

Saturday, April 14, 1956

# LOK SABHA DEBATES

(Part I—Questions and Answers)

VOLUME II, 1956

*16th March to 16th April 1956*



सत्यमेव जयते



TWELFTH SESSION, 1956

*(Vol. II contains Nos. 21 to 40)*

LOK SABHA SECRETARIAT  
NEW DELHI

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No. 25558  
25.03.2015

**LOK SABHA DEBATES**  
(Part I—Questions & Answers)

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**LOK SABHA**

Saturday, 14th April, 1956

*The Lok Sabha met at Half Past Ten  
of the Clock.*

[MR. SPEAKER in the Chair]

**ORAL ANSWERS TO  
QUESTIONS**

**NEWS REELS AND DOCUMENTARIES**

**\*1419. Shri Krishnacharya Joshi :** Will the Minister of Information and Broadcasting be pleased to state:

(a) the total number of News Reels and Documentaries distributed to cinemas during 1955; and

(b) whether any condition is imposed on licence holders?

**The Minister of Information and Broadcasting (Dr. Keskar) :** (a) 87, including one full-length documentary, were distributed by the Films Division. Government have no information about documentaries and news reels distributed by other Indian and foreign agencies.

(b) Licenses are issued by the State Government and for their conditions attention is invited to the comprehensive statement placed on the Table of the House in reply to Starred Question No. 988 on 9th December, 1954.

**Shri Krishnacharya Joshi :** May I know how this figure compares with the figure of 1954?

**Dr. Keskar :** I am sorry, I have not got the figures for 1954, but I can tell the hon. Member that the number is very much larger than in 1954.

**Shri Krishnacharya Joshi :** May I know the total number of documentaries and news reels sent to our Missions in foreign countries?

1—82 L. S.

**Dr. Keskar :** I am sorry, I have not got the figure, but generally the documentaries are sent to our Missions only on the approval and selection of the External Affairs Ministry.

श्री भक्त बर्दान : क्या गवर्नमेंट ने इस बात का भी पता लगाने का प्रयत्न किया है कि कौन कौन वृत्त चित्र ऐसे थे जो कि ज्यादा लोक-प्रिय सिद्ध हुए और क्या गवर्नमेंट इसका प्रयत्न करेगी कि उसी तरह के वृत्त चित्र और अधिक मात्रा में तैयार किये जाय ?

डा० केशकर : यह तो मालूम हो जाता है कि कौन कौन से ज्यादा लोकप्रिय हुए लेकिन हर बार उसी प्रकार के चित्र बनाना सम्भव नहीं है क्योंकि हर एक चित्र की जो विचित्रता है उसी के अनुसार वह चित्र लोकप्रिय होता है और इसलिए हर एक चित्र के लिए अलग अलग नियम लगेंगे और इस कारण हर एक के लिए या एक ग्रुप के लिए एक नियम बनाना बहुत कठिन है ।

**TOY INDUSTRY**

**\*1420. Shri Bibhuti Mishra :** Will the Minister of Production be pleased to state:

(a) whether Government have formulated any scheme for the development of the toy industry in the Second Five Year Plan; and

(b) if so, the money allotted and the kinds of toys which are to be developed?

**The Deputy Minister of Production (Shri Satish Chandra) :** (a) Some State Governments have formulated such schemes.

(b) The estimated expenditure on the schemes prepared by the State Governments is Rupees 34,80,482. • These schemes will be scrutinised by the Handicrafts Board before funds are allotted. The schemes provide for development of a variety of toys

**श्री बिभूति मिश्र :** क्या सरकार ने इस बात का भी ध्यान रखा है कि जो बाहर से यहां पर बहुत से खिलौने आते हैं, वह खिलौने हिन्दुस्तान में ही बनें ताकि हमारे देश का पैसा बाहर न जाये ?

**श्री सतिशचन्द्र :** जैसे जैसे खिलौने यहां पर बनने लगेंगे और इस उद्योग में प्रगति होगी, वैसे वैसे बाहर से खिलौने मंगाने बंद किये जायेंगे ।

**श्री बिभूति मिश्र :** मैं ने यह कहा था कि जो अभी बाहर से हमारे देश में खिलौने आते हैं और जो कि हिन्दुस्तान में नहीं बनते हैं, तो क्या उन खिलौनों को हिन्दुस्तान में बनाये जानेकी ओर सरकार का ध्यान गया है जिससे कि हमारा पैसा बाहर न जाय ?

**श्री सतिशचन्द्र :** जी हां, इसके लिए प्रयत्न किया जा रहा है और इस उद्योग की उन्नति करने के लिए रुपया भी रखा गया है । स्टेट्स गवर्नमेंट्स ने इसके सम्बन्ध में स्कीमें बनाई हैं, सेंट्रल गवर्नमेंट स्वयं यह काम नहीं करती है ।

**Shri B. S. Murthy :** May I know what steps are being taken to popularise our toys abroad?

**श्री सतिशचन्द्र :** अभी जितने खिलौने हमारे देश में बनते हैं, वे यहां की मांग पूरी करने के लिए काफी नहीं हैं लेकिन जो नमूने विदेशों में होती हैं उनमें हमारे देश के बने खिलौने भेजे जाते हैं ।

**Shri G. P. Sinha :** May I know whether the toy industry will be exclusively left to the cottage and small-scale industries and no big industry will be allowed to manufacture toys?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) :** May I say a word, Sir? I wonder what the hon. Members have in mind when they talk about toys? Many toys today are highly technical, highly complicated technical small machines. There is a tendency—and the children often like them and it is good for them—to play about making bridges, this, that and the other. Also, a sort of artistic toys and even some

technical toys are made in India, and very good ones too. And, I would suggest to my young colleague that, whether our market is adequately supplied with them or not, some of our toys are very much appreciated in other countries, and they should be sent, there is no doubt about it, because of the artistic quality. They are cheap and artistic. But, the technical toys too are being made, but other countries are far ahead of us in them.

#### COAL

**\*1422. Shri S. C. Samanta :** Will the Minister of Production be pleased to state the facilities proposed to be given to private collieries to step up quality and quantity of coal?

**The Deputy Minister of Production (Shri Satish Chandra) :** Transport facilities including railway sidings will be provided on a planned basis. The Coal Board have recently appointed a committee to consider afresh the question of assistance to be granted for stowing. Adequate arrangements exist for subsidising housing for miners and a new scheme for greater financial assistance for labour housing is under consideration.

Collieries which undertake washing of coal to improve the quality, will be given an increase in price of coal to cover the cost of washing. Applications for loan will be considered for establishing washeries set-up with Government approval.

**Shri S. C. Samanta :** The hon. Deputy Minister stated that for stowing, Government is going to help the private coal industry. May I know whether any maximum amount has been fixed for stowing either with sand or crushed materials?

**Shri Satish Chandra :** Stowing assistance is already provided. The Coal Board is examining the question of providing increased stowing assistance during the next Plan period with a view to encourage the production. A Committee has been appointed for this purpose.

**Shri S. C. Samanta :** May I know, whether, when the small collieries, that are going to be amalgamated, according to the recommendations of the committee set up by the Ministry, come up, their production will be counted towards the target that has been fixed for the private enterprise in the Second Five Year Plan?

**Shri Satish Chandra :** Yes, Sir ; of course, that will be counted.

**Shri P. C. Bose :** May I know whether it is a fact that, in spite of all these facilities for stowing arrangements, the small collieries are not accepting them?

**Shri Satish Chandra :** It is true that all collieries are not able to follow all the rules in this respect. An effort is being made to provide assistance for stowing when necessary.

**Shri S. C. Samanta :** May I know, whether the Government is going to provide any further assistance to the private enterprise for the production of metallurgical coal?

**Shri Satish Chandra :** As I stated in my reply, applications for setting up washeries will be considered by the Government. The industry has promised to adopt more modern methods of mining.

#### ANTARCTICA

**\*1423. Shri S. V. Ramaswamy:** Will the Prime Minister be pleased to state:

(a) whether it is a fact that India has urged the inclusion of the question of Antarctica in the Agenda of the U. N. General Assembly ;

(b) if so, the specific issues sought to be raised by India ;

(c) whether India propose to seek a form of U. N. Trusteeship in Antarctica ; and

(d) what is India's programme for the International Geo-physical year, 1957-58?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) :** (a) Yes.

(b) and (c) The various aspects of the entire question are now under the active consideration of Government and an explanatory memorandum will shortly be submitted to the U. N.

(d) India has planned a programme for the International Geo-physical year in which many Indian scientists in Government Organisations and Universities will participate. According to the present plan, about thirty stations in India will participate in this programme covering a wide variety of geo-physical disciplines, such as meteorology, geo-magnetism, aurora and airglow, ionosphere, Cosmic rays, solar activity latitudes and longitudes oceanography, seismology and gravity measurements.

**Shri S. V. Ramaswamy :** What is the policy of Government in the light of the conflicting claims of the great powers on the Antarctica?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) :** As has been stated, the reasons for making this reference to the United Nations have been stated in the memorandum that is being prepared. Broadly speaking, I may say we are not challenging anybody's rights there. There are certain countries which, according to them, have certain rights, and we are not challenging that. But as it has become important and more especially because of the development of possible experimentation of atomic weapons and the like, we feel that the matter should be considered by the United Nations and not be left in a slightly chaotic stage with various countries trying to grab it.

**Shri S. V. Ramaswamy :** It is said that the Antarctica is very rich in minerals, particularly in uranium. Does the Government propose to set up an international commission to see that the mineral wealth of this area is shared by the several nations of the world?



**Shri Jawaharlal Nehru :** The Government do not set up international commissions. It is the international bodies that set them up. This is rather a delicate matter, delicate in the sense that certain countries more or less impinging on Antarctica have in the past developed certain interests in those areas. For us to suggest that they should be deprived of those particular interests would be not proper, and we are not suggesting anything to particular countries. What we have suggested is that this matter should be considered in all its aspects. We are not against any country there. Undoubtedly, the fact that Antarctica contains many very important minerals, especially atomic energy minerals, is one of the reason why there is this attraction now and why it is so attractive to various countries. We had thought that it would be desirable to have a discussion about this in the United Nations.

**Shri Kamath :** Now that the cold war seems to be enveloping the cold and barren wastes of Antarctica, will our warm-hearted Prime Minister try to see whether *Panch Shila*, with its tenets of non-aggression and peaceful co-existence, can have a polar application in Antarctica as well, and in case the interested powers have not subscribed to *Panch Shila* already, does he propose to appeal to them in the name of *Panch Shila*?

**Shri Jawaharlal Nehru :** We are thinking of emphasising the application of *Panch Shila* in warmer climates, to begin with.

**Shri Kasliwal :** After this proposal had been made, it appears that the leader of our delegation to the UNO had occasion to meet representatives of certain countries who, as the Prime Minister has just now said, have an interest in that area. May I know what are the reactions of these countries, especially Chile, Argentina and the United Kingdom who have bases in Antarctica, with regard to our proposals?

**Shri Jawaharlal Nehru :** In Chile especially, India's proposal that this

might be considered by the United Nations created a good deal of criticism, because they thought that their rights might somehow be challenged in those discussions. We assured them that we have no intention at all of challenging any rights that Chile or Argentine possess there. In fact, we do not wish to come in the way of their rights. Because of new developments we thought it desirable to have this matter considered in the United Nations.

**Shri Kamath :** When is it coming up in the United Nations?

**Shri Jawaharlal Nehru :** I do not know when it is coming up. I do not know whether it will come up in the foreseeable future, because there are many other things. At the present moment, all that has happened is, the United Nations have been informed that we might raise this matter there, and after this, we have to put in some statement.

**Shri B. S. Murthy :** Is the Prime Minister in a position to tell the House what is the attitude of the big nations to this question?

**Shri Jawaharlal Nehru :** In order to give a precise answer, I would have to find out the position in each country. But as this area is obviously rich in important and valuable minerals like uranium, etc., every country, big or small, would like to have a share in them.

**Shri S. V. Ramaswamy :** Has India any stake in the Antarctica and has the Government a claim there?

**Shri Jawaharlal Nehru :** None.

#### APPALAM INDUSTRY

**\*1425. Shri Gadilingana Gowd :** Will the Minister of Commerce and Industry be pleased to state whether it is a fact that Government sanctioned a loan during 1955 for the production of "Appalams" a favourite side-dish?

**The Minister of Industries (Shri Kanungo) :** Yes, Sir. A loan of

Rs. 13,096 has been sanctioned to the Government of Madras to establish an Appalam Production Unit.

**Shri Gadilingana Gowd :** I want to know if the Government are aware that there are many brands of 'Appalams' such as Lakshmi, Ammami, etc., and there is Nehru brand also. May I know which of these brands the Government are encouraging?

**Shri Kanungo :** The primary purpose of this scheme is to provide employment to middle income groups or families, particularly, women. There is no special brand that is going to be marketed. The only idea is that the best of *pappadams* should be made available at a cheap price and that it should bring some income to the women concerned.

**Shri Gadilingana Gowd :** May I know whether the Government have any information about the quantity that is being manufactured in our country and whether the Government have taken any steps to popularise these 'Appalams' in foreign countries?

**Shri Kanungo :** We are trying to see that they are made available at cheap prices. This scheme is meant to popularise them in our own country, and particularly Madras.

#### EVACUEE HOUSES

**\*1426. Shri Gidwani :** Will the Minister of Rehabilitation be pleased to state:

(a) whether the non-refugees who were allotted evacuee houses have been asked to vacate them; and

(b) whether any evacuee houses are still being allotted to non-refugees?

**The Deputy Minister of Production (Shri Satish Chandra) :** (a) Most evacuee houses were allotted to displaced persons and some to non-displaced persons. Cancellation of allotments cannot be carried out indiscriminately and care has to be taken to prevent avoidable hardship and unnecessary dislocation of the lives of the

individuals concerned. Rules have been laid down under the Evacuee Property Act specifying the circumstances in which allotments may be cancelled and the Custodians are following these rules.

(b) No.

**Shri Gidwani :** Is it a fact that there are a number of evacuee houses in the occupation of Government employees or Government officers and, if so, what are the steps taken to get those employees or those officers evicted?

**Shri Satish Chandra :** As and when the present leases expire, houses are taken over, and are sold by auction to realise money for compensation pool.

**Shri Gidwani :** Will the Government be pleased to enquire whether the Custodian of Evacuee Property in Bombay had been letting evacuee houses or flats of which he has the tenancy rights, to some officers who are non-D.Ps., in contravention of the definite orders of the Government that all evacuee houses have to be allotted to D.Ps., only.

**Shri Satish Chandra :** The matter will be looked into.

**Mr. Speaker :** Hon. Members, in future, if they get to know of any individual case of public importance, will first of all refer the case to the Minister concerned. The Minister cannot answer these questions off-hand. If an earlier reference is made about such matters, the Minister can answer the questions when the time comes up for it in the House. If the hon. Member does not get any answer or if he is not satisfied with the answer, we can see what can be done.

#### AUTOMOBILES

**\*1427. Sardar Iqbal Singh :** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that higher prices are charged for automobiles

than the normal list price by the automobile dealers especially for the Diesel truck and Bus chassis; and

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

**The Minister of Industries (Shri Kanungo):** (a) No, Sir; not so far as Government are aware.

(b) Does not arise.

**Sardar Iqbal Singh:** May I know whether it is a fact that the diesel trucks and other trucks are selling in the black market at about Rs. 5,000 to Rs. 6,000 higher than that fixed in the list price?

**Shri Kanungo:** No complaints have come to the Government yet from any source. We had information about two months back that some unauthorised persons were charging a higher price and then we took the step of getting together all the automobile dealers and working out a plan according to which there will be no shortage; and therefore there will be no premium price on motor trucks.

**Sardar Iqbal Singh:** Is the Government aware of the fact that the truck and automobile dealers are not supplying these trucks and automobiles at the list prices whereas order for these Trucks have been accepted a few months ago?

**Shri Kanungo:** As I have mentioned, there is an immediate shortage of trucks as against demands and Government have arranged that the shortage should be eliminated as soon as possible, very likely in the course of weeks.

**Sardar Iqbal Singh:** May I know whether Government propose to import diesel trucks and automobiles, so that the black market prices may go down?

**Shri Kanungo:** One of the steps taken is to permit the assemblers to import truck chassis in C. K. D. condition according to the demands.

**Shri Viswanatha Reddy:** May I know whether the Tariff Commission has enquired into the cost of the manufacture of these trucks and if so, what action has been taken?

**Shri Kanungo:** The report of the Tariff Commission is awaited.

**Shri A. M. Thomas:** On the one side there is a complaint that the prices are very high and on the other side, there is the complaint of the assemblers and manufacturers that the prices are low and that they are not in keeping with the cost of production. May I know whether the Government has any idea of reviewing the entire situation and taking any drastic steps, even to the extent of taking over the industry?

**Shri Kanungo:** That is exactly the question which is being enquired into by the Tariff Commission.

#### LOW-INCOME GROUP HOUSING SCHEME

**\*1430. Shri Ramananda Das:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) the number of applications for loan under the Low-Income Group Housing Scheme so far received from the Central Government employees; and

(b) the action taken thereon?

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar):** (a) and (b) No applications from Central Government employees were invited, or entertained, under the Low Income Group Housing Scheme, as the possibility was being examined of reviving the old scheme of the grant to them of house building advances.

**Shri Ramananda Das:** May I know how long will the Government take to come to a decision in the matter?

**Shri P. S. Naskar:** It has been decided to revive the grants of house-building advances which were discontinued in 1937.

**Shri Ramananda Das :** May I know what percentage of the Central Government employees will be eligible to take advantage of this scheme?

**Shri P. S. Naskar :** The permanent Central Government servants and those who have put in ten years' of continuous service will be eligible for this scheme.

**Shri Ramananda Das :** Is the Government considering the construction of buildings for the workers engaged in the Construction of Government buildings?

**The Minister of Works, Housing and Supply (Sardar Swaran Singh) :** That question is under separate examination.

**श्री एम० एल० द्विवेदी :** इस वक्त यह योजना किस स्तर पर है और कब तक प्रकाशित हो जायेगी ?

**Shri P. S. Naskar :** The rules for the granting of house-building advances have been finalised and will issue this week.

**Shri Kasliwal :** May I know what will be the amount of the advance?

**Shri P. S. Naskar :** The amount of advance will be limited to 24 months' pay including dearness pay wherever admissible, subject to a maximum of Rs. 25,000 for construction of new houses and Rs. 10,000 for making additions and alterations to existing houses.

#### LEATHER GOODS

**\*1431. Shri Bishwa Nath Roy :** Will the Minister of Commerce and Industry be pleased to state whether any scheme is under consideration of Government regarding the manufacture of leather articles in India with hides and skins which are generally exported?

**The Minister of Industries (Shri Kanungo) :** We have no specific scheme as such on hand but our objective is to progressively export manufactured goods as against processed skins and hides.

**Shri Bishwa Nath Roy :** May I know the value of the hides and skins exported last year?

**Shri Kanungo :** I am sorry I have not got the export figures with me.

**Shri Jangde :** May I know whether the Government of India are importing hides and skins from China?

**Shri Kanungo :** No.

**Shri B. S. Murthy :** May I know whether the Government is prepared to give central aid for those State institutes where leather goods are manufactured at present, and if so, whether any provision has been made in the Second Five Year Plan for this?

**Shri Kanungo :** Yes; the Government have been giving grants and loans to State schemes for manufacture of leather goods and they will continue to do so.

**Dr. Rama Rao :** In view of the fact that we are exporting tanned and raw hides and skins to the extent of nearly Rs. 32 crores a year, has the Government any scheme to explore the large potential market for leather goods in East European countries and the Soviet Union?

**Shri Kanungo :** That is exactly what I answered in the beginning, namely, that our efforts are to export manufactured leather goods as much as possible. It all depends upon the acceptability of our goods and the regulations in the other countries.

**Shri Bishwa Nath Roy :** May I know whether there are any schemes for increasing the capacity of the plants which are already working in India as at Kanpur?

**Shri Kanungo :** As a matter of fact, in the larger factories the production is not up to the capacity. Therefore, the question of increased capacity does not arise now.

#### KACHCHA TIVU ISLAND DISPUTE

**\*1432. Shri Shree Narayan Das :** Will the Prime Minister be pleased to state:

(a) whether it is a fact that the Ceylon Government has claimed that

the island Kachcha Tivu, halfway between Dhanuskodi and Talaimanar in the Palk Strait was a Ceylon territory and the same has been used as naval bombardment range by the Royal Ceylon Navy and now the Royal Ceylon Air Force propose to use the same as practice bombing and gunnery range from the 1st April, 1956 ;

(b) whether it is also a fact that the Indian High Commission in Ceylon has made a request to the Ceylon Government to postpone the decision to use the island as such, for the time being, until the question of ownership of the island is decided ;

(c) whether the Government of India have received any communication from the Government of Ceylon in this respect ; and

(d) if so, the nature of such communication?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** (a) to (d) The Director of Civil Aviation, Government of Ceylon, informed the Director General, Civil Aviation of the Government of India that the Kachcha Tivu Island was intended to be used as a practice aerial bombing and gunnery range. As the position with regard to the ownership of the island was not clear, the Indian High Commissioner in Ceylon, who had also seen press reports in Colombo that the Ceylon Government intended to start practice bombing from 1st April, 1956, requested the Ceylon Government to postpone any decision to use the Island for that purpose until the question of ownership was clarified. The Ceylon Government has replied affirming Ceylonese sovereignty over the island but stating that no decision has yet been taken regarding the proposed aerial exercises.

**Shri Shree Narayan Das :** May I know whether it is a fact that some time ago, the Government of Ceylon made some reference with regard to this island to the Indian Government and as Government of India did

not respond, the Government of Ceylon was encouraged to lay claims over this island?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** Is the hon. Member referring to some months ago or some years ago or some decades ago?

**Shri Shree Narayan Das :** Some months ago.

**Shri Vallatharas :** October last.

**Shri Jawaharlal Nehru :** There is no question of the Government of India or the Government of Ceylon coming into conflict over a tiny little island. There is no national prestige involved in this matter, especially with our neighbour Ceylon.

**Shri Shree Narayan Das :** May I know the basis on which the Government of Ceylon has made this claim?

**Shri Jawaharlal Nehru :** I can hardly go into the facts about this.

**Shri Nambiar :** May I know whether this island was ever occupied or owned by the Raja of Ramnad in the recent past?

**Shri Jawaharlal Nehru :** It is difficult for me to go into all these facts, when we are dealing with this matter elsewhere. The Raja of Ramnad has a zamindari there. The zamindari need not be affected at all by the other question. It may continue wherever the island may be.

**Shri Nambiar :** If the ownership goes to the Ceylon Government, how can the zamindari of the Raja of Ramnad continue?

**Shri Jawaharlal Nehru :** These are doubtful questions ; I cannot give a positive answer on these legal issues.

#### NUCLEAR TESTS

**\*1433. Pandit C. N. Malviya :** Will the Prime Minister be pleased to state:

(a) whether it is a fact that under the auspices of the U. S. Atomic Energy Commission some nuclear

tests are scheduled to begin sometime after April 20, 1956 ;

(b) whether the Marshall Islanders have requested the U. N. O. to ban the Hydrogen Bomb tests ;

(c) if so, whether the matter is under the active consideration of the Trusteeship Council ; and

(d) whether the Government of India are using their influence to get the decision in favour of the petitioners?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) :** (a) Yes.

(b) In their petition to the U. N. the Marshall Islanders requested (i) the immediate cessation of all experiments with lethal weapons, and (ii) if the experiments should be judged absolutely necessary for the eventual well-being of all the people of this world and cannot be stopped or changed to other areas, all possible precautionary measures should be taken before such weapons are exploded.

(c) This question was considered in the last week of March, first by the Standing Committee on Petitions and later by the Trusteeship Council. The Council adopted a resolution, recommended by the Committee on Petitions which states *inter alia* that "if the Administering Authority considered is necessary in the interests of world peace and security to conduct nuclear experiments in the Trust Territory, it should take all necessary precautions."

(d) In accordance with our general policy, the Indian Representative opposed the holding of experimental explosions of nuclear weapons anywhere in the world. He voted against the resolution adopted by the Trusteeship Council.

**Pandit C. N. Malviya :** May I know whether Mr. Benjamin Gerig, U. S. Representative in the Trusteeship Council, placed before the Council the reactions of the proposed test and the precautions taken thereof?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) :** He said that every precaution should be taken. That, of course, has always been said. But, the point is, the attitude of India in this matter was that in no event should this experiment be conducted in that area. Once previously, on behalf of India, it was suggested that this matter be deferred to the international court of justice for their opinion about the legality of this. These are trust territories, that is, territories placed in trust for the benefit of the inhabitants. Now, if for the benefit of even, let us presume, a large part of the world, something is done which is obviously greatly to the detriment of these poor people in the trust territories, it does raise, apart from political issues, high moral issues too. But, when this matter was raised in the Trusteeship Council by India some time ago, it was lost there.

**Shri Kamath :** As the Parliamentary Secretary made some reference in the last part of his answer to our Government's policy in this regard, may I know to what extent the U. S. S. R. and the U. K. have responded to the Prime Minister's appeal for the suspension, if not the total abandonment, of nuclear tests?

**Shri Jawaharlal Nehru :** In actual practice, both are carrying on these tests from time to time. But, I believe it has been said by U. S. S. R. that if the other party agreed, they are prepared to give them up that is, by agreement, they can be stopped.

**Shri Kamath :** Has not the U.S.A. also said that if the U. S. S. R. gives it up, they will give it up? Is it said like that both ways?

**Shri Jawaharlal Nehru :** I do not remember the U. S. A. saying that.

**Shri Punnoose :** May I know whether the Government have taken the stand that pending agreement banning these experiments totally, any power which wants to experiment in atomic



bomb and hydrogen bomb may do so in its own territory and not outside?

**Shri Jawaharlal Nehru :** I cannot say what might have been said in the course of the speech by our representative. Having put forward our views about the necessity of totally banning these experiments, if that is not accepted, one goes step by step lessening it to see what can be accepted. The suggestion that the hon. Member has made, though it has some validity, has all manner of difficulties too. Because, it might result really in just one or two countries who have broad enough territories only being able to do this. Nobody else can. That is, there will be a permanent superiority of certain countries over the other countries of the world.

**Shri Kamath :** What about U. K.'s response to your appeal? They were experimenting in Australia.

**Shri Jawaharlal Nehru :** We have received no direct replies from the countries. The hon. Member will remember that the Prime Minister of the U. K. said some time ago that they will continue their experiments.

**Pandit C. N. Malviya :** In view of the fact that some radio-active dust was found on Indian aeroplanes at the time of the hydrogen bomb test at Bikini, may I know whether our Government is taking some precaution now?

**Mr. Speaker :** The question assumes some things.

**Shri Jawaharlal Nehru :** No, Sir. I am not aware what precaution we can take in the matter.

#### NAGARJUNA SAGAR PROJECT

**\*1434. Dr. Rama Rao :** Will the Minister of Irrigation and Power be pleased to state:

(a) the amount allotted for Nagarjuna Sagar Project for 1956-57;

(b) what is the programme of work for 1956-57 and 1957-58;

(c) whether the Andhra Government have requested for permission and assistance to start a cement factory for this Project; and

(d) what is the estimated cost and capacity of the proposed cement factory?

**The Deputy Minister of Irrigation and Power (Shri Hathi) :** (a) A provision of Rs. 3 crores has been made in the Central Budget for financing the Nagarjuna Sagar Project for the year 1956-57.

(b) A statement indicating the tentative programme of work for 1956-57 is laid on the Table of the House. [See Appendix VIII, annexure No 28.] The programme of work for the year 1957-58 has not yet been drawn up by the Nagarjuna Sagar Control Board.

(c) No.

(d) Does not arise.

**Dr. Rama Rao :** Has the attention of the Government been drawn to the request by the Nagarjuna Sagar Project Administration Board which met on the 9th of this month that the sum of Rs. 3 crores is quite inadequate and at least Rs. 5 crores should be sanctioned for this work?

**Shri Hathi :** Yes. The Board has requested the Government of India for the grant of Rs. 5 crores. But, looking to the experience we have of other projects, in the first year, it is not likely that they will be able to spend all the amount. Further, this allocation is not final. We shall revise it in August and looking to the tempo of expenditure in the work if more money is required, it will be considered.

**Shri Ramachandra Reddi :** Is it not a fact that when the Andhra Government applied for a licence to start a cement factory in the dam site, it was given to a private firm over the head of the Andhra Government?

**Shri Hathi :** Perhaps this question of giving licence pertains to the Commerce Ministry.

**Shri Ramachandra Reddi :** May I know what arrangements are being made for the recruitment of technical personnel to the new project especially when certain other project works are about to be closed down?

**Shri Hathi :** I have a number of times stated here in the House the various machinery which we have set up in order to transfer personnel from one river valley project to another whenever they are available. There is a separate directorate set up. We have also prepared a plan for having an Employment Exchange there only for the river valley projects as and when we get personnel there and when there is need there. That arrangement will be made.

**Shri Ramachandra Reddi :** May I know whether the same policy is being pursued with regard to the transfer of useful machinery and surplus machinery in some of these projects?

**Shri Hathi :** That is being done.

**Dr. Rama Rao :** In view of the great shortage of cement in the country and in view of the huge quantities required for the Nagarjuna Sagar project, will the Government be pleased to advise the Andhra Government—our information is that they have requested the Government—to set up a cement factory, especially for this project?

**Shri Hathi :** It is a suggestion for action.

#### ALL INDIA RADIO

**\*1435. Shri M. S. Gurupadaswamy :** Will the Minister of Information and Broadcasting be pleased to state:

(a) the number of News Editors, Assistant News Editors, Sub-Editors in Indian Languages working in the News Division of All India Radio;

(b) how many of them are permanent;

(c) whether it is a fact that although some of them have completed more than seven years' service, yet

they have not been made permanent so far; and

(d) if so, the reasons therefor?

**The Minister of Information and Broadcasting (Dr. Keskar) :** (a) and (b) A statement giving the requisite information is laid on the Table of the Lok Sabha. [See Appendix VIII, annexure No. 29].

(c) and (d): The question of confirmation could not be taken up in view of the ban on confirmations imposed by the Ministry of Home Affairs which was lifted only in July 1955. Their cases for confirmation are now under consideration with particular reference to their inclusion in the News and Information Cadre, which is being formed.

**Shri M. S. Gurupadaswamy :** According to the statement, only three out of 97 have got confirmation so far. May I know what is the principle which guided the Ministry in confirming only three out of 97? What is the scheme for confirmation?

**Dr. Keskar :** The hon. Member, as an experienced parliamentarian, knows that confirmation may be done against permanent post if they exist. The News Services Division of the All India Radio has expanded suddenly only after 1948-49. Most of these appointments were from that date. There were no posts to confirm these people. As I said, from 1949, due to the influx of a large number of government servants from what is now Pakistan, it was decided by the Home Ministry that no confirmation can take place until further orders and that ban has been existing up to very recently. In fact, we were instrumental in having that ban lifted and the whole question is now engaging our attention.

**Shri M. S. Gurupadaswamy :** Am I to take it that all these 97 persons who are on the temporary list will be absorbed very soon and they will be confirmed very soon within a short period?



**Dr. Keskar :** Of these 97, those who are eligible according to the rules will certainly be absorbed.

**Shri Velayudhan :** May I know whether most of these posts are contract posts with the result that there is difficulty in the people getting security and why the ban of the Home Ministry has not yet been taken away?

**Mr. Speaker :** I think he has said that the ban has been lifted.

**Dr. Keskar :** In the News Services Division, there is no contract post. It is in the Press Information Bureau that contract posts exist. As I said, the ban has been taken by the Home Ministry.

#### USE OF AMERICAN ARMS BY PAKISTAN

**\*1436. Dr. Ram Subhag Singh :** Will the **Prime Minister** be pleased to state:

(a) whether the Indian army have captured certain arms and ammunition used by Pakistani forces at Hussainiwala and other border areas which were recently attacked by them ;

(b) if so, whether those arms have been examined ; and

(c) whether as a result of the examination of those arms, it has been found that American arms were used by the Pakistani forces while attacking the Indian border?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) :** (a) Some arms used by Pakistani forces were captured at Hussainiwala.

(b) and (c) The arms have been examined. They are not of American origin.

**Dr. Ram Subhag Singh :** Having regard to the numerous border incidents that have followed one another and the heavy firings resorted to by Pakistan, may I know whether this waste of fire-arms would have been

possible if Pakistan had not been receiving free supply of fire arms from America?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) :** It is rather an extraordinary question. I really do not know what the hon. Member is driving at by his laboured argument.

**Shri B. S. Murthy :** May I know whether the Parliamentary Secretary is in a position to tell us the make of the arms found in the area?

**Shri Jawaharlal Nehru :** Only Bren guns, Sten guns, grenades and some rifles.

**Shri B. S. Murthy :** I wanted the answer as to the country in which these arms had been made. Is there any possibility of knowing it.

**Shri Jawaharlal Nehru :** I have not got that information. All I can say is that they are not American.

**Shri G. P. Sinha :** May I know whether the arms seized in the Pakistan border recently are of Pakistan manufacture?

**Mr. Speaker :** The last portion of it is not audible.

**Shri G. P. Sinha :** I wanted to know whether the arms seized on the Pakistan border were manufactured in Pakistan?

**Shri Jawaharlal Nehru :** Is the hon. Member referring to these few arms captured or generally about the...

**Shri G. P. Sinha :** These arms recently seized on the Pakistan border.

**Shri Jawaharlal Nehru :** I am sorry I cannot say.

**Shri Kamath :** rose—

**Mr. Speaker :** We have had a number of questions.

#### I. N. A. MEMORIAL, SINGAPORE

**\*1437. Shri Kamath :** Will the **Prime Minister** be pleased to state:

(a) whether his attention has been drawn to a reported statement of the

Chief Minister of Singapore (*Vide Times of India*, Delhi on the 28th March, 1956, last page, column 3) that he would give "most courteous consideration" to any request from Government for reconstruction of the I.N.A. memorial in Singapore;

(b) if so, whether Government have made or propose to make such a request; and

(c) if not the reasons therefor?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** (a) Yes.

(b) and (c) Government would welcome some suitable memorial in Singapore. As, however, this concerns another Government, the Government of India have not taken any initiative in the matter. In view of the statement of the Chief Minister of Singapore, they are giving further consideration to this matter.

**Shri Kamath:** The Prime Minister, before he became Prime Minister, visited Singapore in 1945, I believe, at the close of World War II. Is he in a position to confirm the report that this I. N. A. memorial was blasted or dynamited under the orders of the then Supreme Commander of the SEAC, the South East Asia Command, Lord Mountbatten?

**Shri Jawaharlal Nehru:** No, Sir. But I should give the facts as I know them. I do not think the Supreme Commander came into the picture at all, nor is there any question of dynamiting it. The so-called memorial that was put up was a very small, rather *kutcha* structure which is rapidly put up, about three or four feet high, and this was destroyed by the British military there. It was put up again. In fact, there was a game going on. At night it was put up and in the morning it was removed by the military. What happened ultimately I do not know. This went on again and again. It was a rather temporary structure and could be easily put up and easily removed. There is no question of dynamiting that little thing.

**Shri Kamath:** Is it a fact that when the Prime Minister returned home from Singapore in 1945 he brought with him a piece or a chunk or a portion of the beautiful but battered monument as a precious memento? If so, where is that piece preserved or kept today?

**Shri Jawaharlal Nehru:** No, Sir. I have no recollection of bringing anything from there. I went to see it and as I said it was a very small affair, just a little thing which can be put in a couple of hours, or three or four hours, by a number of workers.

**Shri Kamath:** You brought home a piece of that.

**Shri Jawaharlal Nehru:** I have no recollection of bringing any piece of it.

**Shri Kamath:** You did. You seem to have forgotten.

**Shri Jawaharlal Nehru:** May be I have forgotten it.

**Shri Kamath:** Has the Prime Minister under consideration any proposal to erect a suitable memorial to the INA martyres or war dead in India itself, in Delhi the Capital, considering that even the British erected monuments and memorials to the war dead in their time, and in view of the fact that Government today consider the INA struggle as an integral part of India's liberation war?

**Shri C. D. Pande:** You want just a memorial.

**Shri Jawaharlal Nehru:** No, Sir. There is no such proposal under consideration. We have put up no such memorials to others who died or suffered in the struggle for freedom.

#### POSTAL CASH CERTIFICATES

\*1438. **Dr. Satyawadi:** Will the Minister of Rehabilitation be pleased to refer to the statement laid on the Table of the Lok Sabha in answer to Starred Question No. 980 on the 29th

March, 1956 and state whether the displaced persons from West Pakistan who could not on reasonable grounds get the benefit of the Scheme, can file their claims in respect of the postal certificates now and get compensation for such postal certificates?

**The Deputy Minister of Production (Shri Satish Chandra):** Displaced Persons in indigent circumstances who have not yet applied, can submit their applications for interim relief even now, provided they had registered the claims for transfer of the certificates by the 30th June 1949. The question of extension of this date is under consideration.

#### CLOTH REQUIREMENT IN SECOND FIVE YEAR PLAN

**\*1439. Shri Balwant Sinha Mehta:** Will the Minister of Planning be pleased to state:

(a) the consumption of cloth *per capita* in our country at present;

(b) how much additional requirement of cloth *per capita* is envisaged in the Second Five Year Plan; and

(c) how this additional requirement is proposed to be met with?

**The Deputy Minister of Irrigation and Power (Shri Hathi):** (a) Between 15 to 16 yards.

(b) About 2 to 3 yards on the basis of *per capita* consumption of 18 yards provisionally envisaged in connection with the target for cotton textile industry in the Draft Outline of the Second Plan.

(c) The matter is still under consideration.

**Shri Balwant Sinha Mehta:** I think these are the recommendations of the Karve Committee. Are Government aware of the panic created by vested interests in the country that if the recommendations of the Karve Committee are implemented, there will be inflation and famine of cloth and scarcity in the country, and if so, how do Government contemplate to counteract it?

**Shri Hathi:** The figures given are on the recommendations of the Karve Committee and the Kanungo Committee. Government have also received a memorandum from various mill owners' associations where they have said that the target might be not 18 yards but 22 yards, but the matter is being considered.

**Shri C. D. Pande:** Is Government aware that there is a shortage of 3,000 million yards to reach the target we have fixed for the Second Five Year Plan, that the existing capacity of mills is not enough and that it is not possible for the Amber Charkha to meet the demand? What are the Government's plans to fulfil it.

**Shri Hathi:** That depends upon what target of *per capita* consumption is fixed. If it is fixed at 18 yards then there is no question of any shortage. If it is fixed at 22, there might be some shortage, but how to meet it is yet being considered.

**Shri Bhagwat Jha Azad:** May I know if any other proposal has been submitted to the Government which contemplates that the consumption per head will go up to 20 yards?

**Shri Hathi:** That is what I have just stated.

#### KALI MANDIR, KARACHI

**\*1441. Shri Gadilingana Gowd:** Will the Prime Minister be pleased to state whether the Kali Mandir in Karachi, has been restored to the Hindu Community by Pakistan?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** On the intervention of our High Commissioner in Karachi, the Pakistan Minister for Minority Affairs ordered reconstruction of the Kali Mandir which had been almost completely demolished in July, 1955. The temple was formally re-opened on the 19th February, 1956. Worship in the temple has not been resumed yet as some more repairs are necessary. The Hindu Panchayat, Karachi, who have

agreed to take over and manage the temple after the remaining repairs are completed, are in touch with the Government of Pakistan in the matter.

**Shri Gadilingana Gowd :** May I know whether it is a fact that the Mandir has been damaged, that the jewels belonging to the Goddess have not been restored, and that it is not possible for the Hindus to go and offer worship there on account of the threats of *goondas* in Karachi?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** The hon. Member has made various powerful statements in the shape of a question. I know nothing about this matter. I have heard nothing about jewels, nor am I interested in jewels, nor do I understand whether jewels should be a necessary concomitant of worship. Of course, nobody should take away other people's jewels. That is a different matter. The best thing is to drown them into the sea, I think.

**Shri Kamath :** While answering a question of mine some time back, the Parliamentary Secretary had stated that he was not in a position to tell the House whether the Pakistan Government had been looking after the upkeep, repair and proper preservation of Hindu and Sikh shrines and holy places, just as Government here have been rightly doing about Muslim shrines and holy places in India. Is the Prime Minister in a position to enlighten us on that point?

**Shri Jawaharlal Nehru :** I think both the Pakistan Government and the Government of India are guilty in this matter.

#### INDUSTRIAL DEVELOPMENT OF PUNJAB

**\*1442. Sardar Iqbal Singh :** Will the Minister of Commerce and Industry be pleased to state :

(a) the amount of financial aid asked for by the Government of Punjab for the industrial development of the State under the Second Five Year Plan ;

(b) the names of the industries which will be helped ; and

(c) the amount proposed to be given by Government by way of grants and loans separately?

**The Minister of Industries (Shri Kanungo) :** (a) The Punjab Government asked for about Rs. 19 crores to be made available from Government resources for industrial development in the State.

(b) Financial assistance was sought in connection with a number of Schemes. A statement showing the important schemes is placed on the Table of the House. [See Appendix VIII, annexure No. 30.]

(c) No decision has yet been taken.

**Sardar Iqbal Singh :** May I know the number of industries to be established in Punjab in both the private and public sectors?

**Shri Kanungo :** Notice, please.

**Sardar Iqbal Singh :** May I know whether the Punjab Government have submitted any proposals for the setting up of industries in the public and the private sectors in that State?

**Shri Kanungo :** They have given a long list of items, as the hon. Member will see from the statement, and they would presumably like the whole lot of them to be in the public sector.

**Shri D. C. Sharma :** May I know whether the Government of India are going to give some subsidy to the Government of Punjab for setting up some industrial estates there?

**Shri Kanungo :** Yes, it is always there. They have been offered, and they are working at it.

#### CUSTODIAN AND EVACUEE PROPERTY DEPARTMENTS

**\*1443. Shri Gidwani :** Will the Minister of Rehabilitation be pleased to state :

(a) whether Government propose to amalgamate the Custodian and Evacuee Property Departments with the Settlement Department ; and

(b) if so, when it will be done?

**The Deputy Minister of Production (Shri Satish Chandra):** (a) Yes.

(b) The process of integration is going on and has been completed in some States already.

**Shri Gidwani:** The Minister had stated that the process of integration has been completed in some of the States. May I know what the position is with regard to the Centre?

**Shri Satish Chandra:** Gradually, the posts on the custodians' side are being reduced, and corresponding posts on the settlement side are being created. The process is going on both in the States as well as at the Centre.

#### BUDDHA JAYANTI

**\*1444. Shri Krishnacharya Joshi:** Will the Prime Minister be pleased to state:

(a) whether the Dalai Lama of Tibet has been invited by the Government of India on the occasion of 2,500th anniversary celebrations of Lord Buddha; and

(b) if so, whether he has accepted the invitation?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** (a) and (b). The Dalai Lama and the Panchen Lama were invited by the Government of India along with a number of other Buddhists of China through the Chinese Government. The Chinese Government have in reply indicated that the Dalai Lama and the Panchen Lama would be unable to attend because of heavy work and three others from among the names suggested are too old or too busy to accept the invitation. They have, however, added that in view of the long traditional Buddhist ties between India and China, the Buddhist Association of China would be glad to send a Buddhist delegation of eight noted Buddhist leaders including 3 suggested by us.

**Shri Bishwa Nath Roy:** May I know whether the programme of the delegation is arranged in such a way as to include their visit to all the important Buddhist religious places?

**Shri Jawaharlal Nehru:** Programme of which delegation?

**Shri Bishwa Nath Roy:** May I know whether the programme in connection with their visit will include visits to all the important Buddhist religious places in India?

**Shri Jawaharlal Nehru:** These invitations are being issued by the Government of India at the instance of the Buddha Jayanti Committee, of which the Vice-President is the chairman. It is proposed to have a seminar and a cultural exhibition in October-November next. For the seminar and for the exhibition, noted Buddhist scholars have been invited, about a hundred, I think, from various parts of the world, apart from Indian scholars. When those scholars come, no doubt, arrangements will be made for them to visit places of Buddhist pilgrimage or historically or culturally important places. Each individual case may be dealt with separately, but the question has not arisen yet.

#### SCRIPT FOR TRIBAL LANGUAGES

**\*1445. Shri D. C. Sharma:** Will the Prime Minister be pleased to state:

(a) whether any Committee has been set up to lay down the script that will be suitable for the Tribal languages in N. E. F. A.; and

(b) if so, the progress made so far by the Committee?

**The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika):** (a) An *ad hoc* fact finding Committee has been set up which is now studying tribal intonations and collecting data about the suitability of writing them in Devanagari. A script committee will later go into their findings to ascertain if

any simplification or modification of Devanagari is necessary for tribal languages.

(b) The Committee's work is in progress but has not yet been finished.

**Shri D. C. Sharma :** May I know the names of the members who constitute this committee, and whether all the tribal languages, which, we were told the other day in the House, change every eight or ten miles, are represented on this committee?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** I cannot give the names of the members of this committee. But how can the hon. Member expect a representation of every dialect in the area? In fact, it is difficult to find any representatives.

**Shrimati Khongmen :** May I know the script used at present in those areas?

**Shri C. D. Pande :** Roman script.

**Shri Jawaharlal Nehru :** At the present moment, as far as I can remember, in some parts, the Devanagari script is used; in other parts, the Latin script is used; that is, it was used previously, and it is continuing to be used. It is gradually being replaced in some places by the Devanagari script. But it is to consider all these matters that the committee has been appointed.

**Shri D. C. Sharma :** May I know how long it will take for the fact-finding committee to gather the requisite data, and what kind of a committee will be constituted after that to sift the data and to come to some conclusions?

**Shri Jawaharlal Nehru :** No idea.

#### SOUTH AFRICAN IMMIGRATION AMENDMENT BILL

**\*1446. Pandit C. N. Malviya :** Will the Prime Minister be pleased to state:

(a) whether the Government of South Africa have introduced the Immigration Amendment Bill; and  
2-82 L.S.

(b) if so, the object of the Bill?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** (a) Yes.

(b) According to press reports, the main object of the Bill is to give the South African Minister of the Interior wide powers to deport "undesirable persons" from the Union. The Bill will also seek to make a number of administrative amendments to the existing immigration laws.

#### WRITTEN ANSWERS TO QUESTIONS

##### INDIAN MISSIONS ABROAD

**\*1421. Shri D. C. Sharma :** Will the Prime Minister be pleased to state:

(a) the number of Indian political Missions upgraded; and

(b) the names of countries where they have been upgraded?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** (a) and (b) A statement containing the required information is laid on the Table of the House. [See Appendix VIII, annexure No. 31].

##### INDO-PAKISTAN BORDER OF RAJASTHAN

**\*1424. Shri Wodeyar :** Will the Prime Minister be pleased to state:

(a) whether it is a fact that the Pakistan Police have extended little co-operation to the Indian Police on the Indo-Pakistan border of the Rajasthan side in getting the notorious dacoits arrested;

(b) the number of dacoits of Rajasthan who have taken refuge in the Pakistan territory;

(c) whether any Conference on top level was held between the police Officers of Rajasthan and Pakistan; and

(d) if so, the results thereof?



**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** (a) and (b) Twelve gangs of Rajasthani dacoits are reported to be operating on the border and taking refuge in West Pakistan after committing serious offences. In practice, the Indian Police have not been getting the cooperation of the Pakistani police in apprehending the dacoits.

(c) and (d) A Conference of Police Officers of Rajasthan, Kutch and West Pakistan was held in Hyderabad (Sind) in March 1956. It is to be hoped that the Conference will lead to an improvement in the situation.

#### MARCHIONESS OF WINCHESTER MEMORIAL HALL

**\*1428. Shri M. Islamuddin:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether a "Marchioness of Winchester Memorial Hall" is being erected in New Delhi by the Marchioness of Winchester and is to be given as a gift to the city of New Delhi;

(b) if so, what purpose the hall is going to serve; and

(c) where it will be located?

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar):** (a) I am not aware of any such proposal.

(b) and (c) Do not arise.

#### HAND-MADE MATCH INDUSTRY

**\*1429. Shri Natarajan:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the reasons for the slump in the market for the hand-made match industry;

(b) the total number of unemployed people in this cottage industry in Madras; and

(c) the steps Government propose to take in the matter?

**The Minister of Industries (Shri Kanungo):** (a) Government are not aware of any serious slump in hand-made Match Industry.

(b) Information is not available.

(c) Government have no information of any serious unemployment in the industry and, therefore, the question of taking any special steps in the matter does not arise.

#### THERMAL GENERATING SETS IN PEPSU

**\*1440. Shri Wodeyar:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether it is a fact that PEPSU Government have decided to dispose of surplus thermal generating sets installed in the State; and

(b) if so, whether the Government have requested the Central Water and Power Commission to arrange for the sale of these sets to other States of India?

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

#### PAKISTAN REPUBLIC DAY

**\*1447. Shri Kamath:** Will the **Prime Minister** be pleased to state:

(a) whether the attention of Government has been drawn to the London "Daily Express" report about the behaviour of some Indian Diplomatic officials on the occasion of the Inter-Services Parade at Karachi on Pakistan's Republic Day;

(b) whether the allegations in that report are correct; and

(c) if not, what are the facts?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** (a) Yes, Sir.

(b) and (c) The allegations are false and mischievous.

#### SPELTING PLANTS

**\*1448. Shri Balwant Sinha Mehta:** Will the Minister of **Commerce and Industry** be pleased to refer to the

reply given to Starred Question No. 1319 on the 1st September, 1955 and state :

(a) the decision taken for the setting up of smelting plants for zinc ; and

(b) the present requirements of the country for Copper, Lead and Zinc and how these are met?

**The Minister of Industries (Shri Kanungo) :** (a) The matter is still under the consideration of the Government.

(b) The present annual estimated requirements of the country are approximately 25,000 tons for Copper, 9,000—10,000 tons for Lead and 32,000—35,000 tons for Zinc. The requirements of Lead and Copper (other than electrolytic copper) are met partly from indigenous production and partly by imports. All the requirements for electrolytic copper and zinc are met by imports.

#### ADMINISTRATION OF EVACUEE PROPERTY ACT, 1950

**\*1449. Shri Gidwani :** Will the Minister of Rehabilitation be pleased to state:

(a) whether it is a fact that there are still a large number of judicial cases pending with the Custodians of States under the Administration of Evacuee Property Act, 1950 ; and

(b) if so, the steps taken by Government to expedite their disposal?

**The Deputy Minister of Production (Shri Satish Chandra) :** (a) Yes, they were about 36,000 on 1st February, 1956.

(b) (i) Target dates for the completion of judicial work have been prescribed, and a close watch is being maintained on the monthly progress of work.

(ii) Additional staff was sanctioned wherever necessary.

(iii) The Custodian General has been relieved of all administrative

work relating to evacuee properties and he is now entrusted only with judicial work.

#### DISPLACED WIDOW CLAIMANTS

**\*1450. { Sardar Iqbal Singh :  
Sardar Akarpuri :**

Will the Minister of Rehabilitation be pleased to state:

(a) whether it is a fact that a number of widow claimants who applied for compensation have not yet received compensation ;

(b) if so, the reasons for the delay ; and

(c) when all such claimants will receive compensation?

**The Deputy Minister of Production (Shri Satish Chandra) :** (a) Out of about 20,000 applicants more than three-fourths have been paid off and less than one-fourth remain to be paid.

(b) The main reasons for the delay are :

(i) The compensation applications of co-sharers which have been filed in different regions have not yet been received by the Regional Settlement Commissioners concerned. The cases cannot be finalised until the applications of co-sharers, who are traceable, are linked ;

(ii) the claimants have not furnished complete documents ; and

(iii) the claimants are not traceable at the addresses given by them in their compensation applications and their present whereabouts have to be ascertained ;

(c) Every effort is being made to finalise the remaining cases expeditiously. It is expected that in another 3 months most of the remaining claimants will have been paid.

#### INDIANS IN PORTUGUESE POCKETS

**\*1451. { Shri D. C. Sharma :  
Shri Ram Krishan :**

Will the Prime Minister be pleased to state whether Government are



aware that systematic attempts are being made by the Portuguese authorities in Goa to expel by stages all the Indian residents in Portuguese pockets?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** The Government of India have received no recent reports of any such deliberate move on the part of the Portuguese authorities.

#### CONFERENCE OF INDIAN ENVOYS

**\*1452. Shri Krishnacharya Joshi:** Will the Prime Minister be pleased to state:

(a) whether any conference of our envoys in foreign countries was held in Delhi in the last week of March, 1956;

(b) if so, the object of this conference; and

(c) the main decisions arrived at?

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** (a) Yes.

(b) Consultations and discussions to make our policy more effective and to acquaint our representatives with developments at home.

(c) No formal decisions are taken at these conferences.

#### STATE FLOOD CONTROL BOARDS

**953. Shri Ram Krishan:** Will the Minister of Irrigation and Power be pleased to state the names of States which have not constituted State Flood Control Boards so far?

**The Deputy Minister of Irrigation and Power (Shri Hathi):** The following States have not constituted State Flood Control Boards so far:—

##### Part A

1. Bombay.
2. Madras.

##### Part B

1. Hyderabad.

2. Madhya Bharat.

3. Mysore.

4. Rajasthan.

5. Travancore-Cochin.

##### Part C

1. Ajmer.

2. Bhopal.

3. Coorg.

4. Delhi.

5. Himachal Pradesh.

6. Kutch.

7. Manipur.

8. Tripura.

9. Vindhya Pradesh.

##### Part D

The Andaman and Nicobar Islands.

#### TRADE DELEGATIONS

**954. Shri Krishnacharya Joshi:** Will the Minister of Commerce and Industry be pleased to state:

(a) the total number of Trade delegations sent to foreign countries during 1955;

(b) the names of the countries visited by these delegations; and

(c) the action taken on the reports of the delegations?

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari):** (a) to (c) A statement is attached. [See Appendix VIII, annexure No. 32].

#### DISPLACED PERSONS IN RAJASTHAN

**955. Shri D. C. Sharma:** Will the Minister of Rehabilitation be pleased to state:

(a) the total number of displaced persons in Rajasthan at present;

(b) the number of residential houses, tenements and shops constructed for them so far; and

(c) the number of such houses, tenements and shops lying unoccupied up-to-date?

**The Deputy Minister of Production (Shri Satish Chandra) :** (a) 3,44,000 approximately.

(b) 1,592 one room tenements.

977 houses through Co-operative Housing Societies.

1236 shops and wooden stalls.

(c) 144 One room tenements.

53 houses.

32 shops.

#### BHILAI STEEL PLANT

**956. Shri Velayudhan :** Will the Minister of Iron and Steel be pleased to state :

(a) the number of officers and other ranks recruited so far for the Bhilai Steel Plant ;

(b) the grades and scales of salary decided for them ;

(c) the amount spent on them till now ; and

(d) the method of the recruitment and the recruiting authority ?

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) :** (a) to (d) A statement is attached. [See Appendix VIII, annexure No. 33].

#### DOCUMENTARIES

**957. Shri Gadilingana Gowd :** Will the Minister of Information and Broadcasting be pleased to state :

(a) the number of private concerns which produced documentaries to focus attention on the progress made in the industrial life of modern India ; and

(b) the names of those documentaries ?

**The Minister of Information and Broadcasting (Dr. Keskar) :** (a) The number of private concerns which produced such documentaries on behalf of the Films Division is three. Seven more producers are engaged in productions as shown below under contracts with the Films Division.

(b) Names of documentaries are as follows :—

#### (i) Already produced :

(1)

*Title of film*

- (1) Partners for Plenty
- (2) Fund in Need
- (3) Southern Region

(2)

*Subject of film*

Industry aids agriculture.  
Provident Fund Scheme for Labour.  
Development Projects including industrial schemes in the Southern Region.

#### (ii) Contracts awarded—under Production :

*Title of film*

- (1) Western Region
- (2) Shipping and ship-building
- (3) Northern Region
- (4) Eastern Region
- (5) Cottage and Small scale Industries
- (6) Housing
- (7) Productivity and Progress

*Subject of film*

Development Projects including industrial schemes in the Western Region.  
.....  
Development Projects including industrial schemes in the Northern Region.  
.....  
Development Projects including industrial schemes in the Eastern Region.  
.....  
Industrial Housing.  
Productivity in organised industry.

## FIRST FIVE YEAR PLAN

**958. Pandit D. N. Tiwary :** Will the Minister of **Planning** be pleased to state the amount that remained unspent under the First Five Year Plan due to not achieving cent per cent targets under various categories of development schemes?

**The Deputy Minister of Planning (Shri S. N. Mishra) :** The information asked for was given in reply to Starr-ed Question No. 333 in the Lok Sabha on the 29th February, 1956. It is not possible to give any further information at this stage.

## STEEL

**959. Pandit D. N. Tiwary :** Will the Minister of **Commerce and Industry** be pleased to state whether there were any differences in the rates of steel imported from the U. S. A., the U. S. S. R. and the U. K. during 1955?

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

## EMPLOYMENT OF FOREIGNERS

**960. { Sardar Iqbal Singh :  
Sardar Akarpuri :**

Will the Minister of **Production** be pleased to state the number of fore-

igners employed at present in the Industrial Organisations under the control of the Ministry?

**The Minister of Production (Shri K. C. Reddy) :** A statement pointing the break up of the total number is attached. [See Appendix VII, annexure No. 34].

## अखिल भारतीय खादी बोर्ड

**९६१. श्री के० सी० सोबिया :** क्या उत्पादन मंत्री निम्न आशय का एक विवरण लोक-सभा के टेबल पर रखने की कृपा करेंगे :

(क) १९५५-५६ में अखिल भारतीय खादी बोर्ड को ऋण के रूप में कुल कितनी रकम दी गई;

(ख) खादी की बिक्री पर कितनी रकम कमीशन के रूप में दी गई; और

(ग) खादी श्रमिकों को सहायता के रूप में कुल कितनी रकम दी गई?

**उत्पादन मंत्री (श्री के० सी० रेड्डी) :** (क) केन्द्रीय सरकार ने १९५५-५६ में निम्नलिखित ऋण मंजूर किये :

|                 | खादी बोर्ड को<br>संस्थाओं को<br>वितरण करने के<br>लिए दिए गए ऋण | राज्य सरकारों<br>को दिए गए<br>ऋण | योग         |
|-----------------|--|----------------------------------|-------------|
|                 | रु०  | रु०                              | रु०         |
| १ खादी उद्योग   | १,७६,५४,७००  | १०,४५,३००                        | १,८७,००,००० |
| २. ग्राम उद्योग | ७१,२०,१५०  | १६,४३,८१२                        | ८७,६३,९६२   |
|                 | २,४७,७४,८५०  | २६,८९,११२                        | २,७४,६३,९६२ |

(ख) संभवतः माननीय सदस्य का आशय खादी की बिक्री पर ३ आने प्रति रुपये की दर से दिए जाने वाले बट्टे (रिबेट) से है । १९५५-५६ में इस बारे में ८५ लाख रुपये की राशि स्वीकृत की गई थी जिस से २६ फरवरी

१९५६ तक ६२ लाख ६८ हजार ६६१ रुपये की राशि व्यय की जा चुकी है ।

(ग) संभवतः खादी श्रमिकों से माननीय सदस्य का आशय उन रचनात्मक कार्यकर्ताओं से

हैं जो खादी बोर्ड के अधीन खादी के कार्यक्रमों की उन्नती के हेतु काम करते हैं। यदि यह ठीक

है तो खादी कार्यकर्ताओं को इस के लिये दी गई रकम निम्नलिखित हैं :

| कार्यक्रम का नाम        | स्वीकृत की गई रकम | २६-२-५६ तक काम में लाई गई रकम |
|-------------------------|-------------------|-------------------------------|
|                         | रु०               | रु०                           |
| (१) एजेंसी बिक्री योजना | २,५०,०००          | ३६,५७३                        |
| (२) भ्रमण-मंडलियां      | ७५,०००            | ५४,४४२                        |
| (३) वस्त्र स्वावलम्बन   | १५,००,०००         | १४,७५,४२७                     |
|                         | १८,२५,०००         | १५,६६,४४२                     |

#### INDIAN MISSIONS ABROAD

962. { **Dr. Satyawadi :**  
**Shri Ramananda Das :**  
**Shrimati Anusayabai Borkar :**

Will the **Prime Minister** be pleased to state the number of persons belonging to Scheduled Castes and Scheduled Tribes now working in the various Indian Missions abroad in different categories?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) :** The required information is being collected and will be placed on the Table of the House in due course.

#### TEA INDUSTRY

963. **Mulla Abdullahai :** Will the Minister of Commerce and Industry be pleased to state:

(a) how far the Tea Board has been helpful in stabilising the Tea Industry; and

(b) the various forms of activities which enabled the industry to hold its own even during the last war and thereafter?

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) :** (a) and (b) Control over exports of tea and extension of tea areas had been imposed in India in pursuance of the provisions of the International Tea Agreement which provided for the regulation of exports of tea and extension

of tea cultivation in the important tea producing countries. The first International Tea Agreement was signed in 1933. Thereafter it had been renewed from time to time. This agreement sought to give stability to the Tea Industry by adjusting production to demand and ensuring a remunerative price for tea.

2. The activities of the Tea Board and its predecessor, the Indian Tea Market Expansion Board and the Indian Tea Licensing Committee lay largely in the regulation of exports of tea from India and of the extension of cultivation of tea.

3. The Indian Tea Licensing Committee had been carrying on propaganda for increased consumption of tea in India since its inception in 1903. This propaganda was, later on, extended to foreign countries. At present, the Tea Board besides regulating exports and cultivation, carries out also propaganda for increased consumption of tea.

4. The Tea Board was constituted with effect from 1st April, 1954. Since its inception, the Board has been rendering useful service to the Tea Industry generally. On the recommendation of the Board, Government revised the system of export duty on tea and introduced a slab system with a view to correlating the duty with the current level of prices. In order to give an incentive to better production, rules regarding crop basis were revised enabling the producers to take

advantage of the preceding years' production. Rules regarding extension of tea cultivation were liberalised to exploit virgin soil for new cultivation and production of better quality tea. Besides, the Tea Board advises Government on the fixation of the Export Quota for tea every year.

5. Propaganda for increased consumption of tea in foreign centres is carried out through Tea Councils, set up in collaboration with other tea producing countries and tea trade interests in the consuming countries. The Tea Board participates in exhibitions and fairs.

6. The Board makes grants from its funds for the welfare of tea plantation workers.

7. Particularly in North East India, the Board sponsors and coordinates movement of stores and supplies, such as coal, cement, machinery, iron and steel material, etc., so as to enable the industry to function smoothly.

#### AID TO AFGHANISTAN

**964. Mulla Abdullahai :** Will the Prime Minister be pleased to state:

(a) the number of Government officials whose services have been loaned out to the Government of Afghanistan; and

(b) the number of Indians working in the Indian Embassy in Afghanistan as on the 1st September, 1955?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) :** (a) Thirteen (13).

(b) Twenty-eight (28).

#### SMALL SCALE INDUSTRIES

**965. Mulla Abdullahai :** Will the Minister of Commerce and Industry be pleased to state:

(a) the amount sanctioned as grant or loan to the Madhya Pradesh Government for the development of Small Scale and Large Scale Industries during 1954-55 and 1955-56;

(b) the amount utilized by the Madhya Pradesh Government; and

(c) the names of the Industries for which loan or grant has been sanctioned during the above period and the terms thereof?

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) :** (a) to (c) A statement is attached. [See Appendix VIII, annexure No. 35].

#### ALLOTMENT OF EVACUEE PROPERTIES

**966. Shri Gidwani :** Will the Minister of Rehabilitation be pleased to state :

(a) whether it is a fact that the displaced persons have been allotted evacuee business premises with tenancy rights over them;

(b) if so, the terms and whether any lease money or goodwill have been charged on such allotments; and

(c) whether the lease money is being charged from all such allottees in all the States and on a uniform basis?

**The Deputy Minister of Production (Shri Satish Chandra) :** (a) Yes.

(b) and (c) No uniform formula of universal application had been laid down and the terms were fixed on merits in each case. The amount of the lease money depended on the status of the business, the locality in which the business was carried out and on other factors including the type of business for which the lease was taken. In some cases, the lease money included an element of goodwill money.

#### INDIAN DELEGATION TO PAKISTAN

**967. Shri G. P. Sinha :** Will the Prime Minister be pleased to state what was the strength and composition of the Indian Delegation, which represented India at the recent inauguration of "Islamic Republic of Pakistan"?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) :** Shri Mehr Chand Khanna,

Minister of Rehabilitation was appointed Special Envoy to represent India at the inauguration of the Pakistan Republic. Shri Khanna was accompanied by Shrimati Khanna. Other members of the Delegation were Shri M. J. Desai, Commonwealth Secretary and Shri N. C. Shrivastava, Joint Secretary, Ministry of Rehabilitation.

#### MODEL APIARIES

**968. Shri Deogam :** Will the Minister of **Production** be pleased to state:

(a) the names of localities of model apiaries ;

(b) the names of training centres for training fieldmen and apiarists ;

(c) qualification required of the above trainees and duration of course; and

(d) the amount of stipend sanctioned, if any, to the trainees?

**The Minister of Production (Shri K. C. Reddy) :** (a) to (c) Information is being collected and will be laid on the Table of the Lok Sabha in due course.

(d) The information is given below :—

|                |   |                     |
|----------------|---|---------------------|
| <b>1953-54</b> | Stipend for 84 Fieldmen Rs. 30/-<br>p. m. per head for 3 months.  | Rs.<br>7,560/-      |
| <b>1954-55</b> | (i) Stipend for 10 apiarists Rs. 40/-<br>p. m. per head for 3 months. Rs. 1200/-<br>(ii) Stipend for 10 fieldmen Rs. 30/-<br>p. m. per head for 3 months Rs. 9000/-             | 10,200/-            |
| <b>1955-56</b> | (i) Stipend for 10 apiarists @ Rs. 40/-<br>p. m. per head for 6 months—Rs. 2400 /-<br>(ii) Stipend for 250 fieldmen @ Rs. 30/-<br>p. m. per head for 3 months<br>— Rs. 22,500/- | 24,900/-            |
| <b>Total</b>   |   | <b>Rs. 42,660/-</b> |

#### SILK

**969. Shri Deogam :** Will the Minister of **Production** be pleased to state :

(a) the schemes formulated for the development of non-Mullberry silk in the States of Bihar, Orissa and Madhya Pradesh ;

(b) the handicaps facing the industry ;

(c) the amount sanctioned for Tassar Silk Industry to Bihar, Orissa and Madhya Pradesh for the years 1954-55 and 1955-56 separately ; and

(d) the name of the region which produces the largest quantity of Tassar Cocoon?

**The Minister of Production (Shri K. C. Reddy) :** (a) The following schemes have been sanctioned :—

##### 1. Bihar :

(a) Establishment of a basic Tassar Seed Supply Station.

(b) Reorganisation of Eri Silk worm Seed Supply Station.

##### 2. Orissa :

(a) Opening of three Eri Seed Centres and Rearing Houses.

(b) Improvement of designs in tassar fabrics.

(c) Development of Eri Industry.

(d) Establishment of Tassar Industry.

(e) Deputation of two officers to Assam for training in Ericulture.

### 3. Madhya Pradesh :

(a) Opening of three centres for reeling of tassar and spinning of tassar waste.

(b) Development of Kosa (Tassar) Industry.

(b) The industry requires scientific and technical reinforcement so that the basic aspects, namely, protected seed supply, scientific research on tassar breeds of worms and the food plants, and the rationalisation of the reeling and weaving branches of the industry may be adequately strengthened.

(c)

| State          | 1954-55      | 1955-56 |
|----------------|--------------|---------|
|                | Rs.          | Rs.     |
| Bihar          | 1,69,600     | —       |
| Orissa         | 42,564       | —       |
| Madhya Pradesh | 4,3,578      | —       |
| Total          | Rs. 2,55,742 | .       |

(d) Madhya Pradesh and Bihar.

### FLOOD SURVEY IN WEST BENGAL

**970. Shri N. B. Chowdhury:** Will the Minister of Irrigation and Power be pleased to state:

(a) the areas in West Bengal in respect of which surveys and investigations have been carried on upto now by the Flood Wing of Central Water and Power Commission; and

(b) the areas in respect of which aerial photography and tertiary levelling have been completed?

**The Deputy Minister of Irrigation and Power (Shri Hathi):** (a) No surveys and investigations have been carried out by the Central Water and Power Commission in West Bengal. Surveys are being done mostly by the Survey of India Department and investigations by the State Government themselves.

(b) Details of the aerial photography and tertiary levelling completed so far under the flood control programme are given below:—

| Name of District | Aerial photography | Tertiary levelling |
|------------------|--------------------|--------------------|
| Cooch Behar.     | 1,274 square miles | 390 square miles   |
| Darjeeling       | 500 „ „            | 15 „ „             |
| Jalpaiguri.      | 2,380 „ „          | 985 „ „            |
| Total            | 4,154 square miles | 1,390 square miles |

### COMB INDUSTRY

**971. Shri S. C. Samanta:** Will the Minister of Production be pleased to state :

(a) whether it is a fact that combs were and are being manufactured in India from buffalo horns ;

(b) if so, the steps taken to protect this comb Industry from plastic and celluloid combs ;

(c) whether Government have any estimate of production of combs from horns ;

(d) if so, the quantity produced in 1947 and 1955 ; and

(e) whether it is a fact that horn is being exported to other countries thereby affecting the price of indigenous manufacture of combs?

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

(b) Information is being collected and will be placed on the Table of the House.

(c) and (d) Information is not readily available as no statistics have been maintained.

(e) Export of horns is allowed freely. To what extent it affects the price of indigenous manufacture has not been assessed.

HINDUSTAN HOUSING FACTORY, DELHI

972. **Shri Kamath:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) the prospects for the efficient or profitable working of the Hindustan Housing Factory, Delhi;

(b) whether any final decision has been taken with regard to its future; and

(c) if so, what it is?

**The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar):** (a) to (c) The future working of the factory is under review and a decision is expected to be taken shortly.

**गांधी सागर बांध**

६७३. **श्री अमर सिंह डामर :** क्या सिंचाई और बिद्युत मंत्री यह बताने की कृपा करेंगे कि :

(क) मध्य भारत में चम्बल नदी पर बनने वाले गांधी सागर बांध पर अब तक कुल कितना व्यय हुआ है; और

(ख) इस योजना को पूरा करने में कुल कितने व्यय की संभावना है?

**सिंचाई और बिद्युत उपमंत्री : (श्री हाथी)**

(क) फरवरी १९५६ के अंत तक गांधी सागर बांध के निर्माण पर ११४ लाख रुपये व्यय हुए

और बांध तथा सहायक कार्यों में २६८ लाख रुपये व्यय हुये ।

(ख) गांधी सागर बांध तथा संबंधित कार्यों पर कुल प्रत्याशित व्यय ८६० लाख रुपया है ।

**गांवों और कस्बों में बिजली लगाने के लिए अनुदान**

६७४. **श्री अमर सिंह डामर :** क्या सिंचाई और बिद्युत मंत्री यह बताने की कृपा करेंगे कि :

(क) गांवों और छोटे कस्बों में बिजली लगाने हेतु राज्यों में बांटने के लिये १९५५-५६ में कितना अनुदान पृथक रक्षित किया गया है; और

(ख) जिन राज्यों को यह अनुदान मिला है उनके नाम क्या हैं और प्रत्येक राज्य को कितनी धनराशि दी गयी है ?

**सिंचाई और बिद्युत उपमंत्री (श्री हाथी):** (क) तथा (ख) आर्थिक सहायता अनुदानों के रूप में नहीं वरन् ऋणों के रूप में उन राज्यों को दी गई जिन्होंने व्यवसाय प्राप्ति के अवसरों को बढ़ाने के लिये गांवों तथा छोटे कस्बों में बिजली की सुविधाओं के विस्तार के कार्यक्रम के अन्तर्गत सहायता मांगी । राज्यों को ऋण देने के लिये अनुमोदित राशियां तथा वास्तविक ऋणों का व्यौर सभापटल पर रख दिया गया है [ देखिये परिशिष्ट ८, अनुबंध सं. ३६ ] ।



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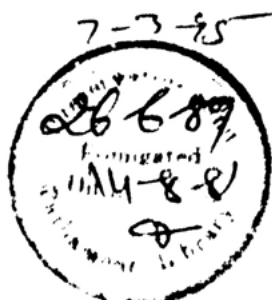
# LOK SABHA DEBATES

OVERVIEW

(Part II—Proceedings other than Questions and Answers)

**VOL. III, 1956**

(28th March to 17th April, 1956)



**TWELFTH SESSION, 1956**

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LOK SABHA

Saturday, 14th April, 1956.

The Lok Sabha met at Half Past Ten of the Clock.

[MR. SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

11-30 A.M.

CORRECTION OF ANSWER TO SHORT NOTICE QUESTION

The Minister of Finance (Shri C. D. Deshmukh): With your permission, Sir, I am making this statement with reference to, and with the object of clarifying, the answers given by me on 12-4-56 to certain supplementaries to a short notice question on the UP Sales Tax Ordinance.

Hon. Members desired information as to the nature of the proposals sent by the UP Government to the Central Government.

On February 8, 1956, the State Government addressed the Central Government demi-officially indicating that they were assuming, while framing their budget, that either the Essential Goods (Declaration and Regulation of Tax on Sale or Purchase) Act, 1952, would be repealed very soon or in the alternative, the consent of the President will be availed to legislation in the State dealing *inter alia* with 'essential' goods. On 20th February, a demi-official reply was issued stating that concurrence could be safely assumed to the State taxing 'essential' goods in accordance with the recommendations of the Taxation Inquiry Commission.

On March 15, 1956, a draft Ordinance was forwarded to the Central Government by the State Government, one of the provisions (section 5) of which was the withdrawal of the pre-existing exemption from sales tax of salt, foodgrain, gur and a few other commodities. On 29th March 1956, the State Government

were informed of the approval of the President to the promulgation of the Ordinance.

It was on another ground felt necessary to stipulate one condition. It was apparent that by another provision (section 4) in the draft Ordinance, the State Government would be taking powers to increase the ceilings on the rate of tax on certain goods (to be notified by the State Government) taxable at a single point only. Since it was felt that this provision would militate against the recommendations of the Taxation Inquiry Commission in respect of six specified items (namely, coal, cotton, hides and skins, iron and steel, jute and oilseeds), the State Government were informed, in the letter of 29th March 1956, that the concurrence of the President was subject to the conformance of the taxation in respect of these six commodities to the recommendations of the Taxation Inquiry Commission.

I may, in this connection, make it clear that when I made a reference in reply to Shri C. D. Pande on 12-4-1956, to the rate of tax on certain goods being subject to a maximum and being only at a single point, I should have referred only to these six specified commodities which I have just named; but owing to misreading the information available with me, I gave the impression that the conditions also applied to the other commodities, viz., foodgrains, gur, salt etc. The conditions were not in fact imposed in respect of these commodities. I am sorry for any misunderstanding that this may have caused.

Shri Kamath (Hoshangabad): Has the attention of the Minister of Finance been drawn to a Press report to the effect that the President's communication to the UP Government intimating his consent subject to certain conditions, has, in spite of strenuous and diligent search, not been traced, and is not traceable, in the UP Secretariat?

Shri C. D. Deshmukh: I cannot give any information as to what cannot be traced in the UP Secretariat.

Shri Kamath: It has been missing. Has the Minister seen the Press report?

**Shri C. D. Pande** (Naini Tal Distt. cum Almora Distt.—South-West cum Bareilly Distt.—North): May I know...

**Mr. Speaker:** No questions are asked when statements are made.

**Shri Kamath:** On a point of order. When a Minister corrects an earlier answer, does it not become a fresh answer on which further questions can be put?

**Mr. Speaker:** Hon. Members will kindly read the statement, and if any important questions arise out of that statement, I am willing to admit them later and give them a fresh opportunity.

### DEMANDS FOR GRANTS

**Mr. Speaker:** The House will now resume further discussion of the Demands for Grants relating to the Ministry of Commerce and Industry. Out of 6 hours allotted, 1 hour and 43 minutes have already been availed of and 4 hours and 17 minutes now remain.

When does the hon. Minister propose to reply?

**Sardar Hukam Singh** (Kapurthala-Bhatinda): There is a motion regarding the Forty-ninth Report of the Committee on Private Members' Bills and Resolutions.

**Mr. Speaker:** That will be taken up at 3 P.M.

**Shri Bansal** (Jhajjar-Rewari): Mr. Speaker, Sir, once bitten twice shy, and today I would like to speak in a way that the reactions of the hon. Minister of Commerce and Industry are not as sharp as they were the other day. After all, we live and learn and I have learnt that the so called humble men, exalted Ministers and *prima donnas* all react alike.

Last year when I was speaking on the Demands, I had occasion to say that the Ministry was suffering from a sense of ennui. I am very happy to say that I won't repeat the charge this year, because tremendous progress has been made by the Ministry during the year under review. Both in the field of international trade and industrial development including cottage industries, rapid progress has been made and the Ministry and the House can well be proud of all the developments that have taken place.

It is a good sign indeed that our foreign trade is diversifying, both commodity and country-wise. There are a large number of new articles which are entering into our foreign trade, and the number of foreign countries with whom we are beginning to trade is increasing. The credit for this goes to the able officials of the Ministry who have done everything in their power to see that the pattern of our trade is diversified. We have been proponents of multilateral trading. I adhere to the multilateral trading system. But now that all the foreign countries and even the mother of free trading countries, UK, are coming more and more towards bilateralism, I am not sorry that our trade is also entering bilateral channels.

Although, as I said, our trade has increased and has got diversified, even then we are facing a large number of difficulties in increasing our export trade, particularly in the South East Asian markets. What are the handicaps we are suffering from? Some are external and some are internal. Among the external handicaps are the double pricing system that is being insidiously adopted by even a country like UK. I have before me a small extract from the *Statesman's* London correspondent's report about a month back where it was reported that the UK traders were indulging in double pricing in their drive for export promotion. They are charging lower price in some cases from the foreign buyers, and higher prices in others where the goods are in scarcity. I won't quote because my time is only 15 minutes. A similar thing is happening in Japan. I understand that until a few months back any exporter who exported goods from Japan was allowed to retain 10 per cent of the export proceeds in the country of export. Now that percentage has been reduced to 5. That means that the Japanese exporter is placed in a position to undercut any other seller in foreign markets by 10 to 5 per cent.

Then another difficulty—partly external and partly internal—is the lack of sufficient shipping space. I understand from importers in foreign countries and even from our exporters that they face this difficulty of getting adequate shipping space, and even if they get some space, the time factor is there and they are not able to get it in less than a month or two months, while I find that in some other countries, say, Japan, if an order is placed, shipping space is made available within three or four days.

Then, there is the question of freight and freight structure. I am glad that the Ministry has appointed a Special Officer to go into this. Perhaps, a report from that Special Officer has also been received. I would very much like the hon. Commerce and Industry Minister to take the House into confidence as to what has been found out by that Special Officer and what steps are going to be taken to remove this difficulty of discriminatory freight rates.

Another point, in this connection, which I want to emphasise is our Trade Commissioner's services. I have had a number of occasions to visit and meet our Trade Commissioners abroad, our Commercial Secretaries etc. Firstly, I find that their offices are not adequately manned. There is no research service attached to them. In most places, there is only one Commercial Secretary or Trade Commissioner, perhaps, with one stenographer. What I am suggesting is that our Minister should send a small team of one of his Ministers and some officers, to the various countries where we are going to develop our trade, to see what steps have to be taken to organise our Trade Commissioners' Offices in such a way that they are able to render greater service in the development of our foreign trade.

There is also the question of status of our Trade Commissioners. I understand that a Trade Commissioner is even lower, in status, than an Under Secretary. Then, it is also not clear as to whether he is under the jurisdiction of the External Affairs Ministry or the Commerce and Industry Ministry. The status must be placed on a stable footing. If they are serving abroad they should be able to look forward to something which an Under Secretary is able to look forward to in this country.

As far as our exports are concerned, I find, from a report of the Indian Textile Delegation to South East Asian countries, that in certain lines we are losing the export market because of the bans we are placing on the manufacture of certain types of goods. Take the case, for example, of lungis and check cloths. The mills are prohibited from manufacturing this type of cloth and the result has been that we have lost our market in Burma, which was quite substantial. My suggestion, therefore, would be that in cases where we are losing our export market on account of these bans, we must see to it that if certain mills are

coming forward to produce those varieties of cloth for the sole purpose of exporting them, then, they should be allowed to do so.

I now come to the industries side, where very heartening progress is being made year after year. I am particularly glad to note that in the year under review, industrial development has increased by about 9 to 10 per cent. In certain lines of manufacture, the production has increased by even 20 per cent. The report of the N. I. D. C. is also before us and I am glad to see that that body has also made some progress, although that progress is only in regard to exploration and study of the various types of industries. It is also heartening to note that a large number of concerns have been approved under the Industries (Development and Regulation) Act and as many as 560, or so, applications have been accepted for the establishment of new industries or development of the established ones.

In this respect, I would like to bring to the notice of the hon. Minister the question of regional distribution. I am one with Shri Asoka Mehta, who has always been emphasising this point on the floor of the House that we must have suitable distribution of new industries all over the country and I am glad that the licensing committee has been taking this factor into consideration. But, I would be failing in my duty if I did not bring to the notice of the hon. Minister that, in some cases, this has not been done in a very open manner. I know of one or two instances where, although the licensing committee has not expressed itself one way or the other, the sub-committees or the officers concerned, who are charged with going into the applications more thoroughly, have been passing hints that the applications will be accepted if only the factory is located in such and such a place. Now, as I said, I am not at all against regional distribution; but, I suggest that there should be a policy statement that industries of such and such type will be allowed to be established in such and such a region only and the impression should not be given that some officers interested in a particular region are trying to force the applicants to go there against their will and, perhaps, against the policy of the Government itself.

There is also the question of steel scrap. As you know, we are exporting steel scrap to foreign countries who are making no other use of it than to convert it into steel. My point has been that



[Shri Bansal]

you should ban all export of scrap. On the other hand, we should try to import scrap, if there are some concerns forthcoming to instal electric furnaces to smelt this scrap and convert it into steel. After all, scrap is bound to be much cheaper than the steel which we are importing from various countries at fantastic prices.

In this connection, I would like to refer to the Development Wing and the organisations connected with the development of industries. I know that the Development Wing has been doing very splendid work. But, I see that there is only one Chief Industrial Adviser at the helm of affairs in that department. I have known how busy the Chief Industrial Adviser is. In the very nature of things, when so many development works are being undertaken, over such a large field, he is bound to be busy and so his organisation. But I would suggest that inasmuch as the entire private sector depends on his advice and assistance for development of industries, it will be, perhaps, worthwhile to have not one but two or three Advisers of his status who could look to various things. For example, there could be one Chief Adviser for Engineering and heavy industries; there could be another for heavy chemicals and allied chemicals and there could be a third...

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari):** Then he will cease to be a Chief Industrial Adviser.

**Shri Bansal:** I say persons of his status. There could be another for miscellaneous industries. This, I say because I have heard people saying that at times when they have gone to see some officers, they have been told that the person concerned was much too busy. I know he is much too busy because work is increasing. And, it is only for this reason that I am suggesting that his work should be lightened and other officers of a comparable status should be appointed so that the people who come here to consult him and to seek his advice, from all the four corners of the country, do not have either to wait here indefinitely or go back disappointed.

**Shri Velayudhan (Quilon cum Mavelikkara—Reserved—Sch. Castes):** Twenty Development Officers are coming, I think.

**Shri Bansal:** I will now devote the remaining two or three minutes of my

time to small-scale industries. I have noted that in the small-scale industries, a lot of organisational work has already been done. Industrial estates are being founded—about 20 of them are on the tapis. New industrial institutes are also being founded and 4 offices of the National Development Corporation are also in existence. But, here, I want to invite the attention of the House to the fact that administratively the Small-Scale Industries Board and the Corporation are not functioning as efficiently as they ought to. I know that organisational problems are tremendous and they could not be overcome in a day. The size and nature of the difficulty to which I will invite the attention of the hon. Minister will show that a lot of organisational work has to be done and, even though we have to do some radical thinking on this, we must not shirk it. For example, during 1955-56 both the State Government and the Central Government allotted certain funds for loans to be given at a low rate of interest to the small-scale industries. Out of a sum of Rs. 3 crores that was sanctioned, only Rs. 88 lakhs was disbursed. That means the disbursement rate was less than 30 per cent. In another case, where funds were made available for the setting up of small-scale institutes, the amount which was sanctioned was Rs. 1,75,00,000. Out of that only Rs. 14 lakhs was utilised, giving a percentage of just 8. If you look at certain States like Madhya Bharat, Rajasthan and Hyderabad, they did not utilise even a single pie. That, perhaps, shows that unless we gear up the administrative machinery, either by placing these organisations directly under the control of the Central Government, or by taking some other radical action, the development and progress on the small-scale industries front will not be as rapid as we would wish and as is envisaged in the next Five Year Plan.

I am very glad that a lot of research and a large number of research projects are being undertaken to help the small-scale industries. The experts made available by the Ford Foundation and by various other countries can help in this task, but that alone will not serve the purpose. For this, the Directors of industries, their organisations, our own Corporation, our Board and all such organisations will have to dovetail their activities into each other in a manner that rapid progress is made on this very important front.

Lastly, I want to say a word about the organisation of the Chief Controller

of Imports. I am very glad to see from the report that the number of applications dealt with has been increasing and they have all been dealt with very expeditiously. In this respect I would like to pay a special tribute to this organisation, because I had an occasion of coming in close touch with the working of that department when the Indian Industries Fair was on. And I must say that without the help of that organisation and the expeditious disposal of the applications, the fair would not have been as successful as it is reported to have been.

As regard to the development of industries, I would like the hon. Minister to keep a constant watch on the price trend in the country and adjust the programme of industrial development in the light of the price movements. Only this morning it came in the papers that the Prime Minister paid a visit to our Khadi Emporium. And during the course of a brief talk that he gave there, he referred to the Ambar Charkha. We are all very glad, Sir, that experiments about the Ambar Charkha are being made. But I warn the House that we must keep a close watch as to how far our textile production has to increase and, if it is not allowed to increase, what are going to be the repercussions on our inflationary situation. I am not going to sound a note of alarm at this stage, because I believe that inflation is being kept under check (*Interruptions.*) But, I must tell my mocking friends that when the impact of inflation is felt it will be mainly, on two commodities—foodgrains and cotton piece-goods. I am glad that, as far as foodgrains are concerned, a programme of importing about a million tons has already been finalised. About the textiles, all that I am trying to say is that the hon. Minister for Commerce and Industry must assure the House that he is not against Ambar Charkha in the least and that all the production of yarn by the Ambar Charkha will be bought and made available to the handlooms. There should be no difficulty on that score at all. But, on no account should scarcity be allowed to develop in the country as far as the item of piece-goods is concerned, because, if that happens, there will be nothing to check the inflation in the country. I am sure the House has no difference of opinion on this subject. No one is against the Ambar Charkha and I am one of those who believe that we must patronise it and see that it improves, because improvements must be there. Without improvement the yarn will not be usable. So, I have no difference of opinion with my friends on

this. Only the production of textiles should not be allowed to reach a level where the price will rise beyond the reach of the average man. I am sure, if we take these steps, we will have no difficulty in marching ahead from stage to stage in our next Five Year Plan.

**Shrimati Tarkeshwari Sinha** (Patna East): Mr. Speaker, Sir, it has been common knowledge that industrial development, along with transport, forms the kernel of the Second Five Year Plan. Though India had a very fine career of industrial development, I would like to mention here that the character of her industrial development has been such as to make the desire for diversification through the building up of heavy industries, very strong and persistent. And so it is gratifying to note that the heavy industrial projects which have been formulated in the Draft Second Five Year Plan are going to make up for the neglect in the First Five Year Plan.

But it is a little unfortunate that in the field of industry, with its luminous future the character of our mixed economy has been greatly debated, and on the proportion of mixture it still remains fluid.

Sir, for some new-born ultra-socialists it has become quite fashionable nowadays to justify all the acts of State intervention in the name of the socialist pattern of society, while on the other hand the spokesmen of the private sector are leaving no stones unturned by decrying the State intervention that we are going to have and we shall have in future. But the supporters of both these theses seem to forget that the problem that concerns us today is not a wearisome reiteration of well-known objectives, but a concrete formulation of the specific methods that will be adopted for realising them; not where we have made up our minds to go—because that is very clear—but how we propose to realise them and how we propose to reach them. I am sorry to feel and say that it is here that our thinking remains very fluid. And with all the talks of public sector and private sector going on, it has provided us with no guideposts to reach the goal. Therefore, when we are launching the Second Five Year Plan, when we are drawing a comprehensive picture of the coming industrial development, all that we can do now is to keep on guessing as best as we can as to what will be the coming shape of future development in India.

[Shrimati Tarkashwari Sinha]

Nobody needs to remind us that the doctrine of *laissez faire* has become quite outmoded in the modern world, and the concept of welfare society or Welfare State has taken deep roots since long in each and every country of the world. The *laissez faire* doctrine had long been given a decent burial in all the countries, including the United States of America, which is supposed to be the bulwark of modern capitalism, because of the fact that the ideology of the *daissez-faire* doctrine carried the doctrine of free enterprise too far. This free enterprise made the business too free, sometimes too wide and ultimately what happened was that the entrepreneur class often lacked not only the social consciousness but also that enlightened self-interest which was the pivot of the *laissez faire* doctrine. And as a result, the welfare of the society went frequently by default. But what I feel is that even if all this is true, it does not mean that we should leave the middle course that we adopted in 1948 and follow a blind extreme, because I feel that we have also to keep on reminding ourselves that if the State can do only a little, it can also attempt to do much and we can create a system of bureaucracy and nothing more if we go on thinking in these terms. So, the question is now this: what should be the optimum combination of the State and private enterprise in our country? There is no ready-made formula for that before us.

12 NOON

In this connection, I would like to quote Burke who was a great exponent of State intervention. He said:

"One of the finest problems in legislation is, namely, to determine what the State ought to take upon itself to direct by public wisdom and what it ought to leave, with as little interference as possible, to individual exertion".

We have not drawn out a conclusion on that as yet. I feel that life has become no doubt very complex since the day of Burke, because the functions of the modern State have increased, as you know, beyond recognition and also the State control and regulations has become more and more pressing than ever before. But the problem Burke posed has not yet lost its relevance. It persists in our own days, in every Government or country that respects individual rights or individual duties and cares for the substance of democracy. To solve it, we need

a balanced and careful objective study; and a careful and objective approach to our thinking also. All the dogmas, however alluring they may be, can lead us nowhere. I am sure about it.

I think that all this confused thinking about the private sector and the public sector is due to the fact that we still lack a clear perspective or a clear conception of social duties and social values and social functions of both these sectors. Defined in a broader sense, the private sector has to produce goods, essential goods, in adequate quantities to supply the growing needs and demands. It should produce those goods at the lowest cost with the lowest profit motive and to increase the productive capacity progressively so as to supply the increasing demands in the country. On the other hand, these are the very reasons for the State regulations to be imposed. I have no doubt about that. The State has to see whether the private enterprise does actually fulfil these functions efficiently conscientiously or not. The task of the State, in other words, is to see that the essentials are given priorities over the non-essentials; to encourage efficiency; to lower the cost of production of the different units and to secure a fair deal to the labour force. It should also secure a fair price to the consumer by preventing the growing up of different monopolies and keep enough competition in the field of industry and trade so that the growing demands do not create monopolistic concerns. Lastly, but the most important thing that the State has to see is that the job-creating potentialities, the tremendous potentialities that are lying dormant in the country are given full encouragement. I am sure that everybody will agree that in this matter we have to encourage all the resources at our disposal, either in the public sector or in the private sector, to create new jobs, because that is going to be the biggest problem in the second Five Year Plan.

So, the problem before us is, how far this quality of regulation should go and what should be the quality of regulation and what should be the specific measures to reach it? In regard to these principles, no modern society, no sensible individual, no enlightened individual, can have any objection. So far as the principle of State regulation goes, the State should see that for achieving the maximum social and economic progress in the country, they must have a balanced and objective outlook, because it is a question of why and how the State regulation

can turn the public and the private sectors to the maximum advantage of the country at present.

At the time of the general discussion of the budget—if I remember correctly—or at the time of the discussion on the Insurance Bill, Shri Tulsidas said that the private sector is being treated like untouchables. I think that was a little exaggerated remark on his part. But I certainly feel that some new converts of socialist doctrine are out to decry the private sector and they are decrying it out and out and thus contributing towards creating a thoroughly imbalanced and unscientific outlook in the country. There have been very responsible spokesmen, and they know that their words and their opinion carry a lot of weight but they are unfortunately contributing in creating a thoroughly imbalanced outlook and a little frustrated outlook also—if I may be pardoned for saying so—in the country. Sir, I suffer from no guilt, and I say boldly that this is a totally wrong approach. I think it will be suicidal for the country's future set-up if this atmosphere of mutual ill-will and mutual mistrust is allowed to be developed in the country. It should not be allowed to grow or be grown in the country. We have accepted the principle of mixed economy with a clear conscience. There is no doubt about it, because we feel that we have deep faith on the capacity of the individual to do good for the society. If his capacity is channelised properly, or if he develops social consciousness, he can do as much good to the society as the State or the Government can do. So, I have no hesitation in saying that the Government could follow these principles of mixed economy, with individual freedom and with an overall State control, in our industrial development.

I do not have any axe to grind for the big businessman. I am not at all thinking of the big businessmen of the country or the monopolistic concerns of the country, who are very, very big. I have no axe to grind for them. But what is the psychology, at present, of the lower middle-class businessman of India? He suffers from a sense of hazy guilt for being a businessman. That is his psychology at present. He lacks that exuberant self-confidence which makes or unmakes a man. I feel that it is very unfair on the part of any Government in the world to rob the self-confidence of the individual and thus ruin his capacity to work. They ought to be given opportunities

where they could do some work or service to the country. This sort of unbalanced approach, I think, is very harmful to the nation. Sir, there may be big businessmen like Tatas, Birlas, Dalmias—but there are so many ordinary businessmen also, holding a small unit—if we go and talk to the small ordinary businessmen, those small businessmen feel a hazy guilt for being in business. That is something funny that they are being looked down upon by modern intellectual society. Therefore, this out and out decrying of the private sector should not be encouraged. I would appeal to the hon. Minister that in spite of all the forces that are going on now, he must be bold and face these forces, and he must go forward and clear all these misunderstandings that have grown day-by-day.

Therefore, the task of the present Government becomes very delicate as well as very challenging. Government has to see that it can domesticate but it should not emasculate; it can harness but no oppress or repress; it can control but it should not constrict; it can direct and guide but it should not pull back or hold up the growing enterprises. I should not be misunderstood if I say that sufficient care must be devoted to the private sector. I do believe that in the coming future development, the State has a lot to do. The State will be playing a prominent part in the industrial development of the future. But it should act in a manner as to encourage all the economic limbs of society. An overall operation of the economic patient is needed. There is no doubt about it. But the State must act as a doctor who will operate on the patient for saving him and not killing him. He should not operate on the patient just to kill him. If the State does that, I think it will act as a ruination to society, because I believe that Government can only act as a guardian of society. If the Government wants to act as everything and monopolise every activity, I am afraid the Government will be creating an army of bureaucrats and it is a well-known fact that the size of bureaucracy affects the quality of democracy. That stage should never be allowed to come in this country.

I would now like to draw the attention of the hon. Minister to the promotion of research work in India. Some major industries in India have their own research establishments, but compared to the size of our industries, they are very few and far between. Generally speaking, Indian industries have not taken so far active interest in promoting research. It

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is not due to lack of awareness of the importance of that work, but only due to lack of means. Small-sized business units cannot afford to have these research associations. They have not been able to make much contribution in this regard. Therefore, I would like to submit that they can very well follow the British system and pool all their resources for the common benefit for opening common research associations. They can have co-operative research associations for common industries. Therefore, I would appeal to those engaged in the various industries to come forward and set up different research committees for different industries and also maintain research funds for sponsoring specific projects in national laboratories and university laboratories. I would submit to the Minister that he should make arrangements with the Ministry of Natural Resources and Scientific Research and also with the various State Governments, so that these research centres may have all opportunities of working in all the national laboratories and also in the various university laboratories. For that the Minister must earmark a certain sum annually to be paid to these research centres because if they are left alone, they cannot afford to have these research associations on their shoulders.

I now come to the automobile industry. I would like to say a few words on this. I would like to point out that in spite of all the efforts on the part of the automobile manufacturers and Government the demand for motor cars has not increased to the extent it should. In this fast-moving modern life, car is not a luxury but a necessity. But because of the high price of cars, even persons belonging to the higher middle-class cannot afford to have a car. It is very difficult to find a lump sum of Rs. 10,000 to have the pleasure of owning a Hindustan. But on the other hand it will be very easy to buy a car if there is the facility of the hire purchase system, so that a person can buy a car by paying Rs. 100 or Rs. 200 every month. For him, that will not be an unbearable burden. I would suggest here that some sort of a corporation should be established to advance loans to the car dealers who will fix a standard rate of interest by reducing it to a reasonable extent. At present the rate of interest charged by these car dealers is exorbitant; sometimes it goes to even 20 or 25 per cent. It is very unfair on the part of the automobile industry to oppress the consumer in that way. Unless and

until something is done in regard to this matter, I am sure that in spite of all the efforts, the demand will not increase. So I suggest that Government should come forward and fix a ceiling on the rate of interest and no automobile dealer should be allowed to charge more than that. If that is done, the potential demand for cars will increase very rapidly. The hon. Minister belongs to a very rich family and perhaps he has not had this difficulty. . . .

**Shri A. M. Thomas (Ernakulam):** Appearances are deceptive.

**Shrimati Tarkeshwari Sinha:** . . . but, for an ordinary person, even for a Member of Parliament, it is very difficult to possess a car, because of the high price. The Member of Parliament does not afford to invest Rs. 10,000 so that he can enjoy the pleasure of having a Hindustan. If Members of Parliament cannot afford to have a car, what about the middle-class people. If the hon. Minister is serious about increasing the potential demand of the cars, I would appeal to him to come forward and give a bit of his genius mind to this problem also.

**Shri G. D. Somani (Nagaur-Pali):** The report of the Commerce and Industry Ministry gives a cheerful account of the recent trend of production of several industries which are under their charge. It is really a very good augury for a more ambitious programme of development under the second Five Year Plan.

The Ministry performs the role of promoting and encouraging the establishment and development of industries on the one hand and exercising control over and regulating the functioning of the industries according to the policy of planned development on the other. So far as the policy of promoting and encouraging the development of industries is concerned, the present production itself bears ample testimony to the very efficient and creditable way in which the Ministry is trying to increase the production of various industries in the private sector. But so far as the function of regulation is concerned, I think the way in which the private sector's activities are being regulated calls for a certain amount of examination so as to ensure that the various units would be allowed to function efficiently. In this connection, I can very well refer to the hon. Minister's own remarks the other day, namely, that he was functioning as the superintendent of the jail in which the private sector was locked. I would appeal to



the hon. superintendent of the jail to function in a manner which will allow the prisoners to perform the role that has been assigned to them in an efficient and smooth way.

The only point to which I am drawing the attention of the Minister is this. While on the one hand the Ministry is trying so hard to encourage and promote the development of industries, on the other hand, some of the actions of the Ministry and the series of legislation introduced by the Finance Ministry are coming in the way of the smooth functioning of the private sector. At a time when the industries are expected to develop to a very great extent, the whole problem of regulation has got to be reviewed in a manner which will not come in the way of the smooth functioning of these industrial units. I am not at all opposed to the regulation of broad outlines of policy to suit the requirements of planned development, but when it goes to the extent of examining very minute details, it does cause a lot of unnecessary difficulties. I hope it will be possible for the Ministry to evolve a pattern of regulation which will suit the needs of the developing economy of our country.

I would like to say a few words about the revised policy which is going to be announced. In regard to the policy resolution for the industrial sector, a lot of speculation has already been made in the press. We have still to know authoritatively the exact nature of the revised industrial policy resolution which the Government have decided for the Second Five Year Plan. I am not in the least opposed to the expansion of the public sector. In fact, there are a very large number of industries of a basic type or from the point of the strategy, which the State alone can undertake and therefore, everything possible has got to be done to ensure the expansion of the public sector under the Second Five Year Plan. There is not much to be said about this. The only submission that I would like to make in this connection is that nothing should be done to curtail the activities of the private sector or impose any enforced idleness on the capacity of those who can do a lot in promoting and expanding various industries in the country. At a time when so much has to be done, when so much of the resources of the country is lying untapped and unexploited, it is really inconceivable to think in terms of restricting the activities of any sector, especially of a sector which has given a good account of itself

and which has shown by its achievement under the First Five Year Plan, that, provided the necessary scope and facilities are available, it is in a position to deliver the goods. I would like, therefore, to take this opportunity of appealing to the hon. Minister that when the final policy statement is made, everything possible should be done to ensure that the capacity of those who are in a position to develop industry, will not in any way be restricted so that the country's development may not suffer. I hope that the fears and doubts that have been aroused for some time in regard to the exact scope and nature of the industrial policy resolution will be clear and it will be better if the hon. Minister while replying could give a broad outline of the pattern of the revised policy which is going to be finalised very soon.

I would like to pay a tribute to the Ministry for what they are doing for the development of small-scale industries. There is a mistaken belief in certain quarters as if organised industry is opposed to the development of small-scale industries. Nothing could be farther from the truth. As early as when the Bombay Plan which is called the Tata-Birla Plan was formulated some ten years ago, that plan emphasised the need for developing small-scale industries in the country and they themselves had provided an ambitious programme of development of small-scale industries. There is absolutely no reason to say that organised industry is in any way opposed to the development of small-scale industries. I, therefore, welcome the many facilities and positive help that is being given by the Ministry in regard to the development of small-scale industries. We have got enough indication of these measures in the report of the Ministry, and the hon. Minister for Industries also gave a broad outline in his broadcast speech the other day about the nature of the facilities available for the various industries. In this connection, I would only like to draw the attention of the hon. Minister to do something for the development of these industries in Rajasthan. I am aware that, to some extent, as my hon. friend Shri Bansal pointed out, due to lack of organisation in the various States, they have not been able to take full advantage of the facilities that are made available. Indeed, there are facilities both for technical and financial help as also help in the marketing the products of these industries. What is, however, required is to see that a balanced development takes place and the requirements of the backward areas

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are given preferential treatment. Even in regard to the establishment of industrial estates, it is good that certain estates are already under construction in various States. As I was saying, I hope that the backward areas like the Rajasthan would get not only their proper share, but even preferential treatment in the matter of development of small-scale industries and in the matter of establishment of industrial estates so that their resources could be properly developed.

Now, coming to the question of industrial production under the Second Five Year Plan, I would only like to make a few remarks about the textile industry which is already under controversy and whose targets have still to be finalised. I need not say anything to plead the case of the industry because, so far as the industry is concerned, the present policy of the Government suits them very well. The policy of freezing the production of the textile industry will place the existing units in a more or less monopolistic conditions, and the consequent rise in cloth demand and the consequent shortage of cloth that may follow the present policy, could be taken full advantage of by the existing industrial units. I need not labour that point of view. But, there are certain vital and fundamental issues involved in the policy of fixing the targets of textile production. I am fully aware of the hon. Minister's own experience about this and the nature of the repercussions which this policy might have on our national economy. The first question is about the supply of cloth to the internal market. In view of the inflationary trends that are bound to follow the policy of deficit financing that we are following, there is already visible in the cloth market—and the signs are quite clear—that unless something is done immediately to expand the production of cloth in the mill sector, we might be faced with a situation which will cause a lot of complication and difficulty and the same methods of controlling cloth production and distribution that we had in the war and post-war period may again have to be resorted to. It is of very real urgent importance that the Planning Commission should deeply concern itself with the present position of rise of demand in cloth and take measures to ensure that no shortage is created.

Side by side, we have also to look to the repercussions which this policy may have on our export trade. The report released by the Export Promotion Coun-

cil recently shows that our exports in the last year were about 8 or 9 per cent lower than the exports in 1954. Looking to the present conditions when the internal cloth prices are rising, it is more than likely that our export trade may be adversely affected still further in the present year. In view of the very acute foreign exchange situation with which we are faced under the Second Five Year Plan, this question of the maintenance of the export markets is of real importance to our national economy. Unless remedial measures to expand the textile production in the mill sector are taken very immediately, it is a matter of genuine apprehension that our export trade may be adversely affected, and perhaps may be affected, permanently because once you lose a market in a particular variety or a particular country, it is very difficult to regain it in view of the growing competition from Japan and Lancashire. I would, therefore, like this question of exports to be properly reviewed by the Planning Commission so that, before we lose ground still more, we may take steps to ensure that our export markets will not only be maintained, but something will be done to see that the target of 1200 million yards for the Second Five Year Plan is realised.

I would also like to make a brief reference to the question of the supply of cotton. From what has appeared in the press, it is seen that the Ministry has followed a rather conflicting policy. On the one hand, they have allowed an import of 40,000 bales of low staple cotton, that is from 7/8 to 1-1/16 and on the other hand, I find some indication that the overall imports of cotton will be restricted to a maximum of 5½ lakh bales of cotton. That has created a lot of scare in the cotton market. I hope the hon. Minister will take the present opportunity of announcing the cotton policy so as to ensure that the cotton imports will not be fixed at a rigid minimum but that cotton will be allowed to be imported to an extent which will take proper care of the requirements of the textile industry. This announcement, an indication of which has recently come, about putting a maximum on the imports, has really caused a very tight position in the cotton market and I hope the Minister will take the earliest opportunity of dispelling the doubts about the supply of cotton to the indigenous industry.

I would also like to say something about the jute industry. This again is an industry which plays a very vital rôle

in our export trade and in earning foreign exchange for our country. But I find the industry is not doing as well as has been made out in the report of the Ministry. I am aware of the valuable help that is being envisaged to be given by the Industrial Development Corporation for the rehabilitation and modernisation of the jute industry, but the many balance sheets of the jute mills that have appeared recently show a disquieting trend. Many of them have shown losses and they are unable to compete in the present international market in the export of jute textiles. Here is an industry against which competition is increasing from Pakistan. I think our Ministry will be well advised to keep a close watch upon the functioning of this key industry, so that we may not lose our export trade in jute textiles.

**Shri L. N. Mishra** (Darbhanga *cum* Bhagalpur): Any suggestion?

**Shri G. D. Somani:** A suggestion is that this help for modernisation should be expedited and the industry should be enabled to get its raw material, that is, jute, because the present difficulty has been created by the shortage of jute. The price of jute has risen considerably while the price of jute goods is low. Naturally it is in our interest to keep the price of jute goods as low as possible, but steps should be taken to encourage the production of jute so that supply may be ensured of the raw material at reasonable prices, and also to accelerate the pace of modernisation of the jute industry, so that the industry may be in a position to compete in the international field.

Then I would like to say a few words about the cement industry. Here, of course, complaints have been made both in the House and outside about the scarcity of cement. But I think the fact should be recognised that the production of cement was somewhere about 1.5 million tons in 1948 and it has risen to 4.5 million tons in 1955. There has thus been a three-fold increase in the production of cement and the industry, I think, has given a creditable account of itself. As the report of the Ministry shows, the licences issued for new units and for expansion of the present units show that the target of 12 million tons will be easily achieved by the industry during the Second Five Year Plan. Therefore, so far as cement manufacturers are concerned, I think they have contributed to the solution of this problem to their maximum capacity.

**An Hon. Member:** What about black-marketing?

**Shri G. D. Somani:** So far as this question of black-marketing is concerned, about which the hon. Member is reminding, I should like to remind the House that so far as the manufacturers are concerned, they are not free to distribute a single ton of cement without permit. Their entire production is distributed by the State Governments and according to the policy of the Central Government. If, therefore, there is any irregularity or blackmarketing in cement, the cause has to be traced elsewhere. Certainly the Central Government should look to the distribution of cement in a manner which will do away with this blackmarketing if it exists because so far as the manufacturers are concerned, they deliver each and every ton of cement according to the permits that are issued by the Government machinery.

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

Lastly, I would like to say a few words about State trading. We have been hearing about this for a long time, and the matter was also under examination. At last we have been given this decision in the report of the Ministry that a State Trading Corporation is being formed in the near future. Now that the decision has been taken, no useful purpose will be served by reminding the hon. Minister about our past experience in State trading and also about the experience of various other countries in the State trading line. I am, of course, confident that with the hon. Minister in charge of supervising the activities of this Corporation we are assured that whatever has happened like the Japanese cloth deal will not be allowed to be repeated. We are aware that the Ministry had imported a lot of Japanese cloth at a time when cloth was scarce and there was an acute shortage of cloth in the country, but still the Exchequer had to pay very dearly in disposing of that cloth. I have, of course, no doubt that such examples are not going to be repeated by this Corporation, but the risk remains. After all, trading, especially trading in exports and imports, is a very complex business and the experience and the resources of a private individual cannot easily be replaced by any such centralised body.

Another point I would like to stress in this connection is that when this body comes to function no unemployment should be caused by the operation of this Corporation. At present the import and export trade is handled by a



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series of business houses and I am, of course, in favour of decentralising that business. So far as the business of import, export and distribution is concerned, I think the Ministry should give every encouragement so that the sector of trading will be diversified and will be broad-based as far as possible, and the small section of the traders will get their full share. But here we are going towards over-centralisation. I hope that the apprehensions of the trading community that some of their activities will be replaced by this Corporation will not come true, because, after all, when we are considering this question from the point of view of employment it is of vital importance to us to see that the activities of the State Trading Corporation do not come into conflict with the normal business channels. In view of the resources and the very nature of the set-up of the Corporation, traders naturally will not be able to compete in the field where the State Trading Corporation will be trading. It is, therefore, very essential that this body should take up business only in certain specialised items and should not compete in a manner which will oust in any way the various small-scale traders and businessmen functioning in the import trade.

**Dr. Rama Rao (Kakinada):** May I know what items the hon. Member would recommend?

**Shri G. D. Somani:** I do not recommend any item. Personally I would like the entire field to be left to the private sector but in view of the Corporation being formed I am only asking for an assurance that so far as the existing normal trading channels are concerned, they will not be disturbed, or at least a formidable competition will not be created in a manner which will oust them from their normal trading activities. Secondly, as pointed out earlier, every possible precaution should be taken to ensure that the activities of this Corporation do not result in any loss to the Exchequer, because our past experience and the experience of State trading in other countries naturally give rise to genuine fears and apprehensions that the State might involve itself in losses and thereby our aim of adding resources to our Exchequer may not be realised, but on the other hand, the Corporation might entangle itself into losses which will be very harmful to our economy.

I hope the points that I have raised in the course of my observations will receive the attention of the hon. Minister.

So far as the private sector is concerned, I would only like to say at the end that they have shown by their results under the First Five Year Plan that they are capable of achieving the targets that might be laid down in the Second Five Year Plan. I hope, therefore, the revised industrial policy resolution will not in any way put any artificial checks on the scope of development of industries where the private sector is capable of making its contribution.

**श्री काजरोलकर (बम्बई नगर-उत्तर-रक्षित-अनुसूचित जातियाँ) :** उपाध्यक्ष महोदय, आप ने मुझे यहां पर बोलने का मौका दिया इस के लिये मैं आप का आभारी हूं।

मैं देख रहा हूं कि कॉमर्स और इंडस्ट्री मिनिस्ट्री (वाणिज्य और उद्योग मंत्रालय) ने चार साल में बहुत सी बातों में प्रगति की है, लेकिन साथ ही साथ मैं एक बाद के उपर ध्यान दिलाना चाहता हूं कि कॉमर्स और इंडस्ट्री मिनिस्ट्री ने छः या सात बोर्ड बनाये हैं काफी बोर्ड, रबर बोर्ड, आल इंडिया हैडलूम बोर्ड, टी(चाय)बोर्ड, क्वायर(नारियलजटा) बोर्ड, स्माल स्कूल इंडस्ट्रीज बोर्ड, वगैरह वगैरह। हिंदुस्तान के अन्दर धान्य और कपड़े का घंघा बड़ा होता है लेकिन उस के साथ साथ चमड़े का घंघा भी होता है, लेकिन हमारी मिनिस्ट्री इस घंघे की तरफ कुछ उदासीन है। यह लेकर इंडस्ट्री आज दो मिनिस्ट्रीज के हाथों में है, एक तो प्रॉडक्शन (उत्पादन) और दूसरी इंडस्ट्री और कॉमर्स चूँकि दोनों ही मिनिस्ट्रीज में होने से काम ठीक से नहीं होता है इसलिये इस इंडस्ट्री की जितनी प्रगति होनी चाहिये। उतनी नहीं होती है।

आप को मालूम होना चाहिये कि हरिजनों के हाथों में जो सब से बड़ा घंघा है वह चमड़े का है, लेकिन सरकार के द्वारा सहायता स मिलने के कारण वह इस घंघे को ज्यादा बढा नहीं सकते हैं। इसका नतीजा यह होता है कि वह ज्यादा तर मजदूरी करने के लिये मजबूर हो जाते हैं। यह घंघा बड़े बड़े कैपिटलिस्टों (पूंजीपतियों)

के हाथों में चला गया है। आज भी यह धंधा ज्यादातर बाटा, फ्लक्श जैसे बड़े बड़े कैपिटलिस्टों के हाथों में है। इस कारण से छोटे धंधे करने वालों को इस काम के करने के लिये प्रोत्साहन नहीं मिलता है। बड़े बड़े चमड़े का धंधा करने वालों को खिलाफ मुझे कोई शिकायत नहीं है, लेकिन साथ ही साथ लंदर इंडस्ट्री में जो छोटे छोटे धंधा करने वाले लोग हैं उन को भी सहायता दी जानी चाहिये।

आप को यह भी मालूम होना चाहिये कि आज हमारे देश में चमड़े की सम्पत्ति का बहुत ज्यादा नाश हो रहा है। जब जानवर मरता है तो बहुत सी जगहों के हरिजन उन को उठाने नहीं जाते हैं और नाश होता है क्योंकि लोग कहते हैं कि यह हरिजन तो नीचा काम करते हैं। वह डरते हैं कि अगर वह इस तरह से मरे हुए जानवर उठाते रहेंगे तो लोग उन को हमेशा ही नीचा समझते रहेंगे। इस लिये सें सरकार का ध्यान इस चमड़े की सम्पत्ति के नाश की तरफ दिलाना चाहता हूं।

हरिजनों के लिये सर्विसज (सेवाओं) के बारे में या शिक्षा के बारे में तो सरकार ने कुछ प्रगति की है, लेकिन जहां तक धंधों का सवाल है जितनी सहायता इस व्यवसाय के लिये मिलनी चाहिये वह नहीं मिलती है। इम्पोर्ट और एक्सपोर्ट (आयात और निर्यात) के सवाल पर ही अगर सरकार ध्यान दे तो उसको मालूम होगा कि बहुत से हरिजन हैं जिनको लाइसेंस नहीं मिलता है। मैं ने एक बार मिनिस्टर साहब के सामने रिप्रेजेन्ट (आवेदन) भी किया था कि न्यू-कमर्स (नवागुन्तको) में हरिजनको प्रोत्साहन मिलना चाहिये। इस पर उन्होंने कहा कि अगर हरिजनों को लाइसेंस दे भी दिया गया तो वह उस का करेंगे क्या। यही तो कि वह लाइसेंस बेचेंगे मैं पूछना चाहता हूं कि आज जितने लोगों को लाइसेंस दिये जाते हैं क्या उन में से सेंट पर सेंट (शत प्रतिशत) व्यापार करते हैं? क्या उन के अन्दर ऐसे लोग नहीं हैं जो कि उन को

बेचते हैं अगर हरिजनों को यह लाइसेंस दिये जायें तो सबर्ण लोग भी उनसे मिलेंगे और उन के पार्टनर्स (भागीदार) होंगे जिस से कि हरिजनों की आर्थिक स्थिति भी अच्छी होगी। इस लिये मैं आप से प्रार्थना करूंगा कि न्यू-कमर्स में हरिजनों के लिये भी कुछ लाइसेंस देने की आप कृपा करें! जो लंदर गुड्स की अक्सेसरीज (Accessories) चीजें हैं जैसे सूट लाकस और दूसरी चीजें उन के लाइसेंस भी हरिजन व्यापारियों को नहीं मिलते हैं। और उन को इन चीजों की दुगुनी और तिगुनी कीमत देनी पड़ती है।

मेरे मित्र श्री वंसल ने ट्रेड कमिशनर (व्यापार आयुक्त) के आफिस के बारे में जो कुछ कहा उस से मैं पूरी तरह सहमत हूं। मुझे भी जापान जाने का मौका मिला था। जब मैं ट्रेड कमिशनर के आफिस में गया तो जिस कुर्सी पर मुझे बैठने को कहा गया उस की हालत बड़ी खराब थी। जब मैंने उस के बारे में वहां के लोगों से पूछा तो उन्होंने कहा कि हम शिकायत तो कर नहीं सकते, लेकिन आप जा कर मिनिस्टर साहब से कहियेगा कि जो हमारा ट्रेड कमिशनर का आफिस है, जिस के अन्दर सभी विदेशी आते हैं, तो वह जब उस को देखते हैं तो कहते हैं कि जब हिंदुस्तान के लोग ठीक फर्निचर रखना भी नहीं जानते तो वह अच्छा ट्रेड कैसे कर सकेंगे? इस पर भी आप को पूरी तरह से ध्यान देना चाहिये।

एक्सपोर्ट इम्पोर्ट लाइसेंस के बारे में मैं एक बात जरूर कह देना चाहता हूं। दो तीन साल पहले की दिकत अब नहीं रही। पहले जो लोग बम्बई, कसकता और मद्रास से आते थे उन को २,०००, ५,००० और १०,००० रुपये के लाइसेंस के लिये दो दो हजार रुपये खर्च करने पड़ते थे और महीनों लाइसेंस पाने में लगते थे। लेकिन अब सरकार की पालिसी ऐसी है कि ऐलिकेशन (आवेदन पत्र) आने के कुछ दिन के अन्दर लाइसेंस मिल जाता है

(श्री काजरोलकर)

इस के लिये मैं आप को बधाई देता हूँ और यह प्रार्थना करता हूँ कि आप लेदर गुड्स के लिये ऐसा नहीं समझे कि यह कोई मामूली चीज है। चूँकि यह चमड़ा है इस लिये इस को किसी सहायता की जरूरत नहीं है। अगर आप स्माल स्केल इंडस्ट्रीज (छोटे पैमाने के उद्योगों) के भले का काम करना चाहते हैं तो आपको जो चमड़े की स्माल स्केल इंडस्ट्री है उस पर अधिक ध्यान देना चाहिये। बोर्ड की नियुक्ति होना आवश्यक है और इस के बोर्ड के अंदर जो लोग धंधे वाले हैं और एक्सपोर्ट (विशेषज्ञ) हैं उन को लेना चाहिये।

**The Minister of Commerce (Shri Karmarkar):** In the course of a few observations at this stage of the debate, I propose to give myself the indulgence of dealing with a few points which have arisen in respect of foreign trade. Before I proceed to do so, I should like briefly to deal with a point on internal trade, which is as much interesting to me as to any citizen in India, namely the hire-purchase-system, the plea for which was made by hon. friend Shrimati Tarkeshwari Sinha.

Anyone who has visited foreign countries is rather impressed with the way in which the hire-purchase-system is made use of to promote the sale of goods. My hon. friend was tempted to make some observation about my esteemed colleague. I do not know, because I have not gone into that matter. But I am certainly sure that my hon. friend who has raised this point is not in any handicap regarding funds for a car for a ready purchase.

**Shrimati Tarkeshwari Sinha:** I am.

**Shri Karmarkar:** If I might be permitted to take a little further liberty, I am quite sure that she will never find any handicap regarding any journey in any car, so far as Delhi is concerned. But I understood her to make these observations just as any public worker would do in the interests of the general public. And belonging as I do to the public, I take a deep interest in that. The hire-purchase-system does involve a little greater payment. The more such a system comes into habit, surely there will be a greater and more rapid development of internal trade. A few merchants have been making experiments in that direc-

tion. It is a question relating to the liabilities, and the capacity of the customer to pay back in instalments the price of the particular commodity. But that is certainly an interesting suggestion, which those concerned may take up very seriously.

With regard to the foreign trade problems also, I should gently like to deal with the important points as they have emerged from the debate. Before I do so, I must express appreciation and gratitude on behalf of the Ministry for the words of, may I say, justified appreciation, which some hon. Members have shown in respect of the mechanism of foreign trade control.

Years ago, when the thing was new, there was a lot of shortcomings. I join hon. Members, not so much in a spirit of complacency—because as my esteemed colleague said the other day, we cannot afford to be in any mood of complacency in any stage of our work—when I say that I should be tempted to agree that there have been far fewer complaints—I had almost said, nil—regarding the mechanism of our import and export controls.

In fact, we have gone to the length of issuing weekly bulletins—these are quite long, they are about 300 pages each—showing the details of every licence issued, so that the public may have an opportunity of scrutinising the mechanism of our import control and thus we make sure that publications like that do serve a purpose which goes in a healthy direction. Our officers are feeling fairly encouraged by the appreciation of this House, than which appreciation there could not be any other appreciation, and unless they overcome the shortcomings, they will not relax in their efforts. They will try to improve their efficiency and achieve greater success than they have achieved. In fact, if I may be permitted to share a little pleasure with this House, I was myself very happy to have a few letters from our mofussil centres giving expression to satisfaction being given by our import control officers. But any way, vigilance is always necessary. We look forward to the vigilance of this House, greater and greater vigilance, as we go further and further, so that we might achieve as near an approximation to success as possible, in respect of the mechanism of our control.

My hon. friend, Shri Bansal, allowed himself to say that there was some difficulty in interviewing our officers. I

should be quite frank with the House and say that two or three years back, we almost banned interviews because our officers were more disturbed than absolutely necessary for the purpose. But I am quite sure that any reason for complaint is long past, and I thought he was certain about the position that whenever any member of the public on reasonable grounds wanted an interview with a responsible officer, there could be no difficulty about it.

My hon. friend, Shri A. M. Thomas, had something to say about long-range planning of foreign trade. Situated as we are, if there is any sector of economy where long-range planning is likely to be futile it is this sector of foreign trade. The hon. Member knows the broad features of our foreign trade; during the last six or seven or ten years after freedom, there was an item of food imports devouring a sizable portion of our foreign exchange earnings, almost one-third, and a little more than one-third in one year. Happily for us, that stage is past. We have now to devote our attention to the import of machinery and raw-materials. After satisfying the country's needs in respect of these essential items of our exports, then only we could give ourselves the indulgence of any luxury imports. Happily, partly because the need for importing essential commodities like food and cotton, for instance, has decreased—this also applies to some smaller items—we have had some progress in certain sectors owing to a rise in production inside the country, as for example, in the case of bicycles. We are also not increasing the capacity of internal production in respect of internal requirements like sewing machines, but we are exporting them to a larger extent than before. There has been a progressive increase in the exports.

In view of these favourable factors, the House will be happy to know that the burden on our foreign exchange resources has lessened, and it is expected to be more steady and more balanced.

In respect of regulation of our import control, we have released a larger number of items from control. We have put a large number of items under general licence. Now, as I said our broad objectives continue to be the same as before, namely, to ensure through our trading policies that foreign commerce furnishes to the country's economy all the help that it needs, all the resources that it requires for attaining the objectives set out in the Five Year Plan.

By and large, I am sure the House will agree that so far as the First Five Year Plan is concerned, we have not had to stint in respect of our essential requirements, in respect of food, machinery and raw materials. We have always to give these the high priority which they need. We have also been helped in this by favourable terms of trade. The 1952-53 level continued over 1953-54; over the same period, the terms of trade were reasonably favourable, partly as a result of good prices obtained for our tea. Nevertheless, it is a matter of some satisfaction that the aggregate trade deficit has been only of the order of Rs. 450 crores over the Plan period as a whole, and this includes also the amount of foreign exchange that we have had to spend for meeting our deficits in food.

Our import of machinery during the First Five Year Plan has been to the tune of Rs. 450 crores. Now, the preliminary estimate for the Second Five Year Plan, as hon. Members are doubtless aware, is of the order of Rs. 1,350 crores, and this is in spite of the fact that machinery production has been expanding in the country—we hope that by 1960-61, we will be making more machines and in much larger quantities. Now, even on a conservative estimate, our foreign exchange requirements for the import of machinery are likely to be more than double. So that shows the size and nature of the problem. In the past, we had to stint in respect of our imports largely on account of factors beyond our control. In the future also, our deficit of foreign exchange, as we have been able to envisage—as my hon. colleague told the House the other day—is of the order of Rs. 1000 crores or so. But in respect of this, what we have to do, as was rightly observed by an hon. Member, is to coax up our exports. As the House is already aware, in the past our export possibilities have been limited to a few important commodities like cotton textiles, tea and jute, and to a minor extent, oils etc.

Sir, there is nothing surprising, nothing distressing, nothing discouraging, in the fact that, by and large, our pattern has continued to be the same—I repeat the words, 'by and large'. But we have to enlarge the sphere of our export possibilities. As I mentioned earlier, it may be in respect of small items, like sewing machines. Then, we have been exporting to some extent other items like cutlery, electric fans, photographic instruments, surgical instruments, diesel engines and so on.

[Shri Karmarkar]

Much has been said about exhibitions. My hon. friend, Shri S. V. Ramaswamy, spoke of running a train. I wish it is possible for us to do that, namely, to exhibit small-scale industry products. But here there is always a limiting factor, that of finance. Ultimately, we have to limit our exhibitions to the extent our finance takes us.

In respect of foreign exhibitions, during recent years we have almost doubled our budget, and I am happy to be able to tell the House that more and more our participation in foreign exhibitions has been a success. The House will be happy to learn that in the Lousanne (Switzerland) exhibition last year, our participation was such a success that even at the closing hours some thousands of people were found waiting outside. Then again, our exhibition in Cairo has been a good success. Some orders were booked on the spot. The House will be glad to learn that more and more of these foreign exhibitions have been a success, and they are demanded in various countries.

Another aspect, of which hon. Members are aware, is about our Export Promotion Councils. For instance, we have Export Promotion Councils in respect of some items. Six of these have already been formed, for instance, textiles, silk, piecegoods, engineering goods, cashew and paper, tobacco and plastic goods. These Councils, as the House is aware, are composed of representatives of the trade, and they are administered mostly by these representatives from the trade. Thus representatives of trade intimately connected with these commodities are associated with these Councils. The Export Promotion Council for textiles, for instance, has already justified the confidence reposed by Government in it. It is our earnest hope that other Councils will also justify our confidence, and make their contribution to our foreign exchange resources.

There have been limitations also in respect of export availabilities in regard to certain items. Consumption at home, for instance, is one of the material factors, governing our policy in respect of exports. In the case of textiles, for example, we had first to look after the demand at home and then venture into the export market. It is true that products of new industries—I mentioned a few earlier—will in due course help to contribute substantially to our foreign exchange. But in the main, we will continue to rely on our traditional items.

That brings us to another point. We have to see that though the quantities available for export do not diminish, we should also be particular about the quality to be exported. I am sure that the House will appreciate the standard work that is being done by the Indian Standards Institution in setting up standards. There is nothing so difficult as to persuade a manufacturer to adopt the standard. I am happy that all this is being done and the industry is also realising the importance of accepting the standards so that there may be no difficulty in making exports of these products.

1 P.M.

A word was said about State trading. Some months back, I had occasion to make a few observations about State trading. I shall not venture now to answer all the points made by my friend Shri Somani about State trading. We won't complain from this side whenever private enterprise is very touchy and is very nervous about the State entering into these fields and I think it might be too premature to indicate the items—as some hon. friend asked me a few days back in a supplementary question. But, I am afraid that my friend Shri Somani has to see that sometime in the future, the State comes into these fields also, to a larger extent. As to what that extent will be today or in the near future, we shall take the House into confidence, and place all the facts in due time. But, I am quite sure that in that field also he is watching, perhaps, the interests of a large number of private interests involved. It is always good also to anticipate the coming crisis and try to stem back the effects of whatever may be coming from now on. When a sober-looking friend like Shri Somani—he is most sober and sober-looking—when he makes an observation, it may be a caution for us to proceed slowly. But, I should like to say that we have been rather too over-cautious and perhaps . . . .

**Shri L. N. Mishra:** You are too cautious.

**Shri Karmarkar:** My hon. friend, probably, wanted to say ultra-cautious.

We have been rather too over-cautious about it because we have been thinking of this question for years now and three committees have been involved in considering what items to take. If I have taken caution, it is with a view to take a sure step whenever the step becomes relevant and now the matters are almost



ripe—as this House was informed some-time ago—for a State Trading Corporation to come into existence. What its precise field will be will also be before the House in a short time.

My hon. friend Dr. Rama Rao was very much interested in State trading. I thought he was unsuccessful in his effort to draw out Shri Somani. He thought that as a matter of mercy at least, Shri Somani would concede this in some fields, though innocuous. I think the House already knows that there was a row, outside Parliament, created about two items whose imports we tried to regulate and there were questions in this House also and a number of supplementary questions and keen interest shown as if we were trying to trespass more and more into a field which was not justified. I am afraid that the State will have to step into fields with a view to see that a sufficient volume of the required commodity comes in. Not only that it comes in, but that it is distributed at average and fair prices. When our friend Dr. Rama Rao put in a plea for State trading, I suppose it was not only in respect of particular countries.

In respect of certain concessions for certain commodities in State trading and trading in certain countries, we have repeated, times without number, that so far as our foreign trade is concerned, it is not discrimination. So far as export licences are concerned, they are issued irrespective of the countries to which the item is exportable and so far as import licences are concerned, a broad division has been made. We have got certain commodities from soft currency areas and we have got certain others from hard currency areas. Apart from that, we do not put in any difficulty in the way of an importer and even the country from which he imports. It is for those countries, for instance, to come in the field here and make our importers use the particular article. Dr. Rama Rao knows actually that, even in those countries which he has in mind particularly, our efforts have been there. I am quite sure that though public memory is considered to be very short, my friend Dr. Rama Rao's memory is not so short as two or three months, and he doubtless knows the particular efforts that we are making not only in respect of the countries like Soviet Russia but in respect of all countries. In fact, one of the items in our programme, as my hon. colleague said in a public utterance sometime back,

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is to diversify our trade and the diversification has to come not so much by curtailing our present sources of imports or the present nature of imports but by seeing to it that new trade is bound to develop. The estimate is that it may develop to the extent of 40 per cent by having competitive foreign trade. On the whole, the attempt is to diversify our trade. Diversification is one of the healthy foundations for development of foreign trade. In fact, even economy can be more and more healthy to the extent to which our economic relations become also diversified. I am quite sure Dr. Rama Rao has no apprehension about our policy in that matter. There is always one thing, 'Lest we forget'. I, therefore, take this observations as a warning, 'lest we forget'.

Then, I come to my hon. friend Shri Bansal. As I had the misfortune of being absent when he made his observations, I should not like to risk any counter observations on that matter because my friend is normally precise and he would like to have a precise answer.

**An Hon. Member:** He is shy.

**Shri Karmarkar:** In any case, he has never been shy with me and I am quite sure that whatever his shyness may be, he has never been in need of any other advocate to bolster up his shyness.

**An Hon. Member:** Except from Shri Karmarkar.

**Shri Karmarkar:** Certain persons who are not shy always take pleasure to advocate other people's causes.

Then, he mentioned another point which might be left unmentioned perhaps—the double pricing and all that. It is a sort of complicated subject on which I would not venture to make any remarks in the absence of definite tangible basis.

A word was said about the Trade Commissioners' offices abroad. That brings me to what Shri Kajrolkar said. He has made two points, one, for instance, about licences to Harijans. I am afraid we are not able to accept any sort of preferential treatment on the ground of community in respect of import or export licences. That would involve a new factor in the situation and it is a question which would have its own bristling difficulties when once it creeps into our affairs. Four years back, a vigorous plea was made from certain people about the grant of licences to Harijans. I had

[Shri Karmarkar]

occasion to consult our Prime Minister on that matter and it was thought that it would not be a very safe ground to tread on. That is also beyond the purview of the Ministry of Commerce and as such I should like the hon. Member to visualise the difficulties that will follow when we make a certain field of foreign trade available to a particular community. If Harijans are to be given, what about the Scheduled Tribes and things like that? How to divide the licences and if they are not able to give the trade, what to do? My hon. friend said that they can sell the licences as many other licences are sold. That is rather hazardous line of argument to take; because many people are transgressing into the purview of the Penal Code, allowing a larger number to trespass is no argument worth dealing. I am afraid, taking all these into consideration, of accepting that suggestion.

There was also a small point regarding ancillary requirements and the setting up of independent industries like clock and others. The best way is to establish co-operative societies for particular industries which are in need of these licences and if a stable co-operative society makes an effort in this direction, I think, we shall favourably consider this matter.

Lastly, about the Trade Commissioners abroad. Hon. Members are aware of the efforts that we are trying to make. I have mentioned exhibitions. In addition to exhibitions, we are now running as much as 14 showrooms and this is with a view to develop our exports. We are thinking in terms of trade centres and I hardly need emphasise the fact that we need to strengthen our trade organisations abroad. If hon. Members have watched the expansion of our activities in this matter, they would have seen that we are taking more and more steps to cover as much area as possible.

There was one small point made about furniture. I should see that every hon. Member of this Parliament whenever he goes abroad he should be given at least a good comfortable chair, if not an easy chair. But, all these matters are matters of detail depending largely upon the finances and the more we are enabled to equip our Trade Commissioners' offices abroad, the more we will be able to serve our trade better and the happier will we be. But, so far as my information goes, our representative abroad, whosoever it may be, whether on the diplomatic side or on the trade side, is doing

his best to discharge his duties as well and as conscientiously as he can. If there are any suggestions either in that respect or in respect of any other aspect of the working of our foreign trade as in several other sectors, we shall be only too happy to consider those matters on merits.

**Shri Gadilingana Gowd (Kurnool):** Mr. Deputy-Speaker, one of the saints of the Eleventh century, called Basawa, who believed in pre-historic *veerasaiva* philosophy, has said as follows:

*"Ditava Nudivudu nudidante  
Naidivadu husiya navaedu  
Thappu prapanohaya nolla  
Kudala sangama deva."*

The gist of this is: "Speaker the truth and act up to the truth. God will not approve of the persons who speak untruth". Sir, I am sorry to say that the statements of the hon. Minister have always been incorrect. I submit that the industrial textile licensing policy of this Ministry is being changed every now and then with a view to help its favourites. I am hearing certain instances about this. About a couple of months back, some gentleman—whose name I do not know—circulated among all the Members of the Parliament a huge list of items of such favouritism. I do not want to mention any of them, because I will not be cent per cent correct in what I say.

Sir, I was elected to this House in June 1953. One merchant who belonged to my own home town came to me a couple of months after my election and represented to me that the Government had refused the grant of licence for which he had applied in 1951, before the Industrial Act came into force. I saw the details of his representation and I was convinced that there was some injustice done to him.

Because I was new to this House, I did not know what to do when I came here. I first tabled a question. The hon. Speaker disallowed my question, but I was informed by the Speaker, from the information furnished by the Ministry, that it was the policy of the Government not to grant any licence till they considered the Report of the Kanungo Committee. When it was the policy of the Government, I thought the Minister cannot do anything. Therefore, I wrote immediately to the merchant concerned saying that he will have to wait till decisions were taken on the report of the Kanungo Committee or the Government revised its policy. So, that was an end of the matter.

After one year, the merchant wrote to me again saying that some licences had been granted to others. So I asked another question. That question, unfortunately, was converted into an Unstarred Question and a reply was given to me. I will read the question and the reply:

"Unstarred Question No. 475 of 4th May, 1954.

(a) Will the Minister of Commerce and Industry be pleased to state the number of licences granted to instal power looms in the country State-wise, during 1953 and 1954 (up-to-date) ?

(b) What is the procedure for granting the licences ?

(c) How many applications for licences were received from the Andhra State in 1953 and 1954 ?

(d) How many were granted ?

(e) How many were rejected and for what reasons ?"

The reply of the hon. Minister was as follows:

"(a) Andhra 1953—1, Madras 1954—2, Bombay 1954—2 and West Bengal 1954—1.

(b) The procedure for granting licences to industrial undertakings is laid down in rules 10 to 13 and 15 of the Registration and Licensing of Industrial Undertakings Rules, 1952 (copy of the Rules available in the Library of the House.)

(c) 1953—2; 1954—Nil.

(d) 1953—1; 1954—Nil.

(e) 1953—1. Pending investigation by the Cotton Textile Enquiry Committee into all aspects of the Cotton Textiles Industry, the Government of India are not allowing any increase in the loomage, except where previous commitments exist."

I want to stress on the last words of the reply. As the hon. Speaker has been every now and then advising us to approach the Minister for clarification before we seek any information inside the House, I wrote a D. O. letter to the hon. Minister, Shri T. T. Krishnamachari. He wrote back to me confirming what had been said in reply to my Unstarred Question.

After a few months, it appears the hon. Minister changed his policy to help some of his friends, and probably thought that the changed policy might also apply

to the case represented by me. So he wrote me a letter. This is the letter I received from him:

"Dear Shri Gadilingana Gowd:

With reference to what you told me the other day regarding grant of permission to powerlooms to be worked on cotton yarn, I am to say that instructions have been issued to the Textile Commissioner, Bombay, to re-examine all cases and grant necessary permission for the working of such looms in deserving circumstances."

I went and contacted the Textile Commissioner. He told me that the Government had not changed its policy and no licences would be granted till the decisions are taken by the Government on the report of the Textile Enquiry Committee. I told him that I had received a communication from the hon. Minister and only on the strength of that I approached him. Then he told me that he was instructed to grant licences to those who had already installed powerlooms without permission of the Government. In regard to the man about whom I represented he told me that he had not installed anything and was only asking for permission to instal with the result he was not entitled for any licence. I was really surprised. It is really wonderful. How can this man, who is more law-abiding and is asking for permission to instal be refused permission whereas others who have already installed power looms without any sanction and in anticipation of permission be granted licences ? Is it fair ? Therefore, I wrote another D.O. letter to the hon. Minister. There was no reply, because, probably, he could not give me any satisfactory reason.

I was a member of the Select Committee on the Coffee Board Bill. I met the hon. Minister and told him that such and such a thing had happened. He asked me to meet him. I met him with all the concerned records. He went through the records and assured me that it was a deserving case and that he would treat it as a special case and orders would be passed soon. He also asked me to meet him after a month. Accordingly I went and saw him after a month when I was told to see him after two months. I again went to him after two months because I was interested in seeing that the injustice done to a merchant was redressed. Therefore, I went and saw him twice, thrice, and whenever he asked me to do so. Though



[Shri Gadilingana Gowd]

I was feeling about my own self-respect, because of the injustice done to the merchant I went and saw the Minister.

**Mr. Deputy-Speaker:** I would advise the hon. Member not to go into minor details and proceed with his points.

**Shri Gadilingana Gowd:** In the end he frankly told me that he would not be in a position to pass any order till the Government had taken a decision on the report of the Textile Enquiry Committee.

Sir, in my political life of 30 years I have come across only two hon. Ministers who promised something definitely and then went back on their words. I have had occasion to represent to several high officials. I have got reply from them saying that they will look into the matter. I have never come across—except two—hon. Ministers or officials who definitely promised something and then went back. As regards the other hon. Minister I will mention if I am able to catch your eye during the debate on the Finance Bill.

I, therefore, request to you, Sir, to see that such real grievances will not happen in future.

As regards the handloom relief schemes, the Government have been spending about Rs. 10 crores to Rs. 20 crores on them. I see from the report that Rs. 10 crores have been sanctioned and then about Rs. 6 crores have already been spent on several schemes in this respect. But these schemes are in no way benefiting the weaver. I come from an area where there are a large number of weavers. In a village called Gudi Kal I myself have tried to get this 'share capital' loan which is much advertised in the report. It took two and a half years for me to get a sum of Rs. 2,000 sanctioned for the society. If this sort of delay and difficulty occurs with respect to me, you will understand how difficult it would be for others, the ordinary societies, to get relief. As a matter of fact, even in such cases, the societies which are in close touch with the Ministry can get help. I remember that in 1954 the hon. Minister visited my hometown called Yemmiganur. There is a weavers' co-operative society there. I remember he told at a public meeting there that he would see to the grant of large amounts for the houses already constructed about five years ago. When I asked a question here, in the House, I was informed that he did not promise

any amount. I see from the report that Rs. 50,000 has already been sanctioned as a first instalment for that colony. I am, as a matter of fact, very glad, because the amount is given to my hometown. But I want that all weavers should be treated impartially and on a uniform basis.

I now come to the working of the Nahan Foundry. It is situated in Himachal Pradesh. I had an opportunity of visiting that place. I think the foundry is situated on a level of about 4,000 feet, and is about 60 miles away from the nearest railway. It is situated in such a place where you can get neither iron ore nor coke which are essential for working this foundry. If rains were to come, God alone must save those people. Under such difficulties, we crossed the river there, to reach the foundry.

The articles manufactured in that foundry are costing the Government nearly one and a half times the normal cost of production in any other industry. Therefore, Government should see that this foundry is wound up as early as possible. If the Government want to give some help to those labourers I have no objection, of giving cash doles instead of the making them work in the Foundry and incur losses also in addition of their salaries.

I can give you another piece of interesting news in this regard. The investment in this foundry was only Rs. 36 lakhs in 1951. This concern belonged both to the Government and a half-share to the Raja of Sirmur. In the normal course, the Government, if they were anxious to purchase the half-share ought to have paid Rs. 18 lakhs. But the Government have paid Rs. 33 lakhs for purchasing the half or 50 per cent share. In other words, the Government have paid Rs. 15 lakhs extra or in excess of the actual amount due. Within one or two years, they have spend about Rs. 2 lakhs on experiments over the Sarovar pumps and other new implements. I therefore urge on the Government to see that severe action is taken on those who are responsible for leading the Government to pay such huge amounts out of public money.

Incorrect statements are being made on the floor of the House. On the 28th March of this year, to an unstarred question of mine—No. 544—the hon Minister has replied that no co-operative institution has so far applied for sole dealership for selling the articles of the Nahan,

Foundry. I have got records in my possession to show that the Adoni Co-operative Marketing Society has applied for such dealership, and the Nahani Foundry has also replied to the application made by the society. In spite of this, I do not know why such deliberate mis-statements are made on the floor of the House. The Co-operative Society has applied for the sole dealership and the correspondence is going on. It has not yet been finalised. The application is dated 17th November, 1955. The Nahani Foundry has acknowledged it on the 27th February, 1956. The hon. Minister replied to me on the 28th March, 1956, saying that no application from any society has been received. So, I request you to see that the Government do not make such correct statements.

**Shri Jhunjhunwala** (Bhagalpur Central): I have gone through the report of the Ministry of Commerce and Industry. So far as the production and distribution side are concerned, I feel happy that we are producing more and giving more goods to the people both through the public and the private sectors. In the public sector we are producing the basic articles and the private sector is engaged mostly on the production of consumer goods. In both cases, the production has gone up.

I am examining the working of the Ministry of Commerce and Industry vis à vis our Government's industrial policy from the angle of our policy of a socialistic pattern of economy. Viewed in that light, we should be able to know to what extent we have been able to achieve our target towards a socialist pattern of society. In other words, we must see to what extent we have been able to decentralise our industries.

I have been hearing from the labour side that if a particular industry is rationalised; we should see that there is no curtailment of labour at the same time, and the labour which gets unemployed should find a place in other schemes. Just now, my friend Shri Somani who is not here now, was alarmed at the suggestion of having a State trading organisation for certain articles which the Government are thinking of and taking up on themselves. But I would like to know from the Ministry and the Government as to whether they are thinking on this line, namely, the position of the people who have been displaced who were carrying on small industries in villages and towns

as a result of big and large-scale industries as to what steps they contemplate to employ and or engage in alternative industries. Mr. Somani said that he was horrified that if Government resorted to State trading, those engaged in the trade might be displaced. But, has he ever thought how many small traders and distributors have been displaced by the monopolistic tendency of the big industrialists of having centralised capital in their own hands?

The portfolio of village industries, I understand, has been taken by the Production Ministry. All that is related to the production side should be in the hands of one Ministry. They are all correlated with one another. Because of the imperialistic tendency of the British Government who were dumping their own so-called cheap and quality goods in the villages, the village people who were producing goods to meet all their requirements have been deprived of their professions. Our Government is in power for the last ten years and I would like to know whether any statistics have been taken as to how many of the village people have been given employment. What steps have been taken to restore and revive the industries in the villages which had been so ruthlessly killed by the imperialistic policy of the British Government? I do not want to dilate on this point much, but I would like the Commerce and Industry Minister to introspect on this line. It is very good that production of materials goods has increased, but where is the purchasing power of the people? What are they going to buy from? Just as food and clothing are necessary for a man, work also is of great necessity. So far as the villages are concerned, I would like the Commerce and Industry Ministry to be in touch with the Production Ministry which is in charge of village industries and find out how that side has development. If we go on dumping goods of large-scale industries in villages and do not allow their small industries to go, and if we are not in a position to give alternative employment or work, what will be their future? How are they going to prosper?

Leaving aside the villages, I come to the small industries in towns and other places. Of course, much organisational work has been done by our Government; but, have they taken the elementary things into consideration? We want produce goods which will be competitive ultimately, if not in the beginning.

[Shri Jhunhunwala]

What steps are the Government taking to see that those people who are engaged in small industries get the same facilities as the big industrialists? Do they get cheap money as easily as the big industrialists get? I was reading his book and I found that the National Small Industries Corporation has been given money at a minimum interest of 1 per cent. The big industrialists get money from banks at 3 or 3½ per cent.

**Shri T. T. Krishnamachari:** Nowhere can they get money at 1½ per cent.

**Shri Jhunhunwala:** I stand corrected. I am just asking whether the Government is giving the same facilities to the small industries as to the big industries. Secondly, wherever there are big industries, the Government goes to their help and gives them subsidy and all other kinds of protection. But, in the first place, the small industries cannot even approach the Government. It is difficult for them to approach because of their incapacity to approach. Here is also the question as to how far they are entertained.

**Shri T. T. Krishnamachari:** We are approaching the small industries.

**Shri Jhunhunwala:** The moment you begin to approach the small industries, you will find that they will make good progress. If you go to Calcutta, you will find in every street people working with the lathe or one drilling machine; and are also producing small capital goods but they are inefficient. They have no capital. I do not find anything in the report of the Commerce and Industry Ministry to show how the Government has been able to decentralise any particular industry and also how many small industries have been started. That is what I would have liked to know. As I was saying, big industries are having so many advantages, whereas the small people cannot reach the Government. I am glad that now the Government is reaching them. During the course of the discussion on nationalisation of banks and the State Bank, my hon. friend, Shri Asoka Mehta pointed out that in America it was not the small people who went to the banks, but the banks used to find out who were the capable people and whom they could put with money for the purpose of industrialisation of the country on a small scale or big scale. In our country, if one has money, one has to show that he possesses so much wealth and one has to get so much guarantee to give; whatever

his capacity and honesty might be, the banks will not care for him. In order to get money from the bank, one must have sufficient money with him. Only monetary credit is respected, not honesty and other technical capacities. I would suggest that it should be the policy of the Government to approach capable persons in the villages. There are many technical people in the villages and other places, who have got a great initiative and technical commonsense and who can do better work as an engineer having academic qualifications.

**Shri K. C. Sodhia (Sagar):** How could Government approach them? It is for them to approach Government.

**Shri Jhunhunwala:** That is what the hon. Minister says. He says Government is approaching them and I am glad about it. I know also that they are doing that, but till now that has been negligible.

**Shri K. C. Sodhia:** I have heard of people approaching Government, but not Government approaching small industries.

**Shri Jhunhunwala:** Hon. Members should tell Government as to which are the parties which are likely to be interested in these industries.

**Mr. Deputy-Speaker:** The point may no doubt be answered but there should not be constant conversation between two hon. Members.

**Shri Jhunhunwala:** I am sorry.

What the artisans of our towns and villages require most at the present time is technical help. Big industrialists can afford to employ an engineer for Rs. 2,000, or even Rs. 4,000, with the result that they get the best expert advice. I know of many people who start small industries in good faith. But they do not get good technical advice. They cannot afford to engage an engineer on a fat salary. In such cases Government should arrange to give technical advice. They should approach people and find out who are interested in small industries in the products of which our country is vitally interested. Their difficulties and handicaps should be ascertained and they should be given help in several ways, by financial aid, by way of subsidy and by technical advice.

If Government is particular that small industries should prosper, they should be shown some consideration in the matter of excise duty. I do not mean

to say that they should for ever be in such a state as not to be in a position to compete with big industries. But in the beginning it is very necessary that there should be a differential excise duty and in order that their goods may be consumed, there should be some sort of arrangement by which cheap goods of the machines may not be dumped in a place where the requirements of a village or town can be produced in that village or town and the same is disposed of.

Then there are certain sectors which are going to be taken by the State. There the basic things should be rationalised. But there are cases where rationalisation may be harmful from the point of view of small industries. There are many big industries which are springing up today. Take the case of the cement industry. If a proper investigation were to be made into the cement industry, it would be found that it is not at all necessary to centralise the industry in particular places by erecting huge plants. It can be split up and located in different places.

**Dr. Jaisooria (Medak):** What will be the minimum capacity?

**Shri Jhunjhunwala:** That we have to ascertain.

**Mr. Deputy-Speaker:** The hon. Member's time is up; so, he need not answer private questions.

**Shri Jhunjhunwala:** I say that an economic plant can be put up even on a smaller scale. Government should, therefore, make investigation with a view to seeing whether such type of industries cannot be decentralised, on a smaller basis, even if the cost of production is a bit high. That will be compensated by the saving effected in transport charges, and extending the employment potential.

**Shri Bhagwat Jha Azad (Purnea cum Santal Parganas):** Mr. Deputy-Speaker, Sir, by now we have heard quite a good number of different views. From my left I heard Mr. Bansal, the conservative, from my front I have heard Mrs. Sinha, the ultra modern and from the far distant to my right, Shri Somani, the ultra conservative. I have heard also one neutral, the Minister. Of course, he has got neutral colour as so many others. I felt that all of them were pulling in each direction with different motives: one trying to defend his citadel, another a new convert from the public sector to the private sector.

**Mr. Deputy-Speaker:** Different objectives, or different motives?

**Shri Bhagwat Jha Azad:** Standing at the threshold of the Second Five Year Plan, I feel that all these remarks from hon. Members of this House were most confusing to others as well as to themselves.

So far as we are concerned, we feel that the atmosphere in the country is quite clear now. The pattern has been laid; the ways are clearly indicated, for the socialist society. The line of demarcation between the public and the private sectors has been clearly laid down and those who are confused, may confine it to themselves and need not confuse others. The Commerce and Industry Ministry can look with pride to the first Five Year Plan, the success and achievement of which has been done due to the sustained and continued efforts of the Ministry. There is no doubt that especially in the last year, there is an unmistakable upward trend in the industrial production of the country, and the general index is a clear indication of our achievements. All industries have certainly contributed to this general rise and I need not mention all of them, but I would certainly like to mention a few about which cries of scarcity are being raised now.

We see that the production of mill cloth which rose to 5087 million yards in 1955 was 89 million yards more than in 1954 and to our great satisfaction it is 387 million yards ahead of the target that we have laid in the first Five Year Plan. Side by side the production of handloom cloth has increased, which is a proud achievement. Cement and jute goods and also sugar registered an increase. So, there was all round improvement in the industrial production of the country, especially in the year 1955. It is to the credit of the Commerce and Industry Ministry that they have met the increasing demand for consumer goods in the country due to the increase of purchasing power during the First Plan period. Wherever there was scarcity in some materials, it was because of the fact that there was no expanding capacity in those industries, for example cement and iron and steel. They could be made good by importing from outside. The year 1955 was important not merely because it was the final year of the First Five Year Plan, but because it was the beginning of the Second Five Year Plan. We are laying the sound foundation for the implementation of the Plan through

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greater industrialisation of the country. In this national development, the Industrial Development Corporation which was set up in 1954, has to its credit the establishment of heavy foundries, forges and structural fabrication which will go a great way in the manufacture of heavy plants and machinery in the country.

Likewise, we find that in the small-scale industries field also, much has been done by way of technical assistance, and financial assistance. Though the amount spent during the whole of the First Five Year Plan was to the tune of Rs. 5.2 crores on these small-scale industries, which is not enough, I console myself because in the Second Five Year Plan, the amount provided is Rs. 64 crores. I am pointing out these facts for those friends who have vested interests, who are now crying for scarcity and shortages in the Second Five Year Plan period and especially in the immediate future. I say that these small-scale industries are very important from their employment potentiality. I am not among those who shut their eyes to the technological developments that are going on in the country. No first-rate country in the world can afford to do that. Ours being an agricultural country with a large population, and having so much of unemployment in the country, it has been proclaimed from all corners of the country that from the point of employment, small-scale industries have a great role to play in the economic life of the country. It is with this view that the Planning Commission set up a Planning Sub-Committee to find out ways and means of increasing the production capacity of the small-scale industries, to meet the consumer goods demand that would arise on account of the increasing purchasing power placed in the hands of the people by the successful implementation of the Second Five Year Plan. By now, their report is before us. We feel that there will be an increased demand and we must develop small-scale industries to produce the consumer goods that we like.

In this connection, I would like to take up the Ambar Charkha to which my hon. friend Shri C. D. Pande referred during the Question-hour and my hon. friend Shri Bansal and the ultra-conservative Shri G. D. Somani said that, you must be careful because there may be scarcity in the country if this Ambar Charkha scheme is implemented. Of course, immediately some of them rushed to correct their own statements

and they said, "We are in perfect agreement that it should be tried, but we feel that the disease is deep which is not seen by us." The Ambar Charkha has a definite importance and a definite role to play in the country. From the point of view of employment, we have to give it a fair trial. We are not dogmatic like those who are definitely opposing it and trying to create a psychology in the country by saying that there will be a scarcity in the coming years, 1958 or 1957 or in the Plan period, in the field of cloth. If at all it comes, it will be Somanimade.

**Shri Velayudhan:** How many thousands will take to it?

**Shri Bhagwat Jha Azad:** My hon. friend was not in the House. I have been here. He is a new entrant to this debate. Let him be patient.

**Shri Velayudhan:** I am sorry to hear all this irresponsible, childish talk.

**Shri Bhagwat Jha Azad:** I know my hon. friend who has been changing colours. By calling others child, he shows his ignorance.

I was saying that the Commerce and Industry Ministry should not submit to these tactics. It has a great achievement to its credit under the First Five Year Plan. I am sure, in the Second Five Year Plan, it will be able to cater to the increasing demands in the field of cloth, in the field of cement and in the field of consumer goods which will arise out of the increasing purchasing power.

For this purpose, it is very essential that there should be a clear statement of the industrial policy. It is time now that the Commerce and Industry Minister comes with a new industrial policy statement. The basic principle of the industrial policy, as set out on the 6th April, 1948 needs a clear change. It should be modified. Obviously, the public sector had a very small responsibility, much less than the private sector. Now, our goal has been established as a socialist society. We have to spend Rs. 48,00 crores in the public sector during the Second Five Year Plan. We must re-define, modify and re-indicate our industrial policy to show what would be the responsibility of the State Governments vis-a-vis the Union Government, what would be the exclusive responsibility of the two Governments, and also to show what would be the relations between the senior and junior partner, the public sector and private sector. The private sector, in my opinion, can never be an



equal sharer; they can never be co-partners. One must submit to the guidance of the elder partner, the senior partner, the public sector.

We have been told by our friends here that there is much of regulation by way of enactment and other rule-making powers, of the development of the private sector. On a previous occasion, when we were discussing the economic policy in this House, I had shown in detail how they are trying to oppose legislation, how they are trying to deprive labour of their due share, and how they produce, on a profiteering basis, things which might, in the priority list, go down very much. If you require cement, they will produce toys because profit is the sole motive. I for one representing lakhs and lakhs of consumers and commoners in this country can never cast my lot into the hands of a handful of these people who have got profit as their motive and not the social good. It is therefore essential that the industrial policy should define what role they will play. They must submit themselves to the public sector. They must be told what they will produce. They should not have the option of producing whatever they like. Because, producing whatever they like. Because, profit being the motive, they can suck every drop and then present that sucked out industry in a silver casket to the Government and say, 'look here, for the public good, for the nation's good, we are surrendering an industry to the Government which will be golden later. I hope the Government will come out with a new policy in which all these things will be clearly defined.

I would like to say one word about our steel industry. It was very heartening to hear the hon. Minister on the Iron and Steel debate. He has started almost from scratch and he is going very fast. I wish him all success in his new enterprise. But these plants which are going to be erected will not meet our demands, and therefore let the fourth one come up early, I will say at Bokharo, but I will say let it be at that place for it is the most suitable place.

2 P.M.

**Shri L. N. Mishra:** It has come already.

**Shri Bhagwat Jha Azad:** It is for them to say.

Lastly, in the field of small-scale industries sufficient amounts have been set apart in the Second Five Year Plan, and some of them should go not to Calcutta

as Shri Jhunjhunwala said. He said in Calcutta, there are small persons. What is the idea of small-scale industries? They are all big industries in Bombay, Calcutta and Madras.

**Shri B. S. Murthy (Eluru):** No, no. Not Madras.

**Mr. Deputy-Speaker:** No interruptions. Hon. Members should see that the speaker goes on undisturbed. Now there is very little time.

**Shri Bhagwat Jha Azad:** Sometimes I take delight when hon. Members provoke me.

**Mr. Deputy-Speaker:** But the Chair has to see that the time is up.

**Shri Bhagwat Jha Azad:** I am also up in my points.

I was saying in the field of small-scale industries the hon. Minister should see that some of them should be in the tribal areas like Santhal Parganas. When others press their claims in this House, I always support them in getting as much share as they can get from the Government, but so far as the tribal areas are concerned, the hon. Minister should see that some of the industries are started there, because they have no idea what industries are. They do not know how to begin. You have to start almost from the beginning in places like Santhal Parganas. We shall be glad if he would consider this suggestion.

With these words, I support all the Demands of the Commerce and Industry Ministry.

**Shri K. C. Sodhia:** I have studied the report of the Ministry. I am not one of the industrialists, neither am I a small-scale manufacturer. I am a man of the countryside and from that point of view I am going to put some of my observations for the attention of the hon. Minister.

I must at the outset congratulate the Minister for the very able report that he has presented to us. I find that initiative and drive are written large in every page of that report. I am sure, with the momentum that we are gaining in our industrial production, the country, before long, will cease to be described as an under-developed country. Only eight years ago when the British were just withdrawing from this country, what was our condition in the matter of industrial development? With the advance of technological progress in the world, if we

[Shri K. C. Sodhia]

want that we should become an industrial country of the first rank in the world, it will take a very long period of time to achieve that, but whatever has been done is very much more than what we could expect. We are at one with the policy followed by the Ministry, but the field of industrialisation is so diversified and so great that there are bound to be differences of opinion as regards the details.

I looked into the export and import figures of our country for the year 1954-55. I find that for exports we are still mostly relying on our agricultural produce. If you look into the export figures you will find that in the export of two commodities alone, namely tea and pepper, we have lost a big sum of more than Rs. 20 crores.

Similarly, we are still exporting lots of oils like groundnut oil, cocoanut oil etc. We are crushing them here but we are exporting them to different countries. I would like the Minister to arrange things in such a way that this huge quantity of oil that we are exporting today is turned into more profitable things, manufactured things, and then those manufactured things might be used in the country or exported if they are exportable.

Then I would like to draw the attention of the hon. Minister to the export of oilcakes. The whole world knows that India is an agricultural country. India has got a very large number of cattle to feed, and the condition of our cattle is so bad that anybody who looks at them just steps back in horror. And still we are exporting oilcakes. I should like to know to what use this oilcake is put by the countries that are importing it from us. I should like that immediately a ban should be put on the export of oilcakes, in the interests of the cattle wealth and the agriculture of the country. If we do not do that we shall be the laughing stock of the whole world. I am quite sure about it.

Now I come to industries. As I already told you, there are many things in which the technical know-how is not at all known to us, and for that purpose we are inviting foreign experts who come here and work in collaboration with either the Government or the private sector. My submission in this matter to the hon. Minister is that whatever the arrangement he makes with the foreign companies, they may not be of a long-term character. In the case of our oil

refineries we have given contracts running to 30 years. In the case of other companies we have put down a time-limit of a fairly long period. In these days when things are changing so rapidly, it is not advisable for any Government to bind the country for long periods of years. Therefore, my submission to the Minister is that whenever such long-term arrangements are made with foreign companies, this House may kindly be taken into confidence and the plans might be laid before the House. Let this House judge about it. But what the Government is now doing is to come before the House with a *fait accompli*. When they have done the whole thing and signed the contracts, they come and put them before the House. Do they expect that the House will let them down at that stage? Certainly we have to say: "Yes, Sir, whatever you have done is quite good." But that is not the way in which this House has to be consulted.

Now I come to the Tariff Commission. I have studied the reports of the Tariff Commission and I say that the Tariff Commission has done a great lot of good to this country and to its industries. But what struck me was the procedure that they had adopted for arriving at the cost of production. Their system of calculating the cost of production appears to be rather crude. They just accept what the Tatas say in regard to the cost of iron or steel.

**Shri T. T. Krishnamachari:** They do not, because there is a cost accountant who works there.

**Shri K. C. Sodhia:** I have seen that, and I say that in the procedure adopted, there are defects and defects. If the Minister wants to have a list of those defects for his study, I can place it before him.

I would suggest to the Minister that he may draw the attention of the Tariff Commission to the fact that they should not allow extraneous things to come in the cost of production. At present, there are so many extraneous things which find place in the cost accounts. The Tatas run very very huge cities, and they are providing various amenities in those cities. The cost of all these things is also included in the cost accounts, and the Tariff Commission accept them.

After a good deal of study, I have found several defects in the system of cost accounting, and I can put before the Minister several instances which will go

to prove what I am stating. I would request the Minister to pay some attention to this aspect of the matter.

I must congratulate the Ministry on the excellent publication *Udyog Vyapar Patrika* which they are publishing. I think that is the best publication that has been published so far by any Ministry. The Education Ministry is the worst in this matter.

**Shri L. N. Mishra:** We agree.

**Shri K. C. Sodhia:** I have read that journal a number of times, and I feel that it has a very great future if the industrialisation of the country . . . .

**Mr. Deputy-Speaker:** Comparisons may not be made, but we may discuss this matter.

**Shri K. C. Sodhia:** Yes. I simply mentioned it by the way.

**Mr. Deputy-Speaker:** The mention has been made now. The hon. Member may proceed with his points.

**Shri K. C. Sodhia:** I know that Government are going to develop the trade of our country. I am one of those who are very keen on export, and I feel that Government also should be keen on exports, for, if we do not balance our imports and exports but import into our country much more than what we export, then we shall be losers, and only the other countries will become richer thereby. So, export trade is an important matter, and for promoting export trade, I have one suggestion to make.

In these days, when we are not actuated at all by any imperialistic designs and we want to be friendly with the other countries and particularly our neighbours, I endorse the policy of Government to find out markets for Indian goods in the Asian countries and also our African neighbours. I would suggest that we should send trade delegations to these countries, and also invite trade delegations from them, for it is only the trade delegations that will be able to study the conditions properly in the other countries.

A good deal has been said about our trade commissioner. And suggestions have been made that the trade commissioner should be recruited from the ranks of the businessmen. I would request the Minister to pay his attention to this suggestion, because it is only businessmen who have got that acumen, that can find out what things are likely to be sold, and what things could be bought.

**Shri L. N. Mishra:** They have got their vested interests.

**Shri K. C. Sodhia:** Not vested interests. They will become servants of the State, and they will act at the initiative of Government; and they will be giving very valuable reports. So, I would request the Minister to consider this suggestion in all seriousness.

[SHRIMATI RENU CHAKRAVARTY in the Chair]

I would like to make a few observations now in regard to the distribution of iron and steel and cement and other controlled commodities. I have gone through the figures, and I am sorry to say that the countryside does not get even a twentieth portion of these. Government, the industrialists, and the Government-controlled corporations and others cater to the needs of only a few people, whereas the 30 crores of people who are living in the countryside have to beg for even a piece of steel or a bag of cement, and there is a regular *chor-bazar* in these commodities.

**Shri D. C. Sharma (Hoshiarpur):** What about backward areas?

**Shri K. C. Sodhia:** The same things is true of the backward areas also. Therefore, my submission to the Minister is that so long as there is scarcity of these goods in the country, at least a sizable proportion of these goods, looking to the needs of these vast millions, should be distributed to them, so that they may have the satisfaction that they are also getting something at least. You people are living here in big houses, and you are also constructing big multi-storeyed houses. But the people in the countryside are just content with their thatched houses. So, I would suggest that they should also get some portion of cement and iron and steel.

These are some of the suggestions that I wanted to make, and I hope the Minister will pay some attention to them.

**The Minister of Industries (Shri Kanungo):** Barring one discordant note, the discussion on the Demands so far has been almost a shower of bouquets on the Ministry. Therefore, my task has been made much easier. I have listened with interest to the many helpful suggestions which have been made, particularly with regard to the scope and future of the small-scale industries. I must say that some of them show us the way in which they will help us in our endeavours.



[Shri K. C. Sodhia]

want that we should become an industrial country of the first rank in the world, it will take a very long period of time to achieve that, but whatever has been done is very much more than what we could expect. We are at one with the policy followed by the Ministry, but the field of industrialisation is so diversified and so great that there are bound to be differences of opinion as regards the details.

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refineries we have given contracts running to 30 years. In the case of other companies we have put down a time-limit of a fairly long period. In these days when things are changing so rapidly, it is not advisable for any Government to bind the country for long periods of years. Therefore, my submission to the Minister is that whenever such long-term arrangements are made with foreign companies, this House may kindly be taken into confidence and the plans might be laid before the House. Let this House judge about it. But what the Government is now doing is to come before the House with a *fait accompli*. When they have done the whole thing and signed the contracts, they come and put them before the House. Do they expect that the House will let them down at that stage? Certainly we have to say: "Yes, Sir, whatever you have done is quite good." But that is not the way in which this House has to be consulted.

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After a good deal of study, I have found several defects in the system of cost accounting, and I can put before the Minister several instances which will go

to prove what I am stating. I would request the Minister to pay some attention to this aspect of the matter.

I must congratulate the Ministry on the excellent publication *Udyog Vyapar Patrika* which they are publishing. I think that is the best publication that has been published so far by any Ministry. The Education Ministry is the worst in this matter.

**Shri L. N. Mishra:** We agree.

**Shri K. C. Sodhia:** I have read that journal a number of times, and I feel that it has a very great future if the industrialisation of the country . . . .

**Mr. Deputy-Speaker:** Comparisons may not be made, but we may discuss this matter.

**Shri K. C. Sodhia:** Yes. I simply mentioned it by the way.

**Mr. Deputy-Speaker:** The mention has been made now. The hon. Member may proceed with his points.

**Shri K. C. Sodhia:** I know that Government are going to develop the trade of our country. I am one of those who are very keen on export, and I feel that Government also should be keen on exports, for, if we do not balance our imports and exports but import into our country much more than what we export, then we shall be losers, and only the other countries will become richer thereby. So, export trade is an important matter, and for promoting export trade, I have one suggestion to make.

In these days, when we are not actuated at all by any imperialistic designs and we want to be friendly with the other countries and particularly our neighbours, I endorse the policy of Government to find out markets for Indian goods in the Asian countries and also our African neighbours. I would suggest that we should send trade delegations to these countries, and also invite trade delegations from them, for it is only the trade delegations that will be able to study the conditions properly in the other countries.

A good deal has been said about our trade commissioner. And suggestions have been made that the trade commissioner should be recruited from the ranks of the businessmen. I would request the Minister to pay his attention to this suggestion, because it is only businessmen who have got that acumen, that can find out what things are likely to be sold, and what things could be bought.

**Shri L. N. Mishra:** They have got their vested interests.

**Shri K. C. Sodhia:** Not vested interests. They will become servants of the State, and they will act at the initiative of Government; and they will be giving very valuable reports. So, I would request the Minister to consider this suggestion in all seriousness.

[SHRIMATI RENU CHAKRAVARTY in the Chair]

I would like to make a few observations now in regard to the distribution of iron and steel and cement and other controlled commodities. I have gone through the figures, and I am sorry to say that the countryside does not get even a twentieth portion of these. Government, the industrialists, and the Government-controlled corporations and others cater to the needs of only a few people, whereas the 30 crores of people who are living in the countryside have to beg for even a piece of steel or a bag of cement, and there is a regular *chor-bazar* in these commodities.

**Shri D. C. Sharma** (Hoshiarpur): What about backward areas?

**Shri K. C. Sodhia:** The same things is true of the backward areas also. Therefore, my submission to the Minister is that so long as there is scarcity of these goods in the country, at least a sizable proportion of these goods, looking to the needs of these vast millions, should be distributed to them, so that they may have the satisfaction that they are also getting something at least. You people are living here in big houses, and you are also constructing big multi-storeyed houses. But the people in the countryside are just content with their thatched houses. So, I would suggest that they should also get some portion of cement and iron and steel.

These are some of the suggestions that I wanted to make, and I hope the Minister will pay some attention to them.

**The Minister of Industries (Shri Kanungo):** Barring one discordant note, the discussion on the Demands so far has been almost a shower of bouquets on the Ministry. Therefore, my task has been made much easier. I have listened with interest to the many helpful suggestions which have been made, particularly with regard to the scope and future of the small-scale industries. I must say that some of them show us the way in which they will help us in our endeavours.

[Shri Kanungo]

In the course of the year, it is gratifying to note that our industrial production, especially in a number of consumer items, has increased substantially over the last few years. Our cloth position in 1955 was nearly 5,100 million yards, compared to the First Five Year Plan target of 4,800 million yards. The production of foot-wear was nearly 90 million pairs, showing an increase of 5 million pairs over the figures of 1951-52. A greater part of this expansion has taken place in the small-scales industries sector.

Here, I would like to point out that we hope that in the very near future, as a result of the introduction of improved techniques through the craftsmen, the increase in the quantity of production and in the lowering of the cost of production would be significant. In fact, it is very gratifying how the craftsmen are anxious and eager to take up improved processes, whenever they have an opportunity to do so. We are only sorry that we have not got adequate personnel or adequate organisation to serve them.

There has been a considerable increase in production in the case of a number of engineering items like electric lights, electric fans, electric lamps, house service meters, radio receivers hurricane lanterns and the like. With the increasing demand, I am afraid that our targets have got constantly to be under review. The production of sewing machines was more than 101,000 compared to a target of 91,500. This is one of those items in which we have already developed a good export market. The production of bicycles, the common man's transport, has increased in a most marked manner. Our target under the First Five Year Plan was only 500,000. In the organised sector, the number of units has increased from 6 to 10 during the last one year and the production in 1955 went up by 32 per cent., being more than 490,000. In addition, there is an appreciable number of units in the small scale sector of this industry manufacturing parts and components. We are thinking of a target of 1.5 million by 1960-61, for which we have already an installed capacity of 1 million. This is another field where we are hoping to build a good export market.

Unfortunately, Shri Jhunjhunwala is not here. But talking of the countryside, I would invite him or any Member of Parliament to just go and have a look at Ludhiana, how small-scale industry can rapidly increase production with a

little help. If more adequate help is provided, the progress will be much more rapid.

**Shri G. P. Sinha** (Palamau *cum* Hazaribagh *cum* Ranchi): What has been the Government's contribution?

**Shri Kanungo**: I would invite the hon. Member to go and watch what has been the Government's contribution. The organisation has come in only about a year ago. Those who go and see what has been done will find the answer.

It is not always easy to distinguish some of these light industries from what are termed small-scale industries. The difference is usually one of size, and standards as to size can vary. The small unit requires less capital investment and provides larger employment opportunities. They can be more widely dispersed and avoid the evils of concentration. In their use of machinery and power and in their range of markets, they cover, however the same field as many large units. It is only recently that we have taken up the development of such industries through the medium of the Small-scale Industries Board which started functioning in January 1955.

There are two aspects to the problem, one of which may be briefly referred to as a negative aspect, namely, restrictions on the large-scale sector. In various industries, like leather footwear, matches, cutlery, sports goods, agricultural implements and the like, we have imposed restrictions on expansion in the large-scale sector. But these are only temporary expedients and cannot be of lasting value. The real emphasis is on the positive aspect, namely, improvement in technical efficiency; provision of credit facilities and the organisation of these industries on a basis of co-operation.

In this connection, we are heartened that some Members like Shri Jhunjhunwala have agreed that this negative expedient should be temporary and the ultimate objective should be that the competitive value of the products should be equal to everything else. Our technical assistance programme has been provided through the medium of four regional service institutes with extension centres attached, set up during this year. It has not been an easy task to find suitable technical personnel. But we have a corps of about 130 technical officers and the number is increasing almost daily. Our experience has already shown that there is a very keen demand for such an agency. As a

matter of fact, in one of the institutes during the short period, something like 700 enquiries were attended to, and judging by the rate at which enquiries—both personal and by correspondence—are pouring in, I think we will have to increase our establishments much more than we anticipate today.

As my hon. friend, Shri S. V. Ramaswamy rightly remarked, our artisans are only too anxious to take to the use of machines. They are also anxious to utilise power where available. However, such machines have to be suited to our conditions. Shri S. V. Ramaswamy has referred to a number of such machines that are being used in Japan. I am sorry to disillusion him. We are not quite ignorant of this subject. Sometime ago, the Government of India imported 60 such small machines from Japan and installed them in a workshop in Harduaganj, near Delhi. But the experiment was almost a total failure. These machines had to be disposed of at a loss. What we are trying to do now is to get our artisans, first, acquainted with the use of machines and find out those which are best suited to our country. This is being done. For instance, at our institutes, the mobile workshops have proved very successful. There are 8 of them and we are putting 16 more on the road immediately. In addition, we are securing the services of foreign technical experts, where required, on such machines. There are 6 such experts who are working in our extension centres on items like footwear, locks, surgical instruments and others, and they are training our craftsmen on the type of machines which can be easily used by the latter. A special cell has also been set up in our Small-scale industries organisations for which we have secured the services of three technical experts from West Germany who are specialists in machine-designing for small industries.

Here I might mention that the machines have got to be modified and remodelled according to our requirements in a number of cases. They would have to be suited to the existing method of manufacture. That we will be able to do in the course of time to the needs and requirements of our craftsmen. Here I would also mention that the whole purpose of the extension scheme, as the name implies, is to have an agency of Government to go out to the people, and not that we should sit back and expect

people to come to us. The results so far are very encouraging.

As a follow-up of this training and demonstration, we have introduced a system of supply of machines on a hire purchase system on easy terms. The first few machines under the scheme have been delivered to the purchasers. In the coming year, we propose to set up five more such institutes and a large number of extension centres. We are recruiting 30 specialist technicians and are also arranging for a number of artisans to be trained in small industries in other countries. We propose to constitute a fund of Rs. 3 crores for supply of machinery on hire purchase.

Constitutionally, the development of small industries falls within the sphere of State Governments. But our endeavour has been to make this a joint effort, as far as possible. On major requirement is the provision of money on easy terms. We provided about Rs. 2 crores to the State Governments for this purpose. Admittedly, disbursements have been slow—and this is a point to which Shri Bansal referred. The State Governments have to amend their State Aid to Industries Act. It is a legislative procedure in order to provide loans quickly and liberally. But the tempo of such assistance has increased and our final figures show that disbursements have come to Rs. 1½ crores. Loans are given up to 75 per cent of the value of the security offered including assets created out of loan, and are offered both for capital expenditure and for working capital. The rate of interest is only 3 per cent, and as a special concession to industrial co-operatives, it is only 2½ per cent. I beg to submit that nowhere else in the world will you find such a low rate of interest for industrial enterprises. This also applies to the easy terms of credit. To help small men, loans up to Rs. 5000 are given only on a bond of one or more surety and up to Rs. 1000 on a personal bonds alone. Admittedly, the tempo will increase as the momentum increases, and it requires that the administration at the Centre, and particularly in the States should go in step. We are doing our best in the sense that we are having regional officers who will help the State Governments in formulating their schemes and implementing them. By and large, the different State Governments are also aware of the responsibilities and are working to that end. In fact, the Central Government has offered to bear a part of the cost of the staff which will be required to

[Shri Kanungo]

expedite the schemes and their execution and financing of these schemes. At present, credit requirements are being met largely from government sources. But the State Bank of India are launching new pilot projects to provide credit to small-scale industries. These pilot projects would examine and recommend how best the provision of such credit by the various agencies concerned, the State Bank, the State Finance Corporation, the co-operative societies and the Government, can be made and co-ordinated. With the help of the experience of the pilot projects, it is ultimately expected that the normal banking services would be able to extend credit facilities and Government will gradually have to take less and less direct part. That means that the whole structure will be self-operating and the Government's help will be needed less and less.

An important feature in the development of industries on a decentralised basis is the establishment of industrial colonies and estates. Ten such estates have been sanctioned so far, totalling more than Rs. 4.4 crores and the entire expenditure is being met by the Centre. The land has been acquired, and, in some of these industrial estates, constructional work has already been started. In one of them near Rajkot, the first building has already been let out to small industries.

Shri Thomas referred to the lack of assistance given to Travancore-Cochin. If he will look up the pamphlet, he will see that one of these industrial estates is in Quilon in Travancore-Cochin. It is expected to cost about Rs. 45 lakhs and we propose also to start a similar industrial colony in the State in the coming year. A branch unit of the Small Industries Institute has been opened in Travancore-Cochin and it is now to be converted into a full-fledged institute. The question of limitation is the capacity of the State administration to absorb the development projects which are envisaged and the limitation is also the availability of the right type of technical personnel.

**Shri A. M. Thomas (Ernakulam):** That is my complaint too.

**Shri Kanungo:** Shri Thomas also referred to the coir industry in Travancore-Cochin. The coir development scheme initiated sometime back envisaged a total outlay of Rs. 64 lakhs, shared equally between the Centre and the State. As compared to an expenditure of Rs. 9

lakhs last year, there has been a very considerable improvement in 1955-56. One hundred and twenty primary co-operative societies which was almost the target, 22 housing co-operative societies and 2 central coir marketing societies have been organised so far and a sum of Rs. 58 lakhs has been disbursed as loans and grants to these societies. The handloom industry in Travancore-Cochin has also received larger measure of assistance than is ordinary, Rs. 36 lakhs against Rs. 30 lakhs which is the State's maximum allocation under the Handloom Cess Fund. Our approach to the problem of the handloom industry has been the same as in the case of other small enterprise. My own experience, as Chairman of the Textile Enquiry Committee, has been that reservation can only be of limited value. The emphasis has to be on positive measures of assistance to organise the handloom weaver on a co-operative basis, the provision of common service facilities and supply of improved technical appliances and of credit on easy terms. We may claim to have achieved some measure of success in our efforts. The production of handloom cloth has risen from 1100 million yards in 1952 to 1450 millions yards in 1955. The average monthly supplies of free yarn rose to 93,000 bales in 1955 as compared to only 73,000 bales in 1953. The sales of handloom cloth in our biggest apex co-operative societies of Madras, Andhra, Hyderabad and the U.P. in the quarter ending September, 1955 were 29 million yards as compared to 13 million yards in the corresponding quarter of the previous year, an increase of more than 120 per cent. The number of looms in the co-operative field are now about 10 lakhs as against 6.8 lakhs in September, 1953. A very large number of sales depots, emporia, dye houses and pattern-making factories have been set up. During the year under review, 5 more housing colonies for weavers at a cost of about Rs. 15 lakhs have been initiated. Another special feature this year has been our assistance to silk handloom weavers and 22 societies with a total membership of more than 3500 have been formed in two centres, Kancheepuram and Banaras and we have opened dye houses and pattern-making factories for these silk weavers.

In the matter of housing colonies, it is imperative that these should multiply because they bring craftsmen together and afford opportunities of providing common service facilities which it is difficult in dispersed populations residing



at long distances. The average income of the weaver has increased in varying degrees all over the country, though it is difficult to justify this assertion by accurate statistical data. However, a limited random survey in respect of it has shown that the increase is of the order of 15 to 30 per cent. A special effort was made to stimulate export marketing and an exhibition was held sometime ago in New York which aroused a good deal of interest in the American market and this work is being followed up by the trade centre that we have opened in New York. Recently we took part in the Leipzig Exhibition which was very successful. We managed to sell practically all the items exhibited. In order to organise our own production to meet the export demand, 5 design centres with show-rooms have been planned and the first of these has already been started in Bombay.

In the progressive improvement of the production of textiles, both in the mills and handlooms, there is a disquieting apprehension that adequate supply of the right quality of yarn may not be available after a period of time,—maybe in a short period of time. The increased off-take both of cloth and yarn from mills has resulted in the stock of cloth being reduced to 2 to 3 weeks' production in the mills. As an example, I may mention that the July stock, which is usually the highest, in 1953 was 279,847 bales; in 1954, it was 3,01,212 bales; in 1955, it was only 1,99,682 bales. In January 1955, it was 2,63,340; in 1956, it was only 1,57,626. In February 1955, it was 2,55,663 bales; in 1956, it was 1,13,154 bales. The biggest handloom societies show very small quantities of unsold stock and this may be taken as an indication of handloom cloth all over the country. Unless adequate steps are taken in time to augment the supply of yarn, the hardest hit person will be the handloom weaver in the country.

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

In the Second Five Year Plan, a tentative provision of Rs. 66 crores has been made for this industry. In a large measure, the programme would be for expansion on existing lines. It is true that there are certain questions on which a decision has yet to be taken, chief among them being the gradual changeover to power. The use of power appears to be an inevitable step for the technical improvement but, obviously, such change-over would have to be planned carefully.

It has to be regulated so as not to cause dislocation of labour. In this field as in the field of most small industries, the moneys sanctioned by the Central Government have shown a rapid and progressive increase. In 1953-54, it was about Rs. 3.2 crores; in 1954-55, it was Rs. 5 crores and in 1955-56 it was nearly Rs. 8 crores. The rate of disbursement has been comparatively slow in the earlier stages. The greater part of the work is done through the medium of State Governments. The administrative machinery had to be geared to this task. There was the problem of securing suitable officers, especially on the technical side. However, progress has been speeded up of late. In December, 1954, the rate of expenditure was only about 20 per cent. for the handloom industry. In December, 1955 it was 54 per cent. and, we expect, by this time it would be considerably higher.

The Small-scale Industries Board had a much later start. Here too, the latest figures show considerable improvement in the disbursement of loans to small industries. But we realise that a very considerable organisational effort, both by the Centre and the State Governments, is necessary and this will be our major pre-occupation in future.

One word more. The Small-Scale Industries Board has functioned for barely a much later start. Here too, the latest gained during this time is so encouraging that, provided the organisational bottlenecks can be cleared and the necessary technical knowledge can be absorbed, there is an immense future for it. We hope by next year we will be able to give you a much more buoyant report than it has been possible to do now.

**Shri N. Rachiah** (Mysore—Reserved—Sch. Castes): Mr. Deputy-Speaker, I rise to support the Demands of the Commerce and Industry Ministry.

We are in a socialist pattern of society and our Government have pledged themselves to realise that objective in the best interests of the masses of India. To realise this objective the Ministry of Commerce and Industry has to play a very important role. Of course, for the past four years this Ministry has really worked very well and the production in the various fields is also encouraging, particularly with regard to the Ministry of Industries. But I am very sorry that the way in which the distribution of the products of the different fields or the wealth created by this Ministry is done, has not been satisfactory.

[Shri N. Rachiah]

For instance, take the case of steel and iron and cement. In all parts of the country, more than the private people who construct their houses and other tenements, the Government have undertaken construction of large governmental buildings, particularly in Delhi. For this work they are getting large quantities of iron and cement. While doing so, they have also given a lot of cement and steel for consumption by the private people, that is the public. But, in Mysore, my experience is that the distribution of steel and cement is not being done according to the terms of the control imposed by the Central Government. About three months back, when I wanted to do some improvement to my building, I went to a licensee and asked for steel. Actually that man who was in receipt of cement and steel from the Government could not find even a bag of cement or a cwt. of steel for me, but that could be found by his neighbour who was not a licensee. That shows the licence-holders are not actually complying with the terms of the control and these goods are sold in the black-market. That is my personal experience and that has been the difficulty experienced by the public, particularly the common man. Therefore, I urge upon the Ministry to see that this anomaly in the policy of distribution of very important commodities like cement and steel is removed in the best interests of the country.

According to the report brought forward by the Ministry it is seen that there was an acute scarcity of steel and cement and efforts were directed towards importing them to tide over the shortage till our own schemes of expansion and new production get into stride. That shows, actually there is a dearth of cement, steel and iron.

Now, in the entire South India, the Bhadravati Iron and Steel Factory in the Mysore State is the only factory. That factory is owned by the State Government. The State Government has submitted a lot of schemes for the expansion of this factory. According to the report produced by the Ministry of Iron and Steel 0.01 million tons is the existing production and in the next Five Year Plan they expect an increase of only 0.1 million tons from the iron and steel works in the Mysore State. When the Government are giving more importance and more assistance financially to private agencies like the Tatas, I ask, why should not Government give more assistance and encouragement to a State-owned industry, particularly the iron and steel industry

in the Mysore State? Therefore, I urge that special attention and protection should be given to Mysore Iron and Steel Works.

Moreover, the Government are starting three major iron and steel plants in the north. I do not grudge it. But in South India we have got a lot of iron ore, according to the report of the Geological Survey of India produced by the Ministry of Natural Resources and Scientific Research. They have said that we have got plenty of iron ore in South India, particularly Madras, Andhra and Mysore. I say that such resources should be exploited for the benefit of the country. Even from the point of view solving the unemployment problem in South India, at least another steel plant in South India, particularly in Mysore or Madras, would be beneficial. That would satisfy the cry of the unemployed. Therefore, I hope, the hon. Minister, instead of being influenced by the powerful States like Uttar Pradesh, Bombay and Bihar, while dealing with such things, will see that equity and justice is done and such important industries are also established in South India.

With regard to small-scale industries I want to say a few words. First of all, I would like to deal with the powerloom industry. Last year there was a deputation from the owners of this powerloom industry in Bangalore. They met the Minister and sought relief. According to the recent statement by the Minister for Planning, our Government are introducing the popular Ambar Charkha. Also, according to that statement, within about three years all handlooms in the entire country will be converted into powerlooms. That means there would not be any handloom industry at all within a course of some years after the introduction of the Ambar Charkha. The Ministry was approached for giving exemption to powerlooms as they have given exemption to the silk industry where exemption is given up to twenty-four looms. So, in the silk industry the Government have given exemption to cases where there are twenty-four looms working. But with regard to textile powerloom industry they have not raised that exemption limit up to 24 with the result that the powerloom industry has been hit hard and the people, particularly people engaged in powerloom industries in Bangalore and also in other parts of Mysore, have closed their factories for months together. The industry is now facing an actual crisis. Myself and my colleague Shri Keshavaiengar went on deputation to the Minister and



informed him that the industry was hard hit and that it should be protected. So also many representations, memoranda and resolutions were sent to him. Very important industrialists also made an appeal to the Government. Apart from that, the State Government also made very strong recommendations in favour of giving exemption to the extent that was given to the silk industry. After all, though the silk industry is almost a poor man's industry, it is only the rich man that could wear the silk. When such industries have been given so much help, concessions and encouragements; the textile industry which is also a poor man's industry, because the cheap cloth is essential for the poor man, has not been given exemption in this regard. From all these points of view, I would request the Minister to be liberal in his policy and to give protection and encouragement and also the required exemption to the handloom industry as has been requested by the people engaged in the handloom industry.

I would next come to the leather industry. It is an industry which is very important only next to khadi. I do not think any Member of this august House will deny the fact, that any citizen in the country will deny the fact, that leather is not only used for footwear but for all practical purposes and for very important purposes in our industry. But I am very sorry that the Minister has given least attention to this industry in spite of our repeated requests. They have constituted many Boards: for coir, for tea, for rubber, etc. After all, they are all very small industries.

**Shri B. S. Murthy:** On leather depends the very existence of the poor people.

**Shri N. Rachiah:** Yes; but such small industries as I mentioned just now have been given so much of encouragement. Separate Boards have been constituted for those industries—whether small-scale or big-scale. Take, for instance, the village leather industry. The village leather industry has, from June, 1955 onwards, been transferred to the Production Ministry, while the small-scale industries have been retained with the Ministry of Commerce and Industry. So, there is a confusion in the minds of the public as to which Ministry has to be approached for protection and encouragement in regard to certain industries. I want that all the industries must be under one Ministry.

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As I said, the leather industry is a very important industry and I very strongly appeal to the Minister concerned to constitute a Leather Board and give special attention to it. There must be schemes, there must be definite plans and a definite objective with a view to giving encouragement to the leather industry. Hides and skins worth crores of rupees are exported to other countries. But within the country, it is the poor man, particularly the poor Harijan who is engaged in the leather industry. The capitalists particularly in the South who are all non-Hindus—I do not grudge them—have been sucking the blood of these poor people and the condition of the leather workers is worse than that of the handloom workers. The Government have given very special and very strong protection to the handloom industry and also khadi. I am very happy about it, but at the same time, I am very sorry to note—and I want to bring this to the notice of the Minister—that they have given only a step-motherly treatment to the leather industry which is a very important industry. I urge upon the Minister to see that conditions of the workers of leather industry are improved. I urge upon him to investigate the matter and peacefully consider it and see that a Leather Board consisting of experienced people in the line is constituted.

In the constitution of the Boards, the Ministry is not impartial. Generally, the right selection is not made. Generally, a wrong selection is made. I very boldly say that a wrong selection is made, either through regionalism or regional interests or through some personal interests. That attitude should go, and in the larger interests of the country all people should be given an equal opportunity to serve on the Boards. The Minister has constituted hundreds of Boards and Committees, and not even one Scheduled Caste member is found on any of these Boards or Committees. Why should that step-motherly treatment or attitude be shown? We all want to learn the work and serve the country and have greater opportunities. The Ministry wants our co-operation and all that. While we give it, they have got their own way of tackling things. That should end. We know—and they all say—that the Minister is popular. But what is the use if he is not impartial?

**Mr. Deputy-Speaker:** Please do not compel me to be partial? Your time is up.

**Shri N. Rachiah:** I have finished, Sir.

**Mr. Deputy-Speaker:** I shall call upon Shri Punnoose now. At 3 o'clock, we have to start non-official business. The hon. Member wanted to go away owing to the shortness of time. He can have three or four minutes beyond 3 o'clock even, so as to finish.

**Shri Punnoose (Alleppey):** Thank you, Sir.

The hon. Minister received many bouquets, and I am always glad to see him receiving bouquets. But I for myself would prefer to wait to decide, whether I can give him one. There are certain aspects in which progress has been made. Production has improved and certain organisations have been set up. But I would put two questions: firstly, whether the Ministry has succeeded or is succeeding in building up a free national economy, and secondly, whether the progress registered in production has been reflected in the welfare of our people, that is, the people who take part in the production. The Minister of Industries, in answer to an observation from Shri A. M. Thomas, said that some progress has been registered in the coir industry as a result of the help given by the Ministry and also because of the activities of the Coir Board. Here are the figures. In 1955, till November we were able to export 68,029 tons of coir goods as compared to 67,440 tons in the previous year. It would appear that some progress has been made though not very big. But facts speak otherwise. Looking at the detailed figures given by the Coir Board in its report, we find that in 1954—the figure given for the latest period—we exported 4,40,000 cwt. of finished goods in the shape of mats and matting, while we exported 1,083,030 cwt. of raw materials.

The coir industry has got two phases one is the cottage industry side and the other is the organised industry side. Thus, there are two divisions. What has happened is that even after the Coir Board came into existence and after all the good service that has been rendered by the Ministry, our raw products have gone more and more outside India, and our organised industry has declined. An industry which used to employ 30,000 workers cannot now give full employment to 10,000 workers. Still, the Ministry believes and makes us believe that some improvement has been made. There is very great danger in allowing such conditions to exist. I know it is not an easy thing to set it right. I know the answers

that are going to be given by the Minister. He will say that there are factors which are beyond our control. Nevertheless, if we allow our raw materials to be consumed by factories established in Europe, that would mean that we will continue to be dependent and we will be perpetuating our dependence on others.

**Shri A. M. Thomas:** Will there not be suffering and distress if the yarn is not exported?

**Shri Punnoose:** I do not want that yarn should be banned now. What I say is, our organised industry is in a primitive condition today. For example, from Holland you get things which can defeat their counterparts here in respect of quality and durability, etc.. Therefore; let us modernise our coir industry; let us reorganise the industry. That is what I want. So, what is printed on paper here is not a fact. We have to make greater efforts to make our position better. The record of the Coir Board is not very creditable. It is time that the Minister looks into the performance of that Board. He will have to find out whether the various Boards which are set up today are really effective and useful.

3 P.M.

We have got our cocoanut oil industry. Time and again, we have demanded that the import duty on Ceylon copra should be raised, but nothing has been done. On the other hand, conditions have been made easier for the Ceylon copra to come in. I am glad that the Finance Minister also is here. He is proposing to impose an excise duty on cocoanut oil. The result is that cocoanut oil becomes more costly, but, at the same time, the cocoanut cultivator does not get any benefit, because though the excise duty comes at the stage when it goes out of the mill, the mills will simply shift this duty on the cultivator and the cultivator does not get any thing but additional burden. On the other hand, if we can restrict the import from Ceylon by enhancing the import duty, then the cocoanut cultivator would have a better price and his purchasing capacity would improve and the cocoanut oil market would not be affected. I believe that both the Ministers who are here will look into this matter which is perturbing the public mind in that part of the country.

I now come to plantations. India is supposed to have—to quote a round figure—Rs. 20 crores by way of profit from plantations, mostly owned by

foreign capital. Now that the industrial policy is on the anvil, may I ask the Minister what they are going to decide? Are we thinking of nationalising plantations? If not, why not? There is no case stronger than that of plantations to be taken over by the Government. Plantations have developed, because they got very cheap land in our country. 230 square miles of land were purchased about a hundred years ago for Rs. 5,000 by a company and that company is called the Kannan Devan Company today. They employ very cheap labour and derive huge profits, which should really go to the national coffer. Because these plantations have been developed for the benefit of the metropolitan country, there is foreign grip over them at every stage. Therefore, it is high time that we think of nationalising this industry.

I now pass on to something which may not be very creditable to the Ministry and the officers in it. We have got the Rubber Board. We have too many Boards and it is one. The Rubber Board submitted a plan for replanting 70,000 acres of rubber within the next ten years at the rate of 7,000 acres per year.

**Mr. Deputy-Speaker:** The hon. Member's time is up.

**Shri Punnoose:** I will just conclude. Planting has to be done in June and they sent up the plan in December. The plan is somewhere here and the wise men in the Ministry are discussing and discussing. Seasons do not wait for the Ministers to conclude their discussions. The rains will come and go and the replanting of 7,000 acres this year and the big scheme placed before the country is going to be a fiasco, for which the inefficiency, the incompetence and the unimaginative procedure of the Ministry is responsible.

**Mr. Deputy-Speaker:** The hon. Minister will reply day after tomorrow.

#### COMMITTEE ON PRIVATE MEMBERS' BILL AND RESOLUTIONS

**Shri Altekhar (North Satara):** I beg to move:

"That this House agrees with the Forty-ninth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 11th April, 1956."

This report is in connection with the allotment of time. Out of the 3½ hours allotted to the first Resolution of Shri G. D. Somani, 1 hour and 6 minutes have already been taken up and 2 hours and 24 minutes are left. The next Resolution is that of Shri M. S. Gurupadaswamy on nationalisation of banks for which 2½ hours are allotted. There are other Resolutions also for which the time has been stated in the Report. Five minutes are already over and I would request you, Sir, to extend the time by five minutes, so that Shri Gurupadaswamy may be on his legs to move his Resolution.

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

"That this House agrees with the Forty-ninth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 11th April, 1956."

*The motion was adopted.*

#### RESOLUTION RE. APPOINTMENT OF A COMMITTEE ON INDUSTRIAL AND COMMERCIAL STATE UNDERTAKINGS

**Mr. Deputy-Speaker:** The House will now resume further discussion of the Resolution moved by Shri G. D. Somani on the 31st March, 1956 regarding Appointment of a Committee on industrial and commercial State undertakings.

Out of 3½ hours allotted for the discussion of the Resolution, 1 hour and 6 minutes have already been taken up and 2 hours and 24 minutes are left for its further discussion today.

Shri K. P. Tripathi may continue his speech.

**Shri K. P. Tripathi (Darrang):** The other day I had just started. The question in my mind was, what was the intention with which this Resolution has been moved.

**Mr. Deputy-Speaker:** The hon. Member will excuse me for one second. There are a large number of hon. Members who want to participate in the debate on this Resolution, because it is an important one covering a very wide field. If the hon. Members so feel, they might put on themselves some time limit.

**Shri Feroze Gandhi (Pratapgarh Distt.—West cum Rae Bareilly Distt.—East):** This is an important Resolution and the time may be extended.

**Mr. Deputy-Speaker:** We have just now adopted the Report fixing the time limit. If hon. Members agree, I will put in a limit of 15 minutes in normal cases; in some cases it may be extended to 20 minutes.

**Shri K. P. Tripathi:** The question immediately came into my mind as to what was the intention with which this has been moved. Obviously, the House will remember that there have been a large number of discussions in this House with regard to the efficiency or otherwise of State-managed industries. We have all been very much concerned about it. We desire that the efficiency of the public sector should be increased. We had a desire that the Government should set up an industrial service so that the State-managed industries might be managed well, but at no point of time it came into our mind that perhaps the public sector experiment has failed and therefore it should be scrapped. Such an idea never came into our mind. Now, this Resolution has been clothed in a way which raises a doubt in our minds as to what the intention is. Is it for this purpose, namely, "let us try to prove that firstly, the public sector is less efficient than the private sector; and secondly, that the public sector has less cost structure, i.e., capital investment costs are less in the public sector than in the private sector. Why put such a huge burden on the people? Let us have less capitalised industries, so that the prices of things might be also much cheaper if the profits are reduced, for which, of course, there is no chance. Let us scrap his public sector altogether". This sort of doubt arises in our minds. I have no doubt that my friend, Shri Somani, is an hon. gentleman and I have great respect for him. I never doubt his personal opinion at all in the matter. I quite realise that he has raised the issue with the best of intentions; but, the person who might have drafted his Resolution, in paragraph 3 says:

"to examine the capital cost of each of them and find out if the expenditure has been according to estimates, and whether such capital costs are reasonable, especially as compared to capital cost of comparable units in the private sector;" etc.

Here is not merely a question of investigation into the public sector; but, the idea is that it must be investigated with a view to finding out the comparative costs and to establish that the

comparative costs are higher in the case of the public sector than in the private sector. Why should the society be burdened with this high capital cost structure?

**An Hon. Member:** That is a challenge.

**Shri K. P. Tripathi:** Before we accept that challenge, there are certain important considerations which we have to examine. Our country is experimenting on this. It is not that we have already got a well-developed public sector. In the case of many of the industries, the estimates had to be revised several times. The cost structure of some of them is high, with the result that we had to subsidise them. All these questions are there. Therefore, it would be a risk in the initial stage to accept this challenge in the way in which it is thrown out.

Now, if my hon. friend Shri Somani were to say, no, I do not want to scrap this idea of socialist pattern, I agree with the socialist pattern all right, but I want to improve upon the public sector, then the question assumes a different shape. We are all for the improvement of the public sector. Once we have accepted that idea and adopted it as our pattern of economy, there is no going back on that decision. If this enquiry be for the purpose of going back on that decision, then, obviously I for one would fight against such an enquiry. But if this enquiry is for the purpose of determining what are the shortcomings of our public sector and what are the correctives that we should apply, then, such an enquiry might perhaps be justified. Therefore, the question has to be discussed further.

Now, what is the intention of the public sector in a socialist economy? Is it one of profits? Obviously not. What is the intention of the private sector? Obviously it is profits. If you set up an industry for private profit you will run it from one point of view; if you have the industry for the purpose of welfare both for the workers and for the society, you will run it from another point of view. For instance, I want to start a cement factory. If I were a private industrialist, I would have the machines first and put the workers in a hovel and start working. If I were Government and start an industry in the public sector, I would have to plan ahead for the housing of labour.

I went to China quite recently. There were road construction workers. What did they do? Before they took up construction, they built houses for the pur-

pose of housing the workers who would be working there; then they started the actual work. In our country in the private sector what happens. Before people are housed, the construction begins. The work on the factory begins, they are completed to schedule and production starts, before workers are housed properly. Therefore slums start. It is therefore, a major question of policy, as to what is the purpose of industry going to be in this country. Is it going to be mere profits or is it going to be welfare? Since we have adopted welfare as our goal, naturally the capital cost structure will change; it will have to change. In the public sector the capital cost structure will have to take into account many things. We are building a steel plant. The hon. Minister Shri Krishnamachari told us the other day that the plant started with the housing of labour. Obviously if it were in the private sector, the housing of labour would be thought of after the plant started production. If this is the state of affairs, how are you going to compare the cost structure? You will obviously come to wrong conclusions, if you do that. It would be said that the industries of the public sector are over-capitalised, where as in actual fact they may be under-capitalised.

**An Hon. Member:** Let it be enforced by law.

**Shri K. P. Tripathi:** It will have to be enforced.

Now the Plantation Act was passed. The law is that the planters should provide housing. The planters say we cannot provide housing, it will take another 26 years. In fact they have been running this industry for more than a hundred years. In a period of 126 years they are going to provide the minimum housing. If the plantations were to be in the public sector, what we would do would be to provide houses for labour in the first instance, instead of waiting for 126 years.

These are problems which are very genuine to the consideration of this resolution: as to what is going to be the purpose of the industry? If the purpose of the industry is going to be welfare, then my hon. friends in the private sector will have to change their outlook. So long they have not done so. Government have come forward to advance them loans for housing the workers, but the private sector has been fighting shy even to accept these loans. They have been even refusing to accept the grants. Would anybody think of refusing a grant

without any liability to house their labour which normally they should do out of their pockets? But here is a Government which comes forward with grants. But they would not have it. That shows that the mind of the private sector has not changed in the least.

Therefore, if we straightway launch into a comparative study of the cost structure of the different types of industries, then, we are likely to arrive at wrong conclusions.

Now, with regard to efficiency there is a feeling that the public sector is less efficient than the private sector. To some extent it appears by the results to be true. Now what is the difference between the two sectors? In the private sector the employer is the man who is to earn the profits. Therefore, he is very very careful that the industry may be run as a profitable enterprise. That is with regard to small type of industry. But in the modern world, industries have become so big that the big manufacturer cannot manage it as a private concern; so joint stock companies are formed. In the matter of management, there is not much difference between the management of joint stock companies and industries in the public sector, because both managements are on behalf of somebody else. Unless, they have their own honesty and efficiency they will not run it as efficiently as the other. It is for this reason that in the case of joint stock companies in India the world will be surprised to learn that so many companies have failed so many companies have lost their whole assets. Why? Because the standard of management in the private sector has not been up to the mark. This is one of the most unfortunate aspects of it. The whole point is as between the company type of management in the private sector and the management in the public sector, there is much similarity with regard to the nature of the management.

Now in the private sector the man who is managing has somebody over him. Where he is not under fear of being removed, he becomes irresponsible. In the public sector the amount of security which the management enjoys is very great indeed and we have not yet been able to evolve a procedure whereby we could saddle the man on the top with the responsibility as well as the right to take decisions. Now decisions have to be referred back to somebody miles away. When you have got such a situation, then ob-



[Shri K. P. Tripathi]

viously the man is not fully responsible. You cannot hold him responsible; and when he is not held responsible he does not discharge his duties properly. We are therefore at crossroads. We are still in the stage of experimentation, finding out which is the best way of managing public concerns. It may be that we may take some time; but this time should be used for the purpose of finding out the best way, not for the purpose of halting the whole process so that we might go back to the private industry.

So far as efficiency is concerned. I noticed in today's papers that the targets have been achieved in the case of the Sindri factory, the Penicillin factory, the Cable factory and the DDT factory.

**Dr. Jaisoorya (Medak):** Not in the case of the chewing gum factory!

**An Hon. Member:** That is in the private sector.

**Shri K. P. Tripathi:** It does not mean that the targets are well fixed. It may be that the targets were under-fixed. The question still remains, how to manage. I have been thinking on these lines. I have no doubt that the Government will have to develop an Industrial Service. Up till now, they have been depending on the Civil Service. Obviously, the Civil Service in very good up to a point, for a particular purpose. So far as industrial work is concerned the nature of the decisions that they have to take, the urgency with which they have to take and the nature of the relations with and their behaviour towards the public are completely different. As soon as you enter a factory, you can find by the demeanour of the management itself whether it is a public concern or a private concern. Why is it so? Because, the demeanour has not been attuned to the requirements of public concerns which have dealings with public on an equal footing. We have to find out a way by which we can reduce the bureaucratic tendency of the management in the public sector. This is an experiment. Unless and until this is found out, I agree with Shri G. D. Somani that there will be great room for improvement in this sector. I have no doubt that the Government is also thinking on these lines. Some time or other they will have to come to some conclusion.

One more point and I have done.

**Mr. Deputy-Speaker:** But, he may take more time.

**Shri K. P. Tripathi:** I will not dilate on it.

**Mr. Deputy-Speaker:** The time limit of 15 minutes is already fixed under our rules. Every hon. Member should realise that this is the usual time for Resolutions.

**Shri K. P. Tripathi:** I agree; I will not dilate on it. I merely want to draw the attention of the House to the experiment in other countries. In Germany, they developed this system of management councils plus labour directors in the board. They succeeded so well that the Americans have called it the German Miracle. In France they tried to remove the bureaucratic tendency by associating labour in the management. There also, it has been a great success. I went to Yugoslavia. There, they have gone a step further. The management itself has been converted into a committee of workers in which the manager is an *ex-officio* director of the concern. There, the efficiency has gone up. All the world over, wherever bureaucratic management exists, it has already carried on experiment how to democratise the organisation so that it may function with efficiency. These are the examples worth considering and I have no doubt that the Minister would consider them.

**Shri N. C. Chatterjee (Hooghly):** I have no ideological animus against the public sector or the private sector. Whether you like it or not, it is absolutely clear that you are committed to a welfare State and if you have got to build up a welfare State, it is inevitable, especially in an undeveloped country like India, that there must be expansion of governmental activities and there must be a continued progress of industrial activities under governmental control, under the aegis of the State. I am endorsing Shri G. D. Somani's Resolution for the acceptance of this hon. House, not in a spirit of inquisition or censorship, but in a spirit of helpful, constructive criticism. I think the time has come when Parliament as the custodian of the public funds and as representative of the national interest would be justified in thoroughly examining the working of the public sector.

**Shri Feroze Gandhi:** The estimates Committee does it.

**Shri N. C. Chatterjee:** As a matter of fact, the Estimates Committee has pointed out, to some extent, that there are black spots. But, the Estimates Committee has not been able to really consider the whole issue properly. Therefore, I

think the time has come when a Committee like this consisting of Members of Parliament, of experienced people whose judgment is entitled to respect, should sit in judgment over the various aspects of the working of the public sector.

State enterprise in India can be divided into three categories. Firstly, there are a number of enterprises which are run departmentally: Railways, Posts and Telegraphs, the locomotive factory and certain other enterprises. Then, there are statutory boards or corporations, like the D.V.C., the Industrial Finance Corporation or the Air Transport Corporation and other organisations. Lastly come the joint stock companies, wholly or partly owned by the Government. These are undertakings mostly of recent origin. These three forms of management have been developed in India, without really any proper pre-media'ed scheme. There is no reason why, for example, the locomotive factory should be departmentally run and managed and the machine tool factory should be formed into a company. The distinction between these three types of management is not clear-cut. The Railways are departmentally managed; yet there is a Board to which the affairs of the organisation are entrusted. The idea in modifying a departmental organisation in such a manner is to ensure speed and elasticity in management. It is perfectly clear that our Second Five Year Plan connotes that both the public sector and the private sector must co-exist. That peaceful co-existence and interdependence cannot be ensured and cannot be a success unless you put the public sector also in order. Therefore it is time that you should help the Government in scrutinising and finding out where it is going wrong and if it is going wrong, how it has to be rectified. The so-called joint stock companies are only functioning in name. In some cases, Government is the sole share-holder, all the shares being in the name of the President and possibly one share in the name of the Secretary of the Ministry. The management of these companies tends to be similar to those enterprises which are departmentally run. This departmentalisation, bureaucratisation is there, which I am commenting upon.

As my hon. friend who spoke just before me pointed out, there is a demand for proper industrial personnel. We have great faith in the services. But, the services are not quite fitted for running these organisations. The time has come

when some Committee should report to us and point out what should be done in that direction. It is clear that in this country, in spite of diversity of forms of management, State enterprises tend to be undertaken by and large in the same manner as any other department of Government. There are a few exceptions such as the Reserve Bank or the Finance Corporation. But, the general conclusion holds good that State enterprises in India suffer from all the disadvantages of a departmental organisation. The result is sacrifice of autonomy and sacrifice of elasticity. I want that by one yard-stick, one standard of efficiency and economy, both the private sector and the public sector should be judged. From that point of view, I think there is a good *prima facie* case which justifies Shri G. D. Somani's Resolution being considered worthy of acceptance by this House.

In recent years, there is a steady growth in the participation of the Central Government and the State Governments in the field of industry. What is happening? You know that in regard to a number of cases, the Hindustan Steel Ltd., Sindri Fertilisers, and other concerns, some under the Ministry of Production, some under the Ministry of Communications, some under Defence, and so on, there are two aspects to the problem: (1) whether the construction of the factories has been efficiently organised; and (2) whether after completion, the undertakings have been run on really sound commercial principles. With regard to the first point, a number of indications are available that the process of expansion of Government's industrial schemes is not satisfactory as compared to the provision made in the First Five Year Plan. It will be noticed that in many cases, the actual expenditure lagged behind the planned provisions. There is in governmental administration something inherently wrong. It is incapable of fulfilling with the same degree of speed and efficiency as is found in well-run industrial undertakings the task of organising construction and establishment of factories and other establishments. As a matter of fact, this point requires investigation.

Even when they start a factory, has it been run efficiently? There are some cases. Take, for instance, the Housing factory. That provides an instance of a good deal of delay in the implementation of the project. The factory was set up by the Government as early as 1948. Three years after the setting up of the



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factory, it was decided to abandon the original scheme for the production of prefabricated houses and explore new avenues for making the factory work profitable. The production programme was completely revised. The factory went into production I think six or seven years after it was set up. This instance brings out the inherent inability of Government departments to take quick decisions and in many cases to take right decisions. I think there is a case. Let us not shirk it. Let us not condemn only the private sector. Let us not tighten the loop-holes and say the private sector is misbehaving. You have no right to go for the private sector unless you put the public sector also in order. We must set our own house in order.

But I would ask this hon. House to remember that the management aspect is more important. Each of the private limited companies is managed by a board of directors appointed by Government. Who are there on these boards of directors? Practically almost all the directors are officials. In each case there is a Chairman or Managing Director, and I think in almost all cases—I am speaking subject to correction by the hon. Finance Minister—the official elements preponderate on the boards of directors of these companies. The Chairman in each case is a senior officer of the Government. An attempt is sometimes made to associate successful businessmen in the running of these companies by appointing only one man, or only two men, on the board of directors, but in actual practice, because of the complete preponderance of the official element, the board of directors tends to be only a nominal body and the affairs of the company are being directed solely by the Secretary of the Ministry concerned as the Chairman and the representative of the Ministry of Finance. This is something which should be changed.

Shri Asoka Mehta was telling me that Mr. Herbert Morrison assured him the other day that when he was Minister he appointed a very important industrialist who belonged by the opposite party, the Conservative Party, as the Chairman of these boards, and Mr. Geoffrey Lloyd who was the Minister in charge of fuel and power in the Tory Ministry appointed a leading trade unionist as Chairman of the National Coal Board. And if you look at the working these English companies, you will find most of them are staffed and manned by successful

businessmen. Why can we not have that? Let us have a committee to go into this. That has been a success in England. Statutory corporations in the United Kingdom which run governmental enterprises are free more or less of official interference in their day to day business and this has been done by the constitution of the boards of directors almost entirely from successful businessmen. Why cannot that example be adopted in India?

Then I have got a lot to say about foreign collaboration. I am not saying this, that this resolution should be interpreted as casting a vote of censure on anybody, but the time has come when this Parliament should do something. What Shri Somani wants is that the Committee should examine the planning, development policy and targets fixed and recommend appropriate basis for future policy in respect of these matters. You can change the wording if you like. I am not endorsing everything that is said here. The resolution is possibly too long, but I am quite sure this is a step in the right direction, and I am pressing the hon. Minister to accept it or to announce that he is going to take steps in this direction.

Take, for instance, the Sindri Fertiliser Factory. My friend was saying they have reached the targets. The financial results for the two years 1952-53 and 1953-54 show that the company had not been doing badly. The company adopted the method of depreciation with the result additional provision for repairs and renewals had to be made in order to compensate for the fact that during the first two years of operation of the new plant and machinery expenditure on repairs was below normal, and after providing for depreciation and payment of the interest on loans from the Government of India the company was left with a net profit in both the years. The net return on the gross block of Rs. 17 crore is very small. But then it is a nascent company which is still burdened with a huge development expenditure comparable to preliminary expenses in an ordinary private company. Should it be written off over a period of years, or what should be done?

There is a lot to be said in respect of other companies. I am not going into every detail. The time is very short, but all that I want to point out is that if you really study the financial results of the different companies, it is apparent, I am sorry to say, that no striking

achievement has been shown by any of these companies. It is a little too early to condemn them and to judge the performance of the governmental enterprises which have been formed into limited companies, but it is doubtful whether the annual statements of profits and losses of these companies really reflect efficiency and the desired speed and progress. Therefore I am suggesting that there should be a more critical examination by a proper body of these factories.

Then in those cases where competing firms in the private sector exist, the tendency of Government is to have their own enterprises. That is noticeable, and even then we have got to find out how far economy has been achieved. With great deference I must say there is a lot of monopoly when Government takes up things, and therefore it is very difficult to find out exactly from the Estimates Committee's more or less periodical examinations how far they have justified themselves.

To sum up, from the information available to us on the working of industrial undertakings under the Government it is clear that in almost all cases it is found extremely difficult to keep to schedule in the establishment of factories. Secondly, no really striking achievements have been shown by the factories which have commenced production. Therefore I am submitting that there is a case for enquiry; there is a case for investigation. Let us not do it for the purpose of condemning the public sector, not for the purpose of saying that unlimited power and prerogative should be given to the industrialists and the monopolists and the multi-millionaires to go on making profit. That is not my approach. My approach is different. It is this. We will do every thing possible to eliminate excessive profits at the cost of the welfare of the State and the community if the private sector is indulging in that, but at the same time we will put our house in order and see that the public sector behaves properly and yields the largest amount of public good, works with the desired speed and also does not in any way play with public funds, with the taxes paid by our very much oppressed and under-fed population. Therefore I am submitting that there is a case for the appointment of an independent commission which will put the whole thing under its searchlight and offer constructive suggestions before the Parliament and then it will be for Parliament to

consider the report and to take such steps as are deemed desirable.

**Shri Ramachandra Reddi (Nellore):** I give my whole-hearted support to this resolution which was so ably moved by my hon. friend Shri Somani. I feel that it is neither a day too late nor a day too early to discuss a resolution of this type because we are now on the point of transition from one period to another period. The first period of expansion of Indian industrial enterprises has come to a close and we are now launching upon a very gigantic and ambitious programme of industrial expansion in this country.

The resolution is very comprehensive and practically the terms of reference are embodied in the resolution. The House is particularly anxious to see that this resolution is accepted by the Government not because they have a desire to find fault with the attitude and action of the Government so far, but because they want to see that the public money is spent in the right and proper way. Every tax-payer is practically a subscriber of shares to these big enterprises in the public sector and as such Parliament which is the representative body of the public has a right to discuss this and there will be nothing wrong in the Government itself accepting the resolution either in this form or in any other convenient form provided the objective is achieved. We have no desire to criticise very much the performance of the public sector, for the simple reason that the Estimates Committee have gone into it in greater detail. They have shown in their reports the several aspects that have to be taken into consideration in regard to the organisation and administration of the nationalised industrial undertakings. They have mentioned the salient points which have to be looked into by Government, and they have touched on almost every aspect of industrial expansion in our country.

For instance, they have suggested something in regard to the appointment of boards of directors, the need for having an advisory body, and so on. They have also pointed out that a commercial undertaking should be given a free hand within the framework of policy to produce up to the optimum size at an economic cost. They have also dealt with the question of recruitment of management, fixation of ceilings on salaries in the private sector, recruitment of labour, semi-skilled, skilled and unskilled, and so many other subjects. If at all it can be

[Shri Ramachandra Reddi] considered that criticism of the Estimates Committee is right, then Shri G. D. Somani's resolution is also a step in the right direction.

It is, no doubt, to be admitted that in some of the undertakings of Government, the targets have been exceeded. In the case of certain concerns, the production in the public sector has been very satisfactory, and the targets have been reached and probably over-reached also. But there are certain other concerns where the estimates have been exceeded very much, and production has not been achieved to the extent programmed for. I do not want to go into the details of these, but I would only like to urge upon Government to think of the several terms of reference that have been adumbrated in the resolution, and to find out a solution by having an expert committee appointed for the purpose. For every important matter, we have been appointing committees, and I suggest that we can certainly profit by having a committee of the nature suggested in the resolution appointed to go into this matter also.

I would also like to enquire of the Finance Minister whether all these undertakings in the public sector are going to be worked on a no-profit-no-loss basis.

**Shri Kamath (Hoshangabad):** All-loss-and-no-profit.

**Shri Ramachandra Reddi:** If they are worked on a no-loss-no-profit basis, then they should be in a position to compete with the private sector. If, however, as my hon. friend Shri Kamath suggests, they are working on an all-loss-no-profit basis, then it is high time that we look into the matter and scrap those that are not likely to give us profit, and improve those that are likely to give us decent profits.

In the public sector—I speak subject to correction—we do not pay any income-tax.

**Shri Feroze Gandhi:** Income-tax has to be paid after six years. The private sector also does not pay for first six years.

**Shri Ramachandra Reddi:** If the public sector is going to make profits, then it must also be in a position to pay income-tax and reimburse the exchequer of the country.

**The Minister of Finance (Shri C. D. Deshmukh):** That would include the railways also.

**Shri N. C. Chatterjee:** That means greater fares to Andhra.

**Shri Ramachandra Reddi:** In regard to railways, I have all along been urging that there should not be a separate budget for the railways. As I have already pointed out, if there is one budget for the railways and the other Ministries, then the whole thing will come under the control of one Finance Minister, and be managed in an orderly manner.

Even so far as the railways are concerned, they have now come to be considered as not only a profit-making concern, but also a concern which looks to social service and welfare. Of course, the emphasis at present is on social welfare and social service rather than on profit-making. Nevertheless, they are paying a few crores of rupees to the exchequer, and I should think that that amount should be taken as a part of the income-tax that they might pay.

**Shri C. D. Deshmukh:** It is very small. It is less than 4 per cent.

**Shri Ramachandra Reddi:** Shri K. P. Tripathi was a little bit allergic when he saw this resolution, when he was given an opportunity to speak on it. He was very anxious that labour should be provided for first, because according to him, the private sector has not been able to provide for them.

**Pandit K. C. Sharma (Meerut Distt.—South):** It is not willing to provide.

**Shri Ramachandra Reddi:** But I would like to point out the counterpart to him, that in most of these undertakings in the public sector, labour have not been completely provided for. If we go and see some of the factories like the Hindustan Antibiotics Ltd., Poona, or the Chittaranjan or the Sindri factory....

**Shri Bhagwat Jha Azad (Purnea cum Santal Parganas):** At Sindri, 90 per cent. of the labourers have been provided with houses. I am there as the representative of their union.

**Shri Ramachandra Reddi:** So, 10 per cent. of the people are still to be provided for. (Interruptions).

**Mr. Deputy-Speaker:** Interruptions are very infectious, and they catch one Member after another. We should not submit to them.

**Shri Ramachandra Reddi:** The object of the committee, if it is appointed should be not only to go into the financial and administrative aspects of the public sector but also to provide for labour to the extent that it dictates to the private sector to provide for them. As a matter of fact, I was a little bit surprised to notice that there is a greater dissatisfaction in the public sector than in the private sector. Of late I have been hearing of strikes here and there mostly in the public sector. Last year, we had the strike in the Hindustan Shipyard Ltd., and also in the UP cement factory. And almost every day, we are hearing of some strike or other here, organised as against Government by government servants.

**Shri K. P. Tripathi:** Are you speaking as a trade unionist?

**Shri Ramachandra Reddi:** I am not a trade unionist, but I have every sympathy with trade unionism.

**Mr. Deputy-Speaker:** If the hon. Member addresses me, he will find me the most patient listener.

**Shri Ramachandra Reddi:** I was only trying to meet those Members who are impatient about my speech.

The object of the resolution is definitely to have a sort of overall control of Parliament over the public sector. I wish that Government take up the matter seriously, and find their way to accept this resolution, though not in the very form in which it has been moved and discussed, but in any other form which would enable them to have a committee appointed to go into the entire question.

**Shri Feroze Gandhi:** Sir, I oppose the resolution, and before my hon. friend Shri N. C. Chatterjee goes away, I shall deal with him first.

He said in the course of his speech that non-officials are not represented on the boards of directors of these public concerns. I may give the instance of Hindustan Shipyard Ltd. Out of eleven directors, one is a technical director and a foreigner who is attached to the concern. As regards the other directors, out of the ten, those who belong to the private sector are (1) Shri Dharmsey Khatau—I do not know what kind of an officer he is—(2) Shri Tulsidas Kilachand, MP, (3) Shri Michael John, (4) Shri Lalchand Hirachand, MP, and (5) Shri Shantikumar Morarji. These people belong to the private sector.

As I said, I oppose the Resolution, but I admire the courage shown by the Mover of the Resolution. With distorted facts which he has presented and given to the House and fantastically wrong figures about the Public sector, he tried to prove that the sector to which he belongs is one where probably things are so rosy and heavenly that we are all invited to go in with him.

**An Hon. Member:** And wait outside.

**Shri Feroze Gandhi:** I would like to ask Sethji a few questions. Who is responsible for all these irregularities and corruption in the public sector? Who are the people who are corrupting the public sector? Who are the bribe-givers and gainers? Who are the people who have poisoned our national life? To which sector of industry do these people belong—the contractors, the businessmen and the industrialists?

Sir, I accuse the private sector of having corrupted the public sector and the officials in the public sector. I will prove my case. It is not that inquiries have not been held. It is not that cases have not been instituted in courts of law. Hundreds of cases have been taken to court, and what have these cases revealed? These inquiries, each and every one of these cases, have revealed that those who have corrupted our officers invariably belong to the private sector. Therefore, against whom should we institute this inquiry? Such an inquiry would be more fruitful if held against that part of the private sector who are the suppliers of materials to the public sector. And that is where all the corruption and all the irregularities begin. It is in the supply of materials by the private sector that irregularities begin. It should be against those industrialists who are the contractors to the public sector that the inquiry should be instituted. It is only when an inquiry is made in that direction that we will know exactly who are the people who are corrupting our national life.

Sethji says that we should leave things to the private sector, the sector whose only contribution to human civilisation has been the coining of two words 'black-marketing' and 'pugree'. Our memories are fresh with all the damaging revelations made by the Company Law Committee and in the debate which took place in this House in connection with the Companies Bill. The only success which part of the private sector can

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claim is the success of sending to damnation thousands and thousands of families who were share-holders in their concerns.

Parliament and the Estimates Committee are not there to inquire into the affairs of the private sector. Sethji can bring no resolutions demanding inquiries against the private sector in this House. Their misdeeds remain buried in their registered offices or underground cellars, and Members of Parliament have no access to those places. And if by some chance we get an opportunity of raising these questions in this House, immediately we hear the familiar ring of words. "Order, order; the hon. Member may resume his seat".

**Shri N. C. Chatterjee:** Is it not a reflection on the Chair?

**Shri Feroze Gandhi:** Sethji has jeered and jibed . . . .

**Mr. Deputy-Speaker:** Is it very necessary to repeat 'Sethji' again and again?

**Shri Feroze Gandhi:** If you like, I can call him 'Mota Seth' or 'big Seth'.

**Mr. Deputy-Speaker:** Repetition so often would smack of something else.

**Shri Feroze Gandhi:** It is not unparliamentary. If it is not allowed, I will call him 'Somani Sahib'.

Shri Somani has jeered and jibed at the working of our Sindri Fertiliser Factory, and has revealed some extravagantly fanciful figures with regard to its working. In the entire course of his speech, Sethji declared with great gusto—I am sorry to have to use the word 'Sethji' again; I cannot help it; I call him that in conversation—that the price of fertiliser f.o.r. is Rs. 315 per ton. To utter such rubbish on the floor of this House is, to say the least, most disrespectful to this House, coming from a person of Shri Somani's standing in the industrial field. The price of fertiliser at Sindri is Rs. 270 per ton. That is a factory in the public sector. So far as the factory in the private sector at Alwaye is concerned, the price is Rs. 345 per ton ex-factory. And against the imported price of fertiliser, how does that compare? The c.i.f. price of imported fertilizer is Rs. 305 per ton. It is only to keep that factory in the private sector going that all this fertiliser has to be pooled, and the poor peasants, about whom Shri Somani spoke, have to pay.

**Shri V. P. Nayar** (Chirayinkil): Through their nose.

**Shri Feroze Gandhi:** That is because the factory in the private sector has got to be maintained. That was why I said that the figures that Shri Somani gave were rubbish.

**Shri N. C. Chatterjee:** Is such an expression permissible?

**Some Hon. Members:** It is.

**Mr. Deputy-Speaker:** I do not say that the words in themselves are unparliamentary, but the way in which they are being used and the force which is being put in them, does not look very right.

**An Hon. Member:** Can he use them with moderation?

**Mr. Deputy-Speaker:** The hon. Member can say the same thing with moderation.

**Shri Feroze Gandhi:** Shri Somani, in the course of his speech said that the Sindri project had exceeded the estimates. The original estimate was Rs. 13 odd crores, and Rs. 23 crores had to be spent. Now, I will correct Shri Somani's figures. The original estimate was Rs. 10.53 crores.

**Shri G. D. Somani:** I said that.

**Shri Feroze Gandhi:** This estimate was prepared by a Technical Mission on the basis of prices prevalent in 1944, not 1947-48 when the orders were placed for machinery and plant for this factory. He said that excessive price had been paid for land. What was the actual position? Land was acquired by the Bihar Government by a notification published by them sometimes in 1945. What was the situation that existed in our country in 1945? He wants to hold this Government responsible for what had happened in 1945 and 1947 prior to August.

Now the Technical Mission, when it prepared its estimates, left out many things, because probably those men belonged to the private sector. In the estimate of Rs. 10.53 crores, the powerhouse which they had planned for would not be adequate. The expansion of the powerhouse, fresh water supply for the factory and the housing estates cost Rs. 2.38 crores. Then again, they did not provide for the following: engineering and other charges for the Chemical Construction Corporation and the Power Gas Corporation, which were added later



on, Rs. 182 lakhs; expenditure on exploration of gypsum deposits in Rajasthan, Rs. 27 lakhs: The establishment charges during the period of construction—that was left out—Rs. 17 lakhs; the C.P.W.D. and the Bihar Government departmental charges at 17½ per cent, that, I believe, was the rate agreed—that was left out; it amounted to Rs. 78½ lakhs. Similarly, there are a few other items totalling about Rs. 482½ lakhs.

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This Technical Mission prepared its estimate and submitted its estimate some time in May 1947. But the estimate was submitted on the basis of prices ruling in 1944. In 1947 May and later these prices had gone up by about 100 to 300 per cent. How did that affect the increased cost of the factory? The Housing Estate itself cost Rs. 1.121 crores. Prefabricated steel, bricks, and R.C.C. accounted for an increase in cost to the extent of Rs. 3.503 crores; laboratory, workshops etc. Rs. .57 crores; railways and roads Rs. .394 crores; land purchase, services etc. Rs. .477 crores. Totalling up the sum, we find Rs. 12.762 crores. Add it to Rs. 10 crores and you will realise that the cost of the factory is roughly Rs. 23 crores.

**Shri V. P. Nayar:** That was again due to the private sector, increasing the rates of cement and steel.

**Shri Feroze Gandhi:** What are the production figures for Sindri? It has produced in 1955, 3.21 lakhs tons of fertilizer. I say that this is a very good record and this House should send its greetings to those who have run the Sindri Fertilizer Factory and not to condemn them in this House. What is the average number of days on which a factory of this kind can work, which is an absolutely new kind of venture in this country? It cannot be worked for 365 days, it is only the private sector that can run these factories and their men all the 365 days. This factory, I am told, has, on an average, run for about 330 to 340 days. Therefore, its production is not exactly what it is supposed to produce throughout the year. It is a little less. This is a chemical factory and the plant and machinery also are of a type which requires constant attention and the factory has got to be stopped at times for proper maintenance and repairs and rest to workers.

Shri Somani has said that the balance-sheets of the public sector concerns do

not give the correct picture of the working. I challenge Shri Somani—here is the balance-sheet of the Sindri Factory—I challenge him to show me the balance-sheet of a concern in the private sector which gives the details of the company in the manner in which Sindri has given its figures in this balance-sheet. I have seen many balance-sheets in the private sector. Shri Sodhia pointed to the fact of directors and other officers making big T.A.s and D.A.s. I do not know where Shri Sodhia got his information from \*\* It is Rs. 4,650 against the total expenditure of Rs. 12.33 crores. I would like to know how this is excessive. How does a Member say that where the total expenditure is Rs. 12.22 crores Rs. 4,650 on account of directors' fees and allowances is too much. I say that it is an insignificant amount and I say you can look up the balance-sheet of any private company and you will come across fantastic figures so far as these directors' fees and allowances are concerned.

**Shri C. D. Deshmukh:** There are only given to those members of the Board who are in the private sector.

**Shri Feroze Gandhi:** That is worse.

After taking into consideration depreciation, after having paid interest on loan, it has taken to the appropriation account a sum of Rs. 1.78 crores odd. How have they distributed this amount? Rs. 94 lakhs have gone to the General Reserve. In the very second or third year of work they have paid a dividend of Rs. 34 lakhs. Has any private concern done that? They have declared a net profit of Rs. 6,27,325 out of which, I am told, 3 months, bonus will be given to the workers. I can challenge Shri Somani to sit with me and study the balance-sheet of any private concern in the private sector which gives these details. They have given out what is wrong, what are the shortages etc. They have mentioned them. I challenge him to show me a balance-sheet of any concern in the private sector which gives a picture of the concern in this manner.

Shri Somani said, leave things to the private sector and they will do it better. I will give the case of the cost of production of locomotives produced by the Tatas and also by Chittaranjan. They are both manufacturing locomotives. The cost of the Tata locomotives is so prohibitively high in spite of the fact that

\*\* Expunged as ordered by the Chair.

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they may be the most efficient industrialists in this country. The imported price of the kind of locomotives which the Tatas make is Rs. 3.25 to Rs. 3.5 lakhs and the price of the Tata locomotive is Rs. 6.5 to Rs. 7 lakhs.

**Pandit Balkrishna Sharma** (Kanpur Distt.—South cum Etawah Distt.—East): You are saying of the Chittaranjan.

**Shri Feroze Gandhi:** Please do not correct me. The imported price is Rs. 3.25 lakhs and the Tata price is Rs. 6.5 to Rs. 7 lakhs. This is in the private sector and they are the most efficient industrialists in this country. What is happening at Chittaranjan. The imported price of the Chittaranjan locomotive is Rs. 5.35 lakhs and the Chittaranjan price is Rs. 5.1 lakhs. This is what the public sector has been able to do. I say again—and I repeat that,—to a man like Shri Karnail Singh, who has run this Chittaranjan Factory, this House should send its greetings. There are a handful of foreign technicians in that concern; but, in the Tatas, it is full of foreign technicians.

Now, I will take the case of the Hindustan Anti-biotics. This factory is only for the production of penicillin. This was estimated to produce 9 million mega units of penicillin. Here is a case where the actual production has gone much ahead of what was estimated. It was estimated to produce 9 million mega units of penicillin per year. This factory is now producing 12 million mega units per year. It has been able to meet foreign competition in spite of the very heavy fall in prices of penicillin in the United States and Great Britain. It still produces penicillin at a very low cost, which compares well with the drop in prices of foreign penicillin.

I will take the Hindustan Cables. In the year ended March 1956, 510 miles of cable were produced though the factory was designed to produce only 470 miles. The cost is less than the price of imported cable. With the installation of a new plant, they hope to manufacture 1,000 miles of cable every year.

The Telephone Factory is producing telephones for Rs. 92/8/- against the imported price of Rs. 110. The Perambur Coach Factory in producing coaches today at a cost of Rs. 2.4 lakhs against the imported cost of Rs. 2.8 lakhs.

The case of Hindustan Shipyard is better known to Shri Somani. This did

not belong to the public sector. The private sector miserably failed and the Government had to take it over. The Deputy Minister for Production tells me that there was not a sheet of steel, even enough for making the funnel of a ship, left over there when the Government took it over. That Shipyard today has produced ship after ship. There may have been complaints. I agree that there will be complaints, but it has done a job of which any nation can be proud, and I am proud of it.

Shri Somani referred to the NEPA Mills and said that it was a miserable failure. Who started it? The private sector started it. They made a mess of it. They ordered the wrong kind of machinery, old machinery and put up wrong kind of buildings. When the private sector decided to leave they burned all the accounts. They burned the accounts, they burned the books, they burned the ledgers and left NEPA. Now the Government is trying to salvage and has been able to produce 20 tons of newsprint a day and the rated capacity of production, I am told, is about 100 tons. When the private sector failed, there was nobody to accuse it. Shri Somani did not come forward and say: "Look, what is happening". Only when the Government has taken it over, only when the public sector has made it a partial success, that Shri Somani says: "Oh! How badly you are doing it."

**Mr. Deputy-Speaker:** Now the hon. Member has surpassed his own limits also.

**Shri Feroze Gandhi:** I would like to answer only one point more, which was raised by Shri K. C. Sodhia and Shri Bogawat. Both Shri Sodhia and Shri Bogawat made very great charges that officers who are manning the public sector make pretty amounts of money here and there, they get high salaries and so on. Sir, I want to refute this argument and I would like to prove to you that these officers are working in their capacities as Secretaries in the Ministries and also looking after this part of the public sector.

With regard to what the private sector gets, Shri Sodhia and Shri Bogawat would get a shock, because I am going to read this agreement and then finish. This is a registered published document and it is not something which I have produced from somewhere. This is an agreement between the Managing Director of Killick Industries and Killick Industries Ltd. Just see how it reads:



"4. Remuneration of Mr. Sheppard to be as follows:—

(i) Fixed salary at the rate of Rs. 6,750 per month to commence from .....

I would like Shri C. D. Deshmukh also to pay some attention to this.

**Shri C. D. Deshmukh:** Sir, I am all ears.

**Shri Feroze Gandhi:** The agreement further reads:

"(ii) Commission at the rate of 1 per cent. of the net profits of the company as defined in the Indian Companies Act."

Now I come to D.A.

**Shri K. C. Sodhia (Sagar):** I am told that in your State services you have got Managers who get Rs. 7,000 per month.

**Shri Feroze Gandhi:** It is said here:

"Conveyance allowance at the rate of Rs. 6,000 per annum".

I have not finished the list; if the hon. Member finds his figure, then he can say.

**The Deputy Minister of Production (Shri Satish Chandra):** There is no such manager in the State enterprises.

**Shri Feroze Gandhi:** The agreement further says:

"Entertaining allowance at the rate of Rs. 9,000 per annum."

It further says:

"The Company to pay medical and dental expenses incurred by Mr. Sheppard for himself and/or his wife and family..."

Then again:

"Mr. Sheppard to be entitled to leave of absence on full pay at the rate of three months per annum to be taken at a time to be mutually agreed.

The Company to provide Mr. Sheppard with such passages as he may require for himself and/or his wife and family from and to Bombay and the U.K. or elsewhere at his option at a total cost to the Company not exceeding a cost at the rate of two first class return air passages from Bombay to U.K. per annum."

The same thing has been repeated exactly the same agreement, in the case of the General Manager.

Sir, we cannot move towards a socialist society in this manner. This is

really shocking. This is shocking that two persons should be paid such heavy amounts. These are things happening in the private sector about which we do not know. Shri Somani will agree with me that if revelations in connection with the private sector were to be made, probably members in the House would fall unconscious.

**Shri V. P. Nayar:** Mr. Deputy-Speaker, Shri Feroze Gandhi's speaking before me has made it possible for me to finish my speech earlier. I oppose the Resolution of Shri Somani. It is a very carefully worded and a very exhaustive Resolution, no doubt, and I have found that with the very careful wording of the Resolution and the speech which he made, he could even influence persons like Shri N. C. Chatterjee, who said he had no ideological animus, and also Shri Ramachandra Reddi.

Let us take the Resolution as it is. What is Shri Somani's case? Shri Somani has read out the extracts from the report of the Estimates Committee and spoke at length criticising the public sector. He did not say a single good word about the public sector at all, nor did he say a single bad word about the sector which he represents, the private sector.

I was rather amazed at the very clever way in which this Resolution has been moved. He says:

"Many of these undertakings are functioning in a position of monopoly when units in the private sector function in a competitive field. Those in charge of the management have, therefore, to take the necessary steps to ensure that they function in the most efficient way."

This is his chief contention. He says that the public sector brings about a monopoly and in that monopolistic position the industry or the undertaking is liable to go on unchecked. Therefore, without any fear of competition it does not function properly.

Now let us look at the case of private sector. I am arguing the case of the public sector *vis-a-vis* the private sector. Take, for example, the industry, which is best known to Shri Somani himself,—of cement. Shri Feroze Gandhi was reading out how the Sindri construction estimate figures went up.

**Mr. Deputy-Speaker:** Even when such an interesting debate is going on, some hon. Members find certain more important subjects to be discussed privately.

**Shri Nambiar (Mayuram):** That is, again, private sector, Sir.

**Mr. Deputy-Speaker:** Let all hon. Members pay attention to what the hon. Member on his legs is saying.

**Shri V. P. Nayar:** I am submitting for the attention of the House the case of cement industry. Probably, Shri Somani will say that there is no monopoly. For the purpose of argument, I am prepared to concede that in the cement industry there is no monopoly for any grade. What is the cost of cement today? The contention is that, when there is monopoly in the public sector there is some sort of price manipulation and nobody can touch it. But, I am asking Shri Somani himself, whether, in view of the fact that there has been no monopoly in the cement industry according to him, they have brought down the price of cement? He promised two cement factories each producing  $1\frac{1}{2}$  lakh tons at Rs. 4½ crores anywhere; probably, he can supply even at the Himalayas, I do not know. But, what about the price of cement? We require cement for all our construction projects. The common people require cement for all their construction works. How is it that this industry, which is very vital for the national building activities has not been able to reduce the prices? What about the black-market? Cement, a product of the private sector, is available in the black-market. Today, if there is a very urgent demand for cement for some urgent construction works of the Government, the contractors have only to take recourse to the prevailing black-market. What has Shri Somani and this industry done in this respect?

Take, for example, another case—the case of cotton yarn. As you know and as everybody knows, on the price of cotton yarn depend lakhs and lakhs of people's lives. Even during the peak war prices, you did not have the prices which you have for cotton yarn today. There is no case for the private industry to show that either the price of raw cotton has increased to justify the price at which it is sold today or that the wage bills paid by the mills have increased to such an extent as to warrant such a highly inflated price. What has the private industry done? This is a matter which we should look into. The private industry is interested only in one thing and that is the profit. But I do not hold a brief for all the projects, nor do I say that every project in the public undertakings has done all that is best. It is

not so. I have had occasion to visit most of these undertakings either as a Member of the Public Accounts Committee or as a Member of the Estimates Committee. I have seen most of them. I can unhesitatingly say that the conditions which are available for the workers in those undertakings which are run by the Government are far better than those which are given by the private industry. But that does not mean that we are providing 'all that is best. Certainly not. But as compared to the industries in the private sector, certainly the public sector affords better facilities. We know, as a matter of fact, that there has been many wrong approaches made. Many things which could have been avoided, have been done. There were many mistakes and some of them very costly mistakes too. But all that is different. Yet, why is it that we are forced to say this? Let Shri Somani think of it. Why is it that good private industrialists in India did not start one of these factories? The simple reason is that they were not interested in nation-building. They were interested primarily, only on getting some articles made and having them sold out—palm them off as genuine stuff—at fantastic profits. If that amount of profit was not forthcoming, immediately, then the private sector was not prepared to take it up.

Why is it that India has made no development in fisheries? Everybody knows of its importance. The private sector would not touch it even with a pair of tongs, because, if today you invest on it, tomorrow you cannot get anything out of it.

Take the case of any other industry which is run by the private sector. Has there been any price reduction commensurate with the other reductions in other fields? The prices of oils are varying and sometimes they are taxed down very heavily. What about the soap prices? The soap industry is one which is run by the private people. Have the prices been reduced? Take the case of any article, where the price of raw materials will go down, the wage bills will not increase and the price will not be reduced. This is the private industry's role.

Shri Somani says that the Estimates Committee has said this. Well, I also endorse it. The Estimates Committee has said what other Committees have to say. But then, Shri Somani did not say anything about the private sector. I do not have the time to go into all the details

within the limited time, but I would like to read out one or two extracts to show what the private sector has done. There can be no case even for Shri Somani where any one of these undertakings in the public sector had misused its profit in the way in which the private sector has been using. The reports of the Income-tax Investigation Commission are replete with instances. I do not want to go into the details, but one or two typical cases in respect of the friends of Shri Somani will be very illustrative. Here is the case in the report of the Income-tax Investigation Commission for 1952:

"The managing agents of a textile mill were found to have evaded tax by showing the cloth manufactured by the mill as sold to nominees and intermediaries, who passed the same to other nominees before the goods reached the genuine dealers, the profits earned at each stage being secreted and taken by assesseses".

Is there any public undertaking which has done this?

This is not the most serious thing, because there is another instance in the report of the Income-tax Investigation Commission for the year 1953 where a firm, a well-known firm of cotton textile dealers, have purchased fictitious losses. Has anyone heard about it? They have purchased fictitious losses and shown them in the accounts of the company. Much was said about travelling allowance. I do not justify—

**Shri K. C. Sodhi:** Are you cutting your nose to spite others?

**Shri Namblar:** It is a reality.

**Pandit K. C. Sharma:** He wants to keep it safe from infection!

**Shri V. P. Nayar:** In view of so many interruptions, I do not propose to answer them. I shall read out another instance. These are things which we must go into. If Shri Somani's case was that these things happen only in the public sector and nothing of the kind happens, whatever be the conditions, in the private sector, we could have understood, but he always said in respect of the public sector that this is wrong there, that is wrong there, and so on, and he said not a word about the private sector. Here is another case which paints a picture in the private sector and I may be allowed to read one extract more. I am read-

ing from the report of the Income-tax Investigation Commission for the year 1953:

"A firm of managing agents derived substantial income from the managing agency of a textile mill year after year, but the same was being wiped out to a large extent by the losses claimed in bullion and cotton speculations, etc. The investigations disclosed that the firm was buying fictitious losses in speculation with a view to reducing its taxable income—a not uncommon device and one which is being largely practised in places like Bombay and Calcutta."

These are both places with which my friend Shri Somani has associations and business contacts.

"The *modus operandi* was to employ a chain of brokers who recorded the transactions in their books for a small remuneration and showed the payment to some other party".

I submit that the Income-tax Investigation Commission could not cover even one per cent of the cases of tax evasion. It was physically impossible, because tax evasion was the order and tax remission was the exception. Even within the very limited number of cases brought forward in the report of the Income-tax Investigation Commission, there is nothing to show by way of support of Shri Somani's points. I am relying on those reports, because Shri Somani was quoting from the Estimates Committee's report very often. The report from which I have quoted shows that all types of conceivable and inconceivable transactions have been done by the private sector in every type of industry, and the managing agents failed to do proper things, and it was to the very serious detriment of the industries concerned. I am submitting this point again because Shri Somani's case was that when we spend money in the public sector, we should see that every pie that we spend is properly spent or utilised. It is very strange that Shri Somani comes out with a resolution. We know that Shri Somani—I have the greatest personal regard for him—and the private sector are very much irritated by the expanding public sector, and by the inroads which the public sector is now making in the fields where the private sector had a monopoly. Shri Somani is getting offended about it. We also know that if you make an inquisitorial

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approach, on the one side, for something wrong that has been done, printed out and then circulated, Shri Somani thinks and he probably feels, that by that time it will be possible to ridicule the whole apparatus of the State which is now running certain organisations. We know that this is to show the defects of the public sector without mentioning anything about the private sector. I have no doubt about it.

In the circumstances, the House must throw out Shri Somani's resolution. It does not even merit serious consideration. When I say this, I do not say for a moment that everything in the public sector has been done very well. We have made a beginning. We have committed several mistakes of omission and commission. Let us look at the factories themselves. If some serious criticism was offered I could have understood it. Obviously, there are certain facts which we cannot escape from. There is no uniformity in the management of the Government undertakings. The Hindustan Machine Tool Factory, for example, is run by a gentleman who was a diplomat once upon a time. He was in our Foreign vice. The Integral Coach Factory is run by a person who is a specialist in finance. The Hindustan Antibiotics is run by a doctor: well and good. There is another factory, the Hindustan Aircraft, which is run by a civilian. Even such a technical factory as the Bharat Electronics is run by an India Civil Service gentleman. I had been to most of these factories. A more surprising thing was that in a very specialised factory like the Sindri Factory, a gentleman had been appointed who had spent his lifetime on the railways. I do not know what the railway experience gives him to make him the fittest choice. When he is superannuated from the railways, he is taken up here. There are certain defects like that, which we can very well avoid.

We can certainly evolve a cadre of industrial managers, it is very good to have it. We can also have a system of cost accounting with much better efficiency than what we have today. Our cost structure has not been good; our estimates have not been all right. Much of the estimates were boosted up. Originally they were all right, but later on they were boosted up only because of the non-co-operative attitude of the private sector. I have no doubt about that. We can certainly evolve a cadre of engineer-

ing specialists. We can do a lot more for the workers. We can associate the workers with the management of these undertakings. If such criticisms are levelled up against the public sector, one can understand. The hon. Mover of the Resolution has used very guarded words; he has camouflaged the whole Resolution and has argued in a very clever way without a single reference to any good point on this side and without a single reference to the defects on the other side which, it is the desire of the public organisations, to combat.

I submit, therefore, that the House should not pay any serious consideration to this Resolution. The House must understand the spirit in which this Resolution is moved and should not allow the private interests in this country to dominate over the public interests or play, as Mr. Kamath prompts me to say, ducks and drakes.

Mr. Deputy-Speaker: I must be guided by the House. The hon. Minister will require about 40 minutes and the Mover of the resolution will require 20 minutes, because much has been said and he has to reply. That means that an hour is required and perhaps we may have to spare five minutes for Mr. Gurupadaswamy. Then according to the schedule if we want to rise at 5-30, I must call upon the hon. Minister now. But, if the House is prepared to sit longer...

Several Hon. Members: No, no.

Mr. Deputy-Speaker: The hon. Minister will now reply.

Shri C. D. Deshmukh: Mr. Deputy-Speaker, my task has been made very much easier by some of the speeches that we have heard this afternoon from both sides of the House. It is only formally necessary for me to say that I rise to oppose the Resolution.

So far as the wording and scope of the Resolution go, I think it suffers from the defect which we know in Sanskrit as Athivyapthi. It means "to cover too much".

Shri A. M. Thomas (Ernakulam): It is like the reliefs asked for in the plaint. There is also the omnibus clause "such other reliefs as are deemed fit to be granted".

Shri C. D. Deshmukh: Secondly, I think it suffers from a constitutional defect. It asks the Government to appoint a committee which, however, is to submit its report not to the Government, but to Parliament. That is a procedure which to my knowledge does not obtain any-

where else. If Parliament appoints a committee, then Parliament will order that the report be submitted to it. If the Government appoints a committee, the report should be submitted to the Government and the Government should bring it forward before Parliament.

Apart from these formal, though serious, defects, I do not really see what purpose is to be served by a Resolution of this kind. In saying this, I for one am not inclined to attach any motives to the hon. Mover of the Resolution. That resources should not be wasted and that they should be put to the best possible use must be common ground among all of us, whether they are Members on this side of the House or on the other side. But, my quarrel with the hon. Member is that he does not recognise that resources could be wasted or utilised to the disadvantage of the community to a much more serious extent in the private sector than what is being done today or attempted today in the incipient public sector. It is arising out of this reflection that I once made a statement, in regard to which questions were asked, that in my opinion it would be better if the performance of the private sector also was investigated by a committee or a commission. It was not in a spirit of fault-finding that I said this. I said that it was necessary that we should get at the truth in this matter in order to satisfy ourselves as to what is the most profitable use of the resources at the disposal of the country.

It is quite true that here in Parliament, our attention has to be concentrated on a narrower issue. That issue is that of accountability to Parliament. I submit when one is on the eve of formulating an ambitious second Five Year Plan, one ought to consider national resources as a whole and not take an unbalanced view of this matter. Now, it should not have been necessary for me to say this to a House which, not very long ago, dealt with the whole system of the organisation and management of joint-stock enterprises. In passing that piece of legislation, the House had occasion to consider in how many diverse multifarious ways the resources of the community could be wasted or mishandled through the private sector. I do not wish to enter into that aspect, especially as sufficient has been said by other Members. I do not think we should confuse the issue by taking a one-sided view one way or the other. One should focus one's attention on ways of ensuring that our na-

tional resources are put to the best advantage possible.

I do, however, feel tempted to say one or two things and that is in reinforcement of what has been said by other hon. Members, namely, that many of these enterprises which we took over were originally started in the private sector. Instances have been given. The Nepa Mills and the Visakhapatnam Ship-building yard. Many private enterprises are today operating in conjunction with the enterprises in the public sector. The Alwaye Fertiliser Plant is working in conjunction with the Sindri Factory. Coming back to the narrower issue of accountability, it is easy to concede that Parliament must satisfy itself that the moneys which it is finding after such great labour and is voting for the various projects are put to the best possible use. It was with that in my mind that I referred to a committee to go into this question in the course my budget speech.

I said there:

"This very tempo of rising expenditure during the next five years would open up many possibilities of extravagance and waste and it is necessary to keep a still closer watch over such expenditure to ensure that the tax-payer gets the maximum benefit out of the planned outlay."

I shall not weary the House by reading that part of the speech over again, but I had it in my mind that through a machinery, not indetical with the one suggested, but somewhat similar, we should organise a thorough investigation, including inspection, in the field of the important projects in hand both at the Centre and in the States with the approval of the National Development Council through specially selected teams. I also said that those teams would be composed of officials as well as non-officials, specially selected for each group of related investigations and may be, I added, be assisted by outside experts.

Now, so far as methodology goes, I think this is a better way of dealing with the matter, even if one wanted to have an investigation conducted, rather than to appoint one all-embracing commission which would spend years perhaps in going through all sorts of public enterprises and I am convinced, Sir, that we shall get better results and, what is more, we shall be able to act more expeditiously if we follow this sectional method which has been adumbrated in my speech.



[Shri C. D. Deshmukh]

Now, the point that hon. Members might take, or the Mover might take would be that this seems to refer to projects to be taken in hand, or projects which are already in hand, but they would not touch the enterprises which have already been established, and, therefore, at a later stage it will be for me to refer, however briefly, to the verdicts that have been passed from time to time on the enterprises which have already been started. But I referred to what I said in my speech, because many of the multi-purpose projects to which a reference has been made in the resolution are in hand and I take it that if any teams of investigation are appointed, it will be their business to go into the uncompleted portions of those projects as well as necessarily what has already been completed. I think, on reflection, whatever else the hon. Mover agrees to, he will concede that the multi-purpose projects at any rate ought to be taken out of the scope of any enquiry of this kind and there are very many reasons for this. They do not lend themselves to an omnibus enquiry. They are very much worth for experts to go into and since the House has already granted the demands of my colleague, the Irrigation and Power Minister, I take it that it has accepted the suggestions that he has made. I believe he drew attention to the almost continuous enquiries that he has ordered into the workings of these multi-purpose projects.

There is one thing that one ought to remember in regard to these projects and that is the total dimensions of finance involved are something which could never be matched in the private sector. Taking Bhakra-Nangal—I do not know what the latest estimate is—it is Rs. 165 crores; in the case of the Damodar Valley the latest estimate is Rs. 90 crores; in the case of Hirakud also it is a little under Rs. 90 crores. These are vast sums which could not possibly be matched by any single enterprise that the private sector might be undertaking. In any case, these are necessarily projects that the public sector must take charge of. There is no possibility of considering any other alternative, except of course, to give contracts for these works to the private sector and although I am not in a position to give any details, I dare say that an investigation will show that the experience of other countries has been that wherever contracts for such works or comparable works have been given, the

cost of those works has been very much higher—cost per acre or unit of power generated, whatever it may be. There may be a few exceptions, as for instance in Canada in the case of power, where circumstances are very favourable.

In this connection, I may also dispose of a point which two hon. Members made, the Mover as well as Shri Chatterjee and that was shortfall in planned expenditure, as pointing to some very serious defect in the formulation and the implementation of these projects in contrast with what is done in the private sector. Now, it seems to me, that we are not comparing two comparable things at all. So far as I know, the private sector does not start with a planned economy of that kind; in any case, if they start it, they are responsible only to their shareholders or at a later stage to those who are responsible for thinking out a particular project, whereas a plan is a national effort where necessarily the goals that one has to set have to be almost advisedly and deliberately ambitious in order that the country may be persuaded to put out its best effort in implementing the plan. Therefore, there is bound to be a difference between the purpose of a national plan or a large public sector and the completion of individual projects in the private sector. Therefore, I do not think that shortfalls although they should be investigated are any reason for instituting enquiries. Certainly, enquiries would be needed as to why the shortfalls are occurring; whether it is because the country has not been able to raise the resources, or it is because of some administrative failure at one of the scores of points where administration is called for. All that enquiry is very necessary. But it does not point to any malfeasance or misfeasance and therefore I think the House should not pay too much attention to this particular point of shortfall in the implementation of the plan. Now that is as regards the multi-purpose projects.

In regard to the other projects—and these are mostly industrial enterprises—there are certain general considerations which must be borne in mind. Many of them have been mentioned by Shri Tripathi, who has to my mind made a very valuable contribution to the consideration of this subject. One must go a little deeply into the question of monopoly, this blessed word "competition" or the blessed phrase "the law of supply and demand". Now, all these things are not applicable in the same way to public enterprises as they are to private enter-



prise which as many hon. Members have pointed out is out to make the kind of profit that it is allowed to make by any social or economic system that may be prevailing for the time being. Indeed, till lately it was taken as axiomatic that all private enterprises ought to be allowed to make as much profit as competition or the laws of demand and supply would enable it to make. Now, one can look back the corridors of recent economic history and find out how disadvantageous the working of this system has been or could be for the community. My mind goes back to the days of 1948 when controls were taken off food and cloth, and lo! the law of competition began to operate and the law of demand and supply began to operate and prices of cloth went up by 70 per cent inside one month or two months. In the public sector, it is not given to us to produce goods and to sell them with this kind of freedom.

Some people, taking some doctrinaire view, have gone to the length of holding that all public concerns must be run for the bare utilities of the public, that is to say, charge only the minimum charge as for instance, in the case of the railways, and if they are to be used for drawing the economic surplus from the community, then, it must be regarded as near taxation and should come before the House before price fixation is made. I am very glad that that extreme form of theory has not found many adherents yet in this country. Hon. Members opposite will be knowing that in many countries, not working under the western forms of democracy, the profits made by the State enterprises are a very important element in the financing of the economic development of those countries. Suggestions to that effect have been made by some economists here in the course of their consideration of the Draft Outline of the Second Five Year Plan. I do not suppose that Government has very definite views on the matter. Tentatively, we are trying to work out many forms of State enterprises of this kind, State-trading, and manufacturing we have already begun. But even if it was possible to run them so as to make very large profits, I doubt whether, at the moment the country would be prepared, and the House would be prepared to let the Government make this sort of profit which would compare with the profits that are made in the private sector. As compared to the private sector, the public sector is at a very serious disadvantage, so far as reserve are concerned, at

least. To the enterprises which are departmentally run, there is no way of creating or accumulating internal reserves whereas under the systems that have been adopted, systems of taxation, systems of pricing, price controls and so on, we make a point almost of enabling the private sector not only to make profit but also to accumulate a very fat reserve to enable them to expand and get richer. As I said, enterprises in the public sector are not so far given permission or the green signal to follow that course of action.

The private sector can always depend on protection. If the charge is that in the public sector, government enterprises may achieve a position of monopoly, in the private sector, the industry as a whole is enabled to achieve something like a monopoly as against foreign production. Who pays for it? The consumer. The consumer has to pay in the shape of higher import duties.

**Shri Sarangadhar Das:** (Dhenkanal West Cuttack): You have the sugar industry.

**Shri C. D. Deshmukh:** I was going to say that. You have the sugar industry. In any other country, sugar is manufactured much cheaper. I do not know for how many years the consumer in India has paid the price for manufacturing sugar here.

**Shri Sarangadhar Das:** Quarter of a century.

**Shri C. D. Deshmukh:** I do not say that it is necessarily wrong. Though it will be subjected to conditions and the conditions are getting stricter,—there is examination and review by the Tariff Commission—the private sector or even the Government sector, if it is necessary, should have a degree of protection of that particular form, that is to say, higher import duty. The point of my remarks is that it is no good drawing inferences from over-simplified situations in regard to the characteristics of the private sector as opposed to the public sector and that one should remember the basic advantages and the basic disadvantages of both.

I shall round that off by adding only one observation and that is, we should decide what should go into the public sector and what should go in the private sector, not by reference to relative economics of the thing so much as on the basis of some philosophy. That philosophy is contained generally in our single figures in crores. If one takes the view, a broad view, of all these, I think,

[Shri C. D. Deshmukh]  
choice of a socialist pattern of economy for the country. I have no doubt that in a few days time, the Government will place before Parliament its revised formulation of industrial policy. After that is decided, then our way would be clear as to what should be started in the public sector and what should be left in the private sector. From that moment, at any rate, there should be no under currents of attempts to prove that one is right and one is wrong. One should, therefore, discuss all these issues by only reference to one criterion and that is, are national resources being put to the best advantage possible.

In the course of the debate, some hon. Members said—I think the Mover—that there are shareholders in the private sector to watch over the fortunes of private enterprise, leading one to infer thereby that there was nothing compared to that in the public sector. I, Sir, regard the Houses of Parliament as the shareholders in this matter.

Some Hon. Members: Without dividend.

Shri C. D. Deshmukh: Their dividend, I am sure, lay in the satisfaction that they get in the development of the country. But what I mean to say—and I think that is a compliment which I must pay—is that I know of no shareholders or a body of shareholders who would take so much interest in the enterprises belonging to them as do the Houses of Parliament. That is illustrated by this very debate. Therefore, I go on to argue that one need not be nervous on account of the absence of shareholders in regard to public enterprises. I go to say further that so far as actual investigation is concerned, I do not think any one can accuse Parliament of negligence or apathy in this matter. The very fact that the Mover referred several times to the views of the Estimates Committee shows that a great deal of investigation has already taken place. In deed, at one time, it appeared to me that he was basing all his case on the reports of investigation which had already been made. If that is so, there would be no room for any further investigation. If further investigation is to be made, it should be prescribed by that Committee which has already made the preliminary investigation. There is nothing to stop the Estimates Committee which, I think, in its thirteenth, fourteenth, fifteenth and the sixteenth reports, has examined one after an-

other all enterprises of the Government and make suggestions. In regard to the recommendations made in the thirteenth and fourteenth reports, I think most of them have been accepted, and I believe statements have been laid before the House. Some one complained that we have not yet taken a decision on the recommendations of the Estimates Committee on the sixteenth report. The sixteenth report contains very fundamental suggestions in regard to the organisation of public enterprises. And we have been collecting the views, we means the Finance Ministry, of all the Ministries concerned, and there are many Ministries which are concerned in this matter. They have been collated and I do hope that before the House adjourns or is prorogued, that is to say before the termination of this session, we shall be able to place before the House our conclusions with regard to the recommendations made by the Estimates Committee. So, the fact that there has been a certain amount of, to my mind, inevitable delay in considering these very important recommendations is no argument for starting a further series of almost aimless investigations.

5 P.M.

That leaves only the question of some of the specific points made in regard to some of these Government enterprises. Details have been given in regard to Sindri. There was some reference to Chittaranjan. I am grateful to hon. Members who point out that we start and we attempt to be model employers although but even that intention is not always present so far as the private sector is concerned.

Take the case of Chittaranjan. Much of the expenditure which was incurred and which is included in capital expenditure was on housing, and yet anyone who has been to Chittaranjan is struck by the plenitude of accommodation and the excellence of the accommodation that is available for workers in what was I believe just a part of the jungles in that State.

Then I would also urge that we should have some kind of perspective in dealing with these different enterprises. The total capital involved in these varies very considerably. There is Sindri which is about 25 or 27 crores. There is Chittaranjan which again, I believe—I am not quite sure of my figures—is about 14 or 15 crores and then there are smaller units like the cable factory and the penicillin factory and so on with capital in

single figures in crores. If one takes the view, a broad view, of all these, I think, one is bound to come to the conclusion that Government has not done so badly, that Government has been put on its mettle and on its best behaviour by the very systematic and painstaking investigation that has been made from time to time by both the Committees of the House, the Public Accounts Committee as well as the Estimates Committee.

In regard to the details of the working, reference has been made to the good results attained by Sindri, the telephone factory, the anti-biotics factory etc. Reference has also been made by Shri Gandhi to the better showing of Chittaranjan as a producer of locomotives, and I have no doubt that as we get time to adjust and to correct our errors which we are very ready to admit, we shall be able to prove that public money has been well invested, apart from the philosophy of the matter, and is not being squandered, as one hon. Member seems to believe, in these public enterprises.

I shall not go into the matter of relative corruption and wastage and extravagance and so on, because one is inclined to make statements which are too general and too sweeping and I deprecate that tendency. One swallow does not make a summer, and that will hold on both sides. I can give instances of daily allowances of Rs. 200 a day in the private sector. I have seen the paper.

**Shri V. P. Nayar:** They go on holidays.

**Shri C. D. Deshmukh:** With their families. Travelling allowance is for themselves with the family and daily allowances Rs. 200. Then, I hardly know of any businessman who owns a car for himself or who lives in his own house. There are palaces available for them, whether it is Delhi or Bombay or Calcutta or wherever it is. I believe all their entertainment is at the cost of the company. If truth has to be told, these matters also must be told. I had occasion to point out during the discussion, I am sorry I am taking time; of the company law that whereas managing agents were taking 10 to 12½ per cent on the gross profits, the cost of management of Sindri was below one per cent. I did not give the exact figure, but I believe it was 0.6 but I thought one per cent. looked more respectable, allowed a little room for expansion. The House will ask: why is it then that the income-tax department or any other department allows these things to go on. My answer is it is almost im-

possible to check all these small things and in the context of outlays of Rs. 5, 10 or 15 crores, it is impossible for any income-tax officer to go into these matters T.A.s. and expenditure on entertainment, but we are trying to do our best. But I have no doubt that the people who run the private sector are allowing themselves for these expenses far vaster sums than would be conceived of by any public servant, no matter what grade he may be belonging to.

That leads me to this question of who is managing our concerns. In principle we have accepted the necessity of constituting a cadre of industrial service or managerial service, whatever it is. I think it was announced, or it may be announced one of these days.

**Shri A. M. Thomas:** It was announced at the time of the Production Ministry Demands.

**Shri C. D. Deshmukh:** I seem to remember it was announced. The difficulty is getting about the bodies. By constituting a cadre you do not get the persons. Where do we get the persons. We either get the persons from those who have had some kind of experience and who may be relied upon to absorb new experience quickly against their large administrative background, or we can compete with the private sector in getting their bright people. There we have to encounter a difficulty. Where as we can post our officers on their existing pay or with a small increase in pay, if we ask any of their bright people, they mention their own price, and it is almost always impossible to pay that price—Rs. 4,000 or Rs. 6,000, allowances, house allowance, motor car allowance, free medical aid, whatever it may be. It is not always possible for us to get the right kind of people. Therefore, the only alternative that is left to us is to recruit and train our own staff. That is not a matter that can be done in one or two or three years. It is a matter which will take at least ten years before we can get and train our own men on whom we can rely to run industrial services. But, as I say, we have accepted the principle, and we shall be taking steps to implement that particular principle.

I think I have dealt with most of the arguments on the strength of which the Mover sought to support his resolution, and I repeat, I feel that it is entirely unnecessary and that there is a vast deal of material for us to consider and digest which has been thrown up by the labours

[Shri C. D. Deshmukh]

of the Public Accounts Committee and the Estimates Committee, and it is open to those Committees to go further into these matters in the light of any replies that Government may give, and when we have completed that process we shall find that there is hardly anything that needs investigation of this comprehensive kind in regard to public enterprises.

**Shri Sarangadhar Das:** May I ask a question? The Minister quoted, with regard to the enterprises in the private sector, the Mover of the Resolution that there are shareholders there to control while there are no shareholders in the enterprises in the public sector. I should like to know if the Minister has any knowledge about those shareholders in private companies in the private sector controlling companies' affairs?

Or is there manipulation to make them ineffective?

**Shri C. D. Deshmukh:** I think the answer will be found in the record of the debates on the company law.

**Shri N. C. Chatterjee:** Also in the Company Law Committee's report.

**Shri G. D. Somani (Nagaur-Pali):** Four hon. Members have strongly supported the resolution, and therefore I need not say anything by way of reply to the points that they have made in the course of their observations. As regards my hon. friend Shri K. P. Tripathi, he was also not strongly opposed to the resolution, and therefore at the very outset, I would like to say that I find myself in agreement with most of the points that he has made, and as such I would not like to say anything in reply to the observations made by him.

Two hon. Members who are in opposite camps, have so violently and strongly reacted to this resolution, and therefore I would like to devote a large part of my reply to the observations made by them.

So far as the exhaustive review by the Finance Minister is concerned, neither the time at my disposal nor the nature of the exhaustive review that he has made requires any detailed observations from me.

At the outset, I would like to make it perfectly clear that neither the purpose of the resolution nor its wording would in any way indicate any opposition to the expansion of the public sector. I plead that it is due to my very agreement in principle on the expansion of

the public sector that I have tried to move this resolution to ensure a proper enquiry into the shortcomings and defects in the past working so that we may take the necessary remedial measures for the future. If it were a question of opposing the expansion of the public sector by way of making this enquiry and holding this examination, then that purpose would not have been served by the appointment of this committee, because the resolution only says that the committee, after going into the working of all these undertakings, should suggest such measures as will lead to their improved working. Therefore, I do not think that the very idea of suggesting measures for the improvement of the public sector could in any way give room for the slightest inference on the part of my hon. friends to say that because the public sector is expanding, therefore, those of us who are connected with the private sector are getting nervous over it, and that it is with a view to getting the public sector condemned and thereby restricting its scope, that this resolution has been moved. I want to make it clear that I welcome the expansion of the public sector, and that the only purpose and the objective which I had in view in moving this resolution was to get an expert committee appointed to go into the entire field of working of the various projects, so that they could lay their fingers on the reasons and the circumstances under which the shortcomings were found and suggest measures whereby in the future working of our public undertakings, such irregularities or defects or deficiencies or drawbacks would not recur.

Much was made of the fact that I had nothing very good to say about the public sector. But the very nature of the resolution is such that I had to point to certain defects and drawbacks, in order to make out a case for future action by which these irregularities or drawbacks could be removed. I am second to none, and especially not second to my hon. friend Shri V. P. Nayar, in paying my tribute to the achievements of the public sector, and their holding out a very glorious and prosperous future for the public sector. We are really proud of the fine work that is being done by our Government officials, and nothing was farther from my mind than to cast any general aspersion on the efficiency or integrity of the public services as a whole.



But the point that I did make at the time I moved the resolution, and that I want to reiterate now, is that on the basis of the findings of the Estimates Committee and on the basis of the opinions expressed in the country from time to time, it is quite clear that all is not well with the public sector. If my hon. friends who have opposed the resolution are of the opinion that everything in fine and everything is going on well, I think they will be disillusioned because this policy of complacency or this policy of indifference to the defects and drawbacks is going to react adversely on the public sector, and thereby they are not going to serve the cause which they are advocating, but they will only be inflicting a heavy damage to the very cause which they are trying to espouse.

I now come to the specific points made by my hon. friend Shri Feroze Gandhi. I had no intention to copy the sarcastic manner in which he has made his whole speech. But it was really a wonderful suggestion to say that because certain contractors or certain members of the private sector had indulged in bribing Government officials, therefore the private sector as a whole is to be blamed for all these irregularities or lapses that have been found. I have yet to learn of a philosophy which will be based on this namely that because somebody offered something to a particular individual, and the latter accepted that something as illegal gratification, therefore the giver alone is to be blamed for it.

**Pandit K. C. Sharma:** Equally guilty is the abettor.

**Shri G. D. Somani:** I am glad that at least my hon. friend Pandit Shri K. C. Sharma says that both of them are guilty. My point is that in my experience in the business sector, I have come across many instances where the people in the private sector have simply due to sheer necessity of getting something done, had to offer something by way of illegal gratification or bribes or rewards. They did so, not because they wanted to do so, but owing to the sheer weight of circumstances, they were forced to do so, because unless they did so, their work would not be done, their bills would not be passed, their work would not be certified and so on. So, it was due to the sheer weight of circumstances, that they had to do so. Therefore, it is no use my hon. friend Shri Feroze Gandhi saying that because the private sector or the

contractors did collaborate or did indulge in these things with the government officials, therefore, the private sector as a whole stands condemned. That is a very curious logic. I do not know how far the hon. Member has been able to succeed in making out a logical case by talking in the manner in which he did.

**Shri Feroze Gandhi:** Each and every court case is there.

**Shri G. D. Somani:** Coming to the question of the Sindri factory, to which my hon. friend devoted a large portion of his speech, I am, of course, not in a position to give any detailed facts and figures as he has been able to present before the House. Whatever I had said was based on the reports of the Estimates Committee, and other publications in regard to the working of the Sindri factory. I do not deny that the firm is doing well, and has achieved its target of production. But what I had pointed out was in regard to the manner in which the entire project was executed, and the price at which the concern is selling its product.

My hon. friend had made much of the price that I have indicated. He called it rubbish, and what not. But I think my hon. friend is forgetting the whole history of the prices which this factory has been charging. In fact, I myself had corrected my figure, in the course of my observations on the Demands for grants of the Production Ministry, and said that the price had been reduced from Rs. 315 to Rs. 270. But that does not mean that the factory was not charging Rs. 315 a few months back. The price charged was even more than Rs. 315, and it was later on reduced gradually.

**Shri C. D. Deshmukh:** What the hon. Member said was that they could have charged Rs. 270, had it not been for the necessity of assisting another factory which was producing at a much higher cost.

**Shri V. P. Nayar:** And which factory belonged to the private sector.

**Shri G. D. Somani:** I am not aware of any such scheme whereby Government would come to the rescue of a private factory and in order to help it they will charge a price which would be detrimental to the economy as a whole, or which will be prohibitive from the cultivators' point of view. After all, the private industrialists have suffered terribly in the past...

**Shri A. M. Thomas:** I am sorry that such a comparison should have been made with the fertiliser factory at

[Shri A. M. Thomas]

Alwaye. Of course, I oppose the resolution. But we must have some consideration of the circumstances under which that company works. Actually, it is because of those circumstances that Government are now having an expansion plan, and they are going to contribute a substantial amount. It is not fair to make a comparison with the fertiliser factory at Alwaye. I am sorry the Finance Minister also has fallen a victim to that comparison.

**Mr. Deputy-Speaker:** Explanations and counter-explanations may become endless.

**An Hon. Member:** Facts are facts.

**Shri G. D. Somani:** So far as the existence of the private sector was concerned, it was absolutely not relevant for our purpose. What is more relevant, and which Shri Feroze Gandhi conveniently ignored to reply, is the Report of the Fertiliser Production Committee of the Ministry of Production itself. That Report categorically states that if any new fertiliser factory is established today in Rajasthan and some other places also, it would be able to sell fertilisers at a cost of Rs. 175 per ton and would still be able to make a profit. I have nothing to grumble against Sindri and those who are in charge of it. They are doing magnificently well.

**Shri Feroze Gandhi:** He has changed his mind.

**Shri G. D. Somani:** My point is that the fact that something was planned on a wrong basis is borne out by the Government Committee itself. If today, in spite of the increase in the cost of manufacture, a new factory could produce fertiliser at Rs. 175 per ton, here is something which makes it absolutely clear that there is something wrong with the whole plan of the Sindri factory, which my hon. friend omitted to mention.

**Shri Feroze Gandhi:** Certainly not.

**Shri G. D. Somani:** Because if the planning had been on sound lines, the Sindri factory today would have been selling its fertiliser at Rs. 170, not at Rs. 270. As to what amount of saving this would have meant to the cultivators can be judged best by facts and figures.

So my point is that while I have nothing to say about the present management of the Sindri factory, still the fact remains that our projects in the public sector are sometimes planned on

a basis which from the point of view of permanent cost to the consumer places a heavy burden on the community. That was the point which I really wanted to make about Sindri, and that was the point which my hon. friend Shri Feroze Gandhi completely ignored.

Now, let me take the question of allowances. This question has been referred to again and again by Shri Feroze Gandhi, and the hon. Finance Minister also made a certain reference to this question of allowances. Neither in my Resolution nor in the course of my speech have I complained in the least about any of the allowances that are being granted by the Government to the officials. Therefore, there was no need to point out to me, that those in the public sector who are managing the concerns are drawing this and that. That is beside the point. My complaint was not against the emoluments that are being paid to the officials. They are competent officials. They are technicians who have got to be paid satisfactorily, and there was absolutely no relevance in pointing it out again and again—the comparative figures of emoluments in the private and the public sectors. My complaint was not regarding that. That is a separate point.

Regarding the balance sheets, Shri Feroze Gandhi gave a challenge. I quoted extracts from the proceedings of the Estimates Committee where they have said that these balance-sheets do not give a good picture and do not disclose any information so far as the working of public undertakings are concerned. I know that the information that is contained in the balance-sheet about the Sindri factory is all right; I never quoted the balance-sheet of the Sindri factory as being incomplete. What is the use of distorting something by referring to something to which I did not refer? My point was only that the Estimates Committee had said—and many hon. Members have also said the same from time to time—that so far as the presentation of accounts and balance-sheets was concerned, the necessary particulars regarding these State undertakings were not available yearly, at the proper time, as against what was being done by industrial units in the private sector. The fact that the hon. Member pointed out to the balance-sheet of the Sindri factory does not in the least mean that the same information is available about each and every industrial unit in the public sector. If the hon.



Member is in a position to dispute this, I am prepared to sit with him tomorrow and exchange views on the nature of the information which is available about the working of our various industrial units in the public sector.

**Shri Feroze Gandhi:** I accept it.

**Shri G. D. Soman:** I maintain that even today detailed balance-sheets and accounts on business principles are not available about the various industrial, commercial and other concerns of the Government. Therefore, the suggestion, that was based on one of the remarks of the Estimates Committee was that Government should henceforth make arrangements to make such balance-sheets and accounts available regularly so that the House and others also who are interested in the working of these undertakings might get proper information at the proper time, scrutinise them and offer their suggestions.

Shri V. P. Nayar was very indignant about the misdeeds of the private sector. Nobody is defending those misdeeds, and I am second to none in condemning whatever malpractices or misdeeds have been committed by the private sector. But one fact has got to be recognised. It is due to certain of these malpractices and misdeeds that the private sector has now been subjected to all these company and income-tax laws to such an extent that there is almost a kind of regimentation under which the private sector functions. It was due to the malpractices of a section of the private sector that all this legislation has come, the like of which we have not got anywhere else in the world. The 600 and odd sections of the Companies Act, the formalities as regards meetings and all the other things are there. So Shri V. P. Nayar's statement that the private sector was being left severely alone, in spite of these malpractices, is not correct. These are being death with, as they ought to be.

Therefore, my point is that so far as these drawbacks in the public sector are concerned, sufficient attention is not being given in order to ensure that remedial measure are taken.

Then something was said about cement, that cement prices had not been reduced. The hon. Member perhaps is not aware that Government are now importing cement at a price which is 75 per cent more than the cost of manufacture charged by the local units at present. My hon. friend Shri

Feroze Gandhi, compared Tatas' price to the imported price. Here is a clear picture, when we are paying to the foreign countries 75 per cent more than the price that is being paid by us to consumers, to the indigenous cement industry. So this charge of excessive price charged by the cement industry falls to the ground. As a matter of fact, the Tariff Commission had gone into the whole question of pricing only sometime ago and it was on the basis of the recommendations of that body in regard to price, which price was again reduced by the Government, that the industry is being paid. Therefore, it is hardly justifiable to say that the cement industry has not been charging a fair price.

**Shri V. P. Nayar:** Why is there black-market?

**Shri G. D. Soman:** I would like to say only a few words about what the hon. Finance Minister said. I welcome what he has already said in his Budget speech about the need for taking proper care and setting up of investigation teams. But my point in moving this Resolution, as he himself anticipated, was that so far as these investigation teams were concerned, they were for the future undertakings. So far as the past is concerned, we have to learn from the experience we have gained as a result of the working of the various industrial concerns. Therefore, it is necessary to have a co-ordinated picture of all the drawbacks and deficiencies and then to take the necessary remedial measures.

Mention has also been made about monopoly, and protection. I realise that protection is given. But it is given only for a limited period and then it is to be withdrawn. So far as monopoly is concerned, it is going to remain a permanent feature. As such, the comparison is not in order.

So far as the utilisation of national resources in the proper manner is concerned, I have already said that I have not gone into the question of the scope and functions of the private and public sectors. It is for the Planning Commission and for this House to lay down principles as to how the private and public sectors will function, and in what capacity. Therefore, I have absolutely nothing to say against the remarks of the Finance Minister about utilising our national

[Shri G. D. Somani]

resources in a manner which will be best conducive to the interests of the country. I am absolutely in agreement with him there. So far as the scope and functioning of the public and private sectors are concerned, it was not the purpose of my Resolution, nor is it the purpose of my observations just now, to demand any sort of demarcation. That is absolutely a separate issue. So far as the business people in general are concerned, I will only say this. On the last occasion, I did make an offer to the hon. Finance Minister when the Insurance Bill was being discussed. Therefore, I have not shirked an enquiry into the private sector. I did make a pointed offer to the Finance Minister to which, of course, he did not choose to reply, that an impartial committee should go into the misdeeds and the positive contribution to the insurance industry before this charge was substantiated. Therefore, there is no use of saying that I have not said that an enquiry should be made into the private sector. I still maintain and submit that the private sector is not afraid of any sort of enquiry or investigation into the working of any of its activities. We welcome any step that the Government may take to set up an investigation or enquiry about the working of any section of the various industries in the private sector and I have no doubt that the result of such an enquiry will do credit to the performance of the private sector. Of course, it is always easy to exaggerate the shortcomings and misdeeds of small sections of the community. The positive achievements and the positive performance of the sector are ignored. If any impartial enquiry is held, I have absolutely no doubt that the private sector will come out with credit.

I have nothing more to say since the resolution has been opposed.

**Mr. Deputy-Speaker:** There is one amendment in the name of Shri Sodhia. I will put the amendment to vote.

The questions is:

That for the original Resolution, the following be substituted:

"The House is of opinion that a Committee consisting of independent persons having requisite knowledge and experience, including

some industrialists and members of Parliament be appointed to examine the important aspects of all industrial and commercial undertakings of the Central and State Governments, whether organised on Departmental lines, or otherwise as public corporations or public or private companies with instructions to submit their report to Parliament.

The terms of reference of the Committee shall be as follows:—

(1) to examine the planning and development policy and the targets fixed and realised in each of them and to recommend appropriate basis for future policy;

(2) to examine the capital cost of each of them and to find out whether the expenditure has been according to estimates and whether such capital costs are reasonable;

(3) to examine the cost structure and operational efficiency thereof and to recommend how they are likely to show profits;

(4) to examine the pricing policy adopted and to ascertain the propriety thereof;

(5) to examine their accounting methods and to suggest improvements therein and to find out whether they receive any favourable treatment *vis-a-vis* the private sector; and

(6) to examine any other relevant matters in this connection.

The Committee should submit their report within six months."

*The motion was negatived.*

**Mr. Deputy Speaker:** Now I shall put the main Resolution.

The question is:

"This House is of opinion that a Committee be appointed by the Government consisting of independent persons having the requisite knowledge and experience, including some industrialists and businessmen, to examine the important aspects of the industrial and commercial undertakings and multi-purpose projects of the Central and

State Governments, whether organised on Departmental lines, or as public corporations, or as public or private limited companies with instructions to submit their findings and recommendations to Parliament. The terms of reference of the Committee shall be as follows:—

(1) to examine the planning, development policy and targets fixed and realised in the case of each of them, and to recommend appropriate basis for future policy in respect of these matters;

(2) to find out whether the capital cost of each of them is commensurate with output and direct benefit bestowed upon the community;

(3) to examine the capital cost of each of them and find out if the expenditure has been according to estimates and whether such capital costs are reasonable, especially as compared to capital cost of comparable units in the private sector;

(4) to examine the cost structure of each of them, and also the efficiency of operation of each of them, and report whether any of them are likely to show profits or losses after providing fully for all expenses and for basic and extra (not initial) depreciation at rates prescribed in the Indian Income-tax Act, 1922;

(5) to examine the pricing policy of each of them and ascertain its propriety;

(6) to examine their accounting methods to report whether they are on business lines and give a correct picture of their position whether they are written in a way that enables critical examination of the

financial results, whether cost accounts are properly maintained, and whether the report and accounts are given due publicity;

(7) to find out whether any of them receive favourable treatment in the matter of allocation of raw materials, steel, cement and other articles in short supply, in allotment of railway wagons in Government purchases, and in other matters, which can be reasonably construed as amounting to discrimination in their favour and against concerns in the private sector competing for the commodities, services or orders; and

(8) to examine and report on any other matter relevant to the above, which the Committee think fit to examine."

*The Resolution was negatived.*

#### RESOLUTION RE NATIONALISATION OF BANKS

**Shri M. S. Gurupadaswamy (Mysore):**  
I beg to move:

"This House is of opinion that Government should take steps to nationalise the banks in the country."

Sir, . . . .

**Mr. Deputy-Speaker:** The hon. Member might continue his speech on the next day.

5.33 P.M.

*The Lok Sabha then adjourned till Half Past Ten of the Clock on Monday, the 16th April, 1956.*

# DAILY DIGEST

5357

5353

[Saturday 14th April, 1956]

|   | COLUMNS   |  | COLUMNS |
|---|-----------|--|---------|
| <b>CORRECTION OF ANSWER TO SHORT NOTICE QUESTION</b>  | 5235-37   | <b>PRIVATE MEMBER'S RESOLUTION NEGATIVED</b>   | 5304-56 |
| The Minister of Finance made a statement clarifying the reply given to supplementaries on a Short Notice Question on the 12th April, 1956 regarding the U.P. Sales Tax Ordinance. |           | Further discussion on Shri G. D. Somani's Resolution regarding Appointment of a Committee on Industrial and Commercial State Undertakings was concluded. The Resolution was negatived. |         |
| <b>DEMANDS FOR GRANTS</b>   | 5237-5303 | <b>PRIVATE MEMBER'S RESOLUTION UNDER DISCUSSION</b>  | 5386    |
| Further discussion on Demands for Grants in respect of the Ministry of Commerce and Industry was continued. The discussion was not concluded.                                     |           | Shri M. S. Gurupadaswamy moved a resolution regarding Nationalisation of Banks. The discussion was not concluded.  |         |
| <b>REPORT OF COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS ADOPTED</b>  | 5303-04   | <b>AGENDA FOR MONDAY, 16TH APRIL, 1956.</b>  |         |
| Forty-ninth Report was adopted.   |           | Discussion on Demands for Grants in respect of the Ministry of Commerce and Industry and the Ministry of Educational   |         |