excess tax for the benefit of a few industrialists who make all the money and never care for the development of industry in our country? For instance, apart from automobiles, there are standards fixed for other things. Even a ghee vendor adulterating his ghee will be prosecuted, but a big automobile industrialist will not be touched if he manufactures things of a low standard because the

Government has no machinery to find out standard qualities and fix up standards.

Then, Sir, the industries are not well distributed. The industries which are receiving protection today may not continue to have the protection eternally. There is bound to come a time when the tariff protection will have to be removed. Then, with regard to an industry which develops in one area there will be concentration in that area only. For instance, we have got the tyre industry in Bombay and Calcutta but the rubber is produced in Travancore-Cochin which is a territory which has got efficient labour, and very many people are crying that that State is not getting the industry. Certain regions of our country are not industrially advanced and the people there are not having an industrial-mindedness. Therefore, I would suggest to the Government to start industries in such regions to create confidence among the people so that they can invest money and step in as a partner to start new industries which are under protection, because, after some time, this protection may not be available. Distribution may not take place and there will be a concentration for all time, and more and more cities will be growing with all the attendant evils, and with our political tension, linguism and parochialism and provincialism, there will always be the difficulty of labour being employed, the officers not being of the place, and all such things. To avoid all that, and to develop the country at least in these industries, where the people are made to pay such a huge premium, the industry should be so distributed throughout the country that all parts of the country are developed.

In regard to iron and steel, they say that raw material is available only in certain areas. Well, here is a raw material available, but there is no industry. The people have to

travel 1,500 miles to the place where that industry is carried on. So, I would say that the labourers in the south who are very efficient labourers are not able to find employment in their own region and they have to migrate to other places. To avoid such difficulties, if these two aspects, namely, industrial distribution and quality standard, are maintained, the period of protection given will be better utilised.

Then there is the aluminium industry. Aluminium is under protection, but we have got a lot of bauxite in Salem and yet there is no aluminium industry coming forth there. These are things which could not be handled by the private sector absolutely, and so, there also the Government will have to come in as a public sector or as partners in the private sector.

In regard to tapioca, tariff protection is being removed. It might be argued that tapioca producers will be hit hard, but that is not the point. The quality of starch has to be improved further. The industry has not developed to match with the quality of imported starch or flour. The Government is not doing anything to see that the quality is improved. They have not given any aid to the industry as such, except the tariff protection, whereas other small industries which are new have been given so much aid by way of finance, know-how and other things. The starch and other industries were left completely to the people. They have not been able to cope up with the demands. With these few words, I request the Government to pay attention to the distribution and quality control and not subject the consumer to pay an unnecessary price for a thing which is not in keeping with the price which is paid for it.

**Shri Achuthan:** I am very glad that we have an occasion to review the work of the Tariff Commission for this year. In fact, out of the number of enquiries considered and proposals submitted by the Commis-

sion, I think item 16 concerning the selling price of rubber seems to me to be most important. Government has not answered why they did not make any attempt to make such an enquiry as done by the Commission or refer the matter to the Tariff Commission before. Even four or five years ago, when the question arose that the price of raw rubber has to be controlled, the Minister of Commerce and Industry had, by a notification, stated that the selling price of raw rubber would be fixed; even then, the selling price of rubber tyres and tubes was not fixed. Now, I understand that the world price for raw rubber is higher than the price that is now being paid to the actual producer of rubber. In fact, the producers on that account are at a loss. Even if the consumers derive that benefit of the lower price, it would be good, but that is not the case. Enquiries reveal that this is the opportune time for the Commerce and Industry Ministry to come forward on the basis and in the light of the recommendations of the Tariff Commission to see that the consumer price is lowered. Moreover, you know that in India, automobiles are having higher prices but every time this question is raised, in the House, the answer is that the progress of automobile consumption is low. We want that automobiles should develop in this country. One of the important factors for the industry is the price of tyres and tubes. In this country, the roads are not very good. Wear and tear is one of the chief disadvantages in relation to the higher price and the maintenance charges of automobiles. That is a fact. We must take all these factors into consideration and see that the Government take suitable action on item 16 of the recommendation of the Tariff Commission, in order that the consumers may get tyres and tubes at a fair price, in order that the employers may not have too much difficulty and in order that the producers of raw rubber may have a reasonable price. But I am not for raising the price. **Shri Punnoose,** who is a member of

[Shri Achuthan]

the Rubber Board, says that the price paid for raw rubber is not low. Let there be a cost accounting on this. All these factors must be enquired into and it must be shown to the public that hereafter the big combines are not permitted to sell their tyres and tubes at an exorbitant price. The ordinary man and the middle-class man should not suffer on that account.

Coming to starch, we are now going to discontinue the protection given to starch. I have read the report of the Tariff Commission also. There, they say that the starch that is produced out of tapioca is estimated to be some 3,000 tons. But the two factories—the Lakshmi Factory and the co-operative factory that is now being installed near Quilon—they themselves say that the capacity is 6,000 tons. Moreover, the food position of the country has eased and rice is available and there is not much consumption of tapioca in the State from which I come. Last year, because of the low price of tapioca, the Travancore-Cochin Government had to take steps to see that it is purchased by the Government at a higher price and sold at a subsidised price to the consumers. Within the last two days—or rather yesterday—I read in the newspapers that the Government there is going to sell tapioca free to the people of the coastal regions so that they are taken and used by the people concerned. There is a good future for the tapioca cultivation in that State. Moreover, it is a cash crop. It may be cultivated anywhere. It is a crop which can be cultivated throughout the country, and not only in Kerala and in the western regions, but throughout the central regions also or even in Assam. During these three or four months, you can have good tubers and it is a gaining concern for the small agriculturists who depend for their livelihood more on tapioca than anything else, or even paddy cultivation. The Commerce and Industry Ministry have now banned the import of

starch. I appreciate that. But suppose, because of the pressure of the millowners and the textile mills, Government says that the import would be allowed, then the position of the starch manufacturers will become difficult. Government must come forward and say to this House and this country that at least for some years, they will not allow the import of starch for industrial purposes. Then, there will be a regular competition for starch produced from tapioca as against the starch produced from maize or tamarind, kernel-flour. I am not for lowering the price. There is, already, regular competition between the producers of starch—the starch produced from tapioca and that produced from other sources. Government must see that they will not give room for the dumping of starch from outside and they should see that every encouragement is given to those who produce starch from tapioca by giving concessions in railway freight, by doing research work and by seeing that the Ahmedabad and Bombay millowners buy a good portion of the starch produced in our region. Otherwise, the lot of the poor agriculturists will become still more difficult. I therefore request the Commerce and Industry Minister to see that the starch produced in this country is improved, especially because of the present situation that is now being experienced in the Travancore-Cochin State as a result of the non-consumption of tapioca that is now available there for food purposes.

My friend Mr. Ramaswamy has raised the point about aluminium. That is the cheapest metal which is used by the common man throughout the country. We cannot afford to have vessels made of bell metal, brass or copper. Aluminium is the only metal which the ordinary common man uses. Therefore, every possible step must be taken by the Government to see that either the present factories are expanded or new factories are started in the public sector,

so that aluminium may be available in sufficient quantities. Wherever we go in the country, we see only aluminium or earthen pots used by the common ordinary man. The only metal which the poor people can afford to use is aluminium and they have been using it for a long time. Therefore, the existing aluminium factories should be expanded and new factories should be started.

With these words, I want to appeal to the Commerce and Industry Minister to define categorically today what they are going to do with regard to the selling price of tyres and tubes of rubber. He must be tough. Some friend of mine told me that "T. T." means "Tender and Tactful". He can be tactful, but he should not be tender in this matter. He must be tough, because we have a policy that investment of foreign capital will have to be continued. I hope that the hon. Minister of Commerce and Industry with all his power will take care of this important factor in the best interests of the country.

**श्री विभूति मिश्र (सारन व चम्पारन):** मैं कामर्स मिनिस्टर साहब का ध्यान अपने चम्पारन जिले के एक छोटे से व्यवसाय की तरफ दिलाना चाहता हूँ। वहाँ पर सीप पाया जाता है, जिस को अंग्रेजी में मदर आफ़ पल्ड (हीरों की माँ) कहते हैं। वह बहुत पुरानी इंडस्ट्री (उद्योग) है। हमारे राष्ट्र-पति—जब वह राष्ट्रपति नहीं थे—उस सीप को स्वदेशी चीज़ों के भक्त लोगों को उपहार भेंट किया करते थे और प्रदर्शनियों में भेजा करते थे। पहले इस इंडस्ट्री को संरक्षण प्राप्त था, परन्तु अब उस को हटा दिया गया है। इस के परिणामस्वरूप तकरीबन दस हजार आदमियों की जीविका संकट में पड़ गई है। चम्पारन जिले में एक ही नदी है, जिस में सीप पाया जाता है। मैं समझता हूँ कि सारे हिन्दुस्तान में शायद ही कोई जगह होगी, जहाँ यह सीप पाया जाता हो। इस का बटन इतना अच्छा होता है कि कोई भी आदमी उस की चमक और

खूबसूरती को देख कर उस पर सालावित हुये बिना नहीं रहता। इस इंडस्ट्री (उद्योग) के ऊपर से संरक्षण हटा देने से यह इंडस्ट्री मर रही है।

मैं समझता हूँ कि कामर्स मिनिस्टर (वाणिज्य मंत्री) साहब हिन्दी अच्छी तरह नहीं समझते हैं, मगर मैं उनका ध्यान इस तरफ़ आकर्षित करना चाहता हूँ और कहता हूँ कि यह गरीबों का सवाल है, वस हजार गरीब इस पर ज़िन्दा रहते हैं, आप इस तरफ़ ध्यान दीजिये।

**Mr. Chairman:** The hon. Member must address the Chair; he should not talk directly to other hon. Members.

**श्री विभूति मिश्र:** यह छोटी इंडस्ट्री है। इसका बाज़ार में छोटा स्थान है। चम्पारन में थोड़े थोड़े आदमी मिल कर इसके कारखाने चलाते हैं। वे नदियों से सीप लाते हैं और उससे बटन बनाते हैं। उन बटनों का आज दुनिया के बाज़ार में जापान से कम्पिटेशन (प्रतिस्पर्धा) पड़ जाता है और जापान के कम्पिटेशन की वजह से यह इंडस्ट्री (उद्योग) मरने जा रही है मैं कामर्स मिनिस्टर (वाणिज्य मंत्री) साहब का ध्यान इस तरफ़ खास तौर से आकर्षित कराना चाहता हूँ। मैं प्रार्थना करता हूँ कि वे इस ओर ध्यान दें। पार्लियामेंट का यह सेशन २३ तारीख को खत्म हो रहा है उसके बाद मैं चाहता हूँ कि वे एक दिन के लिये चम्पारन चलें और वहाँ पर देखें कि किस तरह से ये बटन तैयार होते हैं, इस काम से कितने आदमियों की जीविका चलती है। गांवों के गरीब मछुए नदियों से सीप को पकड़ कर लाते हैं और बेचते हैं और इस प्रकार उनकी जीविका चलती है। मैं चाहता हूँ कि हमारे कामर्स मिनिस्टर साहब इस बिल में यह अमेंडमेंट (संशोधन) कर दें कि सीप को भी कुछ संरक्षण दिया जाय।

### [श्री विभूति मिश्र]

दूसरी बात यह है कि सैगो प्लावर पर से संरक्षण हटा लिया गया है। मैं आपको बतलाना चाहता हूँ कि आजकल जब कोई गरीब आदमी बीमार पड़ता है तो उसको म्लूकोज आदि नहीं मिलते और न आधुनिक दवायें मिलती हैं। ये गरीब आदमी सैगो खाकर जीते हैं। उसी का पानी पीते हैं। जब हम लोग जेल में थे तो हमको भी सैगो पीने को मिलता था। अब उस पर से संरक्षण हटाया जा रहा है तो गरीब आदमी कैसे जिन्दा रह सकता है और हिन्दुस्तान के व्यापारी कैसे अपना व्यापार चला सकते हैं। इसलिये मैं चाहता हूँ कि सैगो पर से संरक्षण न हटाया जाये नहीं तो हमारा यह व्यापार विदेशी लोगों के सामने टिक नहीं सकेगा।

**श्री बेबगम (चैबस्सा—रक्षित—अनुसूचित आदिम जातियाँ) :** मैं टसर उद्योग के बारे में कुछ कहना चाहता हूँ। मैं हिन्दुस्तान के उस जिले से आता हूँ जो कि टसर का कोया (Tussur Cocoons) पैदा करने का सबसे बड़ा बाजार है। लेकिन बड़े अफसोस के साथ कहना पड़ता है कि उस जिले में कोई टसर इंडस्ट्री (उद्योग) नहीं है। अर्थात् वहाँ जो टसर का कोया होता है वह उड़ीसा भेज दिया जाता है और भागलपुर भेज दिया जाता है। इस कच्चे माल को पैदा करने वाले गरीब आदिवासी हैं। मैं कामर्स मिनिस्टर (वाणिज्य मंत्री) साहब का ध्यान इस ओर आकर्षित करना चाहता हूँ कि क्यों न उन गरीब आदिवासियों को इसका सूत निकालने का और उससे कपड़ा तैयार करने का काम सिखाया जाये। क्यों वे केवल कच्चा माल पैदा करें और उसका फायदा दूर दूर के लोग उठावें।

मृक्ष से पहले बिहार के ही एक माननीय सदस्य ने कहा है कि नकली रेशम के कारण

असली रेशम का उद्योग कम्पटीशन (प्रतिस्पर्धा) में नहीं आ पाता और यह खत्म हो रहा है। टसर भी एक किस्म का सिल्क (रेशम) है। मैं कह चुका हूँ कि इसको कच्चे माल के रूप में पैदा करने वाला सब से बड़ा बाजार सिंहभूम जिला है। तो मैं केन्द्रीय सरकार के मार्फत प्रार्थना करना चाहता हूँ कि स्टेट (राज्य) सरकार इस ओर ध्यान दे।

लोग जंगलों में आसन गाछ पर टसर पैदा करते हैं। लेकिन आजकल टसर पैदा करने वालों को कोई प्रोत्साहन नहीं मिलता बल्कि उनको निरुत्साहित किया जाता है। पहले यह नियम था कि कोई भी टसर पैदा करने वाला दो रुपये फीस देकर चाहे जितने गाछों पर टसर लगा सकता था, लेकिन आजकल यह नियम बदल गया है और हर एक गाछ के लिये उसको तीन आने या चार आने देने पड़ते हैं। इससे टसर पैदा करने वालों को प्रोत्साहन नहीं मिलता बल्कि वे निरुत्साहित होते हैं।

इस गृह उद्योग को प्रोत्साहन देने के लिये किसानों को पड़ती ज़मीनों पर, वेस्ट लैंड्स (मरू भूमि) पर आसन के वृक्ष लगाने के लिये भी प्रोत्साहन देना चाहिये। सरकार ने कुछ फार्म खोले हैं, जिनमें सरकार की ओर से बहुत से आसन के वृक्ष लगाये गये हैं और वे १०, १५ वर्ष के भीतर में ही इस लायक बन गये हैं कि उन पर टसर पैदा की जा सके। मैं चाहता हूँ कि किसानों को भी अपने अपने वेस्ट लैंड्स (मरू भूमि) में, परती ज़मीनों में आसन के वृक्ष लगाने के लिये प्रोत्साहन दिया जाय। अब तक तो वे प्रकृति के द्वारा जो जंगल में आसन के वृक्ष उगते हैं उन्हीं पर टसर आबाद करते आये हैं लेकिन यह अपने आप पैदा होने वाले आसन के वृक्ष खत्म होते जा रहे हैं और उनकी संख्या बढ़



नहीं पाती है और इस बात की बड़ी आशांका है एक ऐसा समय आ सकता है कि आसनगाछ की कमी के कारण यह गृह उद्योग खत्म हो जायेगा। इस कारण आवश्यकता इस बात की है कि सिंहभूमि के जिले के लोगों को इसके पैदा करने के लिये प्रोत्साहन दिया गया। मैं आशा करता हूँ कि हमारे मंत्री महोदय इस ओर खास ध्यान दगे। बस मैं इससे और अधिक नहीं कहना चाहता। मैं समझता हूँ कि मैं मंत्री महोदय का ध्यान सिंहभूमि जिले के उस उद्योग धंधे को प्रोत्साहन देने की आवश्यकता पर दिला सकता हूँ। मुझे जो अपने विचार प्रकट करने का अवसर दिया गया उसके लिये मैं आभारी हूँ।

**Shri C. R. Iyyunni (Trichur):** I have not much to say except to congratulate the Minister for Commerce and Industry for the various enquiries instituted into various industries. With all that, I would like to bring to the notice of the House one or two matters upon which the previous speakers have touched. One is with regard to the rubber industry that is going on in Travancore-Cochin from where I come. In the good old days when the world market price of rubber was Rs. 250 to Rs. 300, the people of Travancore-Cochin, where rubber is grown to a very large extent, got only Rs. 98-8-0, and subsequently Rs. 122-8-0. At the same time, the manufacturers who were purchasing rubber at the low price, were selling the goods that they manufactured at the world market prices. That means, they were getting enormous profits. so much of profits that in two years they would have been equal to the amount invested in the industry. We represented to the Minister concerned that if the price that is given to the grower is much less, proportionately, the price of goods that are manufactured here from the rubber that is produced in this country must also be lowered. Unfortunately, we had not the good fortune to make the Minister lower the prices of manufactured articles. Somehow or other,

conditions are now very much better. There is only a difference of Rs. 30. I submit that to the extent rubber that is produced here and is being used by the companies, Firestone, Dunlop, etc., the price of the goods that are manufactured here must certainly be lowered, because, that is bare justice. I hope the Minister will find his way to so control the goods that are manufactured out of the rubber produced here and not from rubber that is purchased from outside. Otherwise, what I suggest is that the raw rubber here must be allowed to be exported outside. Then, it will be all right. There is an additional advantage so far as manufacture here is concerned. The articles that are produced here need not pay the customs duty or the import duty. That is, they will make much more profit than they would otherwise do. What I submit is that, in the interests of the consumer, it is absolutely necessary that the Government should see that the price of articles manufactured here out of rubber that is produced in this country is certainly lowered.

With regard to starch also, unfortunately, the State from which I come is the place where it is grown in abundance. There is plenty of it. The Government must give help to an industry like that. Because, we have not much land and the pressure on the land is very much. We have got only cash crops, pepper, rubber, coffee, tea and so on and we are depending entirely on these things. If it is not possible with the co-operation of the foreigners and the people here to form a company, in view of the fact that this is available in abundance in our part of the country and could be used successfully for the making of starch and globules, I go to the extent of saying that the Government must undertake the responsibility for starting a company, so that, the acute problem of unemployment in our country, especially in that side of India, may be minimised to a certain extent.

[Shri C. R. Iyyunni]

Certainly, as Shri Achuthan put it, T. T. stands for tenderness and tact. I would say that tenderness should not be extended to a degree which is not quite proper or warranted by the situation. I would say that he must be somewhat tough, especially with regard to certain persons who are making considerable profit, or probably minting money like anything.

Mr. Chairman: The hon. Member's nicety has not been appreciated in the quarters where it was intended.

Shri Iyyunni: I would simply request the hon. Minister for Commerce and Industry to deal with these people rather toughly, and at the same time tactfully, but not tenderly.

श्री रघुनाथ सिंह (जिला बनारस मध्य):

पहले मैं अपने उद्योग मंत्री जी को बन्धुवाद बना चाहता हूँ उन्होंने हैडलूम (हथकरघा) बोर्ड के द्वारा भारत वर्ष की बहुत सेवा की है। साथ ही साथ मैं इस सदन का ध्यान इस ओर आकर्षित करना चाहता हूँ कि केवल हैडलूम (हथकरघा) की तरक्की से ही देश की तरक्की नहीं होगी, बल्कि जिसके कि द्वारा हैडलूम चलता है उसकी भी तरक्की की ओर ध्यान देना आवश्यक है। हिन्दुस्तान में भागलपुर, आसाम, मैसूर और काश्मीर में रेशम का उत्पादन होता है हम आर्टिफिशियल सिल्क (कृत्रिम रेशम) पर प्रोटेक्टिव ड्यूटी (संरक्षणात्मक शुल्क) लगाते हैं तो इसका अर्थ यह होता है कि देश में आर्टिफिशियल सिल्क (कृत्रिम रेशम) का उत्पादन अधिक होगा और आर्टिफिशियल सिल्क का उत्पादन अधिक होगा तो उसका प्रभाव यह होगा कि भागलपुर, आसाम, मैसूर और काश्मीर की जो सिल्क इंडस्ट्री (रेशम उद्योग) है, उस पर आघात पहुँचेगा।

मैं इस बात की ओर आप का ध्यान आकर्षित करना चाहता हूँ कि आर्टिफिशियल सिल्क हमारे देश के सिल्क उद्योग का नाश कर रहा है। इस लिये कि आर्टिफिशियल सिल्क बड़ी आसानी से सिल्क में खप सकता है उस के अपने का फल यह होता है कि जो बेचारे

देहात के गरीब लोग हैं अगर उन्होंने १०० या २०० रुपया की साड़ी खरीदी तो चूँकि उन की पहचान का ज्ञान नहीं होगा कि यह शुद्ध सिल्क है या आर्टिफिशियल सिल्क वे आसानी से ठगे जाते हैं।

इस लिये जो विधेयक सदन के सामने उपस्थित किया गया है मैं उस का विरोध करता हूँ केवल इस अंश में कि आर्टिफिशियल सिल्क पर कोई ड्यूटी नहीं होनी चाहिये। जहाँ तक मैं समझता हूँ हिन्दुस्तान में एक या दो ही आर्टिफिशियल सिल्क के बड़े कारखाने हैं। एक या दो पूँजीपतियों को प्रश्रय देने के लिये लाखों आदमियों पर जो सिल्क उद्योग में लगे हुए हैं आक्रमण नहीं करना चाहिये। उनकी रोजी को नहीं छीनना चाहिये। हमारे उद्योग मंत्री ने महात्मा गांधी का आधा कार्य तो किया है हैडलूम बोर्ड के द्वारा जो वीवर्स क्लास (बुनकर वर्ग) है उस को भोजन देने का प्रयास किया है। महात्मा जी का सब से बड़ा सिद्धान्त यह था कि हैन्ड स्पन (हाथ द्वारा कता हुआ) और हैन्ड वोवन (हाथ द्वारा बुना हुआ) कपड़े को तरक्की करनी चाहिये। जहाँ तक हैन्ड वोवन की समस्या है उस का तो सुधार हमारे मंत्री जी ने किया है लेकिन जहाँ तक हैन्ड स्पन का प्रश्न है, उस के बारे में कुछ करने का प्रयास नहीं किया गया है। अगर उसके बारे में भी कुछ सुधार कर दे, सिल्क हिन्दुस्तान में उत्पादित होने लगे और आर्टिफिशियल सिल्क (कृत्रिम रेशम) से भी ज्यादा सस्ती हो जाय तो मैं ही नहीं सारा देश उनको धन्यवाद देगा महात्मा गांधी की आत्मा उनको धन्यवाद देगी कि उन्होंने उनके छोड़े हुए कार्य को पूरा किया।

मैं आप से कहना चाहता हूँ कि हमारे प्रधान मंत्री जब चीन गये थे तो वहाँ रेशम का कुछ बाटंर (आदान प्रदान) हुआ। चीन से बहुत सा रेशम हिन्दुस्तान में आया है। मैं उद्योग मंत्री जी से यह निवेदन करना चाहता हूँ कि हैडलूम बोर्ड (हथकरघा बोर्ड) के



द्वारा आपने कोआपरेटिव (सहकारी समितियों) को आर्गेनाइज (संगठित) किया है। चाइनीज (चीनी) सिल्क यार्न का वितरण भी कोआपरेटिव के द्वारा ही होना चाहिये। अगर आप कोआपरेटिव के जरिये उस का वितरण नहीं करते हैं और इन्डिविजुअल (व्यक्तिगत) बेचने वालों को आप देते हैं तो जो आप की हैडलूम (हथकरघा) की स्कीम (योजना) है वह सक्सेसफुल (सफल) नहीं हो सकती। इस लिये बार्टर के द्वारा जो चाइनीज रेशम हिन्दुस्तान में आया है उसका डिस्ट्रिब्यूशन हैडलूम बोर्ड (वितरण हथकरघा बोर्ड) द्वारा या जो कोआपरेटिव (सहकारी समिति) का आर्गेनाइजेशन (संगठन) है उस के द्वारा होना चाहिये।

मैं पूछना चाहता हूँ कि हमें आर्टिफिशल (कृत्रिम रेशम) की आवश्यकता क्या है? हमें इस की कोई जरूरत नहीं है। साथ ही साथ इस में एक और बात देखने की है कि काटन और आर्टिफिशल सिल्क मिक्सड (सूत और कृत्रिम रेशम मिश्रित) कपड़ा भी होता है।

हमारे देश में काटन मिल्स (सूती कपड़े की मिलें) चल रहीं हैं। उन से हम को आमदनी भी हो रही है लेकिन विदेशी यार्न जो १०० या १२० काउन्ट्स का आता है जिस में एक या दो परसेन्ट (प्रतिशत) आर्टिफिशल सिल्क (कृत्रिम रेशम) मिला दिया जाय तो वे आप सकेंगे वह आने लगे तो कल आप की मिलों को सब से बड़ा कम्पिटेशन (प्रतिस्पर्धा) उन से करना पड़ेगा। इस लिये इस विधेयक में जो लैकुनै (कमी) है कि आर्टिफिशल सिल्क मिक्सड विद काटन (सूत मिश्रित कृत्रिम रेशम) इस को हटा दिया जाना चाहिये। अगर मेरी पूरी बात नहीं स्वीकार करना चाहते और आर्टिफिशल सिल्क पर प्रोटेक्शन (संरक्षण) रखना चाहते हैं तो उस को रखें, लेकिन इस में जो मिक्सड विद काटन (सूत मिश्रित) है, इस को तो हटा ही देना चाहिये। नहीं तो कल क्या होगा कि जो यू० के० के महीन

थ्रेड (धागे) में अगर सिर्फ १ परसेन्ट (प्रतिशत) आर्टिफिशल सिल्क और ९९ परसेन्ट काटन मिला कर बनाया जाय तो वह कानून के अन्दर आ जाता है कि यह तो मिक्सड (मिश्रित) चीज है। हमारे देश में इस से बहुत नुकसान हो सकता है। अगर आप को सिल्क की इन्डस्ट्री की रक्षा करनी है तो आर्टिफिशल सिल्क पर आप कोई प्रोटेक्शन न दें। अगर आर्टिफिशल सिल्क जीना चाहती है तो अपने पैर पर खड़ी हो कर उस को जीने दें। अगर उस को आप के द्वारा बल मिलेगा, शक्ति मिलेगी तो उस शक्ति से जो भारतवर्ष की हजारों वर्ष की प्राचीन इन्डस्ट्री (उद्योग) है उस को नुकसान होगा।

बनारस में जो बनारसी साड़ी या वस्त्रों का उद्योग है उस का कम्पिटटर (प्रतियोगी) सारी दुनिया में नहीं है। बनारस में करीब ६ करोड़ रु० का जो सिल्क सामान आता है वह सारा फ़ारेन सिल्क (विदेशी रेशम) होता है। सब चीन या जापान से आता है। उस में मैसूर या कश्मीर के सिल्क का बहुत कम हिस्सा होता है। कश्मीर का लोटस सिल्क बहुत अच्छा होता है। वार टाइम (युद्धकाल) में वह करीब जापान या चाइना के सिल्क के समान था बल्कि कुछ श्रंशों में तो वह उस से भी ज्यादा मजबूत होता था। यह साढ़े छः करोड़ रुपया या आठ करोड़ रुपया हम पर हर साल जा कर विदेशों को दे देते हैं। सिल्क इम्पोर्ट (रेशम आयात) के बचाने के लिये हमारा यह प्रयास होना चाहिये कि जैसा सिल्क चाइना (चीन) और जापान बनाते हैं वैसा ही सिल्क हमारे देश में भी उत्पादित होने लगे। शायद आप को मालूम होगा कि बनारस में जो कपड़ा बनता है उसमें अगर ४० रु० का रेशम लगता है तो करीब १०० रु० उस की कैनवाई और लेबरर्स (श्रमिकों) की मजदूरी ही हो जाती है। आप इस को भी समझ लीजिये कि ईरान, ईराक, अरब जैसे देशों में हमारा इम्पोर्ट बढ़ रहा है। चूँकि हमारा इम्पोर्ट बढ़ रहा है इस लिये हमारा प्रयास होना चाहिये कि

[श्री रघुनाथ सिंह]

अच्छा सिल्क भारतवर्ष में ही उत्पन्न होता है ताकि चाइना, जापान और इटली, जहाँ पर कि अच्छा सिल्क बनता है उन का हम मुकाबला कर सकें। मैं मानता हूँ कि आपने सिल्क पर प्रोटेक्टिव ड्यूटी (संरक्षणात्मक शुल्क) लगाई है, लेकिन बावजूद इस प्रोटेक्टिव ड्यूटी लगाने के उस ने भारतवर्ष की समस्या को हल नहीं किया है। आज भी बहुत अंशों में हम को फारेन सिल्क इम्पोर्ट (विदेशी रेशम आयात) करना पड़ता है।

इस वास्ते अन्त में मैं आप से फिर निवेदन करता हूँ कि आप ने जिस प्रकार हिन्दुस्तान की हैडलूम इन्डस्ट्री (हथकरघा उद्योग) को प्रश्रय दिया है उसी प्रकार भारतवर्ष की सिल्क इन्डस्ट्री को भी आप प्रश्रय दें ताकि भारतवर्ष का जो रुपया बाहर जा रहा है वह हिन्दुस्तान में ही रहे। आर्टिफिशियल सिल्क (कृत्रिम रेशम) का मोह त्याग दीजिये जैसे चाणक्य ने कुशा में मट्ठा डाला था प्रतिज्ञा की थी कि नन्द वंश का नाश करूँगा। आप ने आर्टिफिशियल सिल्क को जो प्रोटेक्शन (संरक्षण) दिया है वह हमारी सिल्क इन्डस्ट्री की जड़ में मट्ठा डालेगा और हमारी इन्डस्ट्री को नाश करेगा। लिहाजा मेरा मत है कि कम से कम आर्टिफिशियल सिल्क मिक्स्ड विद काटन (सूती मिश्रित कृत्रिम रेशम) पर कोई प्रोटेक्टिव ड्यूटी (संरक्षणात्मक शुल्क) होनी ही नहीं चाहिये। साथ ही साथ आर्टिफिशियल सिल्क पर भी कोई प्रोटेक्शन नहीं होना चाहिये।

Shri N. B. Chowdhury (Ghatal)  
rose —

Mr. Chairman: I hope the hon. Member will be able to condense his remarks within a few minutes.

Shri N. B. Chowdhury: Yes, Sir. I have only to say a few words with regard to two industries.

First of all, I take up the plastic buttons industry. We know that the protection which has been proposed

is something which is very welcome in the interests of the development of indigenous industry, but at the same time we find that there is a growing conflict between this industry and certain other industries which this industry is eliminating.

We know that a large number of people in our country are engaged in the manufacture of buttons from horns and certain other raw materials. With the coming and growth of this industry, those people are being gradually eliminated.

In my district of Midnapore there is an acute problem with regard to this particular industry. That does not relate particularly to this button industry although that is also a thing affected. In the case of certain horn goods I find that the development of this industry is affecting them quite adversely. And nowadays it is being proposed by people, sometimes in their official capacity, that the people who are engaged in those industries had better turn to the use of plastics for the purpose of making those things like buttons, combs etc. It is said they should take the plastic sheets and start manufacturing them. This means those people who were traditionally engaged in making buttons etc., from those raw materials will not be able to adopt this method and the result is that unemployment among them is increasing. So, while we do not want to stand in the way of development of new industries of this nature, we want Government to be careful. They should see that the older industries are not eliminated without provision being made for the employment of those people.

1 P.M.

This is happening in the case of a large number of industries. For instance, the aluminium industry is eliminating the brass metal industry at many places. Aluminium is no doubt a cheaper thing, and utensils and other things made of aluminium can be had at a cheaper cost. But the aluminium industry can be run and managed only

by big capitalists, whereas the people who make brass utensils on a cottage scale are not in a position to sell their products at a cheaper price, with the result that the later are suffering a lot, and unemployment among them is increasing. This aspect of the question with reference to the case of aluminium *versus* brass metal or horn goods and other goods *versus* plastic goods has got to be gone into carefully. Unless we do so, the result will be that although the new industry will grow to a certain extent with the help of the tariff protection, the older industries will suffer. Although it is not particularly the intention of this Bill to see to it that the older industries are not affected as a result of this, and it is meant to protect the new industries against foreign competition, we should like to point out that this aspect of the question should also be given some consideration.

Finally, I would like to say a word about the non-ferrous metals industry. There it certainly strikes everybody that although the demand is higher and the rated capacity is also higher, yet the production has not at all increased. And as the Government note has put it, instead of increasing, it is going down since 1953. The figures have already been quoted. So, I would not like to read them out again. But we should see to it that the present state of affairs is changed, and we are in a position to improve the production capacity of those industries. It is not clear from the note supplied what actually are the reasons for such a shortfall.

**Shri T. T. Krishnamachari:** I am grateful to hon. Members for the general support that they have given to these two Bills before the House. The points made by them in regard to particular industries are undoubtedly very valuable, and would serve as a guide for Government to enable them to frame their policy in regard to these particular industries in the future. I am glad that by and large

hon. Members have supported the Government's decision to accept the recommendations of the Tariff Commission in respect of the industries which are covered by these two Bills.

But there was one misconception which was fairly general in the remarks of many hon. Members, which I would like to clear. When an industry is deprotected, it does not mean that the duty is altered. In fact, in the case of all the industries which have been deprotected, the duties remain the same; there will be no variation at all, no downward revision of the duty at all. But one exception is the case of battery for motor vehicles. There, the protective duty was 45½ per cent. *ad valorem* plus a 5 per cent. surcharge; there was a countervailing import duty of 10 per cent. *ad valorem*, that is, an excise duty was levied. The present duty will be 45 per cent. *ad valorem*, with 5 per cent. surcharge, and 10 per cent. Countervailing duty. The difference will be only about ½ per cent. Otherwise, we are maintaining these duties as standard revenue duties. So, the quantum of protection afforded to these industries on account of these duties still continues.

But the usual prerogative that the executive has to lower the duties to any extent they like, other conditions necessitating such a lowering, is there, which does not exist in the case of protective duties. That area of discretion, which is extremely unlikely to be used in regard to the industries which need the help of these revenue duties to protect them against foreign competition is there, and the position, therefore, is not altered.

**Shri K. K. Basu:** If there is no change in the duties, then why do you take them out of the category of protection?

**Shri T. T. Krishnamachari:** It may be a matter of semantics, because it is said an industry is deprotected, but at the same time the duty remains the same. It really is the difference between Tweedledum and Tweed-

[Shri T. T. Krishnamachari]

ledee. In fact, it gives the executive the discretion that in the event of the prices continuing to be high. In the event of the industry not profiting by these high revenue duties and the wall that we erect thereby, they can by executive decision lower the duties. That is the privilege that we get. Whether there is any near possibility of our changing it to any large extent is a matter open to doubt. I do not think that there is any possibility of our foregoing our revenues in the near future, considering that our needs are growing; and in every instance, where a decision of this nature has to be taken by the executive, very great care is exercised to see that the industry which is concerned does not suffer.

In regard to one or two particular matters, I would like to say a few words. My hon. friend from Champaran, Shri Bibhuti Mishra spoke about the mother of pearl buttons. Buttons are very popular today, and many hon. Members have spoken about it. In regard to the question of protection to the button industry which is a cottage industry, I would like to say that a very large quantum of protection is being given to it by means of our import controls. It does not really mean that we have completely forgotten the need for protecting this industry. But duties do not always serve the purpose. Sometimes, duties give a chance for certain of the bigger manufacturers to obtain undue profits, about which many hon. Members have already laid stress.

The nature of an industry which is a cottage industry or a small-scale industry is such that it wants a little more of protection; it wants active help; it wants some help for marketing. Our experience in regard to the steps taken by the Saurashtra to Government to protect the button industry is certainly a pointer in regard to what we might do in respect of this industry in other places. It is a big cottage industry, a small-scale industry, in Saurashtra. From the stage of

the backyard in each house, it is now moving into an industrial estate which is now being constituted in Saurashtra, so that the industry is becoming bigger.

I could assure my hon. friend Shri Bibhuti Mishra that I shall ask an officer of the Development Wing to go down to Champaran and study this particular question. We shall certainly try to do what we can to help them, to give them any facilities that we can give by means of our small-scale industries organisation, and also to afford them a certain amount of marketing facilities.

There was also the other question which was raised by Shri N. B. Chowdhury, the technological change that is taking place, and the consequent shift in the nature of the consumer demand. Where it affects the older industries, it is a matter where I cannot give the same assurance quite so easily as I have given in the case of Shri Bibhuti Mishra's demand.

If the plastic industry is really supplanting the button industry of the man who makes buttons out of horns, that is a thing where I do not feel competent at the moment to say anything to the effect that we can stop it. If people feel that plastic buttons are better than horn buttons, and people who are buying mother of pearl buttons can no longer afford to buy them and they go in for plastic buttons, then it is a shift in consumer demand against which there is very little that Government could do. The same applies in regard to what he said about brass.

Well, there is, again, a shift not merely from brass to aluminium and, perhaps, enamel ware, but also from aluminium and enamel ware to stainless steel.

Shri K. K. Basu: It is too costly.

Shri T. T. Krishnamachari: It is costly, but it is durable, and sometimes even the lower middle class persons prefer something durable

which will not be damaged quite easily. The shift is taking place and there is nothing I can really help about it. But I can tell my hon. friend about the experience I have had about ten years ago as I was representing in the House which was the predecessor of this Hon. House, a rural constituency. In my part of the country, a brass vessel, a brass pot, is a sign of pride for the housewife. She used to polish it in the morning, take it to the tank or to the well, and get it back home poised on her head with extreme deftness. So even people who are lowest down in the economic rung used to have a couple of brass vessels. But it happened that during war-time these brass vessels commanded a price about four times the original value, and we found that in the course of a couple of years, most of these brass vessels, which housewives in the lower middle class and the lowest class were using, disappeared and pots and pans came back. These are shifts that do occur and they are changes very largely dictated by individual taste, and to some extent, by economic considerations. In fact, the cost of the brass vessel and the cost of the aluminium vessel and enamel ware vessel is an important factor, as against stainless steel which is a deterrent. But shifts take place and we can do nothing about it. There is no point in saying that there should not be any aluminium. Actually, our production of aluminium in this country is so low. I think an hon. Member here has tabled a question as to what is being done for increasing the use of aluminium in structurals. Again, my difficulty is that aluminium is more costly than steel. So it is not quite easy for me to shift the use of aluminium in the matter of structurals. But anyway we have a big programme of aluminium manufacture. We want aluminium not so much for use in households, but we want it for industrial purposes. So this is a key industry, which has got to be encouraged, and the consequential shift that occurs cannot be helped.

Another point was made by several hon. Members, in regard to the position of the non-ferrous metal industry. So far as the non-ferrous metal industry is concerned, the protection that is given is not only to the aluminium industry, but also to some other non-ferrous metal industries. So the question does not come in.

The other point that was taken up was about the installed capacity of these industries and actual production. In the case of these non-ferrous metal industries, the installed capacity happens to be only rolling capacity; it is not the capacity to manufacture. Our production of copper in this country is comparatively small as against our needs, and our production of other non-ferrous metals, except aluminium, is practically negligible. So it is not a question of production, but it is only the rolling capacity, imported ingots being rolled into particular shapes as people want. May be that there has been a little shift in demand, may be because of the fluctuations in prices some of these things have occurred, but so far as the installed capacity of these industries is concerned, hon. Members have to take note of the fact that it is not production, it is only a very limited sphere of processing.

Another very important subject, on which a lot of time was spent, is about the relative merits of art silk and silk. My hon. friend Shri Raghunath Singh—who is not here—and other hon. Members including Shri Jhunjhunwala, spoke about this matter. At the present moment, may be that art silk is substituting the need for silk or the pleasure that people get by wearing silk. Well, we must ask the silk wearer about it. It is quite a long time since I had anything to do with silk.

**Shri Kamath** (Hoshangabad):  
Achha!

**Shri T. T. Krishnamachari**: I have nothing to do with it.

**Shri Kamath:** Not even handloom silk?

**Shri T. T. Krishnamachari:** Here, Sir, the question of cost is there. The difference in cost between art silk yarn and real silk is about 8 to 10 times. That is a very important factor. It is very difficult, by banning the import or production of something, which is about  $\frac{1}{10}$ th the price, to transfer use to something which is 8 times costly. But that is not quite correct. Today the fact that the silk industry suffers is not so much due to competition of art silk—I said 'so much' advisedly—but mainly due to the fact of high cost. We still have to import a lot of raw silk from abroad; we have to import very nearly 50 to 60 per cent. of our use. That's where Shri Raghunath Singh must be interested. I have got to get these imports in order to keep the handloom weaver in Banaras going. May be that now that the Silk Board is transferred to another Ministry, that Ministry might tell me, 'No, no. Please do not import. Our production has to be maintained'. If the production is only 2 million pounds and if I tell the Mysore people, 'You have to sell at Rs. 30', which is the economic cost determined by the Tariff Commission when it reported, they will say, 'No. We cannot sell less than Rs. 36'. I import silk at Rs. 26 and I sell at Rs. 30. Somebody from Banaras may say Government are profiteering about. There are various problems. The real fact is that in order to keep the weaver in Banaras, in other parts of India, Surat and South India, going, I have to import this silk and give it to him at a reasonable price, so as not completely to do away with our silk industry. I was in charge of this Silk Board for more than three years—I took a great deal of personal interest in it. I made the Government step up the grant that they gave from Rs. 2 lakhs to Rs. 4 lakhs in the first year, to Rs. 11 lakhs in the second year, and I think, Rs. 14 lakhs in the third. My difficulty was to get the organisation to spend the money. In fact, in regard to cottage industries—

whether it be handloom, whether it be any other matter concerning small-scale industries—the challenge to us is not so much to find the demand, the challenge is not to equate the relative position of the larger industry and the smaller one, but the challenge is really a challenge of powers of organisation. Wherever we have succeeded in organising, we have certainly made headway. My hon. friend, Shri Raghunath Singh, might probably be interested to know that when we started an experiment in Madras in regard to a co-operative silk weaving society, the success has been phenomenal. In fact, in Madras the silk weaver, the sweated labourer in silk weaving, gets a little less than the sweated labourer in cotton weaving—which is a strange anomaly. Nevertheless, we have now taken a step to establish co-operative societies, specially as the initial experiment has been successful. I do hope some time before I lay down my office to be able to go to Banaras and get a handloom silk weavers' society established there. So much so that the benefit that co-operative societies can give to the handloom weavers in silk in other parts of India will also be transmitted to handloom weavers in silk in Banaras. But the cry that art silk is doing any serious damage is, on investigation, found to be practically without any basis.

Another subject which has been touched upon is that of tapioca. Well, I may tell my hon. friends that I have not done anything against this industry.

**Shri Achuthan:** Nothing!

**Shri A. M. Thomas:** Nobody said that you committed any crime.

**Shri T. T. Krishnamachari:** So far as deprotection is concerned, it is primarily concerned with maize starch. And again, we are not helpless. We still have an import control and we, unfortunately or fortunately, are bound to have it right through



the next Plan period. There is no escape from it. Import control has to be rigid during the next plan period and the incidental protection. It is a matter concerned with maize production and maize starch imported into this country.

Mention is made of more use of tapioca starch in this country. There is a little difficulty in this because of the comparatively little less viscosity that tapioca possesses and it is even more pronounced in the case of tamarind starch. Government did their very best to encourage tamarind starch. The mills were compelled to buy that; they bought it but they did not use it. The logical consequence of all these things happening is the decision the Tariff Commission has recommended.

So far as tapioca is concerned, whatever we can do, we have certainly tried to do. My hon. friend Shri Thomas said that the time for the export of tapioca starch should be extended beyond the 31st December. I assure him that I will look into the matter.

In regard to the further use of tapioca, we have appointed a committee to consider this question of the quality of sago. I do not want to elaborate on this question of sago. I do remember my experience on the last occasion when I said something which conveyed to this House that we will do our best to protect the interests of the tapioca growers which was misunderstood and it excited the entire press in one part of India against me and various local bodies asking for my head on a charger.

My hon. friend Shri Basu is a very understanding, competent and intelligent person. Surely, he does not expect me to return to this King Charles' head once again. He must say his piece and I must reply. I think time has come and he understands me well enough. He won't get offended if I do not offer my reply having replied to him so many times before.

That more or less completes my budget and in regard to the question of reporting all the tariff protection given to various industries, we do send all the documents that we get from time to time from the Tariff Commission. But one point hon. Members might realise is this that this is not all the weapons in our armoury. What happens is that by this quantitative protection of import control we are giving to our industries substantial protection. May be in some cases we find we are wrong but by and large the policy of protection, both direct by means of Tariff Commission's recommendations and indirect by means of quantitative restrictions has brought dividends. Today our industrial production runs in the region of a little more than 50 per cent. of the index figures, which I think, is something of which we can be proud. That is some justification for continuing protection wherever it is pursued and for pursuing a policy in regard to imports which we now pursue.

**Mr. Chairman:** First I will put the Indian Tariff (Second Amendment) Bill and then the other one.

The question is:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

*The motion was adopted.*

*Clauses 1 and 2, the Enacting Formula and the Title were added to the Bill.*

**Shri T. T. Krishnamachari:** I beg to move:

"That the Bill be passed"

**Mr. Chairman:** The question is: "That the Bill be passed".

*The motion was adopted.*

**Mr. Chairman:** I now put the second motion relating to the Indian Tariff (Third Amendment) Bill to the vote of the House.

[Mr. Chairman]

The question is:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

*The motion was adopted.*

*Clauses 1 and 2, the Enacting Formula and the Title were added to the Bill*

/ Shri T. T. Krishnamachari: I beg to move:

"That the Bill be passed."

Mr. Chairman: The question is:  
"That the Bill be passed."

*The motion was adopted.*

## DEMANDS FOR SUPPLEMENTARY GRANTS

### DEMAND No. 85—MINISTRY OF PRODUCTION

### DEMAND No. 131—CAPITAL OUTLAY OF THE MINISTRY OF PRODUCTION

Mr. Chairman: We will now take up the next business on the agenda, Demands for Supplementary Grants.

Motions moved:

(1) "That a supplementary sum not exceeding Rs. 4,27,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'Ministry of Production'."

(2) "That a supplementary sum not exceeding Rs. 1,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'Capital Outlay of the Ministry of Production'."

There are cut motions so far as these two Demands are concerned. Will the hon. Members kindly inti-

nate whether they want to move those cut motions?

(1) *Steps taken for expansion of steel production.*

(2) *Steps taken for expansion of iron and steel production.*

Shri N. B. Chowdhury (Ghatal): I beg to move:

(1) "That the demand for a supplementary grant of a sum not exceeding Rs. 4,27,000 in respect of 'Ministry of Production' be reduced by Rs. 100."

(2) "That the demand for supplementary grant of a sum not exceeding Rs. 1,000 in respect of 'Capital Outlay of the Ministry of Production' be reduced by Rs. 100."

This demand 131 relates to the production of iron and steel. The question of the expansion of this industry is certainly a very vital one and we are glad to see that at least at the end of the Five Year Plan Government have taken certain steps to expand this industry.

Here is a question of training a number of persons and the setting up of certain industrial plants. Since 1952, we have been urging upon Government to start the basic industries so that our national economy may be strengthened, so that our independence may be strengthened. But, Government did not adopt such measures at that time. There were reasons for that. They did not seem to be in a position to take a bold stand because of the influence of foreign capitalists over the economy of our country and because of other extraneous influences. It was clear that the Government could not take quick action.

We have heard of talks about the setting up of steel plants in this country and there were negotiations with certain agencies in other countries, U.S.A. and the U.K. but nothing resulted. Recently, there seems to be a change in the policy, failing in their endeavours to get help from those



countries. They made a change in their policy and wanted to have help from whatever quarter it came. When they negotiated about the expansion or setting up of certain basic industries with certain socialist countries, the imperialist countries also came forward with their help. Now we know about the agreement with Krupps-Demag in respect of the plant in Orissa. There, if you consider the terms it will be clear that in the terms of the agreement there are so many provisions which are not in the best interests of our country and which affect our interests adversely in many fields including the question of training of personnel. We have to pay a huge amount for even planning and we have to give them a share and all that. With regard to the other plant—Bhilai—we find that no such condition is attached. We were ready to accept the help which is in the best interests of our country and which comes without any strings attached to it. Only then we can make rapid expansion in our production of iron and steel. In the notes it is mentioned that the private sector is not in a position to expand its steel production. In addition to the expansion in the private sector, Government have undertaken these ventures. This is one of the fourteen basic industries on which Government laid particular stress in the First Five Year Plan. They had also mentioned the need for State control and State's responsibility for the development of these industries.

Now with regard to the production of iron and steel in the private sector, we find that only recently Government gave a loan of Rs. 10 crores. It is without any interest. We do not understand the reasons for this interest-free loan. It may not yield dividends during the first few years. The establishment of a big iron and steel plant or the expansion of a plant may take some time and it will take some time to give profits. It is quite understandable. They may postpone the payment of the interest for a certain period. But why should not interest be realised at all?

After some time they will certainly be making profits and they will be in a position to pay back the interest. When we are trying to expand the iron and steel industry in the public sector for the purpose of development of our economy and for industrial expansion, we should not give such facilities to the private sector and say that they need not pay the interest at all at any time. That is one thing which we highly object to.

Then with regard to the plan for the setting up of these things as envisaged in the notes, I may say that we certainly want that Government should take prompt action with regard to those. We do not want to hinder this in any way. In fact we want that sufficient money should be allocated for this purpose so that there may not be any difficulty in the way of rapid execution of these projects. But at the same time we must see that the personnel is trained as quickly as possible and proper opportunities are given to Indians. These plants that we are proposing to set up, we should see, are not handed over to the private sector in the future. This suspicion is there in our minds because I heard the hon. Finance Minister, Shri Deshmukh, make a remark in connection with this. The phrase used by him was not necessarily 'Certain things, he has said, will be done in the public sector first by the Government but not necessarily for retention in that sector. That is the phrase used and I do not think that this will apply here in the case of iron and steel production. But this suspicion is lurking in the minds of some of us. I would like to have a categorical assurance from the Government that these industries which would be set up by the Government would continue to be in the public sector and would never be handed over to the private entrepreneurs. That is what I have to say with regard to iron and steel projects.

**Mr. Chairman:** I have to make a correction. Only two cut motions stand in the name of the hon. Member

who had just spoken—Nos. 23 and 31. Other hon. Members who had sent in their cut motions are not present and so it would be deemed that only two motions have been moved namely Nos 23 and 31.

Cut motions moved:

(1) "That the demand for a supplementary grant of a sum not exceeding Rs. 4,27,000 in respect of 'Ministry of Production, be reduced by Rs. 100."

(2) "That the demand for a supplementary grant of a sum not exceeding Rs. 1,000 in respect of 'Capital Outlay of the Ministry of Production be reduced by Rs. 100."

**Shri K. K. Basu** (Diamond Harbour): This particular demand relates largely to the formation of the Ministry of Iron and Steel under the charge of our able and capable Minister. . .

**Shri Kamath** (Hoshangabad): Mutual admiration!

**Shri K. K. Basu**: . . . Minister who on the threat of resignation gets things done.

**Mr. Chairman**: Now we have got only cut motions.

**Shri Kamath**: He might be cut. That is what he meant.

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari)**: It also includes beheading the Minister.

**Shri Kamath**: That is the apprehension of the Minister. (*Interruptions*).

**Mr. Chairman**: Perhaps the hon. Member feels that the hon. Minister began the game.

**Shri Kamath**: Complimenting.

**Shri K. K. Basu**: Government is possibly laying greater stress on increasing vital industries in the public sector. We all wish that the production

of iron and steel in our country should increase to meet the basic requirements without which our industries cannot grow. It is also good that a new Ministry has been formed to deal with the matters relating to iron and steel not only in the public sector but also in the private sector. I feel that the new Ministry will see that this particular industry is dealt with properly in the interests of the nation even in respect of the private sector. We know fully well about the three plants that are to be put up. I am not going into the details which my friend has discussed at length. He pointed about the different terms on which we are having these. When they go into production, the production of iron and steel in our country will increase. Even then according to the Government figures, only fifty per cent of our requirements will be met by the public sector and another 50 per cent will still be in the hands of the private sector. In recent years the private sector has tried to expand its production capacity and to a large extent Government has come forward to help it by advancing loans on very easy terms like interest-free loans, etc. The payment of interest is postponed or the repayment of capital is to be in easy instalments. Sometimes by the Government guarantee for the repayment of the loan, these companies raise money from international agencies like the World Bank, etc.

What I would like to urge upon this House is this. Production of steel is very important and vital for the industrialisation of our country. Therefore, Government should also see that this private sector will not be a trouble. Unfortunately the history and the behaviour of these particular concerns—mainly the two big ones—the Tatas and the Indian Iron and Steel Company leave us with some suspicion in our minds. The other day, the Chairman of TISCO, Burnpur has said that they want to expand and for the first expansion they have already come to an agreement with

the World Bank and have got some accommodation from the Government for which the Chairman has naturally thanked the Government. He is expecting a second expansion for which capital may be raised, but that is conditioned on the theory that if the steel retention price increases the Government may allow them to recoup the loan that they may raise from outside, or the capital they may try to raise. The actual expression he has used is: "In order to cover up the loan". He has said that on that condition only the question of further expansion arises. We know that in this particular concern the Government has large stake but we do not know whether the Government has any chance to check up how they behave, apart from the figures of production which they give, because on the production figures even the Members of Parliament cannot lay their hands as they are not supplied to them.

At the same time the Chairman of the concern says that the workers are producing more, they have developed their efficiency and all that. But, when the question of payment of production bonus is raised they refuse to pay. They even provoke the workers to stop work or to go on strike for the achievement of their legitimate demands. Often the Government is asked through labour unions and other organisations to intervene and see whether the concern is in a position to pay production bonus when the Chairman himself in his annual statement has said that the workers have worked wonderfully, efficiency has increased and the per capita output, has increased. Even then the justified demands of the workers are not fulfilled. What I urge is that when the workers make such a simple demand the Government should look into the matter and if they are satisfied that the workers are fully justified in their demand, their demand should be conceded. What I find is that the Government sits tight and the Government agents who are supposed to look after the in-

terests of the labour actually help for the protection of the interests of the private industry with the use of the whole Ministry and use of the police force. This goes against the most vital and most psychological approach of the workers which is a very important thing.

**Mr. Chairman:** A support to a cut motion should not be prolonged so much.

**Shri K. K. Basu:** I am supporting the cut motion as well as discussing the Demand. We are discussing a new Ministry and it is not restricted to a principle we have already decided.

**Mr. Chairman:** If the hon. Member, was so keen perhaps we expect some cut motions from him as well.

**Shri K. K. Basu:** I am not simply supporting the cut motion. I am also speaking on the Demand which comes from a new Ministry. In that I emphasise that this should be the way in which the new Ministry should work. I feel that the Government should see that the output of a particular concern which is so vital for us is kept up and every constituent in the production—capital and labour—should be kept fully satisfied. Even though the Government takes an attitude as if this is a private sector and it has nothing to do, everybody feels that the Government has so much stake in it either by way of large amount of advance or as guarantee for large sums of money.

**Shri T. T. Krishnamachari:** I have no desire to stilt my friend's time. I may say that this particular Ministry is not dealing with these two units in the private sector.

**Shri K. K. Basu:** You mean to say that these are not under the Iron and Steel Ministry?

**Shri T. T. Krishnamachari:** The Iron and Steel Ministry is not dealing with Burnpur and Jamshedpur works.

**Shri K. K. Basu:** Even though the Iron and Steel Ministry is concerned with the works in the public sector and the private sector is left to the Commerce and Industry Ministry, the individual concerned is the same even if there are two Ministries.

**Shri T. T. Krishnamacari:** The Commerce and Industry Ministry looks after the distribution of iron as well as the units in the private sector including Bhadravati factory and re-rolling mills. The Ministry of Iron and Steel is dealing with the proposed plants.

**Shri K. K. Basu:** But, when the new Ministry was created a Press note said—it may be because of one common individual in both the Ministries that they combined both—that both the sectors will be put under the new Ministry.

**Mr. Chairman:** Now it is made clear.

**Shri K. K. Basu:** Therefore, what I would say is that this Iron and Steel Ministry should see that the whole thing is brought—in this case fortunately we have the same person—under a common plan.

The formation of a new Ministry is very good because the public sector has been increased and, possibly, some more vital industries may be brought under it, but it is necessary that the Government should take much more direct interest.

There is only one more point on which I want to lay stress. I would only appeal to the hon. Minister to consider this point. People have always a suspicion, especially when a statement as I mentioned has been made by the Chairman of the concern, that the Government always give help to raise retention prices, to raise more capital and so on, but when the common man comes for either a reduction in the prices or with a demand the workers have got they take a lukewarm attitude. In

the case of the new Ministry it is very good that they are going to give training to so many persons as is indicated in the very short descriptive note which has been given to us. I wish we had a further detailed note. Even though only three new steel plant agreements are completed the whole project is more or less fully determined and the Government should have given us a full detailed note about the position and the way they are dealing. One thing I want to suggest and that is, I hope the hon. Minister will see that Indian talents develop with regard to iron and steel. We have got the Tatas and we have got the Indian Iron and Steel which are established for a very long time, but whenever we have got to establish a new plant we are compelled to go to foreign agencies. It is true that we may not have the 'know-how' in the country, but why should it not be developed in regard to output and fabricated industry which is necessary for building up our iron and steel industry?

The other day I remember our Minister made a statement that we are thinking in terms of a fourth steel plant and that may be located in Bihar. I am not concerned with where that is going to be located, if it is to be located in India that is the most important thing. But, I wish that when the question of setting up that plant is considered the majority of the 'know-how' skill should be obtained from India itself and where we cannot absolutely get the talent here we can import from outside. This outlook the Government should have. I have sat in one important committee of this House and there I have found that in every industry we want to build up, even after 5, 6 or 7 years time, we see that there is nobody who can properly design; whether it is machine tools, ship building or whatever it may be. The unfortunate part of it is that whenever we enter into an agreement with a foreign firm we never attach any of our men at the designing stage. After 6 or 7 years when something goes

wrong then it is said that the foreign experts designed for us and they have not designed properly. When we are going to have a new Ministry for a very important sector of our industry we should see that our Indian talents develop and attach our men to these foreign experts from whatever country they may be so that whenever we go in for another steel plant it will be done with entirely Indian talent and 'know-how' as far as possible and we need import men from outside only where it is absolutely necessary and which is not easily available in our country.

**Shri Bansal (Jhajjar-Rewari):** I rise to support both these Demands because in my opinion the formation of this new Ministry underlines the great importance of the development of iron and steel industry in our country. Having said this, I must say that I am not completely reassured as to what is happening with the much talked of plants—at least two of the plants—that are under progress. We have been talking about Rourkela Plant for the last 3 years and of the Bhilai Plant also for the last one year and a half or so. The House has yet to receive from the hon. Minister a report on the progress in respect of both these plants. I am not trying to strike an unduly sceptical note, but I have a feeling, in spite of all that is being said about the progress that these two plants are making, of doubt in my own mind as to whether either of these plants will be ready within the next five year period. I say this because we have had no information as to the progress of these plants so far. Whatever stray report that one gets, indicates that not much work has been done at the site, either of Rourkela or Bhilai. Therefore, what I would like the hon. Minister of Commerce and Industry to do, while replying to this debate, is to take the House into confidence as to the progress that has already been made at least in respect of these two plants.

As regards Durgapur, we had a Mission from United Kingdom in April last. We were told that their report would be received in May or June. I do not know when the report came, but another Mission came in October. I think that Mission left recently. Another report from them is expected in about a month's time. After that, I think a project report will be drawn up and I do not know how long that will take and how long the subsequent developments will take. I am saying all this because I am really one of those who are impatient about the development of this very vital industry in the country. I would like to impress on the hon. Minister of Commerce and Industry that he should not allow grass to grow under his feet, lest he should find after a period of three or four years that our development in this respect is not what it ought to have been.

I am one with my friend Shri Basu when he talks of the lack of technical personnel. In fact, I tabled a question some time back in this House, asking the Minister of Commerce and Industry as to what steps are being taken to train the necessary technical personnel which is required for the setting up of these three or four plants and which will be responsible for producing five to six million tons of steel. He might have a number of schemes so that all the requisite personnel is trained within a reasonable period of time. But I would like to know what those schemes are. Have any of those schemes made any headway? Are we getting our people trained in foreign countries and which are those foreign countries? Are they Russians or Germans from whom we are going to receive technical training, and are they prepared to undertake the training of our technical personnel? Are you making adequate arrangements to get training for our people in the existing steel plants of our country? Are we working in this direction hand in hand with the Tata Iron and Steel Company and the Indian Iron? If they are not in a position to supply

[Shri Bansal]

us the necessary technical personnel and training facilities, then what steps are we taking to see that those people do make these facilities available to us? I think it is high time that all these facts were placed before the House so that those who are having some sort of doubts in their minds as to the speed and the period within which all these plans will come into fruition can feel slightly reassured.

I do not know what the project report will be about the Durgapur scheme and when it will be started. I must warn the hon. Minister of Commerce and Industry that he should not take for granted that all the help that he expects will be forthcoming from the United Kingdom. In fact, my own feeling is that this scheme is going to founder on the bedrock of finance as far as the United Kingdom is concerned. Therefore, I think he should explore some other avenues also so that we do not lose time.

About the technical personnel and association of Indian know-how with the development of this industry, as you are aware, Rajaji first talked about the setting up of two steel plants as early as 1947. It will be nine years in March next when he first talked of putting up these two steel plants. In all these nine years, we have been talking off and on. Of course we arrived at some agreements with the Germans and then subsequently with the Russians, but, as I said, we are still far from producing even an ounce of extra steel. I think even if the plans of the hon. Minister of Commerce and Industry fructify, it will be twelve or thirteen years after Rajaji's statement was made that some additional steel will be produced in our country. May I ask how is it that you were all the time waiting for the setting up of a steel plant of whatever capacity, on the foreigners? We never took our own Indian producers into confidence as to how much more they could produce, whether

they were in a position to set up additional plants and whether they were in a position to help Government with their schemes of development in this direction. When I made certain enquiries from the Production Minister, he told me "How can we approach our Indian friends, Indian companies, because they themselves are approaching Krupps and some others for technical know-how and for the development of their production capacity?". I do not think that is a reasonable attitude to take. I even now believe that if we associate very actively the Indian producers of iron and steel with these project reports, with the formulation of these schemes, our dependence on the foreign elements will be lessened. I think that is a very desirable step to take. As I pointed out yesterday, with regard to the rubber industry the result of our excessive dependence on foreign monopolistic concerns has been that we have no control over the price structure. We do not know how their price structure is made and how they charge such high prices. I am afraid that if we are not vigilant enough, the same thing may happen with regard to the Rourkela plant. I know the Minister of Iron and Steel is very vigilant; he was vigilant in respect of the rubber industry also; but it was only after a number of years—only this year—it was found out why the rubber interests were charging such high prices. Therefore, I would urge upon the Minister to see that we should have more and more association of Indian technical know-how, Indian personnel, with the development of these vital industries.

Again, with regard to the technical personnel, I think we will require thousands of engineers for these three or four steel plants. We can send only a limited number of technicians abroad for training. What I want to know is, how and in what manner the Minister of Iron and Steel is proceeding so as to ensure that within a short period we can get the required technical personnel at all levels. We will require them at the foreman



level, at the engineering level and at the consultative engineering level. I do not know all the categories, and he will be able to enlighten the House better, but at all these levels, we will again require technically trained personnel. I want to know as to how he is determining and making sure that all these tiers will be filled as and when vacancies go on arising. I think that is a very important and difficult task and I suggest that the hon. Minister gives very serious consideration to this aspect also.

**Dr. Suresh Chandra (Aurangabad):** I think that we should welcome the setting up of a new Ministry for Iron and Steel, because, as has been said, the annual production of steel ingots has been set—by 1960-61—at six million tons and for that reason we have got three plants at the moment. It is very important that there should be a separate Ministry and it can give a real push to this work. I think the work in regard to all these three plants at Bhilai, Rourkela and in Bengal has been proceeding well. I think we should congratulate the Minister for having paid the best attention to this work.

However, I feel that this kind of setting up of plants which have been imported from outside India is not good. It is not enough. Even our Prime Minister who has been visiting foreign countries lately, especially China and Russia, has referred to this matter. When he returned from China, he told us that even an industrially backward country like China has not only started manufacturing steel but also started installing these plants. I feel that it is important that we should also start manufacturing steel plants, so that we may not have to spend a large amount of money on importing all these plants. I would like the hon. Minister to tell us what steps the Government have taken in this direction.

2 P.M.

There is another point which I would like to stress, which has also

been expressed earlier by some hon. friends. That is with regard to personnel and it is a very important one. The Government of India is entering into a new field in the production of steel, because compared to even some small countries in Europe, steel production in India is very small. Therefore, this is a very important matter. We are importing these steel plants and we are also importing engineers, scientists and metallurgists and other people from outside India. I would very much like to know what steps the Government are taking for the recruitment of the right kind of personnel. In this House also, very often criticism is made and it is said that on the one hand, there is dearth of personnel in this country and on the other, a large number of engineers and others do not find employment. I myself have some experience of this kind of conflict between dearth of personnel on the one side and unemployment on the other. In the Damodar Valley Corporation, which I had the privilege of visiting on behalf of the Estimates Committee, I was sorry to find that there was no co-ordination. Because of lack of co-ordination in this country, we have dearth of trained personnel in many projects which we have undertaken for the development of industries on the one hand and unemployment on the other. I would like to know from the hon. Minister the steps which are being taken by the Government in this direction also. The Estimates Committee have also recommended that wherever we have engineers and experts from foreign countries, we should have some kind of understudy, so that in proper time we can have Indian engineers who can man these projects without the aid of the foreign experts. I was told at the D. V. C. that as far as irrigation was concerned, there was no sphere where the Indian engineers could not do as well as the foreign engineers. I do not know whether the same is true about the steel industry; but I think our people do not lack talents even in this matter if proper direction is given to them and if proper facilities are also provided.

[Dr. Suresh Chandra]

Therefore, I hope that this Ministry, which is a welcome one, will devote some attention to the proper selection of personnel and training them.

In some places, for instance in Rourkela, there have been grievances of labour which have been often brought out in this House. I feel that the Ministry should also do something, so that the labourers are given proper facilities and payment and their grievances may be removed. There is also another point. Whenever we instal new plants; we have sometimes to evict the people of the villages in those areas. I have been told that in certain places in Rourkela villagers have not been paid any compensation for the loss of their land or houses. I would request the Minister to look into these things. There is also a complaint that in Rourkela and other places where the steel plants have been installed, local talents—engineers and others—have not been properly utilised. I think we should not follow the policy of importing engineers not only from abroad, but also from one State to another. We should try to utilise local talents as much as possible.

Till now there was a great necessity for setting up an Iron and Steel Ministry and we are really happy to have a very able Minister at the head of this Ministry. I heartily support these demands.

**Shri T. T. Krishnamachari:** Mr. Chairman, once again I have to express my gratitude to the three speakers for the general support they have given to these two demands. Mr. Bansal has asked a number of queries. I have come reasonably well prepared to answer many queries, but I think they came at such rapidity, the rapidity of a sten-gun, that quite a piece of it missed me and went on to the wall. The point really is this. The Ministry was created in order to deal with this problem of steel production, i.e. to increase steel produc-

tion. At the moment, as I said before, the units in the private sector have been left untouched. It is with the Commerce Ministry. The question of import and distribution of iron and steel is also with the Commerce and Industry Ministry. What will happen in future is a thing which I cannot say now. It looks as though this will be the pattern for some time to come. It is true that we thought of two additional steel plants in the public sector. One very distinguished person, who was a predecessor in this office for some time, Rajaji, was in charge of the Ministry then. At that time we invited three consulting firms to produce project reports. In 1949 the Government were hard pressed in regard to finance. There was devaluation and inflation in the country and the decision was taken at a very high level not to proceed with the projects. in spite of the fact that Government had spent some money on it. The proposal was again revived after this new Ministry came into being in May, 1952. As my friend Mr. Bansal, put it, not quite so plainly, but indirectly, Government are not very competent in these matters. They have got to find their feet. It is a question of learning all about steel. We did take some time to learn how to set up a steel plant. I must say that, in spite of our noted incapacity to run industries, the knowledge that a director of a company in our country possesses is far above that of the knowledge possessed by directors in other companies in regard to steel production. In fact, some of the time I have been here today, I have been doing a wrong about a particular process of steel making, about which I shall be hearing a lot this afternoon if the House would permit me to go away from here. Our education is proceeding fairly rapidly in my view. Whether it is likely to achieve the desired results is a matter which is in the laps of God. My hon. friend Shri Bansal thinks that we would not be able to produce steel in 5 years and it would take more time. After all, if Shri Bansal on the one side and Krishna-

machari on the other were weighed in a balance, I, as a Minister, may tilt the balance a little on this side, and when I cease to be a Minister, Shri Bansal will tilt the balance undoubtedly on the other side. It is not merely an empty hope, but an earnest hope that we shall be able to complete our projects well before the end of 1959. I also hope that, whoever may be in charge of this office, whoever may be the group of Ministers who would be in power in 1958, we should early in 1958 set about thinking of further expansion from 4.5 million tons of finished steel which we are now contemplating. If Shri Bansal asks me, what is your view, whether this further expansion could be completed, I will say, it may be completed very nearly before the end of the Second Plan period. After all, when we project our minds into the future, one man's word is as good as another. The proof of the pudding is undoubtedly in the eating of it. Whether I will be here to eat or not is a matter of grave doubt. It is still a matter of graver doubt whether I would be alive to see it done. Being mortals, I do not propose to project my mind beyond that.

So far as the present plans are concerned, my hon. friend wants me to give a report. I do not want to give an empty report merely to say so much of earth removed by the earth movers, so many trenches dug, so many bore holes dug in order to find the soundings for foundation and details of this nature which do not interest even myself. After this Ministry was created, I have been twice to Rourkela. The project of the township is going ahead. We are thinking in terms of 18 to 20 sectors. Three sectors will be complete before long. Work in regard to the foundation of the factory is also being taken up. The sites have been marked. But, my hon. friend asks, where are the plans? Unfortunately, it is not like going to a bazaar and buying something. If it is a question of buying *badam* or *pista*, I can go to Wengers, buy and produce it. It is merely a question of walking. Here, it is iron and steel.

It is so difficult a work. I can tell my hon. friend that in regard to this Rourkela plant, though we received the project report from our consultants some time back, we subsequently revised our steel targets and decided to raise the production from 359,000 tons of finished steel to 720,000 tons. May be that we will get another 20,000 tons more if the gauge of the sheets is altered. Once we did it, the plan had got to be revised, and fresh project report had to be drawn up. It took some months to do that. Any way, so far as Rourkela is concerned, we have got the first set of tenders. Tenders have been issued. We expect to finalise the tenders in regard to coke oven, blast furnace and other ancillary matters some time early in the new year. We have now got the final report. We expect to get the second batch of tenders for other equipment and the plant.

At the moment, we are now concerned in discussing certain alternative process of steel making and as I said before, if the House will permit me to go, I do propose to have discussions roundabout this afternoon whether we should decide on the conventional process of open hearth for steel making or we should use the new process, what they call the L.D. process of half and half or a quarter and three quarters. All these things will have to be decided in a short time. This will take us to the next stage. Then, we have to issue tenders. We have got to wait for the people to tender. It is only when the man who tenders for this plant, gives us his own dimensions, the type of foundation that he wants, that we can go ahead with the question of foundation. These are the limitations that you cannot escape in a matter where, assuredly, with all the technical skill available, it will take time.

**Shri K. K. Basu:** Does this decision about the second process concern Rourkela also?

**Shri T. T. Krishnamachari:** It only concerns Rourkela. We are not thinking of the new process for the other plant.

**Shri K. K. Basu:** You again open the question of tender. Initially you have already received tenders.

**Shri T. T. Krishnamachari:** It is going in batches. In the first batch we have issued tenders. We expect to receive tenders early next year. We have got to issue tenders for the next batch. After all, it is running in stages, unless we have a package deal. We have a package deal and I shall be coming to the Bhilai plant. This process is different. That is the position as regards the Rourkela plant. I do believe that even with all these delays which are incidental, and in the present case seem to be unavoidable, we would be able, with the help of the consultants, to get the plant going some time in 1959. In fact, it is my desire to accelerate it as much as possible. May be that I am not being very wise; but everything that is possible is being done in the direction.

In regard to the Bhilai plant, the work on the site is proceeding. The quarters for the consultants and for our engineers are being built. The Chief Engineer of the plant who is sent by the U.S.S.R. is already on the site. We expect a further batch to come before long. In the mean time, we have to finalise the project report, accept the project, and settle the terms. We have now got a delegation of 21 people who have come from the U.S.S.R., whom I met yesterday. We have to go through the process of scrutinising their prices. Their project report has been received. It contains two volumes for the purposes of a layman like myself and 35 volumes for the purposes of experts. These have to be scrutinised and we have to decide on the prices. So far as the Bhilai plant is concerned, we agree to a package deal. We pay a particular price for all the equipment that they supply. We don't call for tenders, we won't earmark this or that and the various details. It is a complete deal. They give us what is called the 'turn-the-key' job; they deliver us the plant in a working condition on a stipulat-

ed date. That is in progress now. We had anticipated their producing the report at the proper time. We have gone ahead with the work. I expect probably in about a couple of months time, we will be able to finalise the deals.

**Pandit Thakur Das Bhargava (Gurgaon):** May I know who are the experts for whom the 35 volumes have been prepared?

**Shri T. T. Krishnamachari:** They are for us. We have got to find experts to study them. In the course of the study, I might become a quasi-expert myself.

**Pandit Thakur Das Bhargava:** They are for our own experts.

**Shri T. T. Krishnamachari:** Now, I will come to the third plant about which my hon. friend Shri Bansal is extremely more sceptical than the other two, that is, the plant that we want to set up in Durgapur. We invited a British team under the Colombo Plan to advise us. That team came here presided over by a person who is a former member of the Indian Civil Service. I would like to say that they have given us a report which is full and complete to the extent that it is possible, an extremely good report, in a very quick time. It gives us the broad contours of what we want, and what the costs are likely to be. The team that came had no financial interest in pursuing their proposition. They came, as I said, under the Colombo Plan financed by the U.K. After that we have been discussing with a firm which has been promoted for the purpose of setting up a plant in India in which various manufacturers of the different parts of a steel plant, in some cases there are two manufacturers for the same type of plant, are represented. That team came and we were discussing with it. We expect to hear from them finally with regard not merely to the costs with a variance of 5 per cent either way but also the terms for a package deal by about the middle of next month. And if that is satisfac-

tory, then the project report will be prepared by our consultants in consultation with them. The method that we are following with regard to the third plant is slightly different from the two other methods.

In the case of the Rourkela plant, our consultants happen to be Krupp Damag who are Germans, who will also erect the plant. They are free to supply the plant also. The terms of financial participation have got a tie-up with their supplying the plant. If this plant is supplied by them, a particular percentage will be pumped into the capital of the company. In the case of the Bhilai plant, we are depending on the Russians for technical help for providing an alternative for consultant, for doing the erection and for supplying the machinery. In the case of the third plant, we varied the procedure. We have negotiated, but we are having an agreement with a very well known firm of consultants who will be our consultants, no matter where we buy, who will prepare the project report with the particular person who supplies the machinery who will frame the proposals for tenders, who have no interests whatever in any part of the world in regard to the manufacture of steel making plants. We have also ensured—assuming that the agreement goes through which I think it will—that this firm should give us broadly all help in regard not merely to iron and steel but to all allied matters like production of alloy steel, special steel, stainless steel and whatever we want, and we propose to engage them as our general consultants for a period of five or six years so that we get their help in any matter that we want. So, the procedure we are now following in this particular matter of the third plant makes us free to buy our plants from wherever we want. It does not necessarily tie us up to the British. If the British offer us a package deal which we find is favourable to us and the terms of payment are such as could be accommodated within our financial capacity during the second Five Year Plan, well,

possibly the Government might accept it. If that contingency does not happen, I am not going to drop Durgapur. I would like to tell my hon. friend, Shri Bansal we are going to ahead with it. Maybe we will find ourselves rather in straightened circumstances with regard to finance, but my hon. friend Shri Basu has promised to give me his support. He said there should not be any bargaining in regard to provision of funds for these three steel plants. That gives me courage. I might be able to fight the Planning Commission and say: "No, my budget should not be cut down." If that is the case, I feel now that the Government is now competent enough with the aid of this consulting firm to go ahead further in regard to the third steel plant. We can buy our machinery wherever we like, whoever supplies to us cheap. We might buy it from all over the world.

**Shri Bansal:** What is the position of the consortium vis-a-vis this from of consultants?

**Shri T. T. Krishnamachari:** Nothing at all. Absolutely nothing, because the firm of consultants are our people. The consortium are just suppliers of machinery and there is absolutely nothing. They are not even in a juxtaposition. The consultants are our consultants, they have got to give us their opinion, prepare project reports according to what we instruct them to do. Maybe this consortium or any other consortium in some other country may supply the goods and our consultants will work them and prepare the details and give us advice with regard to the technical suitability of the plant as well as with regard to cost and also supervisory control in the erection of the plant.

**Shri K. K. Basu:** The other day it came out in the press that Rs. 126 crores is considered to be the cost of this project. Has it got any real foundation or is it just a conjecture?

**Shri T. T. Krishnamachari:** Apparently somebody has got something which has been casually mentioned.

[Shri T. T. Krishnamachari]

it may be that the plant might cost Rs. 126 crores if we include everything, ore mining, township and the ancillary services, or it might cost a little more. At the present moment, I am not in a position to tell you very definitely what the cost will be. Maybe when we decide what the cost at the end of construction of the U.S.S.R. plant at Bhilai will be—it might be in the region of 50 or 60 or 45 crores—the other 60 or 70 or 80 crores which I have to spend in this country will only be an estimate. There will have to be a revised estimate, final accounting. That is the expenditure incurred by us in our supervision, paying for material, paying the men, for development of our resources, the township which we plan etc., and our requirements will vary from time to time and we can only give a rough estimate of the rest. When you pool it together, it might probably come to a big amount. In any case, whatever the plan might be, the foreign expenditure would be in the region of about 45 per cent. Probably it may be a little less. In the case of the Rourkela plant it may be a little more because of the nature of the plant. The type of rolling mill required for the purpose of manufacturing sheets is a more costly one than an ordinary rolling mill for structurals and for common steel.

**Shri S. V. Ramaswamy** (Salem): We are going to have three plants, I believe, in different parts of the country. Will it not be possible for the processes to be standardised, in order to cut short the time so that we may avoid the delay in the preliminaries?

**Shri T. T. Krishnamachari**: My hon. friend has completely missed whatever I have been saying. One agreement is with the Germans. They are preparing specifications according to their own experience. Maybe some portion of the plant would be purchased from them. If the tenders are suitable, it might be purchased from elsewhere. The second one is

Russian which is standardised according to their ideas. The third one may be from anybody—one part from U.K., another from Japan, a third from Czechoslovakia, a fourth from Germany etc. Recently, I had an opportunity of visiting the Indian Iron and Steel Co., plant and spending some time with the Chief Engineer there. I got a break-up of the orders placed. It is placed in six different places because tenders have been invited, and they accepted those which were cheap. Therefore, standardisation at this stage is not a possibility. It might be at the next stage. The production of steel is undergoing various changes. Maybe, by the time we finish these three plants, and are thinking of expansion, some other new method might be in the offing. We might have to try. Some kind of standardisation is undoubtedly possible when we establish these three plants and we probably have ultimately a common technical management of all the three. But at this stage when we are discussing with different people, and there are specifications by different consultants, it is not a possibility.

Coming back to this Durgapur plant I want to tell my hon. friend Shri Bansal that if he wants to doubt, I cannot make a doubting Thomas not doubt. But if he has any faith in the Government's ideas about which they are very serious, we do propose to go ahead with the Durgapur plant, wherever we get the help. We are now equipped for that purpose because we have changed the pattern of proceeding in this matter from the other two plants which are very near the stage of finalisation.

Mention was made in regard to technical training. I have been giving a lot of thought to this matter, because it is one of the difficulties that we are faced with in this scheme of industrial expansion. In the scheme of industrial expansion which we have—and so far as I am concerned, I am very ambitious—I find that at every stage the trouble will be for getting the technical people, and the technical



help. In any event, even assuming that we have people who know steel-making, it would be very difficult to completely do away with the foreign element for some time to come; maybe, another six or seven or eight or ten years hence we might.

My hon. friend Shri K. K. Basu will remember that the basic scheme—I am told—of the Russian plants are American. They have developed therefrom, but basically it is American and it is constructed on the American model.

**Shri K. K. Basu:** They got the American model, but they began to work on it. We want to emphasise only that aspect.

**Shri T. T. Krishnamachari:** But for a long time they had the Americans to work it.

Here, I might tell my hon. friend that I have no difference with him in this matter at all. It is not a question of an emotional background; it is a question of a practical necessity. And luckily or unluckily we have chosen two different sets of people to help us; the third we might have might be somebody different again. So, dependence upon anyone particular set of persons is not there. Even incidentally, though we did not will it, and this happened almost as if by accident, we have a basis of comparing various techniques and various costs, because no two factories are from the same source. But until we develop a very high degree of knowledge in regard to all branches of metallurgy, —it will certainly take us ten to twelve years and even more—we shall have to have some dependence on foreigners, whether they be Russians, the British or the Germans or the Americans. There is nothing wrong in it, because some kind of foreign technical know-how and the experiences they have in their own countries, if imported into our country, is something quite good.

But the other point mentioned by my hon. friend Shri K. K. Basu is very valuable. I think it was stressed also by Dr. Suresh Chandra. The

point really is that we are trying, wherever we get a foreign engineer, to put an Indian counterpart. In fact, in some of the schemes that we have for office rooms which are being constructed, the rooms are opposite. So, we do want to train up an Indian for every foreigner that we have.

In the British report submitted by Sir Eric Coates, the dependence on the foreign technicians has been reduced very rapidly, so that when the plant starts functioning, they envisage that there will be only 9 experts from England, and there would be no necessity to have anything more than that, whereas in the case of the other plants, the number will be higher. I do not say that it is intentional or that it means that a particular consultant wants us to be dependent on him for a longer time. But I am merely suggesting to you that even when we have to cut down the personnel to the bone, some 9 people will have to remain when the plant functions.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

But the question of recruitment of personnel is engaging our attention. My hon. friend Dr. Suresh Chandra said, there are complaints that no technical people are available, but there are plenty of them. Yes, it is really true. It is like the usual adage:

“Water, water, everywhere, but not a drop to drink”. There are plenty of technical men without employment, but not the correct type of technical men whom we can employ.

A committee presided over by a member of the UPSC has been going into the question of recruitment. I think they sat for two days. I was told that the response has been rather unfortunate. The types of people who came in response to advertisements have not been suitable. So, we have again to go on hand-picking people to go before this committee, and ask them to find out whether they are good enough.

**Shri K. K. Basu:** Suppose there is a person who is a mechanical engineer; he may not be well-versed in a particular type of steel work, because he has no practical experience. Do you have any plan to utilise such people so that two or three years hence at least you will be able to have the suitable type of people?

**Shri T. T. Krishnamachari:** That is exactly the idea. For these steel works, I am not going to get an Indian who will be a works manager, who knows steel-making. I can only get a man who is a very highly trained mechanical engineer, very competent and of an alert mind. And that man can do steel-making after three years of experience. That is precisely the way in which we are proceeding. We are trying to get a mechanical engineer or an electrical engineer with a mechanical bias, or even a road engineer who is accustomed to repairing road rollers and who has a mechanical bent of mind and is willing to learn. We are prepared to have such a person provided he has the personality and he has the necessary amount of general knowledge and so on. That is how we are proceeding. I do not say that the process of selection is perfect.

**Shri A. M. Thomas (Ernakulam):** In the foot-note under the Demand, you have stated that 30,000 technical people will be necessary. At what stage is the recruitment? How many have been recruited so far?

**Shri T. T. Krishnamachari:** I was coming to it. The point really is that out of these 30,000 people, about 120 people had to be top personnel. About 1200 to 1500 people might be younger people who might take the place later on, trained qualified people with graduate training in engineering and some experience in some works or other. The rest would probably be skilled technicians and semi-skilled people. I do not propose to have 30,000 engineers. In fact, I would rather be chary of having 20,000 people in all the three plants, because that would make it uneconomical.

We are thinking in terms of about 7,500 people for each plant. That gives only about 22,000 people. Of course, the office services etc. would be there. We are making an attempt.

So far as the Rourkela plant is concerned, we have got about 49 people in training abroad. So far as the Russian plant is concerned, they have given us a complete scheme for the purpose of training. It may be that we would not be able to send all of them there. Only the top personnel would be sent because of the trouble of having interpreters, the training will have to be done very largely here itself. We have already started a school of training in Jamshedpur, and certain types of apprentices are being recruited for the purpose.

**Shri S. V. Ramaswamy:** If the technique and the process of manufacturing are different in the three different steel projects, will the technicians have to be trained separately for each plant, or will the same persons be interchangeable?

**Shri T. T. Krishnamachari:** It is not quite so bad as all that. The coke oven batteries will be more or less the same; the blast furnaces may be the same; it may be that in the Russian plant, they may get a larger output from them, because they are supposed to be able to do it.

It is only so far as the mill is concerned that things will have to vary. If you have a sheet mill, it is a different thing altogether from a mill which would produce structurals, from a mill which will produce tyres and exles for the railways, or from a mill which will produce rails. The only difference will be in regard to the process of steel-making. It is a question of whether you adopt the open hearth process or the Bessemer convertor process or you have the LD process; these are the two or three different types which are being used all over the world. So, the element of difference is only in one stage. In

the final stage or the finishing process it certainly must be different, because the end-products are different. The Rourkela plant will only be doing sheets and strips, and the other plants will be doing the common garden variety.

As regards the question of recruitment, we are seized of this matter. We are trying to get at some kind of manpower directorate here. I have been trying to pick up the men. Our chief trouble is, even in regard to narrow limits, the personnel. In the demand for the personnel that are now being employed, there is one item in regard to a technical consultant with a pay of Rs. 3,000. But we have not got the technical consultant yet. It is a question of having to find them.

So, the problem of personnel is there. But it has to be conquered. There is no escape from it. We have got to find the men. We are thinking in terms of recruiting the men at one stage, so that we can equally distribute the grade I, the grade II and the grade III men for all our works.

In regard to the help that we are getting from the existing steel plants, I must say to my hon. friend Shri Bansal that we have their full and active co-operation at my level. In fact, I happen to know all of them personally, and nobody has refused me any help; they have never refused to spare a man whom we wanted to send abroad to take technical opinion. In these discussions that we are having, the highest amongst them are available to us for consultation, and we are getting these three steel plants into being with the full knowledge, concurrence and cheerful co-operation of the private sector in the industry.

In regard to the future, maybe, in about another six months' time, I may be able to present a cogent picture to the House. At the earliest possible moment, I can do so. When all these schemes are finalised and when contracts have been placed and we have

settled on the price, I shall certainly take the House into confidence.

**Shri S. L. Saksena** (Gorakhpur Distt.-North): Shall we achieve the target of 6 million tons by the end of the Second Five Year Plan?

**Shri T. T. Krishnamachari**: I not only hope that the target of 6 million tons ingots will be achieved, but it will be exceeded, because in 1958 it is my hope that we would be able to sit down and find out how we can expand.

I would like to mention one matter in this connection, in which the House might be interested, in regard to the other sector. We have not been keeping idle in regard to the overall needs of iron and steel. We have been able to persuade one of the big manufacturers, Tatas, to go ahead with their increased production. I am happy to say that they have been able to find a consultant who has given them a plan and who, if the agreement is signed on the 15th December 1955, has promised to get a new plant, which will supply 530,000 tons, going by the 31st May 1958. I would like to tell hon. Members that I took a personal interest in the matter and we were able to expedite the proposal. I do hope that Tatas will be successful in getting their consulting engineer fulfil the target, namely, an additional 569,000 tons starting by 31st May 1958.

Altogether, while the immediate position regarding iron and steel is very bleak and very difficult, I do feel that from about the end of 1958 we shall have a fair amount of relief. But I should be sorry if we really had any relief. If the economy is really expanding—it is my hope and my belief that we would produce 4.5 million tons—we will still be short of a million tons. It is only when our demands are growing beyond our production that the stimulus for greater production will be there. We will probably be planning in the Third Five Year Plan for more and

[Shri T. T. Krishnamachari]

more production, beyond 20 million tons, in spite of the paltry 4.5 million tons that I am thinking of now. But I am heartened that the House generally is willing to give me all its support in this task that we have commenced, a very difficult task which, I am sure, we will be able to see through having in view the very vast amount of goodwill that we have in this House and practically all over the country.

**Sardar Iqbal Singh (Fazilka-Sirsa):** In view of the very bad experience of consultants that we have had, may I know whether the Government have totally satisfied themselves, before the appointment of these consultants for our plants, about their ability to deliver the goods, especially as the hon. Minister has known that these consultants will not deliver the goods and will not prove to be as good as we expect, as happened for example, with regard to the Hindustan Shipyard and others?

**Shri T. T. Krishnamachari:** I have never had any experience with consultants similar to what my hon. friend relates. I expect my experience will be far more fortunate than that of other people.

**Mr. Chairman:** I will put the two cut motions to the vote of the House.

The question is:

"That the demand for a supplementary grant of a sum not exceeding Rs. 4,27,000, in respect of 'Ministry of Production' be reduced by Rs. 100".

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That the demand for a supplementary grant of a sum not exceeding Rs. 1,000 in respect of 'Capital Outlay of the Ministry of

Production' be reduced by Rs. 100".

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That a supplementary sum not exceeding Rs. 4,27,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March 1956, in respect of 'Ministry of Production'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a supplementary sum not exceeding Rs. 1000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March 1956, in respect of 'Capital Outlay of the Ministry of Production'."

*The motion was adopted.*

#### DEMAND NO. 4—MISCELLANEOUS DEPARTMENTS AND EXPENDITURE UNDER THE MINISTRY OF COMMERCE AND INDUSTRY

**Mr. Chairman:** Motion moved:

"That a supplementary sum not exceeding Rs. 5,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry'."

There is no cut motion to this Demand.

**Shri N. B. Chowdhury:** I only want one information.

This demand relates to the expenditure in regard to the ECAFE session in India. Here it has been mentioned that 24 delegations are coming to attend the session. We would like to know the names of the countries concerned. In this connection, we would

also like to know whether the economic part of the Resolution adopted at the Bandung Conference regarding the development of trade in this region will receive any particular consideration at this session.

**The Minister of Commerce (Shri Karmarkar):** Regarding the names of the 24 countries, I have not the information with me, but I will pass it on to the hon. Member. If he is interested, I shall also pass on to him for his benefit the report of the last session so that he will know more about ECAFE than he appears to know about it now.

Regarding the other matter, about the Bandung Conference, I may tell my hon. friend that that Conference went into economic matters also. But the ECAFE is a distinct organisation, and it has also had previous consultations regarding the development of trade in the region concerned. If he wants any more information about the ECAFE and its working, trade etc., I shall be only too glad to supply the material he chooses. Now, it will be a privilege for us to receive these guests at Bangalore and this is the expenditure which we anticipate.

**Shri N. B. Chowdhury:** I wanted to know whether any agenda has been fixed regarding the session. If so, whether the question of the development of trade in this region—Asia and the Far East—in the light of the economic part of the Resolution adopted at the Bandung Conference will be placed before this session by India or any other State.

**Shri Karmarkar:** The agenda is yet to be prepared. The draft agenda is circulated a little earlier than the Conference. Then the conference finally adopts the agenda. Regarding the specific question whether the economic part of the Bandung Resolution will come before this conference, it will not come in that form, but development of trade in the region itself is one of the subjects in which

ECAFE is interested as part of the economic development of the region as a whole.

**Mr. Chairman:** The question is:

"That a supplementary sum not exceeding Rs. 5,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry'."

*The motion was adopted.*

#### DEMAND No. 22—EXTERNAL AFFAIRS

**Mr. Chairman:** We will now take up Demand No. 22.

**Shri Kamath:** Before you take up this Demand, may I make a request? It is to postpone this demand till Monday. For this, there are also precedents in this House. Today both the demands of the Production Ministry were taken out of turn. In the last session, you will recall that the demand regarding the Official Language Commission was taken up at the very end, though it had figured earlier. Through my cut motion, I propose to raise certain points on which we would like to hear the Prime Minister. As he is absent today owing to urgent business outside, I would request that this demand be held over till Monday, and the other demands may be taken up and disposed of today, if you have no objection to this procedure. The Speaker himself allowed that procedure in the last session. So I think there would not be any objection to it so long as the total overall time is not affected.

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** The External Affairs Ministry is represented here.

**Shri Kamath:** It is much better if the Prime Minister is here when that demand is taken up.

**The Deputy Minister of External Affairs (Shri Anil K. Chanda):** As far as I know the Prime Minister would be very heavily engaged on Monday and Tuesday. It may not be possible for him to be present in the House.

**Shri Kamath:** He would be in Delhi?

**Shri Anil K. Chanda:** He would be in Delhi.

**Mr. Chairman:** In view to the fact that the Prime Minister may not be present in the House even on Monday....

**Shri Kamath:** He will be present in Delhi.

**Mr. Chairman:** But, he is so heavily engaged that he may not come to the House. The point is whether he will be in the House. The likelihood is that he may not be in the House; then, his mere presence in Delhi would not be sufficient.

**Shri Kamath:** Tentatively it may be fixed for Monday and if he is present or not it may be proceeded with.

**Shri Anil K. Chanda:** This is a demand for a supplementary grant and as such it does not raise any question of policy; it is only on a point of information. If the hon. Member wants any information, in my own humble way I would try to satisfy the insatiable curiosity of my hon. friend.

**Shri Kamath:** It is not merely curiosity.

**Shri Anil K. Chanda:** Thirst for knowledge, I should say.

**Mr. Chairman:** I do not think it is fair to say that the hon. Member's curiosity is insatiable. All hon. Members are here only for the purpose of discussion.

**Shri Anil K. Chanda:** I ask for your forgiveness, Sir. The word slipped out of my mouth.

**Shri Kamath:** You and I have been in Parliament because of that; otherwise we would not be here.

**Mr. Chairman:** Because there is no likelihood of the Prime Minister being here—I should certainly like this House to hear him—I do not see any purpose in postponing this.

**Shri Kamath:** There is one eventuality on Monday also. The business on the agenda is likely to be interrupted by the Constitution (Eighth Amendment) Bill. I do not know how long it will take.

**Mr. Chairman:** The full nine hours allotted to it will be utilised for this purpose.

**Shri Kamath:** It may come at the end of the day or even on Tuesday, we do not know.

**Shri Anil K. Chanda:** I do not say that the Prime Minister will not be present in the House, but because of the engagements I know he has, it may not be possible.

**Shri Kamath:** Let me take the off-chance. We may take the other Demands and dispose of them as we have done in the last session and again today.

**Mr. Chairman:** No precedents need be quoted. If it is the wish of the House I have no objection.

**Shri A. M. Thomas:** It is not necessary to postpone.

**Shri Kamath:** The overall time will not be extended.

**Dr. Suresh Chandra:** It is not necessary to postpone because it does not raise questions of important policy.

**Shri M. C. Shah:** These are supplementary demands for the expenditure in connection with these visits.

**Shri N. C. Chatterjee (Hooghly):** If your ruling is that we should go on, then we should start discussing.

**Shri Kamath:** I have made a motion, Sir.



**Mr. Chairman:** Let us take up Demand No. 22.

**Mr. Chairman:** Motion moved:

"That a supplementary sum not exceeding Rs. 23,48,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'External Affairs'."

**Shri Kamath:** It seems Shri Chatterjee has some urgent engagement at 3 o'clock. I would give place to him and I will take my chance after him.

**Mr. Chairman:** Yes.

**Shri N. C. Chatterjee:** We find that under this Demand the Government is asking for about Rs. 20,87,000, roughly about Rs. 21 lakhs in connection with the visit of the Prime Minister of USSR and his party, the Kings of two countries and the visits of other foreign dignitaries. My regret is the Prime Minister is not here. I would have appealed to him to remember whether our poor country can really carry this burden on this lavish scale, especially at the present juncture. Unemployment, the House knows, is steadily rising....Do not laugh, please. It is not a matter for laughing. It is a very serious matter.

**Dr. Suresh Chandra:** I am allowed to laugh.

**Mr. Chairman:** Order, Order. There is no bar to the hon. Member laughing all the time he is here. There is no objection. Every person can laugh here; but, at the same time, when an hon. Member is making his point, at that time, to laugh like this looks rather sarcastic.

446 L.S.D.

**Dr. Suresh Chandra:** I know something of parliamentary procedure and I think it is quite opportune and parliamentary to laugh when some hon. Member makes a point which is absolutely ridiculous.

**Shri N. C. Chatterjee:** He is adding insult to injury.

**Mr. Chairman:** It is exactly what I said. We all like his pleasant manners and laughs but if he laughs at the very moment another hon. Member is making a serious point, it is sarcastic.

**Shri Karmarkar:** It was more spontaneous.

**Shri N. C. Chatterjee:** May I propose?

The first Five Year Plan has not been the success it was expected to be and we are told that the second Five Year Plan is coming and we are threatened with a heavy burden of taxation. The hon. Finance Minister has already resorted to deficit financing which is bound to lead to inflation and rise in prices. It will certainly further burden our poor people.

Now, the question I would have liked to ask the Prime Minister—now I want to know from my hon. friend Shri Chandra—to consider is whether a poor country like India can afford such lavish hospitality. We want to be friendly with all powers in the world. India, we are told, has no enemies and we want to be a stable force for peace in the world. I was near Russia some months back when our Prime Minister was touring Moscow and the Soviet Union and I was very happy that our Prime Minister got a very cordial reception there. It was a matter of joy to me that the first Prime Minister, the first Prime Minister of free India, was received very cordially in that country. I found that there was a certain amount of disappointment in the western countries that our Prime Minister was not fighting communism on the ideological front but was fraternising too much

[Shri N. C. Chatterjee]

with the communist leaders. I assured them that we were an independent country, we are a democratic republic and we are not wedded in any way to totalitarianism and we were not going to be a communist country and India will remain a strong democratic country, stable democracy working for world peace.

Now, we are happy that Marshal Bulganin has come with Mr. Khrushchev. They have received a very warm welcome in this country and almost a tumultuous welcome in my State of Bengal. Our people have really outdone the Russian people. It is natural for people who have just thrown up the foreign yoke to be a little sentimental and a little effusive. But, it is certainly wrong that there should be any people anywhere in the world who think that thereby India is drifting towards totalitarianism or we are drifting away from democracy. We will not be a satellite of any power bloc and we would oppose both communism and imperialism and colonialism and totalitarianism or and other ism and I hope our Prime Minister would have made it clear. We are happy that the Soviet leaders have come at the invitation of our Prime Minister but, in view of the fact that we are friendly with all powers in this world, I wish, I sincerely wish that our distinguished visitors have not raised any controversial matters, under the hospitable roof of this Parliament or when we have extended our hospitality to them in our country.

Sir, two years ago the Vice-President of the USA came; the other day Sir Anthony Eden came, Marshal Tito came, the Egyptian leader Mr. Nasser came. None of them happily, in consonance with the best traditions of international hospitality, raised any controversial issue. Some of us

are happy that some speeches are being made. Temporarily we become happy but it would have been better if any distinguished foreign visitors would refrain from treading on the corns of any power with which India is still friendly. One of the leaders attacked the western powers for the failure of the Geneva Conference when addressing Parliament, and threw the entire blame on western democracies. In your State, Sir, at Nangal one of the leaders is supposed to have said at a luncheon given by the Punjab Governor—Mr. Khrushchev warned India—to beware of her so-called friends. He was good enough to add that a young nation like India like saplings on the highways should be protected. Sir, we did not expect much delicacy of language from these leaders but we are not very happy over the language of India needing protection.

3 P.M.

Shri S. V. Ramaswamy (Salem): On a point of order. We are discussing this Demand for Grant. What our guests said in our country—is it relevant for the purpose? The question is whether we could have cut down the expenditure. We may say that we are a poor country and we have got other expenses to meet. These are all the points that have been advanced in connection with that. Are the other points relevant? I only seek your ruling.

Shri N. C. Chatterjee: I submit that they are perfectly relevant. We are discussing the quantum of grant.

An Hon. Member: We want to know your ruling.

Mr. Chairman: So far as this grant is concerned, the amount involved is to be discussed. At the same time there is one item, item (iii)—visit of other foreign dignitaries and other miscellaneous expenditure. He says that when the visits of other digni-

taries are contemplated and when they come, they should only be allowed to come if they do not behave in the manner which is not liked by certain people. He is only giving his view point. It does not follow that the House is committed to his view. There are other view points also and he may or may not be correct. He can certainly say that so far as those dignitaries are concerned who have yet to come we should see that only those people come who, we should be convinced, will not behave in the manner which will not be to his liking.

But at the same time there is some point in this point of order. After all these dignitaries—Prime Ministers, etc.—are now passing their last days of their visit here and whatever they have said they have already said and they are not likely to say much more. Therefore, when they are here as our guests, it is not discreet or fair to criticise in this way. It will be much better if the criticism is restrained. After all our Prime Minister is going outside and our Ministers also go and we should exercise some restraint in respect of these things. They are our guests here and so we have got to be very restrained in our criticism.

**Shri Anil K. Chanda:** May I make one submission? Does the hon. Member, Shri Chatterjee, want that we should impose certain gagging orders on our guests?

**Shri K. K. Basu:** I rise on a point of order. Supplementary Grant (a) is for additional commitments on account of the increase in the number of visits of foreign dignitaries which could not be foreseen at the time of obtaining the Grants for 1955-56. So, this has been voted and the principle or policy that foreign dignitaries should be invited has been accepted. Now the proposition before the House is whether the amount has to be voted or not. Can he open the question which has been settled? I am not going into the merits of the case. (*Interruptions.*) The question of inviting the foreign guests or dignitaries

has been gone into and can it be opened now?

**Shri Punnoose (Alleppey):** May I say a word?

**Mr. Chairman:** He has raised a point of order. If the hon. Member wants to speak anything on that point of order, I will allow him.

**Shri Punnoose:** I want to know whether at this stage it is open to any hon. Member or for the House to reject this demand simply because some foreign guest made certain remarks which were not palatable to one hon. Member? If that is the position we can go on.

**Shri Karmarkar:** As part of your ruling I would like you also to rule on one small point. Normally it is the practice in Parliament that hon. Members say something when they are able to vouchsafe for the truth of any extracts of statements. Otherwise, normally he is not allowed to make. I do not know whether my hon. friend quoted from the newspaper report or from the press report. (An Hon Member: Newspaper) Unless he is in a position to say on good authority that this statement is what he has made and he takes the responsibility for that—not legal responsibility—can he make it? He should be in a position to say that what has been reported to have been said is exactly the same thing as what has been said. On that point I should like to have your sub-ruling: viz..

**Mr. Chairman:** Order, order. A point of order has been raised and it has not been disposed of but the hon. Minister proceeds to raise another point of order. Let us take it one by one. Shri Basu has raised a point that this is a matter of policy which has already been discussed. According to him, so far as the visits of the foreign dignitaries are concerned, the principle was accepted that such and such dignitaries can be called. The only point at issue is this. When there is an increase in expenditure, can the discussion of policy be allowed?

[Mr. Chairman]

So far as the question or principle of inviting the foreign dignitaries is concerned, the policy has already been accepted. I could understand if he has said something about the amount; he could have said that so far as the amount is concerned so much should not have been spent. But the principle of calling foreign dignitaries is already settled and the policy cannot be questioned at the time of the Supplementary Demands.

So far as the question that has been asked by the hon. Deputy Minister of External Affairs is concerned, I would simply say this. When foreign dignitaries have been called, I do not think that it is even within the powers of our own Government to gag those people. It is too late to consider whether they should not have been called. When they have come, could they be gagged like this? It is within their own discretion as long as they are there. Therefore, under these circumstances, I would rule that such criticism would certainly be objectionable as relates to their utterances or to the manner in which they have spoken. Let us be restrained in this matter. After all there are Prime Ministers of other countries and we should not criticise them in such manner as will make them think that when they come to this country the Parliament of this country did not like their visits. (Interruptions) I will call upon Shri Chatterjee to speak.

**Dr. Suresh Chandra:** My point is this. In view of your ruling. (Interruptions.) I am raising a point of order. In view of your ruling, the hon. Member has made certain derogatory remarks with regard to the guests who have been in this country.

**Shri N. C. Chatterjee:** I have not made such remarks.

**Dr. Suresh Chandra:** I would request that these remarks may be expunged.

**Mr. Chairman:** Is it a point of order? (Interruptions.) There is no hurry. I will hear everybody. But may I request hon. Members not to use the words 'point of order' when they know that it is not a point of order.

**Shri K. K. Basu:** With your permission, may I have a clarification?

**Mr. Chairman:** That point of order has been finished. There is no question of clarification of a ruling. I am not allowing.

**Shri K. K. Basu:** May I raise a point like this?

**Mr. Chairman:** As the hon. Member himself has said, he wanted to raise a point of order on the point of order which I have already disposed of. I cannot allow it.

**Shri K. K. Basu:** I raise a point of order. In the course of the discussion on the Supplementary Grants, a remark is made by a particular Member which tantamounts to a challenge of the very principle which the House has accepted. Shri Chatterjee in the course of his speech on this discussion says certain things; certain dignitaries were invited and they say something which according to a section of the House is against some friendly powers and so these dignitaries should not be invited. Then naturally we have to reply. That is what they say. Now, is it open to this House to go into the basic question of inviting these dignitaries? Or can we say like this? When we invite them we have to go into the question whether they will utter something against some power with which we have friendly relations. The question of principle of inviting foreign guests is involved.

**Mr. Chairman:** Order, order. As a matter of fact the hon. Member is not making a point of order. He is only, inviting the opinion of the Chair on a hypothetical point. It is no point of order.

**Shri N. C. Chatterjee:** Sir I want...

**Shri M. L. Dwivedi:** Sir, there is another point raised by the hon. Minister, Shri Karmarkar to which you have not replied.

**Mr. Chairman:** Order, order. The hon. Minister is here and he can himself raise that point.

**Shri Karmarkar:** Sir, I very respectfully say that it is not open to any hon. Member to quote a speech on which he does not rely in the sense that he does not believe it to be entirely true or that it is authentic. That is the parliamentary practice so far as I know; otherwise a Member can go on reading something published anywhere—say, Timbuctoo—and say so many things. Therefore, I think that is irrelevant and the particular extract which the hon. Member quoted should go out of the record.

**Mr. Chairman:** The only point which the hon. Minister has raised is whether the paper or the report from which the hon. Member Shri N. C. Chatterjee quoted is authentic. That is the only point and it is not a point of order at all. It is only a question put to Shri N. C. Chatterjee through the Chair, that is what I understand.

**Shri Karmarkar:** Sir, with your permission, if I may say so, this is really an important point on which you are ruling. Now, if I read before the House a newspaper report unless it is a *bona fide* report it should not be allowed. If I read something as news tomorrow and I quote in this House the same thing purported to have been said by you then you will have no opportunity to disprove it and we will have no way of knowing whether it is true or whether it is not true. My point is whether it is open to an hon. Member to quote from a newspaper and say that he is basing his arguments on that report and that, to quote own words: "This is what they are going on saying" and all that? Is it open to an hon. Member to quote from a newspaper about which he himself is not in a position to say whether what he quotes is true or not?

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** Sir, may I remind my hon. friend that he himself was in trouble on this newspaper report of his speech when the question of privilege was raised in this House and he knows it better than anybody else how the speeches are reported in newspapers.

**Mr. Chairman:** As a matter of fact, every hon. Member knows very well that if there is something reported in the newspapers it is not authentic by itself. It has never been treated by the Chair as authentic but unless and until an objection is raised the practice is that a Member is allowed to read from a newspaper. The objection is very fair and very good and if any hon. Member challenges that the report he quoted is not authentic then I will certainly call upon Shri N. C. Chatterjee to read reports only from an authentic source. A newspaper report by itself is not authentic for the purpose of proving that the man did say, what he has been reported to have said. I will, therefore, request Shri N. C. Chatterjee kindly to tell us from where he has taken those words which he has ascribed to these dignitaries. Unless he is satisfied he is perfectly not justified in quoting that for the basis of his arguments.

**Shri N. M. Lingam (Coimbatore):** Sir, on a point of submission.

**Mr. Chairman:** I know a point of order, I know a point of clarification, but I am yet to know of a point of submission. If the hon. Member wants to speak he may speak when he gets his chance. All Members have thoughts in their minds which have got a bearing on the point at issue. If I allow him to speak now, then all other hon. Members will think in their minds that they should also be allowed to come with their points of submission. Therefore, when he gets a chance to speak then he can express his views and not at this stage.

**Shri M. C. Shah:** When some Member....

**Mr. Chairman:** Is the hon. Minister rising on a point of order?

**Shri M. C. Shah:** I am only requesting the Chair that when a certain criticism has been made based on reports which are not from an authentic source that should not be allowed to go in the records and that should be expunged.

**Shri V. G. Deshpande (Guna):** Why should it not go?

**Mr. Chairman:** So far as the record is concerned it contains what has been said, what has been objected to and what was decided.

**Shri N. C. Chatterjee:** Sir, I am amazed at one remark made by one of my hon. friends that I said something derogatory to the distinguished visitors. I said nothing of the kind. I would not be an Indian nor a Hindu if I say anything derogatory of the distinguished visitors who are our national guests. I said nothing derogatory of them. It is the cardinal principle of our Indo-Aryan civilization to treat our guests not merely with honour but with great respect and decorum. That is what we have been doing. It is not at all my intention to show disrespect to them. What I wanted to point out was that they went off their way to treat India as if we are an undeveloped country which needs protection. I know our Communist friends are very happy that something like that is done.

**Shri U. M. Trivedi (Chittor):** Congress friends also.

**Shri N. C. Chatterjee:** What I am pointing out is this, that—not merely myself but millions of people in our country are very happy that these distinguished visitors who have come to our country have taken a more resolute and more unequivocal stand than even our Government sitting there on the Treasury Benches on very important issues like Goa and Kashmir. We are very happy over that.

**Shri Punnoose:** Sir, you requested the hon. Member to say from where he quoted those words.

**Shri N. C. Chatterjee:** I will place it on the Table of the House if my friend wants it.

Unfortunately, what has happened is this. Due to some of these speeches one Secretary Mr. Dulles has said something which we totally resent. The American people I am sure do not approve of the unfortunate stand—which I say is a tactical blunder—on the part of Mr. Dulles.

**Mr. Chairman:** Order, order. I would respectfully tell the hon. Member—as I have already decided—that the question of policy cannot be decided here. We are only concerned with the actual amount claimed here by way of Supplementary Demand. I would, therefore, request him to treat the matter of his speech as matters of policy and only confine his remarks to the actual matter, that is Supplementary Demand about merely.

**Shri N. C. Chatterjee:** Am I to understand that we cannot say that in some other country certain remarks have been made with regard to the visit of our distinguished visitors and statements made by them which we totally resent and which are thoroughly unfair, thoroughly improper and which are likely to embitter relations and which are not conducive to world peace? These distinguished people have come here, I take it, according to their own statements and according to the statement of our Prime Minister, to promote the cause of world peace. What I am pointing out with due respect is that these comments of Mr. Dulles and the Portuguese Foreign Minister constitute a tragic blunder and they ought not to have been made.

**Mr. Chairman:** Order: order. I have read the rules and I find that so far as Supplementary Demands are concerned no question of policy can be raised. I will just quote an authori-



ty on this point. I am quoting from *Decisions from the Chair*. On page 11 of this book relating to the second session, 1952, we find:

"Explaining the scope of discussion on Demands for Supplementary Grants for 1952-53 on the 8th December, 1952, the Deputy-Speaker made the following observations:—

The general principles followed in regard to cut motions on Demands for Supplementary Grants are as follows:

That the cut motions must be restricted to the particulars contained in the estimates on which supplementary grants are sought and to application of the items which compose those grants; that a question of policy cannot be raised on demands for supplementary grants in so far as such demands refer to schemes which have already been sanctioned by the House; that with respect to a new service for which previously no sanction has been obtained, question of policy may be raised, but it must be confined to the item on which the vote of the House is sought."

I would, therefore, request the hon. Member not to transgress the limits of the scope of discussion on the Supplementary Grants. I do not think that these remarks which are made by him would be irrelevant if the discussion of the whole policy was before us. But, in relation to Supplementary Grants I am sorry I have to confine the hon. Member to the actual item of grant before the House.

**Shri N. C. Chatterjee:** Then, Sir, I only want to conclude by enquiring of the hon. Deputy Minister if he could give us one information. I would ask the hon. Deputy Minister

as to what is the total expenditure which is being incurred? You are only giving us a figure of Rs. 23 lakhs and odd, but I understand that they are going round the whole of India. Can you give us an idea of the total expenditure that is being incurred throughout? Is the provincial expenditure going to be borne by the provincial revenues or also by the Central revenues and, if so, to what extent?

*Purpose of inviting foreign dignitaries.*

**Shri Kamath:** I wish to move my cut motion No. 1 on Demand No. 22:

"That the demand for a supplementary grant of a sum not exceeding Rs. 23,48,000 in respect of 'External Affairs' be reduced by Rs. 100".

**Shri A. M. Thomas:** What is the point?

**Shri Kamath:** For discussing the purpose of inviting foreign dignitaries to India.

**Mr. Chairman:** So far as this motion is concerned, the purpose as indicated in the cut motion is: "...inviting foreign dignitaries to India".

**Shri Kamath:** "these foreign dignitaries"; it is a mistake there, the word "these" should be put in.

**Mr. Chairman:** Even then, the motion refers to policy, pure and simple. How can I allow this to be moved? It involves a question of policy and questions of policy are not allowed to be discussed on these cut motions to supplementary demands for grants. Therefore, I cannot allow this cut motion.

**Shri Kamath:** "Purpose of inviting these foreign dignitaries to India". That is the purpose.

**Mr. Chairman:** Anyway, that is the purpose. But it is a question of policy. So far as this cut motion is concerned, I feel that it cannot be allowed.

**Shri Kamath:** I can speak on the demand itself.

**Mr. Chairman:** That is a different matter. He may.

**Shri U. M. Trivedi:** I raise a point of order. From the decision of the Deputy-Speaker from which you quoted just now, it is seen that when a particular amount has been mentioned under a particular demand and when the particular head of account is put in, then, whatever be the amount of expenditure that is incurred hereafter, it will all be within the scope of the demand and any further principle on that demand should not be enunciated or agitated. I very humbly submit that it would be an entirely wrong principle to adopt. Some times the Government require Rs. 10 or 20, but from that amount, they cannot jump to Rs. 2 lakhs, or Rs. 5 lakhs or Rs. 10 lakhs. That will in itself involve a policy which cannot but be opposed.

**Mr. Chairman:** It is not a point of order. If the hon. Member wants further elucidation of the ruling, I shall give it further. I only read one portion of that ruling given by the Deputy-Speaker. For the benefit of the hon. Member, I shall read the rest of that ruling. It runs as follows:

"Elucidating the point he observed:

'Supplementary demands may relate to excess grants. If, during the Budget session, a particular item was discussed, the policy accepted by the House and some amount voted, if some extra amount is wanted now, no matter of policy can be discussed on that matter because the policy was already decided for the whole year during the Budget session. If during the course of the year some item or some service, which was not contemplated and not included in the Budget this year, comes up and if for that some money is sought to be spent that

is a matter of policy and it can be discussed'."

In view of the ruling just cited, I cannot allow this motion to be discussed.

**Shri Kamath:** At the outset, let me make it clear that I am not going into the policy of Government. In conformity with the rulings read out by you, I will not touch upon the policy of inviting foreign dignitaries.

During the last seven years, or perhaps the last five years to be exact, we have had in our country a regular pageant of Royal, bourgeois, proletarian dignitaries visiting our country—Royal, bourgeois, feudal, proletarian dignitaries visiting our country.

**Shri L. N. Mishra (Darbhanga cum Bhagalpur):** Is Marshal Bulganin a bourgeois?

**Shri Kamath:** Marshal Bulganin is proletarian.

**Shri U. M. Trivedi:** Proletarian; not totalitarian.

**Shri Kamath:** I am sure you, Sir, my colleagues here and people outside have been happy about this place becoming the pilgrimage centre of those foreign dignitaries. There is no question about that. It is in the best traditions of our ancient hospitality. In Sanskrit you have got a *sloka*; rather a *sloka*dha:

"सर्वत्राययागतो गुरु" "अतिथि देवो भव"

आचार्य कृपलानी (भागलपुर व पुनिया)  
मान न मान, मैं तेरा मेहमान

**Shri Kamath:** We have really made the "athitis" the *devas*. We have had in our country a spectacle, perhaps not a very edifying, but a pleasant spectacle of pearls being showered upon our Soviet guests in Bombay,....

**Shri U. M. Trivedi:** That is by the capitalists.

**Shri Kamath:** . . . and certain other formalities,—tilaks and coconuts and arthis—about which we are happy. I was wondering whether these leaders or proletarian, socialist States would have really enjoyed those luxuries. When I was in U.S.S.R. in 1935—in Stalin's time, not in Bulganin's time—I learnt that Stalin occupied only two rooms in the Kremlin;—only two rooms in the Kremlin,—and just a little anteroom.

**Shri Anil K. Chanda:** How did you know?

**Shri Kamath:** I was there myself.

**Shri U. M. Trivedi:** Seeing is believing.

**Shri Anil K. Chanda:** Did you go into the palace occupied by the Marshal?

[MR. DEPUTY-SPEAKER in the Chair]

**Shri Kamath:** I was told by the highest authority, by one of the officers of the Soviet Government. If you have better knowledge, you can enlighten the House.

**Shri Feroze Gandhi** (Pratapgarh Distt.—West cum Rae Bareli Distt.—East): How many rooms and bath-rooms Stalin had, I want to know.

**Shri Kamath:** I do not know about the bath-rooms, Mr. Gandhi may be more competent to talk about that.

**Mr. Deputy-Speaker:** We are going into too many details—the innermost apartments.

**Shri Kamath:** You did not have the background. So, I was referring to it.

**Shri Feroze Gandhi:** You were pleased to rule, when I was speaking the other day, that I must establish relevancy at every stage. So, the hon. Member who is speaking now has also to follow that ruling.

**Shri Kamath:** I can enlighten my friend Shri Feroze Gandhi.

**Mr. Deputy-Speaker:** I think a time-limit is fixed.

**Shri M. C. Shah:** One hour was fixed. There are only five minutes more.

**Shri Kamath:** If you refer to the foot-note under Demand 22, you will find the breakdown of these items constituting Rs. 20.87 lakhs. Item No. (i) is: "Visits of foreign dignitaries who visited India en route to or from Bandung". Then, "(ii) Visits of the Prime Minister of the U.S.S.R. and Party, the King of Saudi Arabia, Vice-President of Indonesia and the King and Queen of Nepal and Party". Then, "(iii) Visit of other foreign dignitaries and other miscellaneous expenditure". The second item is the one where the breakdown may be supplied.

**An Hon. Member:** You want the break-up of those items.

**Shri Kamath:** It is the breakdown. Let not Parliament break-up. How much has been spent, out of the Rs. 16.00 lakhs, on visits of the Prime Minister of the U.S.S.R. and party, how much on the King of Saudi Arabia—this Royal person—and on the Vice-President of Indonesia,—a Republican—and the King and Queen of Nepal and party. That has not been given. As a lump sum, it has been put as Rs. 16.00 lakhs which has been distributed among these four eminent dignitaries. The leaders of the proletarian State, so far as accounts go, have been treated to much more lavish hospitality than the leaders of a democratic State or a Royal State like Saudi Arabia.

**Shri Anil K. Chanda:** No, Sir.

**Shri Kamath:** If you merely say, "No", I will not take it. You may contradict me later on in your speech. You may give your own reasons for it, giving the facts. It is of course on a reciprocal basis for the whole-hearted welcome which our Prime Minister was accorded in Russia. We have outdone their hospitality; there may be nothing wrong about it. The point here is the difference between

[Shri Kamath]

the two States in regard to their structure. Mr. Khrushchev, when he was addressing us in the Central Hall, said that in Russia the party and the people were the same. There is no separation between the party and the people there.

**Mr. Deputy-Speaker:** We need not go into these matters. We are not concerned with their internal administration. We have entered into some alliance, so to say.—I mean the Panch Shila—for the purpose of maintaining peace in the world. When they are actually on our soil, I would like hon. Members not to speak like this. Whatever money has been spent has been spent. This kind of comparison and other things should be avoided. I am not giving any ruling, but I am only submitting for the consideration of the House that we should not give too much weight to what ought to have been done and so on.

**Acharya Kripalani:** These guests did talk about internal politics when they referred to the economic set-up that we have here.

**Mr. Deputy-Speaker:** I am only saying that another opportunity may be taken for saying that the guests ought not to have said such and such a thing. This is not the time for it. Nobody denies that if there is a right, that right is there for us to say what our guests ought to do and ought not to do. So far as the expenditure is concerned, it is rather difficult to weigh meticulously in comparison between one country and another. Whether those countries feel it or not, we are setting them thinking that they have been treated differently. This is what the hon. Member tries to do.

**Shri Kamath:** I welcome your suggestion and I will act according to the spirit of your observations. I am not referring to internal matters, political matters, international matters etc.; Mr. Chatterjee has disposed of them. I was only suggesting that there should be a break-up of the amount

that has been spent—how much was spent on drilling and training our children in Delhi and so on. Of course, it is good. I am told the children were trained to say “Jai Roos” and “Jai Hind”. If that was done by the Party, it is all right. But, if the Government did it officially, I want the amount spent on things like that.

**Acharya Kripalani:** They were instructed how to smile!

**Shri U. M. Trivedi:** It was the parents who spent on those things.

**Shri Kamath:** I was told that a circular was issued by the Director of Education, Delhi. I want to know whether the Government also issued any such circular or instructions for drilling children for the purpose of saying “Jai Hind, Jai Roos, वाहिनी जय हिन्द, जय दुनिया” and so on. I want to know how much was spent on this sort of drilling and training.

I come to the other aspect of the matter. We were happy that during this visit of the Russian leaders, the Father of our Nation, Mahatma Gandhi, has been completely rehabilitated by Mr. Khrushchev himself. So far as I am aware—my friend Shri S. L. Saksena, who was in Russia, recently will bear me out—till a year ago, the great Soviet Encyclopaedia described Mahatma Gandhi as a mere religious leader, a reactionary who betrayed his people. But Mr. Khrushchev has openly put Mahatma Gandhi and Lenin on the same pedestal (*Interruptions*).

**Mr. Deputy-Speaker:** Order, order. I am afraid we are straying away from the subject. A reception was arranged and so much money was spent. The hon. Member can say it was too much or too little. It is not necessary for us to go into their internal policy, their change of heart, etc. I think the hon. Member will vote not Rs. 16 lakhs, but Rs. 160 lakhs, if they had said that they worshipped Gandhiji. The reference to Mahatma Gandhi, their change of

heart towards him and other things need not come in here. The fact that they have changed their heart does not in any way increase or decrease the amount that has been spent.

**Shri Kamath:** I did not talk about change of heart. Regarding the other point, it is sheer coincidence. The visit of the Russian leaders has coincided with the discussion of this Demand. It is not our fault; the Government could have brought it next week after they had departed from our country.

**Mr. Deputy-Speaker:** I am only saying that a reference to their regard for Gandhiji has nothing to do with Rs. 16 lakhs.

**Shri Kamath:** I am pointing out the result that has accrued to our country by the hospitality we have shown them.

**Mr. Deputy-Speaker:** That is all the more reason why everybody must vote for this.

**Shri Kamath:** I would not have referred to it if the Russian leaders had not raised controversial international issues while on our soil.

I now come to the Saudi Arabian King. I am not talking about the hospitality extended to him; I am only telling you about the conduct of the people who received him. I have got a cutting here which says that while passing through Nagpur, the Saudi Arabian King gave gold watches etc. The Governor of Madhya Pradesh, Dr. Pattabhi Sitaramayya and the Chief Minister, Pandit Shukla, were the recipients of gifts from the King of Saudi Arabia.

**Sardar Iqbal Singh:** On a point of order, Sir. It is the convention of this House not to criticise the Head of a State. Saudi Arabian King is the Head of a State and we should observe that convention.

**Mr. Deputy-Speaker:** Neither can we criticise the Head of a foreign State nor can we criticise the Head of a State in India. Pattabhi Sitaramayya

is the Head of Madhya Pradesh and Chief Minister also is there. There are good representatives in their Assembly, just as we are here in this Parliament. Therefore, it is none of our concern as to whether they gave any gold watches or took any of them.

**Shri Kamath:** I have not finished my sentence...

**Mr. Deputy-Speaker:** A point of order was raised.

**Shri A. M. Thomas:** Only the State of my hon. friend has benefited!

**Shri Kamath:** If it has been made to the State, I do not mind. But it was made personally to the Governor and the Chief Minister.

**Shri Feroze Gandhi:** This is likely to create the impression that we had not got enough!

**Shri Kamath:** The King of Arabia seems generous and very kindly disposed. But here is Article 18 of the Constitution....

**Mr. Deputy-Speaker:** I have heard sufficiently. It says, nobody shall receive gifts. We have no control over those people, Minister of Madhya Pradesh, etc.

**Shri Kamath:** Why not? We are functioning under this Constitution.

**Mr. Deputy-Speaker:** The hon. Member can go to the High Court. So far as the fundamental rights of citizens are concerned, we are not an appellate court over the acts of Ministers or any individual. After all, they may say, we took in our individual capacity: he liked me, I liked him. Apart from all other matters, this is irrelevant for this purpose. We are now concerned with the expenditure. Is it contended that the Saudi Arabian King drew our moneys and gave watches? What is this?

**Shri Kamath:** May I read out....

**Mr. Deputy-Speaker:** I have heard the point. I am not going to allow that.

**Shri Kamath:** I am sorry that you may give any ruling on a point of order—that it is not to be raised in this House. I am reading the Constitution. You are saying it is not to be read. It is amazing. I must say it is amazing.

**Mr. Deputy-Speaker:** It is not for every purpose that you can go on reading the Constitution.

**Shri Kamath:** Let me read it. (Interruption).

**Mr. Deputy-Speaker:** Order, order. I have already said that the point is this. He wanted to refer to the Constitution to show that these gifts are improper. He has said so. He is supporting his point by an argument. Even assuming that the Constitution prohibits that, it does not arise out of this demand. That is my point. I have ruled it out of order. What is the good of referring to the Constitution.

**Shri Kamath:** Because the President comes in here. The President is somebody with whom we have connection here.

**Shri K. K. Basu:** My hon. friend's point seems to be that no Head of a State should be invited so that he may not corrupt our people.

**Shri Kamath:** No; you have not followed my point.

**Shri K. K. Basu:** How can you bring this here?

**Shri Kamath:** Let me read. The President is a dignitary about whom Parliament can speak. Do you agree? Let me have a ruling.

**Shri N. M. Lingam:** On a point of order, Sir, foreign dignitaries have been invited to this country. I would like to know from you whether it is proper on the part of this hon. House to discuss the behaviour of a dignified personality. My own submission is that it is not in keeping with the traditions of either this House or of this great country to criticise the visitors once they have been invited, especially when they are under our

roof and hospitality, with regard to presents made by them. (Interruptions).

**Mr. Deputy-Speaker:** I am not going to hear. Order, order. Is there no end to this talk across, this side and that? Every one agrees that it is unfortunate that any reference should be made against any foreign dignitary. We have no right to criticise them except in so far as it affects us. Even then, this is not the manner in which we ought to criticise their conduct here. They are our guests. That is why I said that if they gave watches, this and that, it is not a matter which arises out of this demand. Nor have we any such right under our Constitution. The hon. Member has said that. I have said that it does not arise. He says that he is going to convince me by reference to something. Nothing can be said against a high dignitary whom we have invited as our guest. We are now on demands for grants for moneys spent. What has the hon. Member to say?

**Shri Kamath:** I have not by word or gesture questioned the act of the King of Saudi Arabia. I have said that he is a kind-hearted man and all that. I am talking about our own citizens. Article 18 says:

“(4) No person holding any office of profit or trust under the State shall, without the consent of the President, accept any present, emolument, or office of any kind from or under any foreign State.”

I wanted.....

**Shri N. M. Lingam:** It is not a foreign State. They are the personal presents of the King of Saudi Arabia.

**Mr. Deputy-Speaker:** Order, order. With all respect, I have heard him read also the Constitution. That does not raise here. It may be an independent thing. I am not able to say which is the procedure. It is for the hon. Member to find out appropriate proceedings to challenge or impeach any such conduct. This does



not arise out of the demand for Rs. 16 lakhs. He has taken sufficient time. Now, he must resume his seat.

**Shri Kamath:** Half a minute.

**Mr. Deputy-Speaker:** He has already taken 15 minutes.

**Shri Kamath:** I have not taken. They have been interrupting me. I will close in half a minute. I am not questioning the action of the King. I am only questioning the propriety of our citizens in accepting gifts. Your ruling has been given and I shall abide by that though I do not agree with it.

**Shri A. C. Guha:** The Business Advisory Committee has allotted one hour for this demand.

**Some Hon. Members:** The guillotine has to be applied.

**Mr. Deputy-Speaker:** If all hon. Members want to advise, they may all rise together and advise me. I know, at 3-50 the guillotine has to be applied.

**Shri Kamath:** One hour for this demand.

**Mr. Deputy-Speaker:** We started at 2-50; guillotine at 3-50.

**Shri Kamath:** I would ask the Deputy Minister...

**Dr. Suresh Chandra:** Most of the time has been taken by two Members.

**Shri Kamath:** It is you who have taken. You are taking all the time. I am not taking; you are. (*Interruption*).

**Some Hon. Members:** You are not entitled to take so much time.

**Shri Kamath:** I am.

**Mr. Deputy-Speaker:** Order, order. Why does the hon. Member quarrel with hon. Members?

**Shri Kamath:** My hon. friend says that I have taken all the time. I have taken only 10 minutes. All the time

has been taken by them. It is not fair to charge me. It is an unfair accusation.

**An Hon. Member:** Order, order.

**Shri Kamath:** Who are you? He is there to call me to order.

**Dr. Suresh Chandra** rose—

**Mr. Deputy-Speaker:** No hon. Member need say anything. Let him exhaust himself in half a minute.

**Shri Kamath:** I would only ask the Deputy Minister to give us information about these matters: about the last one: (a)(iii) Visit of other foreign dignitaries and other miscellaneous expenditure. Who are these foreign dignitaries that are expected to come to our country? What is exactly meant by other miscellaneous expenditure?

**Shri Anil K. Chanda:** Do we get any time to reply to these questions?

**Mr. Deputy-Speaker:** Yes.

**Dr. Suresh Chandra:** I do not want to deal with...

**Mr. Deputy-Speaker:** If they do not interrupt the hon. Member—I am stating this to both parts of the House—if there is any point.....

**Shri Kamath:** This is what I wanted to say in half a minute. I was interrupted needlessly.

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** Shri Kamath's speech was a lively speech.

**Mr. Deputy-Speaker:** Hon. Members may go on quarrelling with each other. I call both to order. If hon. Members have got any point, to raise, they may tell me. This is unseemly, hon. Members quarrelling on this side and that. How often am I to call a person to order? I ought not to be driven to take the extreme step. I think some at least of the hon. Members should keep their souls in patience. If they want to say anything they must tell me. I am saying

[Mr. Deputy-Speaker]

this to both the sides. If this sort of thing goes on, the House will have to be suspended for some time until hon. Members realise that they have come here with a full sense of responsibility. I am very sorry to make these remarks.

**Dr. Suresh Chandra:** I rise to support the demands for grants relating to the External Affairs Ministry. I feel that very unbecoming remarks have been made in this connection by two hon. Members who have spoken before me. I feel that this demand for Rs. 20,87,000 for the dignitaries who have been visiting our country is not enough. In my opinion, this House should be generous enough to grant more amounts for the dignitaries who visit this country in keeping with the traditions of our foreign policy. As the House is already aware, India is playing a very important role in world affairs. India's role in establishing peace in the world has been recognised by all powers of the world. In view of that and in keeping with the traditions, I feel that it is very proper that we should have invited these dignitaries and spent such amounts. I feel that it is not enough. And those hon. Members who grudging, including the hon. lawyer Member whose legal talents have been recognised all over India, have indulged in very derogatory remarks in respect of these distinguished guests who still are here. I find also that a mention has been made that these people had attacked the Western Powers, under the roof of this Parliament. I feel that every distinguished guest who is here is perfectly entitled to express his opinion on various political and economic matters. When our Prime Minister visits other countries like Russia, China or other Western countries, he is also given full freedom to express his opinions in those countries. I therefore feel that it was in perfect dignity and decorum that these distinguished guests expressed their opinion on different matters relating even to the Western Powers. We should not grudge that. For, when

they come here, they meet all kinds of people; they meet political leaders; they see also our industrial centres. So, they discuss all these matters.

So, there has been no abuse of hospitality at all. In my opinion, the question, that our Five Year Plan has not been a success, that the country has been made poorer, and as one hon. Member said, this country has become a centre of pilgrimage and 'अतिथिदेवो भव' and so on is absolutely irrelevant to the Supplementary Demands for Grants.

**Shri Kamath:** That is for the Chair to decide.

**Dr. Suresh Chandra:** I am sorry. I have very great respect for my hon. friend, Shri Kamath. I did not want to attack him.

**Shri Kamath:** But you did attack me.

**Dr. Suresh Chandra:** I am very sorry. I apologise to him and also to the House, if I have attacked him. I really did not mean it. I at least have very great respect for him. I only meant that one hour was allowed for the discussion on this Supplementary Demand but most of the time had been taken up only by two Members, and most of the points which have been raised are absolutely irrelevant to the Supplementary Demand, as has been pointed by the hon. Member who was in the Chair previously, and also by you.

I only want to say that as a result of all these visits, there has been an increase in the area of peace in the whole world, as has been stated by our Prime Minister. So, the visits of these distinguished guests to this country have proved to be of immense value not only to this country but also to the establishment of peace in the whole world.

**Shri S. L. Saksena rose—**

**Mr. Deputy-Speaker:** Now, Shri Anil K. Chand.

**Shri S. L. Saksena:** Only two or three persons have spoken on this side.

**Mr. Deputy-Speaker:** I am sorry. I cannot allow the hon. Member to speak now. I have called the hon. Minister.

**Shri Anil K. Chanda:** I hope my hon. friends Shri N. C. Chatterjee and Shri Kamath will forgive me, but I cannot help saying that the way they made their speeches in connection with the cut motion was most unfortunate. I am afraid it would certainly have a rather unfavourable effect on many in our own country and also abroad.

Of course, Shri N. C. Chatterjee was generous enough to have remarked later on that he had said nothing derogatory to our distinguished visitors. It reminded me of a story which I had heard in a Bengal village. A poor villager had run into a zamindar's court and complained against his bailiff saying that the bailiff had beaten him with a shoe, called him a pig, and a swine, and a brother-in-law, and on the top of that, had threatened to insult him. So, also Shri N. C. Chatterjee, after having said all sorts of very unpleasant and undesirable things about our very welcome and distinguished guests.....

**Shri U. M. Trivedi:** He said only 'saala' and not 'brother-in-law'.

**Shri Anil K. Chanda:**...said that he had said nothing derogatory to our visitors. I am really sorry for a senior Member of the House to have behaved like that.

My hon. friends have asked for the break-up of the figures. The visits of the Prime Minister of USSR and party, the King of Saudi Arabia, the Vice-President of Indonesia, and the King and Queen of Nepal and party have cost us totally Rs. 16 lakhs. It is very difficult to show the break-up for the simple reason that most of these visits are about the same time. Many of the expenditures involved have been common. I can give you an instance. When the Russian visi-

tors came, we had put up our flags and the Russian flags on our principal avenues. Soon after, His Majesty the King of Saudi Arabia came, and we had the Indian flags and the Saudi flags. Now, the Indian flags were common in both the cases, and obviously this expenditure has got mixed up. Thus, within a period of a month, that is, absolutely in the same month, we have had His Majesty the King of Nepal, His Majesty the King of Saudi Arabia, and also our very distinguished Russian visitors. And most of this expenditure has got mixed up, as it is inevitable. Therefore, I am sorry that it is not possible for me to show the break-up.

My hon. friend Shri N. C. Chatterjee or Shri Kamath, I believe, wanted to know whether this involves expenditure in the States as well or only at the Centre. I think it was Shri N. C. Chatterjee who had raised this question. I can show him the sort of expenditure which we have incurred in connection with these visits in the various States. In his own State, let us take the case of Asansol. We have paid for the transport, for the breakfast, for the lunch and tea at Sindri, and dinner at Bokaro. If the State Government had made any presents or gifts to the party, then it was borne by the State concerned. In the main, all the expenses involved had been borne by the Government of India.

There is another point that I would like to lay before you, and that is that quite a good percentage of the expenditure involved has been more or less book adjustments, because these honourable guests have been travelling in our own trains which are State-owned; they have been travelling in our planes which are State-owned; so, it has been an expenditure debited to our Ministry but credited to some other Ministry. So, actually the overall expenditure of the Government of India is not surely Rs. 16 lakhs. I can give this assurance to my hon. friends opposite.

With regard to the sumptuousness of the hospitality, I am very sorry that I have to admit that in foreign

[Shri Anil K. Chanda]

countries, foreign dignitaries possibly are treated even better. I have some experience of foreign hospitality both in the Middle East and in the Far East. And mind you I am a very small man, only a Deputy Minister, not even a full Minister or the Prime Minister. And yet, I have been amazed at the expenditure in the sumptuousness of the hospitality which has been offered me both in the countries in the Middle East as also those in the Far East.

With regard to the presents given by some of our foreign dignitaries to some of our people, I may inform the hon. Member from Hoshangabad that the servants of the Government of India—that includes Ministers—are not permitted to keep any presents given by any foreign person or State, unless specially permitted by the president to do so, and in most cases, if they are allowed to keep the gifts, they have to pay for them. When I was in Iran, Dr. Mossadeq gave me a carpet, and I had to pay through the nose to my Government to keep that carpet with me.

It is most unfortunate that my hon. friend Shri Kamath had said that there has been some discrimination in the treatment meted out to our Russian guests and to our Arabian guests.

Shri Kamath: I did not say that.

Shri Anil K. Chanda: Nothing could be farther from truth.

Shri Kamath: I never said that. You can verify from the record.

Shri Anil K. Chanda: I am very happy to hear that. I am sorry if I had misunderstood him. I cried out, no, but he said that he would like to know the details.

That is all. These are the only points that I wanted to mention. I can inform my hon. friend Shri Kamath further that no directives were given to any school children that they had to come and smile, sing or dance.

Shri Kamath: What about the last item?

Shri Anil K. Chanda: Then, the hon. Member wanted to have a break-up of the third item namely, 'Visits of other foreign dignitaries and other miscellaneous expenditure'. I have before me here a full list of the foreign dignitaries who have visited or are visiting our country. It is about 20 in number already, and there are some more coming. If the House has the time I can go through the whole list.

Shri Kamath: It would not take more than a minute.

Shri Anil K. Chanda: Viet Nam delegation, Cambodian delegation, the West Indies textile delegation, the Prime Minister of Burma, the Prime Minister and Minister of State of Egypt, the Ceylon Ministerial delegation, the Ministers of Commerce and Trade of Ceylon, the Deputy Prime Minister of Afghanistan, the Prime Minister of the Sudan, the Laos...

Mr. Deputy-Speaker: Order, order. We are now considering the expenditure in respect of those people who have come, and there is so much of trouble about it. If they see the manner in which the debate is going on, I am afraid hereafter they will not come at all.

Shri Kamath: It is a Demand to be voted upon.

Mr. Deputy-Speaker: I know the Demand.

**Shri Kamath:** I also know the Demand.

**Mr. Deputy-Speaker:** I would ask the hon. Member to submit himself to the ruling of the Chair.....

**Shri Kamath:** Why are you so impatient?...

**Shri Karmarkar:** It is impertinent.

**Mr. Deputy-Speaker:** I can certainly see that it is relevant to say on what items or on what dignitaries this money has been spent.

But he is going on reading a list of prospective visiting dignitaries. I thought it was about those who have already come.

4 P.M.

**Shri Anil K. Chanda:** Yes, Sir, they are people who had already come. I was being pressed to supply him with the list.

**Mr. Deputy-Speaker:** No, no.

**Shri Kamath:** Why not he lay it on the Table of the House?

**Shri Anil K. Chanda:** Yes, I can lay it on the Table.

Of this amount, Rs. 75,000 is meant for these foreign dignitaries visiting India and the other Rs. 75,000 is the previous year's outstanding claims. That makes a total of Rs. 1,50,000.

**Shrimati Renu Chakravartty (Basirhat):** May I ask one question? Is there any approximate idea of the expenditure which has been incurred by the ordinary people in the various States in greeting these guests?

**Shri Anil K. Chanda:** The hon. Member will realise that it is not possible for us to find out what amounts have been spent by individuals.

446 L.S.D.

**Mr. Deputy-Speaker:** The question is:

"That a supplementary sum not exceeding Rs. 23,48,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'External Affairs'."

*The motion was adopted.*

**Demand No. 37—MISCELLANEOUS DEPARTMENTS AND OTHER EXPENDITURE UNDER THE MINISTRY OF FINANCE**

**Mr. Deputy-Speaker:** Demand No. 37 is before the House for discussion the amount under this Demand is charged to the Consolidated Fund of India.

**Shri N. B. Chowdhury:** I have no cut motion with regard to this demand. But I want certain information with regard to this grant, about the present position of the Sodepore Glass Works which is mentioned here in the note under the demand, Interest on advances to the Sodepore Glass Works had not been charged, and that is one of the reasons for the amount mounting up. Then with regard to dividends, according to the Act of 1948, we are liable to payment of certain guaranteed dividends. In 1953-54, the subvention amount that was to be paid was nil; after that, it went up to Rs. 4.06 lakhs; and it is Rs. 11.25 lakhs in the current year. So, this is increasing. It means that this institution is not being properly managed. There has been a lot of trouble over this Corporation, it was severely criticised in this House, there was an inquiry and recently we had a Bill passed in this House. But inspite of all this, we find that matters have not sufficiently improved. So we would like to know what further developments have taken place in view of the measure that we passed last time, whether that has improved matters in the present position.

**Shri K. K. Basu:** I would like to ask a question with regard to the payment of dividend guaranteed under the law. From the figures supplied to us it seems that from 1949 there was improvement and in 1953-54, the subvention came down to almost nil. That has more or less balanced the accounts. In 1954-55, we have had to pay Rs. 4.00 lakhs. Now, a sum of Rs. 15 lakhs has been set apart as a provision for bad and doubtful debts. This is a continuing thing, a running concern. I would like to know what is the proportion of the old debts in respect of which we are not in a position to collect interest, and on what proportion of the new loans that are being advanced interest is not being realised. That should be clearly stated. We know normally what is the percentage at which loans are granted and the percentage of return for which the Government stand guarantors. But they are quite different. Now, we have to pay every year a certain sum from the exchequer to keep the institution going. We are giving to industries loans at very cheap rates. Over and above that, we have to pay something from the national exchequer for the benefit of a few industrialists. Therefore, we should have a much more comprehensive picture about the exact state of affairs, because it is a running concern and you cannot give just *ad hoc* total figures for four or five years without the break-up.

**The Minister of Revenue and Defence Expenditure (Shri A. C. Guha):** Break-up of what figures?

**Shri K. K. Basu:** Loans have been granted six years back. A certain percentage of the amount has become unrealisable so far as interest is concerned. Then some amount has already been declared as bad and doubtful debts. In the meantime, you may have also granted new loans. On that, you are to get some interest, and the in-

terest on this may also not have been realised. My only concern is this. Some months ago we had a full discussion about the administration of this Corporation and we made some suggestions. Later we amended the law. We want to know whether the state of affairs has improved to the extent that we desired, whether the operation of the new law has resulted in improvement of the administration, so that the exchequer does not have to lose. That is the only point on which I want information.

**Shri Morarka (Ganganagar-Jhunjhunu):** I rise to support Demand No. 37 of the Ministry of Finance. But while doing so, I would like to have some information from the Minister in charge. It seems that the major portion of this demand relates to the Industrial Finance Corporation. Now, here is a very sad story about the Sodepore Glass Works. I do not know how far the reports are correct. But our information is that the total investment of the Government in this concern i.e. of the Corporation up to date is slightly more than Rs. 115 lakhs. The further information is that this company has already been sold to a Japanese concern for Rs. 62 lakhs, and the surprising thing is that the Japanese people have not produced a single pie of their own. The Corporation has advanced that money to the Japanese firm to purchase this company.

Now, I do not know whether these facts are correct, but the House would be very much interested to know whether it is a fact that this company has been sold to a Japanese firm for Rs. 62 lakhs, even though the Government invested in this company Rs 115 lakhs. If so, the House would also be interested to know what was the methods or what was the system followed by the Corporation in selling this company—whether it was sold by private negotiations or whether there was a Committee appointed for the purpose. It would be interesting to know that as



early as 5th April 1952, when the Corporation's investment in this concern was only about Rs. 47 lakhs; it was reported that this concern could never be a success and that this should be sold and the Corporation's money realised. But for the reasons not known to this House that recommendation or that advice was not accepted and the Corporation went on sinking more money in this company, until the figure was 115 lakhs. Then they decided all of a sudden to sell this company, to some foreign Japanese concern for the sum of Rs. 62 lakhs. It may be that the Government have considered that the foreign people can manage the concern better but the experience of the Housing Factory in Delhi gives us a different picture. There also the concern was given for management to some foreign experts; how the concern was managed, I do not know. But, we were told that the foreign experts could not even pay the annual lease rent. It is not a small matter; big amounts are involved. It would be just putting the curtain before us to say that the Corporation is an independent body and an autonomous organisation. After all, whose money is with this Corporation? The corporation consists of shareholders like the Reserve Bank of India, the Government of India and insurance companies and several big trusts. When such institutions are involved, when the money of the public is involved better arrangement of its affairs is expected. The Directors of this Corporation have been negligent and careless in investing the money and in securing the loans which they advanced. I think something more radical than what has been done so far is needed. I think the House must have a full account from the Ministry concerned of how this Sodepore Glass Company has been handled and who is the person who is primarily responsible for sinking such a big amount in this concern.

श्री श्रीनारायण दास (दरभंगा-मध्य) :  
सर्वनाशे मृत्युन्ने अर्द्धं त्यजत पंडितः।

Shri T. B. Vittal Rao (Khammam): The rate of dividend that is guaranteed is only 2½ per cent. I tried to elicit information from the Government as to the rate of interest that is charged by the Industrial Finance Corporation for the loans advanced to the various companies. I was given to understand that it depends upon the market rates. But I can give instances. The Singareni Colliery asked for a loan of Rs. 50 lakhs and they were told that they would not get any loan from the Corporation for less than 6 or 7 per cent. They said that the dividend is only 2½ per cent. and, therefore, they could not afford it. But we find that a yearly subvention is being paid to the Industrial Finance Corporation in order to meet the deficit. I would like to know from Government whether it is due to the top-heavy administration that it costs so much or whether loans have been advanced to many of the firms and companies at rates much less than the guaranteed rate of interest which is 2½ per cent.

Shri A. C. Guha: I think the points raised by the hon. Members have been discussed on the floor of this House on many occasions. Very recently, the Industrial Finance Corporation Act was amended. Then everything was discussed and no new point has been brought forward. I still shall try to meet the points.

So far as the Sodepore Glass Works is concerned, subject to correction, I think, the total amount advanced may be a little over Rs. 1 crore, Rs. 1 crore and 3 lakhs, something like that. It has been sold to a Japanese firm, not by private negotiations but by calling for tenders. The Corporation published advertisements in responsible and widely circulated newspapers asking for tenders to take over the firm. At first the Corporation tried to give that concern on lease to any party. No proposal worth accepting was forthcoming. Practically, no proposal for lease came forward. Anything that came forward could not be called a proposal. As for the sale also, the

[Shri A. C. Guha]

response was very poor. The best of them was from the Japanese firm. Their original quotation was, I think, nearabout 60 lakhs or something like that. Some Indian firms quoted Rs. 10 Rs. 15 and Rs. 20 lakhs. Anyhow, there was a negotiating committee set up by the Industrial Finance Corporation and that committee, in consultation with the Finance Ministry, decided that this should be given to this Japanese firm because that was the best that we could get. I may assure Shri Morarka and others that this matter was considered at the highest level of the Government.....

**Shri K. K. Basu:** What was the price offered by the Japanese?

**Shri A. C. Guha:** I am coming to that. It was considered at the highest level by the Government. It was not decided by the Finance Ministry or by the Finance Minister as such; it was considered by the Government and the Government thought that that was the best offer that could be accepted. This company, Ashai Glass Works, is one of the best producers of sheet glass. They have got a very good factory in Japan also. The offer is Rs. 62 lakhs. It is true that that money is not given in cash. It will bear interest at 3½ per cent, and it is to be paid over a number of instalments. I think it will be in 17 instalments.

**Shri K. K. Basu:** As war reparation charges from the Japanese.

**Shri A. C. Guha:** I have not tried on any previous occasion to conceal from this House the sorry position of the Sodepur Glass Works. Somehow or other, it was a bad deal and a very bad deal and we have tried to come out of it as best as we can or, as my hon. friend on the other side said as much least badly as possible.

**Shri Kamath:** It was a sorry mess, Sir.

**Shri A. C. Guha:** This matter was enquired into also by the Enquiry

Committee and that report was also discussed in this House and so there is nothing new that I can say in this matter.

**Shri Morarka:** What was the total amount invested by the Corporation?

**Shri A. C. Guha:** I think it would be Rs. 1,03,00,000 and not Rs. 1,15,00,000; a little over Rs. 1 crore.

**Shri K. K. Basu:** When is the first instalment due; or will they not pay anything for the first 5 years?

**Shri A. C. Guha:** After the second year from the date of the loan they will give Rs. 2,20,000 every year up to the 5th year and in that year they will give Rs. 4.80,000 and.....

**Shri Karmarkar:** All right; he does not want all these figures.

**Shri A. C. Guha:** Shri Morarka has also said something about the Housing Factory. He has said that our experience of foreign experts is not very happy but I would like to quote the difference between the agreement with that company and that with this company. In that company, there was government participation with a foreign firm and an Indian firm with Government having some responsibility to bear the losses. Here, there is no government participation. It is an absolute sale. For paying the money, I think, the first condition was that within 6 months they would deposit Rs. 2 lakhs. That they have paid. They will now form an Indian company. I expect that that will be formed in January or February next year. So far, I can say that this company has been working in a *bona fide* manner and there is nothing as yet to apprehend that this Japanese company will not be able to run this factory successfully.

**Pankit Thakur Das Bhargava:** Has any security been taken?

**Shri A. C. Guha:** There is the bank guarantee. The factory was examined and the experts were satisfied that

the equipment of this company was up-to-date. We hope that they will be able to run this factory properly and this factory will, we hope, produce sheet glass which will add to the industrial wealth of the country.

**Pandit Thakur Das Bhargava:** May I just enquire: why did not the Government run the factory?

**Shri A. C. Guha:** On a previous occasion I answered that question. The hon. Member will realise that it is not possible for the Industrial Finance Corporation to run a factory like this nor is it possible for the Finance Ministry. The only other Ministry which was in a position to run the factory is the Production Ministry. We tried with the Production Ministry—not once but more than twice—but they were careful enough not to touch this factory.

**Shri K. K. Basu:** Is there any stipulation that they must run this factory and not sell the assets and go away?

**Shri A. C. Guha:** They will form an Indian company and we expect that by January or February—within two or three months—it will be formed. It will be an Indian company. Indian capital also will be there.

**Shri Achuthan:** I want to have an idea of the total loss that has been incurred.

**Shri A. C. Guha:** It is simple mathematics—Rs. 104 lakhs out of which Rs. 62 lakhs were got. So it will be about Rs. 42 lakhs.

**Shri Achuthan:** Interest amount for so many years—that is there.

**Shri A. C. Guha:** The rate of interest is 3.5 per cent—that is the rate of interest that the Corporation is paying to the Government. Shri Chowdhury mentioned something about this Corporation and said that the subvention to this is increasing. If he would care to read the subsequent paragraphs, I think he would have found the explanation for that. This year the Corporation has put 15 lakhs

in the reserve fund for bad and doubtful debts which I think was not done in the previous years. I would refer him to page 8, second para, sub-para (i), (ii) and (iii). Interest on advances given to the Sodepur Glass Works had not been charged this year. Previously that was charged and that was taken into account though it was not realised. He will find that interest accrued on the accounts of six companies had not been taken credit for in the Profit and Loss Account and a sum of Rs. 15 lakhs had been set apart on the advice of the Corporation's auditors for bad and doubtful debts.

**Shri N. B. Chowdhury:** What has been given here is quite clear. The point is that it has not been managed well.

**Shri A. C. Guha:** That might have been in the past.

**Shri N. B. Chowdhury:** I wanted to know the present position.

**Shri A. C. Guha:** I cannot claim that it will be a perfect thing without any defects or point to take objection to; I do not claim anything like that. But surely I hope from now on it will be a fairly successful concern and it will not incur any such loss. I think its reputation amongst the business circle as a financing body has increased even within this short period.

**Shri K. K. Basu:** It will if, without payment of interest, you give money. They are not likely to pay.

**Shri A. C. Guha:** Out of these six, the management of four have been taken over by this Corporation. Out of so many companies only 4—6 have been unable to pay interest and I do not think it is a very bad thing at all.

**Shri K. K. Basu:** But what is the amount involved? This glass company may be one company but the amount is Rs. 142 lakhs; there is another Rs. 65 lakhs in respect of another.

**Shri A. C. Guha:** In respect of these six companies, the amount in-

[Shri A. C. Guha]

volved is Rs. 19 lakhs, Rs. 18 lakhs, Rs. 4 lakhs, Rs. 7 lakhs, Rs. 7 lakhs, Rs. 6 lakhs. I am giving the round figures but there are some thousands also. I think that the assets of these will cover the investment of the Corporation.

**Shri K. K. Basu:** Are they loans given previously or recent loans?

**Shri A. C. Guha:** Previous loans. These loans have been sanctioned some time in 1949-50—not later than 1950.

I think I have covered all the points which the hon. Members mentioned and I hope that the Supplementary Demand will be passed.

**Shri K. K. Basu:** He must give us the details next time.

**Shri A. C. Guha:** The note given here is rather profuse and quite abundant.

**Shri K. K. Basu:** What I would like to know from the Minister is this. You give the total figure because it is a growing concern. It might have been Rs. 20 lakhs in one year but the next year it may be Rs. 2 crores which may be unrealisable.

**Shri A. C. Guha:** This should be read along with the annual report which has been placed on the Table of this House.

**An Hon. Member:** They had not given us the interest charged.

**Mr. Deputy-Speaker:** Let us wait for the Budget time.

**Shri Raghavachari (Penukonda):** I want to know one thing from the hon. Minister. When we read the note on page 3, we find certain amounts which were not originally intended to be included under the item 'charged'. Of course the Minister understands the distinction between the votable and chargeable expenditure under the Constitution. Now we find here that they were not treating this amount as 'charged'. Now they are advised to change it into the 'charged' category.

The Constitution makes certain items 'charged', that means that this House has no right to vote upon it. That is how we understand the meaning of the word 'charged'. Now this note says that the Government of India have now been advised that such payments should be 'charged' on the Consolidated Fund of India. I suppose it is not the advice given to the Government that makes any sum 'charged'; I wish to know how it that some sums which were not originally 'charged' are all of a sudden converted into 'charged'? Is it left to their discretion?

**Shri A. C. Guha:** When we say that Government have been advised, it means that we have been advised by our Law Ministry—the legal authorities. The Law Ministry is our legal authority. They say that it is an obligation according to the statute passed by this House. So, in the opinion of the Law Ministry, it should not be voted; it should be a 'charged' grant. So this has been done. The amount that was already taken as 'voted' will now be surrendered. So, the actual amount that we are asking would be about Rs. 4.25 lakhs.

**Shri Raghavachari:** The Constitution has described and given the details of particular items of expenditure which are classified as "charged". That is what has to be made clear. Therefore, if later on you want to add anything to that list on the advice of legal advisers I suppose the matter must be specifically brought to the notice of the House or through the Speaker and then a decision taken on that matter rather than quietly exercise the right of adding to the items not mentioned in the Constitution as "charged" items. So, it becomes a serious irregularity when this item has been included without the knowledge of the House.

**Shri A. C. Guha:** I do not think it is a question of adding to the list; it is just a question of interpretation. The Law Ministry's interpretation is that as this is a statutory obligation it should be put as a "charged" grant and not a voted grant.

**Mr. Deputy-Speaker:** The hon. Member evidently wants to know which is the authority that is finally to decide on such a matter. If the Government finds that a particular item is "charged" which hitherto was considered to be a votable item, to that extent the Parliament has no right to vote. Evidently the hon. Member wants to know as to who is to decide when there is a difference between the legal advice given to the Government and the advice given by the Members: whether it is the President or the Government.

**Shri A. C. Guha:** The Government of India have accepted the advice of the Law Ministry.

**Mr. Deputy-Speaker:** To the Houses?

**Shri A. C. Guha:** In this matter the Finance Ministry has accepted the advice of the Law Ministry and that is why we are making this change.

**Mr. Deputy-Speaker:** If there is a difference of opinion as to whether this is a "charged" item or not who is to decide the question under the Constitution?

**Shri Raghavachari:** The difficulty which I have got is this. The Constitution has definitely given to us a list of items of expenditure which are to be treated as "charged" items. There is no doubt about that. But, under what category of those items did this item come in? If they were all along treating this as a votable item by mistake and if they want to include it as a "charged" item, then.....

**Mr. Deputy-Speaker:** Was this once voted upon?

**Shri A. C. Guha:** No. A sum of Rs. 7 lakhs was put in the budget previously as a voted item. Now, the Law Ministry has told us that it should not be included as a voted item and that it should be made a "charged" item. So, we are asking for Rs. 11.25 lakhs and we are surrendering the original Rs. 7 lakhs. Therefore, actually the Demand now is only Rs. 4.25 lakhs. As the previous Grant

was a voted Grant we are surrendering that and are asking here for a Grant of Rs. 11.25 lakhs.

**Mr. Deputy-Speaker:** Was that brought to the notice of the House?

**Shri Raghavachari:** Sir, some item which was once treated as a votable item by this House is now desired to be treated as a "charged" item. You say you have surrendered a portion of that Grant. Once we approve the principle that this item is to be included as a "charged" item then next year it may not be Rs. 4 lakhs, you may come up with Rs. 40 lakhs. Then we are powerless. The question is, why you should take it over to another category? If the House must be committed to the principle, it must be specifically brought before the House, the whole matter discussed with the Speaker's consent, the matter should be explained and approved rather than say: "We are surrendering Rs. 7 lakhs". If we say: "All right, it is only Rs. 4 lakhs" next year it will be Rs. 40 lakhs and then we are powerless. It is that aspect of the question which I wanted to emphasise.

**Shri A. C. Guha:** This amount can vary only as put down in the Act. It cannot go beyond the provisions of the Act which has been passed by this House.

**Pandit Thakur Das Bhargava:** Sir, the point is rather a serious one. This year an item is shown as a votable item and next year on the advice of the Law Ministry the same item is shown as a "charged" item. Is the Law Ministry the final authority? Has this House got nothing to do with it? It is not a point only so far as Rs. 4 lakhs is concerned. This is a statutory obligation and the House would have even agreed to this item being changed. But the point is one of principle, Who is to decide whether an item should go from the votable list to a non-votable list? That is the point at issue.

**Mr. Deputy-Speaker:** Under article 112 it is said:

"The President shall in respect of every financial year cause to be laid before both the Houses of Parliament a statement of the estimated receipts and expenditure of the Government of India for that year, in this Part referred to as the "annual financial statement".

(2) The estimates of expenditure embodied in the annual financial statement shall show separately—

(a) the sums required to meet expenditure described by this Constitution as expenditure charged upon the Consolidated Fund of India....."

Article 112 is referred to in this note. Of course, there are categories of this expenditure that are charged on the Consolidated Fund of India. Among those categories as to whether a particular item comes in or not the Government takes the advice of the Law Ministry and asks the President to include or exclude the items. If it is a "charged" item not included in the Constitution and if perchance there is disagreement, then what is to happen?

**Pandit Thakur Das Bhargava:** The question is whether this House, our Speaker or anybody in this House has any say in the matter? The question is not only with regard to this Rs. 4 lakhs. We can understand that it is a statutory obligation and it may be regarded as a "charged" item. Supposing they transfer one big item from the list of votable items to the non-votable list then what would happen? This is the principle involved in this matter. They cannot be allowed by their own will to make an item non-votable because the Law Ministry says so. This is not fair.

**Mr. Deputy-Speaker:** What I find is this. This item has not been included as an item on which the vote of this House is called for. If it is a "charged" item then no voting is necessary. If it is not a "charged" item then voting will be necessary by this House, for the additional Rs. 4 lakhs because Rs. 7 lakhs has already been voted upon. Therefore, it is for them to consider. If it is a "voted" item then they have to take the sanction of the House; that is to say the House has to pass it. If they treat it as a "charged" item then they need not come to the House. Are they surrendering the Rs. 7 lakhs already voted upon?

**Shri A. C. Guha:** That is already mentioned in the note. We are surrendering Rs. 7 lakhs previously voted upon.

**Mr. Deputy-Speaker:** For surrendering they need not come to the House. It is only when an item is to be voted that they need come before the House. Now, the interpretation or advice of the Law Ministry is that this whole item of Rs. 7 lakhs which has already been voted upon and the Rs. 4 lakhs which is necessary now is a "charged" item. Therefore, voting of the House is not necessary. On the other hand hon. Members are under the impression that voting of the House is necessary. But, that item has not been brought up here for decision. No decision of the House is asked for. So far as Demand No. 37 is concerned I am not called upon to give any decision. The Government may consider over this matter once again if they have already got the opinion and hon. Members who have raised objection can also look into this matter. I am not in a position to say anything on this. This is the first case of its kind. This is one of first impression where an item hitherto considered as votable has been treated on legal advice as non-votable and changed from one category to the other. There has been no precedent so far



**Shri A. C. Guha:** Article 112 (3) (c) says:

"debt charges for which the Government of India is liable including interest, sinking fund charges and redemption charges, and other expenditure relating to the raising of loans and the service and redemption of debt;"

Then again, in article 366 (8):

"debt" includes any liability in respect of any obligation to repay capital sums by way of annuities and any liability under any guarantee, and "debt charges" shall be construed accordingly."

Then, in article 366 (13):

"guarantee" includes any obligation undertaken before the commencement of this Constitution to make payments in the event of the profits of an undertaking falling short of a specified amount."

So, this is a guarantee in regard to an undertaking.

**Mr. Deputy-Speaker:** The debt under a guarantee is a charged item. It is included under debts. That is the opinion of the Government. That is how they have been advised. If it is a debt under a guarantee, it is charged, and therefore, it need not be placed before the House. Neither the House nor I are called upon to go into this matter. If the Government wants to vote upon it, the question will arise whether it ought to be voted upon, because it is a charged item. If they do not want to vote upon it, then no question arises before the House now. This is academic at present.

**Shri Raghavachari:** According to article 112(1), the receipts and expenditure of the Government of India for that year, referred to as the "annual financial statement" shall be laid before the Parliament. Clause (3) of the article says that the estimates of ex-

penditure embodied in the annual financial statement shall show separately the sums required as expenditure charged upon the Consolidated Fund of India. So, this is a matter which should have been shown in the annual financial statement separately, or included in the charged list. That has not been done. What is an annual financial statement is also defined in clause (1) of the article. It has not been so shown by the Government in the list. I do not say that it has been done surreptitiously but obviously owing to the involved way in which it has been dealt with, and also because nobody knows anything from the small print in which it is printed. Anyway, the matter has not been put in specifically.

**Mr. Deputy-Speaker:** All that the hon. Member says is, evidently it is a matter, of course, of first impression. During the budget session the budget was passed taking this item as a votable item. Am I right?

**Shri A. C. Guha:** Yes.

**Mr. Deputy-Speaker:** It has been voted upon and Rs. 7 lakhs have been granted by the House. During the course of the year, it was found that not Rs. 7 lakhs but Rs. 11 lakhs were necessary for this purpose. But, in the meanwhile, there is the legal opinion given or the Ministry of Law feels that this item is not a votable item but that it is a chargeable item. If it continued to be a votable item the Government would have come with a supplementary demand for grant for Rs. 4 lakhs. Now, they feel, in accordance with the Law Ministry's advice, that it is not a votable item at all. Having got a vote upon that as itself not correct. Now, that amount is surrendered, and Rs. 11 lakhs are to be charged. Therefore, the vote of the House is not called for. That is the position. The hon. Member asks whether, if it is open to the vote of the House and if the House has once agreed and granted the amount as a votable item, can it be changed

[Mr. Deputy-Speaker]

into a non-votable item by the mere opinion of the Law Ministry. Even if it is a non-votable item, or even assuming that it was a votable item which was changed into a charged item, are we to be content with the opinion of the Law Ministry, or, is the House entitled to go into this matter? That is the question. It is evidently an academic aspect of it, and we are not called upon to give a decision in this matter here, because, for this item, for surrendering Rs. 7 lakhs no vote of the House is necessary. For the additional Rs. 4 lakhs, or for Rs. 11 lakhs, no vote is asked for. Under the circumstances, it is purely an academic question. I do not think at this stage anything can be done by the House; nor am I called upon to do anything in this regard. Now, we will proceed to item No. 40. Demand No. 37 is, of course, treated as a charged item, and they will spend the money. Whether it is charged or not charged, they have acted on legal opinion, and the hon. Members are not called upon to vote on it. Therefore, I have nothing to put to the vote.

**Shri K. K. Basu:** In the course of the year, it has been put in as a charged item. That is the point which we wanted to emphasise.

**Mr. Deputy-Speaker:** It is only when a vote is called upon, that the House can say that they will or will not vote for it. The Government are not coming forward for the vote.

**Shri N. B. Chowdhury:** Then what is the purpose in brining in this matter to the House?

**Mr. Deputy-Speaker:** It is for discussion. Hon. Members must know that under the Constitution, the President shall cause to be laid before the House the original annual financial statement and the sums required to meet other expenditure to be made from the Consolidated Fund of India. Now, they are under two categories. One is charged and the other is votable. Only those items which are included in the votable items have to

be placed before the House by way of demands for grants and the vote of the House is called upon, cut motions moved, etc. The other items which are charged placed before the House for information and for discussion, so that though the amounts are charged, the House may make suggestions regarding the reduction of that amount and how it ought to be paid, etc. Many other suggestions could be made. The discussion can go on, on those items for the purpose of elucidation. Nothing more. If the Government treats any particular item as non-votable, that item is not placed for the vote of the House. If it is a votable item and still they treat it as non-votable and not chargeable, that expenditure may not be legal, but they are armed with the advice of the Law Ministry which says that this is not a votable item, and therefore, it is not subject to the vote of the House. If they change the view, then alone the House goes into the matter. So, this demand No. 37 is treated as a chargeable item and therefore, no vote of the House is called for. Nothing more can be done at this stage. We will pass on to the next demand.

**Shri Mohiuddin (Hyderabad City):** In such cases, when Government thought that an item is a votable item and later on decided that it is not votable and is charged, may I know whether the House is in a position to decide whether the revised opinion of the Government is correct or not, or whether the Speaker has to decide whether the changed opinion of the Government is correct or not?

**Mr. Deputy-Speaker:** My own feeling is that nothing can be done in this House on this motion. The demands for grants are also made on a motion. Then the motion is discussed. The discussion goes on. On charged items, they do not want the vote of the House. Under the Constitution, if the vote is called for and the opinion is against the item, then the expenditure will be illegal. Then it is the

duty of the courts to find out whether it is legal or not. But unless this is placed before the House for the vote of the House, the House cannot vote upon it. They do not want the vote of the House. They say that they have got a right to spend the money without the vote of the House. Therefore, at this stage, how can we insist upon the Government to put it in the form of a demand for grant for being voted, when they are under the impression that the vote of the House is not necessary? The only remedy is that we can talk about this matter during the course of the general discussion on the budget.

**Shri Raghavachari:** You are aware that even items which are put in the charged list are reported to the House and the House is entitled to criticise them, though it is not subject to the vote of the House. But this is the other way round. They have brought in an item which they thought is not a charged one till now. And now, they want to treat it as charged. My only anxiety is that this matter will have to be decided by the House as to whether the interpretation of the Government or the advice to the Government and their acceptance of the position is proper or improper. The House has already been asked to treat it as a votable item. Keeping quite now cannot mean necessarily that the House is conclusively accepting the categorisation proposed by the Government.

**Mr. Deputy-Speaker:** I am afraid the hon. Member has chosen a wrong remedy. The Government does not want a demand to be passed on this item. They just want the sense of this House for expending this item. They have treated it as charged, and there is nothing in the Constitution to say that the Government is wrong. All that can be done is whether the House votes it or not, and they treat it as charged or not, the matter has to be taken by way of an Appropriation Act. It will come up when the Appropriation Bill is presented. The hon. Members can then say that this

is a votable item and it has been treated as a non-votable item and that therefore this amount ought not to be appropriated. That is the only possible way in which this matter can be brought up for discussion. This is not the occasion for it. The House will now proceed to the next item.

#### DEMAND No. 40—PRE-PARTITION PAYMENTS

**Mr. Deputy-Speaker:** There is no cut motion on this Demand.

**Shri A. C. Guha:** This is also a charged item.

**Shri N. B. Chowdhury:** The Business Advisory Committee has allotted half an hour for this and I would like to say something. We are going to make a payment of Rs. 20.85 lakhs according to the arbitrators' award. We are going to pay Rs. 12.8 lakhs to Hastings Jute Mills and Rs. 8.05 lakhs to Kennison Jute Mills. This amount is to be paid because of certain agreements entered into by the Government of India under the British regime with the Indian Jute Mills Association. This refers to war time agreements. But we find that according to the note supplied there was a long negotiation and even the arbitrators took five years to decide the matter. The award was declared only on 25th April, 1955. Now the Government might say that because the matter was under arbitration, they were helpless. But even before that, i.e. up to 1950, there was a long period after attainment of independence. The British Government during the war time might have entered into all sorts of complicated agreements with the British capitalists in the Jute Mills Association. But after the attainment of independence, I want to know what steps were taken by the Government to settle the matters with a view to avoid liabilities for further payments. Here we find that even after the termination of the war, the premises were utilised for accommodating American surplus stores. From all these, it appears that the Government did not take any special steps in order to see that their liabilities towards

[Shri N. B. Chowhury]

pre-partition payments were cleared as early as possible and further liabilities did not accumulate. From the note which has been provided and also from the terms of the actual agreement as we find it, it is not very clear that the Government was altogether helpless after the 15th August, 1947, to settle these matters. They could have taken adequate steps to see that these liabilities were cleared at the earliest possible opportunity. I would also like to mention that the terms of the agreement entered into with the Indian Jute Mills Association are also very vague. It is, of course, true that the Government of India also challenged the claims of the Association and so the matter was under arbitration for such a long period. It appears from the note and also from whatever we know about this matter that the way in which the matter has been tackled after the attainment of independence has not been altogether a satisfactory one. The result was that liabilities which might have been avoided could not be avoided and ultimately we have to vote for such a huge amount. Even now we do not know what is the actual amount that will have to be paid ultimately, because according to the statement here, there is still liability of several lakhs of rupees. Their claim is for a sum of Rs. 49.21 lakhs and here we have provided only for Rs. 20.85 lakhs. This means that for another huge amount negotiations would continue and we do not know when the matter will be settled. This shows that the matter was not properly tackled after the Congress Party came into power on the 15th August, 1947. I am not referring to the actual terms of the agreement, but I say that the way in which the matter has been tackled after independence has not been quite a satisfactory one and it is because of this mishandling that we are now liable to pay such a huge amount to the British capitalists.

**Shri K. K. Basu:** Though the war ended in 1945, the premises were de-requisitioned only in March, 1951.

Why did it take nearly four years after the national Government came into being to decide over the de-requisitioning of these particular premises? It is said here that they were used for accommodating American surplus stores. I do not know what type of stores they were. Secondly, I would like to know when these mills took possession of the premises actually. I want to emphasise this point, because the losses of profits which they have claimed might be for the whole period for which the mills did not work. I want to know whether the loss of profits claimed relates to the period during the war, before 1947 or till the date of requisition or even to a subsequent period. This point has to be clarified, because the amount that has been charged is huge. I hope the Government will try to clarify this point. There is another point. As far as I remember, there was some adjustment by which a certain percentage of the pre-partition debts was to be paid by the Pakistan Government. I know that there are a number of small parties which are claiming payment from the Government for pre-partition debts; they have not been paid anything. My fear is that because this is a big party, they have come to a settlement. I find from the note that the arbitrators took five years to give the Award, because there was a certain dispute about the interpretation of a certain terms. I do not know how the arbitrators could have taken five years to come to a conclusion on this matter. Of course, they might say that they had to look into the accounts books and so on. But, I would like the hon. Minister to clarify the position and state the reason for the long period taken to settle the matter and also explain to what period the loss of profits related—the period during the war, the period till 1947 or even the subsequent period. I also want the Minister to state why such a long time was taken to de-requisition the premises.

**Shri M. C. Shah:** The point raised is, "why should we have respected

this agreement?" Is it suggested that we should dishonour the agreement that we entered into before partition? It has been agreed that we should pay the pre-partition debts. If it is accepted that we should honour that agreement, then I do not think any objection can be taken to this Demand.

5 P.M.

The matter has been very clearly set out in the notes on the demand. Under the agreement, whenever there was a dispute, the matter was to be referred to arbitration. How can we ask the arbitrator to just give a decision within a certain definite period? They took some time. The parties seem to be rather big parties as stated by my hon. friend Shri K. K. Basu. How can we say that the arbitrator has not acted in the right and proper way.

**Shri K. K. Basu:** My point is this: Whether the Government or the jute mills were responsible for these delays. You may appoint an arbitrator. They may ask for a statement. You may not do it. Were either of the parties responsible or was it left to the arbitrators?

**Shri M. C. Shah:** Nobody is responsible. I know of certain cases before arbitrators where Government have to refer. These proceedings continue for a very very long time. There is no delay. There may be points at issue. There are some statements to be filed or some evidence to be taken. All these things take time. Because it has taken time, it does not affect the claim which is awarded by the arbitrators. It is only honouring an agreement that we entered into. I do not think we can take any objection to this. That is the only thing that I should like to urge on the Members opposite. This is simply a pre-partition debt. We are bound to

honour the pre-partition debts. If we do not honour, the party has a right to go to a court of law and get perhaps much more because they had claimed rather a big sum, something like Rs. 26 lakhs or more. The arbitrator has given a rather small sum. Therefore, I do not think that there can be any objection to be raised in this regard.

**Shri K. K. Basu:** This is a pre-partition debt. There were certain debts which were to be paid by the Pakistan Government. I know still there are large amounts claimed by individuals from the Government which they argue are payable by the Pakistan Government and they refuse to pay. Is this payment on account of the Pakistan Government or on our own? I would like clarification of that point.

**Shri M. C. Shah:** This demand was to be met by the Government of India. Therefore, the Government of India has accepted this liability. As a matter of fact, certain stores of the U.S.A. Government were handed over and a certain sum was to be given to the Government of India. We have realised those sums from the surplus stores over and above a certain fixed sum. The moneys realised out of those stores were to be adjusted by the U.S.A. Government and the Government of India. We have got all these things. Therefore, we have accepted the obligation that was accepted before the partition. There is nothing wrong; there is nothing extraordinary in accepting this demand and paying this sum.

**Mr. Deputy-Speaker:** This Demand is not to be voted upon. It is also a charged item. The rest of the items will be taken up on Monday.

5.05 P.M.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, the 12th December, 1955.

## DAILY DIGEST

[Saturday, 10th December, 1955.]

## Columns

## Columns

## STATEMENT BY MINISTER

The Deputy Minister of Railways and Transport (Shri Alagesan) made a statement regarding the damage done to railway transport system by the recent cyclone in Madras.

2097—99

## PAPER LAID ON THE TABLE

A copy of the Constitution (Hindi Language for official purposes) Order, 1955

2099

## MESSAGES FROM RAJYA SABHA

2099—2100

Secretary reported the following messages from Rajya Sabha

(i) That at its sitting held on the 8th December, 1955, Rajya Sabha had agreed without any Amendment to the Prevention of Corruption (Amendment) Bill passed by Lok Sabha on the 22nd November, 1955

(ii) That at its sitting held on the 8th December, 1955, Rajya Sabha had agreed without any amendment to the Manipur (Courts) Bill, passed by Lok Sabha on the 1st December, 1955.

(iii) That at its sitting held on the 7th December, 1955, Rajya Sabha had passed the University Grants Commission Bill,

passed by Lok Sabha on the 28th November, 1955 with amendments and had returned the Bill with the request that the concurrence of Lok-Sabha to the amendments be communicated to Rajya Sabha.

## BILL AS AMENDED BY RAJYA SABHA—LAID ON THE TABLE

2100

Secretary laid on the Table the University Grants Commission Bill as amended by Rajya Sabha

## BILL PASSED

2101—55

(i) Indian Tariff (Second Amendment) Bill was further considered. Clauses 1 and 2 were adopted and the Bill was passed

2101—55

(ii) Indian Tariff (Third Amendment) Bill was further considered. Clauses 1 and 2 were adopted and the Bill was passed

2101—55

## DEMANDS FOR SUPPLEMENTARY GRANTS

2155—2250

Demands Nos. 85 and 131 relating to the Ministry of Production, Demand No. 4 relating to the Ministry of Commerce and Industry and Demand No. 22 relating to the Ministry of External Affairs were discussed and voted in full

Demands Nos. 37 and 40 relating to the Ministry of Finance, which were "charged" items were also discussed.