

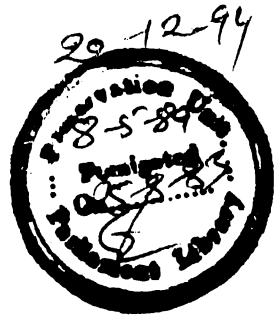


# PARLIAMENTARY DEBATES

(PART I—QUESTIONS AND ANSWERS)

OFFICIAL REPORT

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VOLUME II, 1950

*(14th March to 17th April, 1950)*

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FIRST SESSION  
OF  
PARLIAMENT OF INDIA

1950

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PARLIAMENTARY DEBATES  
(PART I—QUESTIONS AND ANSWERS)

Thursday, 30th March, 1950.

*The House met at a Quarter to Eleven of the Clock*

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

ATTACK ON SAIDPUR KHURD VILLAGE BY PAKISTAN POLICE

\*1208. **Shri Sidhva:** (a) Will the **Prime Minister** be pleased to state whether an attack was made by the Pakistan Patrol Police Force on the border village of Saidpur Khurd on the banks of the river Ravi on or about the 28th December, 1949?

(b) If so, what was the casualty and were there any damages?

(c) Have Government taken up the matter with the Pakistan Government and if so, has any reply been received from them?

**The Deputy Minister of External Affairs (Dr. Keekar):** (a) Yes. Our Police Patrol was fired upon by Pakistan National Guards near the village of Saidpur Khurd.

(b) No casualty or damage has been reported.

(c) No. According to the Inter Dominion Agreement incidents of this kind are discussed at periodical meetings of Police officers in the two Punjabs.

MANUFACTURE OF MOTOR SPARE PARTS

\*1209. **Shri Sidhva:** (a) Will the **Minister of Industry and Supply** be pleased to state whether any automobile factory has been opened for the manufacture of radiators and cushion springs?

(b) If so, what is the name of the factory and what was the output and value thereof during the year 1949?

(c) Besides these two articles, are there any factories started for the manufacture of any other accessories for motor vehicles?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) and (b). No, but Messrs. Premier Automobiles which have already been manufacturing some components, have recently equipped themselves for the production of radiators and cushion springs. Actual manufacture has not yet started.

(c) Yes.

**Shri Sidhva:** Am I to understand that the radiators are not yet manufactured, or are they being actually manufactured?

**Dr. S. P. Mookerjee:** Their manufacture has not yet started. They are going to be manufactured.

**Shri Sidhva:** What about the cushion springs?

**Dr. S. P. Mookerjee:** Cushion springs are being manufactured, I understand.

**Shri Sidhva:** How do their prices compare with those of imported cushion springs?

**Dr. S. P. Mookerjee:** I have not got the information.

**Shri Sidhva:** Will the country be self-sufficient in the matter of cushion springs and also the radiators?

**Dr. S. P. Mookerjee:** So far as radiators are concerned, that is our expectation.

**Shri Tyagi:** Are these radiators to be manufactured for all types of cars, or are they to be used for only one type of cars?

**Dr. S. P. Mookerjee:** We expect them ultimately to be used for all types of cars.

#### GLYCERINE AND SACCHARINE

\*1210. **Shri Sidhva:** (a) Will the Minister of **Industry and Supply** be pleased to state whether glycerine and saccharine are produced in India and if so, what was the total quantity produced in 1949?

(b) What is the total value of glycerine and saccharine imported from foreign countries in 1949?

(c) What is the total annual requirement of India of these articles?

(d) Is there any scope for expansion of the existing factories to produce more of these articles in order to make the country self-sufficient?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) The production of glycerine in 1949 was 1,713 tons. Saccharine is not produced in India.

(b) 1948-49—

Glycerine Rs. 1,177.

Saccharine Rs. 12,19,514.

(c) Glycerine 1,000 to 1,200 tons.

Saccharine about 90 tons.

(d) Yes, in respect of saccharine. The country is already self-sufficient in respect of glycerine.

**Shri Sidhva:** May I know whether any glycerine was imported into this country during the last year?

**Dr. S. P. Mookerjee:** Yes, I gave the figure. For 1948-49, glycerine was imported worth Rs. 1,177.

**Shri Sidhva:** Was any representation made to Government for the starting of a factory for manufacturing saccharine and if so may, I know whether that application was rejected, and if so on what ground?

**Dr. S. P. Mookerjee:** No application has been rejected. In fact we wanted to encourage a factory which proposed to start the manufacture of saccharine. They had decide to do it in co-operation with an American firm. Arrangements were made for plant and machinery. But the firm backed out and we are now negotiating with some other concerns for the starting of a factory.

#### HIDES AND SKINS (EXPORT)

\*1211. **Dr. M. M. Das:** Will the Minister of Commerce be pleased to state:

(a) the value of exports of hides and skins and tanned leather, separately to dollar areas and to sterling areas during the years 1947-48, 1948-49 and 1949-50; and

(b) the amounts of export duty collected during those years?

**The Minister of Commerce (Shri Neogy):** (a) A statement giving the required information is laid on the Table of the House. [See Appendix VI, annexure No. 9.]

(b) No export duty as such is levied on hides and skins. But under Section 3(1) of the Agricultural Produce Cess Act, 1940, a cess is levied on the exports of raw hides and skins. The amounts of cess collected during the years 1947-48 to 1949-50 were as follows:

1947-48.....Rs. 2,14,099.

1948-49.....Rs. 2,40,488.

1949-50.....Rs. 2,81,688.

(April 1949 to January 1950).

**Dr. M. M. Das:** Sir, may I know whether it is a fact that the export of raw hides and skins and half tanned leather has come down considerably nowadays, in comparison with the previous year?

**Shri Neogy:** I would not say they have come down considerably this year, that is 1949 as compared to 1948. But it is a fact that due to the partition of the country we have lost a good lot of our hides and skins of good quality. Then there are the provincial ban on the slaughter of cows and the increased tanning capacity in the country, and these make it difficult for us to find sufficient hides and skins for being used in the country.

**Dr. M. M. Das:** Have Government received any complaint from the hides and skin traders requesting for the removal of the difficulties in their way?

**Shri Neogy:** Yes, we receive complaints now and again. But as I have pointed out, there are three factors—or rather two in particular, first the partition of the country and then the banning of the slaughter of cows, and these might ultimately put an end to this export trade in the future.

**Dr. M. M. Das:** Has the ban on the slaughter of cows been the cause of reducing appreciably the export of hide?

**Shri Neogy:** Yes, that is what I have been told.

**Shri M. A. Ayyangar:** How far has the partition of the country reduced the quantity of hides and skins available for tanning in South India and how has that interfered with the export?

**Shri Neogy:** We are concerned with the total available raw material. So far as Pakistan is concerned, although the quantity may, not be very large,

Pakistan areas used to supply the better types of hides and skins and we have lost all that. But if normal trade can be resumed with Pakistan, and if we can get this supply back, the position might improve.

**Shri Deshbandhu Gupta:** May I know, Sir, whether any evidence has come to the notice of Government of useless cattle being diverted to Pakistan? Has there been any large scale movement of cattle from India into Pakistan?

**Shri Neogy:** It may be so, but I am not personally aware of any such movement.

**सेठ गोविन्द दास :** क्या सरकार के पास इस प्रकार की कोई योजना रखी गई है कि हर प्रान्तों में गो सदन स्थापित किये जायं और इन गो सदनों में जो फजूल के पशु मरें उनके लिए उन गो सदनों में टैनरीज स्थापित की जायं ।

**Seth Govind Das:** Has any such scheme been submitted to the Government that *Goshalas* should be established in every State and tanneries set up for the disposal of the useless cattle dying there?

**Shri Neogy:** That is primarily a matter for the State Governments.

**Shri Raj Bahadur:** What is the value of the hides, skins and tanned leather used by the leather industry in our country?

**Shri Neogy:** I am afraid I shall ask for notice of that question.

#### EXPENDITURE ON EXTERNAL PUBLICITY

\*1212. **Dr. M. M. Das:** Will the **Prime Minister** be pleased to state:  
(a) the expenditure incurred by Government for external publicity during the year 1949-50;

(b) the total number of officers employed for external publicity;

(c) the methods of recruitment of such officers; and

(d) their monthly salary including dearness allowance?

**The Deputy Minister of External Affairs (Dr. Keskar):** (a) The budget grant for expenditure to be incurred by Government on external publicity during the year 1949-50 was Rs. 33,71,900. The actual expenditure during the year is likely to be Rs. 33,51,000.

(b) 36.

(c) Selection by the Union Public Service Commission.

(d) Rs. 42,627 p.m. (including foreign allowance in respect of officers posted abroad).

**Dr. M. M. Das:** May I know the normal channels and methods of employment along which foreign publicity is carried out?

**Dr. Keskar:** This question would entail a detailed reply and I think during the discussion on the Budget we had gone into this question in detail but if my hon. friend is interested, I can give him a very detailed note in this connection.

**Dr. M. M. Das:** May I know whether the expenditure incurred by the All India Radio for broadcasting to the foreign countries is included within this expenditure?

**Dr. Keskar:** No.

**Shri Rathnaswamy:** Is it a fact that due to the ineffective machinery certain foreign countries are ignorant of the real condition of India and particularly with regard to Kashmir?

**Mr. Speaker:** Order, order.

**Sardar B. S. Man:** How far publishing of the material for external publicity is the sole concern of the External Affairs Ministry and how far the sole concern of the Information and Broadcasting Ministry?

**Dr. Keskar:** The publishing work for the external publicity is done by the Information Ministry. No publicity material is directly prepared by the External Publicity Section.

**Sardar B. S. Man:** Is it not a fact that sometimes publicity is delayed because of the two-fold arrangement at present existing?

**Dr. Keskar:** Sometimes there is delay.

**Prof. Ranga:** Is it a fact that some of the External Public Relations Officers were appointed without any reference to the U.P.S.C. to start with and afterwards they were brought back here from their various places of office to be interviewed by the U.P.S.C.?

**Dr. Keskar:** Yes.

**Prof. Ranga:** Why was it done?

**The Prime Minister (Shri Jawaharlal Nehru):** That was because the Commission summoned them. I may mention that it does seem rather extraordinary that we should incur a large expenditure, for a ten minutes interview, for a person to come from Washington to India. Some more speedy device should be devised for such interviews.

**Shri Kesava Rao:** May I know whether the Government is aware that our external publicity is inadequate? If so, what proposals have they got for improving the same?

**Mr. Speaker:** This was referred to in the previous discussion.

**Shri Joachim Alva:** As Prague is the most important Capital after Moscow will Government reconsider the appointment of a Press Attache which has been axed?

**Mr. Speaker:** He is making a suggestion.

**Shri Rathnaswamy:** Do Government propose to take early steps to re-organize the external publicity machinery?

**Mr. Speaker:** Order, order.

#### GHEE AND RICE IMPORTED FROM NEPAL

\*1213. **Dr. M. M. Das:** (a) Will the Minister of Commerce be pleased to state what amounts of ghee and rice have been imported from Nepal into India during 1949-50?

(b) What is the value of each of these imports?

(c) Is there any other food-stuff imported from Nepal into India?

**The Minister of Commerce (Shri Neogy):** (a) to (c). I place on the Table of the House a statement showing the quantity of *ghee*, rice and other foodstuffs imported into India from Nepal during the year 1949-50. There is no land customs line between India and Nepal and no arrangements exist for the proper registration of the entire trade between the two countries. The figures shown in the statement represent rail traffic in selected articles registered at certain railway stations on the Nepal border, adjacent to the more important trade routes between India and Nepal. Only quantity is recorded and value figures are not available.

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STATEMENT

*Ghee, rice and other foodstuffs imported from Nepal for 8 months from April to November during the year 1949-50*

<i>Foodstuffs</i>	<i>Quantity in Mds.</i>
Ghee	9,824
Rice—husked . . .	224,254
Rice - unhusked (paddy) .	171,404
Gram and Pulse	17,812
Wheat . . .	3,820
Other food grains . . .	109,237
Mustard and Rape Seeds . . .	158,680
TOTAL	695,031

**Dr. M. M. Das:** May I know whether these foodstuffs have been imported into this country according to some Trade Agreement between the two countries or there exists a free trade between the two countries?

**Shri Neogy:** There is no trade agreement between Nepal and India. This represents a free flow of certain commodities into India.

**Dr. M. M. Das:** May I know whether these imports have been made by the Central or Provincial Governments or by private individuals?

**Shri Neogy:** Mostly by private individuals as far as I am aware. In the case of rice, there may be an agreement with the Central Government but I am not aware of it definitely.

**Dr. M. M. Das:** May I know in whose favour the balance of trade is at present?

**Shri Neogy:** We have no statistical data to judge the volume of trade between the two countries.



IRON AND STEEL IMPORTED ON BARTER SYSTEM

\*1214. **Shri Kesava Rao:** Will the Minister of **Industry and Supply** be pleased to state the quantity of iron and steel imported into India on barter system in the years 1948-49 and 1949-50?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** 1948-49: Nil.  
1949-50: 13,000 tons.

**Shri Kesava Rao:** What are the countries from which we import iron and steel?

**Dr. S. P. Mookerjee:** Is the hon. Member referring to barter stock or the entire stock?

**Mr. Speaker:** He is referring to barter.

**Dr. S. P. Mookerjee:** U.K. 22,500 tons. France 80,000 tons.

**Shri Kesava Rao:** How do these quantities compare with our export of iron ore?

**Dr. S. P. Mookerjee:** So far as the U.K. is concerned, in lieu of 45,000 tons of pig iron we got the quantity I just mentioned.

**Dr. V. Subramaniam:** What are the other commodities exported or imported on a barter system?

**Dr. S. P. Mookerjee:** Which commodities he is referring to?

**Dr. V. Subramaniam:** General, other than iron.

**Mr. Speaker:** The question is restricted to iron and steel.

IMPORT OF DIESEL OIL ENGINES

\*1215. **Shri Alagesan:** (a) Will the Minister of **Commerce** be pleased to state whether it is a fact that Government have banned the import of diesel oil engines below 25 H.P.?

(b) When was this ban imposed?

(c) What was the cost of diesel oil engines (i) below 25 H.P. and (ii) above 25 H.P. imported in the year ended on the date on which the ban was imposed?

**The Minister of Commerce (Shri Neogy):** (a) Except for a temporary stoppage of the issue of licences for import from countries other than Czechoslovakia and Western Germany during the period July-December 1949, no ban as such has been imposed on the import of diesel engines below 25 H.P.

(b) and (c). Does not really arise. I may, however, add that the import of diesel oil engine is not separately recorded in the Sea-borne Trade Accounts of India, and therefore the time and labour involved in collecting the price per unit data will not be commensurate with the object expected to be achieved.

**Shri Alagesan:** Are these engines from Dollar areas or Soft Currency areas?

**Shri Neogy:** Mostly from Soft Currency areas at the present moment.

**Shri Alagesan:** Are Government aware that small power engines are used for agricultural purposes?

**Shri Neogy:** Yes, some of them are.

**Shri Alagesan:** Did the Government of Madras make any representation that this ban should be removed as it affects the G.M.F. campaign?

**Mr. Speaker:** That does not arise.

**Shri Alagesan:** Was the Agriculture Ministry at the Centre consulted in this matter?

**Mr. Speaker:** I have called the next question.

#### SMUGGLING OF SALT FROM INDIA TO PAKISTAN

\*1216. **Shri Alagesan:** (a) Will the Minister of **Industry and Supply** be pleased to state whether Government have any information as to whether salt is being smuggled from India into Pakistan?

(b) What steps have Government taken to prevent smuggling?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) Small quantities of salt are reported to have been smuggled to East Pakistan.

(b) Preventive parties patrol the border areas, check passengers' luggage at the border stations and general preventive checks are also exercised at vulnerable points.

**Sardar Sochet Singh:** Is it not necessary that Pakistan should eat the salt of India so that better relations are engendered?

**Mr. Speaker:** Order, order.

#### MANUFACTURE OF DIESEL OIL ENGINES

\*1217. **Shri Alagesan:** (a) Will the Minister of **Industry and Supply** be pleased to state what are the companies that manufacture diesel oil engines below 25 H.P.?

(b) What is the number of such engines manufactured in the year 1949?

(c) What is the demand in the country for such engines?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a):

- (i) M/s. Kirloskar Oil Engines Ltd., Poona.
- (ii) M/s. Cooper Engineering Ltd., Satara.
- (iii) M/s. Ruston and Hornsby Ltd., Bombay.
- (iv) M/s. Oriental Engineering Works Ltd., Delhi, Shahdara.
- (v) M/s. Saraswati Industries Ltd., Ghaziabad.
- (vi) M/s. Kulko Engineering Works Ltd., Ichhal Kearnaji (Kolhapur).

(b) 1946.

(c) 12,000 to 13,000 approximately.

**Shri Alagesan:** What is the target of production agreed to by the manufacturers in a Conference convened by the Government for the current year?

**Dr. S. P. Mookerjee:** We have fixed it at 4,000 this year and we expect we may be able to go beyond that in 1950.

**Shri Alagesan:** Has any assurance been given to the Ministry of Agriculture at the Centre that there are enough of these engines manufactured in the country?

**Dr. S. P. Mookerjee:** They know the total quantities available in India and we are importing what is needed in addition.

**Prof. Ranga:** Are Government giving any protection to these Diesel oil engine manufacturers?

**Dr. S. P. Mookerjee:** No, except that we are regulating the imports in such a way that the engines which are produced in the country can be sold.

**Dr. Deshmukh:** May I know if there is any control over the prices at which these are to be sold by the manufacturers?

**Dr. S. P. Mookerjee:** No, Sir. The prices in some cases are lower than the import prices, and so no control is necessary.

**सेठ गोविन्द दास :** माननीय मंत्री जी ने अभी कहा कि इम्पोर्ट कंट्रोल किया जा रहा है। तो क्या जो डीजल आयल इंजन अब इम्पोर्ट हो रहे हैं उनकी संख्या दिन प्रति दिन घट रही है ?

**Seth Govind Das:** The hon. Minister just now stated that the import is being controlled. Then, may I know whether the number of diesel oil engines which are now being imported is being decreased day by day?

**Dr. S. P. Mookerjee:** We have fixed it at 5,000. I think that for the present that will be in accordance with the demand of the country.

**Shri Sidhva:** May I know whether the makers of these diesel engines manufacture engines for automobiles also?

**Dr. S. P. Mookerjee:** No, not for transport, for which a liberal import policy is being followed.

**Ch. Ranbir Singh:** May I know whether Government propose to control the prices of these engines?

**Dr. S. P. Mookerjee:** I thought the hon. Member was against all controls.

**Shri Alagesan:** Is it a fact that the importers in Madras are not able to meet the demand and there is a long waiting list of customers with them?

**Dr. S. P. Mookerjee:** We have not received any complaint.

#### RAW MATERIALS FOR PRODUCTION OF ATOMIC ENERGY

\*1218. **Shri Kishorimohan Tripathi:** Will the **Prime Minister** be pleased to state whether the raw materials for the production of atomic energy are available in India in adequate quantities?

**The Prime Minister (Shri Jawaharlal Nehru):** So far as is known they are not available in the required quantities in India at present.

**Shri Kishorimohan Tripathi:** May I know if any researches are being carried on under the auspices of the Government of India for the production of atomic energy in India?

**Shri Jawaharlal Nehru:** I have made repeated statements on that point. We are carrying out not only research, but we have put up a pilot plant also for that purpose.

## IMPORT OF ALUMINIUM

\*1219. **Dr. V. Subramaniam:** Will the Minister of **Industry and Supply** be pleased to state:

(a) the quantity of aluminium imported annually during the years 1945-46, 1946-47 and 1947-48:

(b) the total annual requirements for the country; and

(c) the import duty on Aluminium realised every year from 1945?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) to (c). A statement is laid on the Table of the House.

## STATEMENT

(a) The Total quantity of imports of aluminium of different descriptions into India during the years 1945-46 to 1947-48 is as follows :

Year	Quantity of Aluminium wrought and unwrought imported into India.
1945-46	5500 tons
1946-47	11700 ..
1947-48	12450 ..

(b) About 20,000 tons a year.

(c) The total approximate import duty realised on aluminium and aluminium manufactures assessable under item 66 and 66 (I) of the Indian Customs/Tariff is given below :

Year	Amount of import duty realised
1945-46	Rs. 26,64,000
1946-47	Rs. 57,48,000
1947-48	Rs. 81,22,000
1948-49	Rs. 79,10,000
1949-50 (upto 31st December, 1949)	Rs. 58,48,000

**Shri Deshbandhu Gupta:** What is the total production of aluminium in India?

**Dr. S. P. Mookerjee:** This was given a few days ago.

**Mr. Speaker:** Is it a long statement?

**Dr. S. P. Mookerjee:** The Indian Aluminium Co. can produce about 2,500 tons per year and the Aluminium Corporation between 1,200 and 1,500 tons per year. The total is about 4,000 tons.

**Shri Deshbandhu Gupta:** May I know what proportion of the imported aluminium is used by the utensils industry?

**Dr. S. P. Mookerjee:** The total quantity required for the utensils industry is about 15,000 tons.

**Dr. V. Subramaniam:** What is the import duty collected on aluminium?

**Dr. S. P. Mookerjee:** I have not got the total amount collected. In 1950-51, Rs. 237 per ton on ingots and Rs. 46 per ton on sheets.

**Dr. V. Subramaniam:** What is the quantity of aluminium that we get from mines in India?

**Dr. S. P. Mookerjee:** There are no mines here.

**Dr. M. M. Das:** May I know the total quantity of aluminium imported into this country for prefabricated houses?

**Dr. S. P. Mookerjee:** No separate account has been kept.

**सेठ गोविन्द दास:** क्या माननीय मंत्री जी को यह बात मालूम है कि मध्य प्रदेश में एक एल्युमीनियम की फैक्टरी बन रही है, और क्या मध्य प्रदेशीय सरकार ने गवर्नमेंट आफ इंडिया से कुछ मदद की दरखास्त की है, और अगर की है तो उस पर गवर्नमेंट क्या कर रही है ?

**Seth Govind Das:** Is the hon. Minister aware that an Aluminium Factory is under construction in Madhya Pradesh and whether the Madhya Pradesh Government have requested the Government of India for some help; and if so, what action do Government contemplate to take in the matter?

**Mr. Speaker:** I am afraid it does not arise.

**Seth Govind Das:** What about indigenous production?

**Mr. Speaker:** The question is restricted to imports and requirements.

#### AERO-SCRAP USED FOR MANUFACTURE OF COOKING UTENSILS

\*1220. **Dr. V. Subramaniam:** (a) Will the Minister of Industry and Supply be pleased to state whether it is a fact that a large quantity of aero-scrap of unknown composition has been finding its way into the utensil manufacturing industry?

(b) If so, what is the action taken by Government to prevent the industry from using such metal?

(c) Was any enquiry made into the probable bad effects of vessels made of such scrap when used for a long time in cooking food and if not, why not?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) Yes.

(b) A standard specification for aluminium utensils is being prepared.

(c) Yes.

**Dr. V. Subramaniam:** May I know whether any analysis of the composition of the metal has been made and, if so, what is the composition?

**Dr. S. P. Mookerjee:** I have not got the actual analysis here. A report has been made by the Director of the All India Institute of Hygiene and Public Health and also by the Cawnpore Ordnance Factory.

**Dr. V. Subramaniam:** Is there any ban on the use of these utensils? Is there any Government notification?

**Dr. S. P. Mookerjee:** There is no legal ban as such.

**Dr. V. Subramaniam:** Are Government going to impose a ban on the use of these utensils if they are injurious?

**Dr. S. P. Mookerjee:** It is very difficult to enforce it, but the matter is being discussed.

**Dr. M. M. Das:** Have the Government issued a statement discouraging the people of this country from using the utensils made from this scrap metal?

**Dr. S. P. Mookerjee:** Some local warning might have been issued. I do not know if the Government of India have issued any.

**Dr. M. M. Das:** Does it mean a warning by the Provincial Governments?

**Dr. S. P. Mookerjee:** May be.

## OBSERVATION OF SARVODAYA DAY IN INDIAN EMBASSIES

\*1221. **Shri Kamath:** Will the **Prime Minister** be pleased to state:

(a) whether any directives or instructions were issued to our Embassies and Missions abroad as to the manner in which Sarvodaya day—the anniversary of Mahatma Gandhi's death—was to be observed; and

(b) whether it is a fact that our High Commissioner in London gave a reception to India's Air-Marshall designate on that day?

**The Deputy Minister of External Affairs (Dr. Keekar):** (a) No.

(b) A reception was given by the High Commissioner for India in London to meet Air-Marshall R. Ivelaw-Chapman on 30th January, 1950, before his departure for India.

**Shri Kamath:** Is it not the policy or practice of the Government to issue instructions to our Embassies and Missions abroad as to how certain historic days in our national calendar should be observed?

**The Prime Minister (Shri Jawaharlal Nehru):** Yes, Sir. Government have made it clear that normally speaking work should be carried on. On this occasion of the 30th January which is a sacred day for us, Government decided in India not to have it as a holiday but as a working day, and so in regard to this particular day, no instructions were issued. People are presumed to know how they should function. In regard to this particular reception, I might point out that such things are in the ordinary course of that office work. People coming or going have to be met and spoken to. There is no question of celebration in that sense. It is Government's policy that as far as possible the tendency for holiday-making should be discouraged.

**Shri Kamath:** I agree, but is it the view of Government that this grand reception given to the Air Marshal-designate was part of the normal routine work of the day?

**Shri Jawaharlal Nehru:** Yes, Sir, not of that day particularly, but it is the normal routine of the work of that office.

**Shri Kamath:** Could it not have been postponed to the next or some other day?

**Mr. Speaker:** Order, order.

**Shri Jawaharlal Nehru:** I do not see any inappropriateness in a small formal function being given on that day. As a matter of fact on the 30th January business was carried on here as usual.

**Shri Kamath:** May I know on what scale this reception was held and how many guests were invited to this function?

**Shri Jawaharlal Nehru:** A number of officials were invited. I could not give the number.

**Shri Kamath:** In regard to which particular dates in our national calendar are instructions issued at all to our Embassies and Missions abroad?

**Shri Jawaharlal Nehru:** In regard to January 26th. Every foreign country wants to know our national day. Previously the House will remember that we have been observing August 15th as our national day and January 26th was observed in India as a national day but not in the same way. Since last year we have made it clear that January 26th should be our national day. That is so far as the foreign Governments are concerned. The other day we observe in our own way. Foreign Governments do not want two national days for each country. So, only two days have been mentioned, January 26th and in a somewhat smaller way August 15th.

**Shri Kamath:** Was the attention of the High Commissioner in London, at least later on, drawn to the fact that it was inappropriate to have held this reception on that day?

**Mr. Speaker:** Order, order. The hon. Prime Minister has already stated that Government did not consider it inappropriate.

**Shri Kamath:** Very inappropriate and undignified.

**Dr. Deshmukh:** It should not have been done.

#### IMPORT OF OPTICAL FRAMES

**\*1222. Sardar Hukam Singh:** (a) Will the Minister of Commerce be pleased to state the value and the number of optical frames imported into India during the year 1949?

(b) Are there any factories in India manufacturing these frames?

(c) Has any protection been given to this industry in India?

(d) Have any licences been issued for the import of sheets for the manufacture of these frames during the last three months?

**The Minister of Commerce (Shri Neogy):** (a) Import of optical frames is not separately recorded in the Sea-borne Trade Accounts of India and the information is not therefore available. Steps are however being taken to record such imports separately in future.

(b) Yes, Sir.

(c) While tariff protection has not been accorded to this industry, substantial assistance in the form of a reduction in the import duty on the raw materials used in the manufacture of these frames has been granted.

(d) Yes.

**Sardar Hukam Singh:** Have Government any information as to how many licences were utilised and goods actually imported and how many remained unutilised?

**Shri Neogy:** I am afraid I will have to ask for notice of this question.

**Sardar Hukam Singh:** Is it a fact that our licences permitted only 112 pounds of sheets to be imported while the minimum that was acceptable to the foreign firms was 224 pounds, and hence no licences could be utilised?

**Shri Neogy:** I shall look into this.

**Dr. Deshmukh:** May I know if there is any agency to check as to whether the licences issued by the Commerce Ministry are utilised or not?

**Shri Neogy:** We get figures of actual imports later on. From that we can find out how much of the imports have actually come.

**Shri Tyagi:** Have any cases been brought to the notice of the hon. Minister of people having got licences from the Ministry and reselling them at a higher price to other parties?

**Shri Neogy:** Unless my hon. friend gives any specific instances, it is very difficult to find out the exact position.

#### CHILLIES (EXPORT)

**\*1223. Shri S. O. Samanta:** (a) Will the Minister of Commerce be pleased to state what are the main markets for Indians chillies?

(b) Are there quota and licensing restrictions on the export of chillies?

**The Minister of Commerce (Shri Neogy):** (a) The main markets for Indian chillies are Ceylon and Pakistan.

(b) In conformity with the general policy of Government, licensing restrictions on the export of chillies have been reduced to the minimum by allowing free exports within certain over-all quotas.

**Shri S. C. Samanta:** May I know what are the reasons for imposing these prohibitions and restrictions?

**Shri Neogy:** There is no prohibition. There is an overall restriction as regards the total quantity of chillies that could be exported to the different destinations.

**Shri Alagesan:** May I know how much is permitted to be exported?

**Shri Neogy:** For the current year, for Ceylon 10,000 tons; to other destinations, 1,380 tons.

**Shri Deshbandhu Gupta:** What are the countries to which pepper is exported?

**Shri Neogy:** I am afraid I will have to ask for notice of this question.

**Mr. Speaker:** The question does not arise.

**Shri S. C. Samanta:** In which parts of India do chillies grow most?

**Shri Alagesan:** May I know what quantity has been exported to Ceylon?

**Shri Neogy:** I do not think the full quantity has been exported.

**Mr. Speaker:** Samanta's question stands.

**Shri S. C. Samanta:** In which parts of India do chillies grow most?

**Shri Neogy:** I know of Bihar, and Madras also. I am not sure about the other parts of the country.

**Shri V. J. Gupta:** In view of the shortage of chillies in the country, will the hon. Minister put a ban on the export of chillies?

**Shri Alagesan:** May I know whether there are any difficulties on the Ceylon side in the way of exporting chillies from here?

**Shri Neogy:** I do not know of any special difficulties.

**Shri S. C. Samanta:** Is it a fact that on account of the restrictions on the export of chillies from India, most of this trade has shifted to Pakistan?

**Shri Neogy:** I have already stated that there are no definite restrictions or prohibitions. We have set apart certain quotas and even the quota does not seem to have been fully utilised in the case of Ceylon.

#### PLYWOOD FACTORIES

\*1224. **Shri S. C. Samanta:** Will the Minister of Industry and Supply be pleased to state:

(a) whether Government propose to install plywood factories in India;

(b) if so, when; and

(c) how much plywood was manufactured in India and what was the total demand in the years 1948-49 and 1949-50?

**The Minister of Industry and Supply (Dr. S. P. Meekerjee):** (a) and (b). Government are examining a proposal.

(c) 1948—53:72 million sq. ft.  
1949—48:00 " " "



The annual demand for both these years is estimated to be 150 million square feet.

**Shri S. C. Samanta:** For what purposes is plywood generally used?

**Dr. S. P. Mookerjee:** For tea chests and for commercial purposes.

**Shri S. C. Samanta:** What are the principal raw materials required for its production?

**Dr. S. P. Mookerjee:** Of course, plywood.

**Shri Barman:** To what extent is our production deficit of our requirements?

**Dr. S. P. Mookerjee:** We need about 100 million square feet, according to the Tariff Board's report, for tea chests, and about 50 million for commercial purposes. Our production target is 63 million square feet, for this year, which may go up to 70 million.

**Shri Barman:** From which country is our deficit being imported in the first six months of this year?

**Dr. S. P. Mookerjee:** Mainly from Finland.

**Shri S. C. Samanta:** Will the protection for the Indian plywood industry be continued and if so, for how many years?

**Dr. S. P. Mookerjee:** The Tariff Board has not reported yet. I cannot now say for how long it will be continued.

**Shri Alagesan:** Is it imported direct from Finland or through the United Kingdom?

**Dr. S. P. Mookerjee:** It is coming from various countries.

**Shri Barman:** Is the hon. Minister in a position to say for what quantities licences have been given to Indian firms and for how much to the British agencies?

**Dr. S. P. Mookerjee:** I cannot say to whom licences have been granted. But, I can assure the House that we have taken some positive steps for the purpose of improving the plywood industry in this country and it is our hope that we will be able to produce what we need and that we will be able to utilise what we produce.

**Shri S. C. Samanta:** May I know how many factories are there in India and where they are located?

**Dr. S. P. Mookerjee:** Forty-five. Two in North India, twenty-three in East India and twenty in South India.

**Shri Chalhha:** What is the total quantity of tea chests produced in India out of this plywood?

**Dr. S. P. Mookerjee:** 1948—45:10 million sq. ft. 1949—38:90 million sq. ft.

**Mr. Speaker:** Next question.

**ATTACK BY FRENCH SOLDIERS NEAR MAHE**

**\*1225. Shri Damodra Menon:** (a) Will the **Prime Minister** be pleased to state whether it is a fact that on 5th February, 1950 a party of French soldiers entered Indian territory at the railway station at Mahe, tried to remove forcibly a displaced person and inflicted injuries on four Indian citizens?

(b) Is it a fact that after this incident, Indian sympathisers in Mahe are subjected to severe repression and that rowdies with the active help of the French Police are entering their houses at night, destroying property and harassing women and children?

(c) Has it been brought to the notice of Government that these harassed people are running away to Indian territory as refugees and if so, what steps do the Government of India propose to take to put an end to this state of affairs?

**The Deputy Minister of External Affairs (Dr. Keskar):** (a) Complete details regarding the incident are not yet cleared up, but according to present information a contingent of 28 French Military personnel, proceeding to the Mahe railway station, clashed with about 40 Indian civilians, including some refugees from Mahe, about a hundred yards from the station.

(b) The Government do not have any definite information, although it has been reported that the attitude of the local Administration has become stiffer towards the relations of the Mahe refugees and those involved in the incident.

(c) No such reports have been received.

**Shri Damodra Menon:** Is it a fact that the French Administration of Mahe attempted to annex a bit of Indian territory a few months ago?

**Dr. Keskar:** I do not think there is any question of annexation. It is true that the French Police did encroach on a section of Indian territory; but when their attention was drawn to this, they withdrew.

**Shri Damodra Menon:** Is it true that the names of Indian sympathisers are omitted from the list of voters in Mahe?

**Dr. Keskar:** We have not had any confirmation about this harassment of Indian residents. I may tell hon. Members that with regard to this question, an enquiry is going on and the main difficulty why we have not been able to clear it up is this. The version of the French policemen and that of the civilians who came into clash is contradictory. Evidence is being taken to find out who is really responsible for this incident.

**Prof. Ranga:** Damodra Menon is asking another question.

**Shri T. Husain:** As far as I am aware, our Government are negotiating with the French Government with regard to the French possessions in India. I would like to know how long approximately it will take for us to get back these possessions from the French and others.

**Mr. Speaker:** That is entirely a different question.

**Prof. Ranga:** Has it been brought to the notice of Government—this is the question of Mr. Damodra Menon—that the names of some of the Indian sympathisers in Mahe are being omitted from the voters' list by the French authorities?

**Dr. Keskar:** The question of Voters List is a much larger one than the specific complaint that Prof. Ranga has put forward. For the moment, Gov-

ernment has no information with regard to this. I might add that there have been complaints not only from Mahe but from other French possessions also that the names of pro-Indian voters are being omitted from the list.

**Shri Kamath:** What were the reasons given by the French Police or French Authorities for the trespass on our territory? Was it due to ignorance or something deeper?

**Dr. Keskar:** My friend has misread the question, which relates to a fight as a result of the French soldiers entering Indian territory on their way to the Mahe railway station. They have to pass through Indian territory to go to the railway station. A fight took place on what the civilians say was Indian territory and there was also the other allegation that it was French territory.

**Shrimati Ammu Swaminadhan:** Do Government contemplate sending someone from the Government of India to enquire thoroughly into what is happening in Mahe and thus get first hand information rather than dealing with the matter by correspondence alone?

**Dr. Keskar:** It is not being inquired into by correspondence. In fact our Consul General at Pondicherry is looking into the question.

**Shri Raj Bahadur:** In view of the fact that the names of a large number of Indians in Mahe are eliminated from the electoral rolls, are Government considering any proposal to do away with the procedure of referendum for the.....

**Mr. Speaker:** Order, order. It does not arise out of this question.

HAND-MADE PAPER

\*1226. **Lala Achint Ram:** Will the Minister of **Industry and Supply** be pleased to state:

- (a) the quantity of hand-made paper produced in the country;
- (b) the quantity of hand-made paper used by Government; and
- (c) the steps taken by Government for the encouragement of this cottage industry?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) 350 tons.

(b) The following quantities were utilised by Government during the years 1947-48 and 1948-49:

<i>Year</i>	<i>Hand-made D. O. Note Paper</i>	<i>Hand made envelopes.</i>
1947-48	48,772 sheets.	45,350 Nos.
1948-49	45,205 sheets.	41,828 Nos.

(c) The question of the purchase of the maximum possible quantity of hand-made paper of suitable quality for meeting Government requirements is already under active consideration. Our Embassies abroad have also been requested to popularise the use of hand made paper. All possible assistance by way of technical advice, transport and marketing facilities, is afforded to the industry.

**काला अचिन्त राम :** क्या मिनिस्टर साहब यह बताने की मेहरबानी करेंगे कि यह हैंड मेड पेपर हिन्दुस्तान में कहां कहां बनाया जाता है ?

**Lala Achint Ram:** Will the hon. Minister be pleased to state which are places in India where this hand-made paper is manufactured?

**Dr. S. P. Mookerjee:** Mostly done on cottage industry basis.

**काला अचिन्तराम :** मैं यह जानना चाहता हूं कि किन किन प्रान्तों में यह बनता है ?

**Lala Achint Ram:** I want to know in which of the States it is manufactured?

**Dr. S. P. Mookerjee:** It is done in Poona, Chunar, Calicut, Wardha, Santiniketan, Trivandrum, Tanjore, Uttar Pradesh.

**सेठ गोविन्ददास :** मैं यह जानना चाहता हूं कि हैंड मेड पेपर की इंडस्ट्री को तरक्की देने के लिये और उसको ख़ास करके सेंट्रली एडमिनिस्टर्ड एरियाज़ में चलाने के लिये गवर्नमेंट के पास कोई योजना है ?

**Seth Govind Das:** I have seen the spelling today and the question definitely deals with paper and not pepper. I want to know whether Government have got any scheme for the development of hand-made paper industry and encouraging its use in the Centrally Administered Areas, in particular?

**Dr. S. P. Mookerjee:** As I said, we want to encourage the greater use of hand-made paper for governmental purposes.

**Shri Goenka:** What is the tonnage of the paper consumed by Government? I want to know what was the consumption in terms of tonnage and not in terms of sheets?

**Dr. S. P. Mookerjee:** It is difficult to weigh them: it related to so many departments.

**Shri B. K. Das:** May I know whether there has been an increase or decrease in the total production during the last year?

**Dr. S. P. Mookerjee:** The production has increased.

**Dr. M. M. Das:** By what percentage is the cost of hand-made paper more than that of mill-made paper?

**Dr. S. P. Mookerjee:** I have not got the percentage: The price is certainly higher.

**Dr. Deshmukh:** As a result of the Japanese experts coming here and teaching some cottage industries to our people is the production of hand-made paper likely to go up?

**Dr. S. P. Mookerjee:** It is quite possible.

**Shri E. Velayudhan:** Is any subsidy given to this cottage industry?

**Dr. S. P. Mookerjee:** Government purchase means subsidy.

HINDU PRISONERS TAKEN AT SKARDU

\*1227. **Lala Achint Ram:** Will the **Prime Minister** be pleased to state:

- (a) the number of Hindu prisoners taken into custody at Skardu;
- (b) the number of women prisoners in the custody of Pakistan; and
- (c) whether any agreement has been arrived at regarding their transfer to Bharat?

**The Deputy Minister of External Affairs (Dr. Keskar):** (a) About 170 Hindu and Sikh Civilians were taken prisoner at the time of the fall of Skardu.

(b) A large number of non-Muslim women are held up in Pakistan and in the territory occupied by the so-called Azad Government, but it is not possible to give even approximate figures as we have no means of ascertaining them. We have however received information that there are about 132 women detenus in the camp near Rawalpindi where refugees from Skardu, Gilgit and other places in the Northern Territories are being kept.

(c) There already exists an inter-dominion agreement about the transfer of unattached women and children but so far there has been little progress in getting the women and children in question transferred to India. As regards the other women detained in Pakistan, our High Commissioner has pressed the Pakistan Government to release them but the proposal has not yet been accepted by that Government.

**लाला अचिन्त राम :** जो कैदी इस वक्त पाकिस्तान के पास हैं क्या वे अपने रिश्तेदारों के साथ पत्र व्यवहार कर सकते हैं ?

**Lala Achint Ram:** Can those prisoners who are at present in the custody of Pakistan correspond with their relatives?

**Dr. Keskar:** Prisoners or their relatives?

**लाला अचिन्त राम :** क्या ये प्रिजनर्स अपने रिलेटिव्स के साथ पत्र व्यवहार कर सकते हैं ?

**Lala Achint Ram:** Can these prisoners correspond with their relatives?

**Dr. Keskar:** Up till now they have not been able to communicate with their relatives, though I think some have been able to make known the fact that they were prisoners there.

**लाला अचिन्त राम :** क्या उनको पत्र व्यवहार करने की आज्ञा है ?

**Lala Achint Ram:** Are they permitted to exchange correspondence?

**Dr. Keskar:** I may inform the hon. Member that the latest information is that the 132 women detenus have been transferred to the Women's Camp at Lahore.

कहानी जी - ایس - مسافر - راولپنڈی کے نزدیک جو کیمپ ہے اور وہاں سکروز سے جو لوگ آئے ہیں وہاں سے ایک لڑکی کی دو چٹھیاں مہرے پاس آئی ہیں جن میں اس نے بہت دکھ کا اظہار کیا ہے - کیا گورنمنٹ کے پاس بھی ایسی کوئی رپورٹ دائر ہوئی ہے ?

**Giani G. S. Musafir:** I have received two letters expressing grief from a girl detained in the camp near Rawalpindi where refugees from Skardu are being kept. Have the Government also received any such report direct?

**Dr. Keskar:** Our Deputy High Commissioner in Lahore has tried to get as much information as possible about these detenus. As I said, after a lot of pressure they have now been brought to the Women's Camp at Lahore and we are trying to get them released as quickly as possible.

گیانی جی - ایس - مسافر - کہڑے اور خوراک کے متعلق ان کو جو تکلیفات ہیں  
 کہا اس کے متعلق گورنمنٹ نے اپنی طور پر کوئی انکوائری کی ہے ؟

**Giani G. S. Musafir:** Have the Government themselves made any enquiry into the difficulties faced by them in respect of food and clothing?

ڈاکٹر کسکار : گورنمنٹ نے ان لوگوں کو مدد پہنچانے کے بارے میں کافی کوشش کی تھی । لیکن جب تک وہ راولپنڈی میں تھے کوئی نئیجا نہیں نیکلا । لیکن اب لاہور میں آ گئے ہیں تو اطمینان ہے کہ ہم ان کی کچھ زیادہ مدد کر سکیں گے ।

**Dr. Keskar:** Government had done its best to render assistance to those persons. But so long as they were detained at Rawalpindi, nothing substantial could be done. Now since they have been removed to Lahore, it is hoped that we shall be able to help them a little more.

**Ch. Ranbir Singh:** Do Government propose to seek the help of the United Nations Organisation to get these women released?

**Mr. Speaker:** Order. order.

#### PROPERTIES ACQUIRED FOR LEGATIONS, EMBASSIES, MISSIONS, ETC., ABROAD

\*1228. **Lala Raj Kanwar:** Will the **Prime Minister** be pleased to state:

(a) the brief details of the properties acquired by Government in foreign countries for the various Legations, Embassies, Missions etc.; and

(b) the price paid for the acquisition of such properties in the respective countries?

**The Deputy Minister of External Affairs (Dr. Keskar):** (a) and (b). A statement is laid on the Table of the House [See Appendix VI, annexure No. 10.]

**Lala Raj Kanwar:** What is the total value of the property belonging to Government in foreign countries?

**Dr. Keskar:** I am sorry I cannot give that information off-hand. The statement I have laid on the Table is a very long one.

**Lala Raj Kanwar:** Have Government formulated any policy with regard to the acquisition of immovable property in foreign countries? May I know whether that policy favours outright purchase instead of taking properties on rent?

**Dr. Keskar:** Government's policy is as far as possible and whenever finance permits, to purchase property, as ultimately it is cheaper for us.

**Lala Raj Kanwar:** Which is the oldest property belonging to Government in any foreign country?

**Dr. Keskar:** I cannot say which is the oldest. In Washington, Canberra and London we have properties which are the oldest.

**Lala Raj Kanwar:** May I know whether any portion of those properties is surplus to our requirements and, if so, whether it is let out on rent?

**Dr. Keskar:** There is no surplus property.

**Shri Brajeshwar Prasad:** Will my hon. friend tell us the price of the new building which has been purchased in London for the residential accommodation of our High Commissioner?

**Dr. Keskar:** This question has already been replied to on the floor of this House.

**Shri Brajeshwar Prasad:** Was the building purchased with his approval?

**Mr. Speaker:** Order, order.

**Shri Kamath:** The question has not been answered, Sir.

**Mr. Speaker:** I have not allowed it.

**Shri Kamath:** Is it a fact that this deal about the purchase of this building in London for the residential or other purposes of our High Commissioner was put through before approval by the Standing Finance Committee?

**Mr. Speaker:** Order, order. The hon. Member is raking up old matters. There has been a discussion on this matter before.

**Lala Raj Kanwar:** May I know whether the value of such immovable properties generally has appreciated or depreciated since they were acquired?

**Mr. Speaker:** It is a very general question.

**Shri Karmarkar:** May I know whether it is a fact that the new building 'India House' purchased in New York is very badly furnished at present, and whether Government propose to provide the minimum furniture for that House?

**Mr. Speaker:** Those are questions of detail which hardly arise.

**Shri Tyagi:** Is it the intention of the Government to make any further similar purchases in other countries?

**The Prime Minister (Shri Jawaharlal Nehru):** We would very much like to, if the Finance Ministry will help us in doing so.

#### PERMIT TO MR. HABIBUR RAHMAN TO ENTER GERMANY

\*1229. **Shri Kamath:** Will the **Prime Minister** be pleased to refer to his answer given to my starred question No. 859 on 22nd December 1949 regarding Entry Permit to Mr. Habibur Rahman for Germany and state whether Government propose to take up the matter with the Bonn Government?

**The Deputy Minister of External Affairs (Dr. Keskar):** It has been ascertained that the Bonn Government are not empowered to remove names of persons black listed for Entry Permits for Germany. The matter still rests with the Occupying Powers.

**Shri Kamath:** Have any instances come to the notice of Government where Indians who were associated with the Nazi regime in Germany as closely or as well as Mr. Habibur Rahman have been permitted to re-visit Germany?

**Dr. Keskar:** Certain Indian nationals who were associated with the Nazi regime have been permitted. I cannot say whether they had been as much associated as Mr. Habibur Rahman—it is not possible for me to go into the

question in detail. But as I said, the power is not in our hands to judge whether he should be allowed to go back or not—it is with the Occupying Powers. I might add that we did our best to get a permit for him to visit Germany but the Occupying Powers refused to withdraw the ban.

**Shri Kamath:** Did Government take up this matter only with the Allied Occupation Powers or did they try to contact the West German Government at Bonn in this matter?

**Dr. Keskar:** If my hon. friend had listened to the answer he would have found that it is no use taking it up with the Bonn Government because it has no power.

**Shri Kamath:** The point is.....

**Mr. Speaker:** Order, order. He need not argue the point.

**Shri Kamath:** The Minister replied, "...it is no use...". I want to know whether it was actually taken up with the Bonn Government.

**Mr. Speaker:** When that Government has no Power, why should they take it up with them?

**Shri Tirumala Rao:** May I know whether this gentleman is an Indian national or a Pakistan national?

**Dr. Keskar:** It is very difficult to say. He was an Indian national before. I have not looked into the question.

**Shri Kamath:** How many Indians.....

**Mr. Speaker:** Order, order. The matter has been sufficiently discussed. Next question.

#### CANDIDATES FOR INDIAN FOREIGN SERVICE TRAINED ABROAD

\*1230. **Dr. R. S. Singh:** Will the **Prime Minister** be pleased to state:

(a) the number of selected candidates for the Indian Foreign Service who have been sent for training abroad;

(b) the names of foreign institutions in which they are being trained;

(c) the number of candidates sent for training in Missions abroad;

(d) the names of the countries in which those Missions are located; and

(e) the number of candidates in each of those Missions?

**The Deputy Minister of External Affairs (Dr. Keskar):**

(a) First batch in 1948	7
Second batch in 1949	4
TOTAL	11

(b) All the eleven Probationers were admitted to the Universities of Oxford and Cambridge.

(c) to (e). The first batch of seven Probationers completed their training in England in September, 1949, and thereafter have been posted to continental centres for the study of the foreign languages they are expected to learn. Four of them are learning French—two in the University of Tours and two in the



University of Paris—under the general supervision of our Ambassador in France. Two are learning Russian and are attached to our Embassy at Moscow. The seventh Probationer is attached to our Mission in Berlin and is learning German.

The second batch of Probationers is still receiving training in England and a similar programme will be arranged in their cases after the completion of the University terms.

**Dr. R. S. Singh:** May I know, Sir, whether the candidates who have been sent for training in foreign institutions are studying there as regular students?

**Dr. Keskar:** They are regular students in the sense they are allowed to attend the course. They don't pass any examination.

**Dr. R. S. Singh:** May I know the specific courses they are desired to study and the approximate length of their training period?

**Dr. Keskar:** I would require notice for that.

**The Prime Minister (Shri Jawaharlal Nehru):** If the hon. Member wants to know the courses, we can hardly supply from memory details of all the courses.

**Dr. R. S. Singh:** May I know the average annual expenditure incurred by the Government of India on each of those students?

**Dr. Keskar:** Once before I had given the total expenditure incurred in this connection. I cannot say how much it is per student, but on the whole it is about Rs. 40,000 to 50,000.

**Dr. R. S. Singh:** May I know whether there are any other Indians receiving similar training in those foreign institutions?

**Dr. Keskar:** I have no idea.

**Shri Tirumala Rao:** May I know whether the Universities of Oxford and Cambridge have got any courses for training students in foreign service? What particular branches of learning or institutions are there to train students for the purpose for which they are sent there?

**Shri Jawaharlal Nehru:** I speak without reference to my book, but they have not got courses specially for foreign service students but courses for foreign work, that is to say diplomatic service, etc. Many big Universities have those courses and such of our students as go there particularly take those subjects.

**Shri Goenka:** How many are going to be selected this year?

**Dr. Keskar:** It will depend upon our needs—it has not yet been decided.

**Shri Kamath:** What, Sir, is the position with regard to the men officers in the Indian Foreign Service who have, or who subsequently acquire, foreign wives, and what is the position with regard to women officers in the Indian Foreign Service who get married?

**Shri Jawaharlal Nehru:** It is the general rule that officers cannot marry foreign wives without permission; if they get permission they may so marry. As for women officers marrying, there is a general rule that it is open to Government to terminate their services, that is they may continue so long as Government allows them to continue but it is just open to Government to review their case after marriage.

**Shri Kamath:** Is that rule not uniformly applied then?

**Shri Jawaharlal Nehru:** There are not many cases, of course. The point is that where it comes in the course of service it is applied; where for the moment it does not, it is not applied.

**Sardar B. S. Man:** May I know whether the number so far selected and now being trained for foreign service is sufficient to meet the demands of our Foreign Service, and if not, in how much time do we expect that our Foreign Service will be completely nationalized?

**Mr. Speaker:** He means Indianized.

**Shri Jawaharlal Nehru:** Our Foreign Service is completely national at the present moment. I don't know what the hon. Member means.

**Dr. R. S. Singh:** May I know whether the wives of our Foreign Service personnel are allowed to work in our Foreign missions where their husbands are stationed?

**Shri Jawaharlal Nehru:** There is no ban. I do not for the moment remember any such case. It depends upon the circumstances and the individuals concerned.

**Shrimati Ammu Swaminadhan:** In view of the reply that the Prime Minister gave with regard to terminating the services of married women, is it the opinion of Government that a woman, as soon as she gets married, becomes inefficient?

**Mr. Speaker:** Order, order. She is arguing the question.

**Shrimati Ammu Swaminadhan:** I am sorry, Sir, but I did not ask this as a joke.

**Mr. Speaker:** It is not a joke, but then it is a matter of opinion. He said that the services may be terminated in the case of women.

**सेठ गोविन्द दास:** क्या इस तरह के पाठ्यक्रम के अनुसार जो बाहर की युनिवर्सिटियों में पढ़ाया जाता है हिन्दुस्तान की किसी युनिवर्सिटी में प्रबन्ध हो रहा है कि हमारे फारेन सर्विस के कंडीडेट यहां भी इसी तरह की शिक्षा प्राप्त कर सकें।

**Seth Govind Das:** May I know whether any such arrangements are being made in any University in India for imparting training in the courses of study which are taught in the Foreign Universities so that our Foreign Service candidates may be able to receive training here, also?

**श्री जवाहरलाल नेहरू:** जी हां, अक्सर युनिवर्सिटियों में इसका प्रबन्ध हो रहा है लेकिन कितना ही यहां प्रबन्ध हो हमारी राय यह है कि उनको डेढ़, दो वर्ष बाहर पढ़ना चाहिये क्योंकि उनको आखिर बाहर काम करना है। चुनाचे बाहर से वाकफियत करनी चाहिये।

**Shri Jawaharlal Nehru:** Yes, Sir. Arrangements are being made in certain Universities. But, however, efficient may these arrangements be, we are of the opinion that they should study abroad for 1½ or 2 years as after all they have to serve in the foreign countries. So, they should acquire knowledge of the foreign countries.

## Short Notice Question and Answer

## NEW POSTAL RATES.

**Shri Sidhva:** Will the Minister of Communications be pleased to state whether he has any information to give regarding Government's decisions as to Postal rates etc. supplementary to what he announced on the 21st March, 1950; if so, will he give it?

**The Minister of Communications (Shri Kidwai):** The required information is contained in a communique issued by the Director-General, Posts and Telegraphs, a copy of which is laid on the Table of the House.

## STATEMENT

*Copy of a communique issued by the Director-General of Posts and Telegraphs, New Delhi.*

The Posts and Telegraphs Department will be introducing the following new facilities and changes during the year 1950-51.

(1) *Local Letters.*

From April 1st next, post offices will receive and distribute letters and post cards for 'local' delivery at reduced rates. In rural areas, the area covered for local delivery will be the jurisdiction of every rural post office. In urban areas, the local delivery will cover not only the local municipal area, but also the adjoining rural area. The post offices in urban areas will announce the jurisdiction within which local letters will be delivered.

The embossed post cards for local deliveries will not be available for some time, but the public will be allowed to use blank cards with six pies postage. For the convenience of the public, blank post cards will be available for sale in post offices at the rate of four cards for three pies.

It is not intended to supply embossed envelopes for local letters and any envelope can be used with one anna stamp for local delivery. In order to facilitate the public, post offices have been supplied with packets of envelopes for sale at the rate of 2-annas per packet of 16 envelopes.

(2) *Letter Cards.*

With effect from the 1st October, 1950, the new letter card priced at 1½-annas will be introduced. It will be ¼-anna cheaper than the envelope. Letter cards will be sent by surface route or by air whichever will ensure their quicker delivery. The design has been finalised; they will bear the Asokan Capital against light green background.

(3) *P. and T. working on Sundays.*

With effect from the 1st Sunday in May, 1950, which falls on the 7th May, all post offices will be entirely closed on Sundays. There will be no clearances of letter boxes and no receipt, despatch or delivery of mails. Newspapers can post their Sunday editions in R.M.S. offices and the public will have the facility of posting letters in R.M.S. offices, R.M.S. Sections in trains and in letter boxes installed in Departmental Telegraph Offices but on prepayment of late fee. The public will also have the facility of receiving Express Delivery letters on Sundays, which will be delivered from Telegraph Offices like telegrams. With effect from the 1st May, 1950, the delivery of Express Delivery letters will be effected from Telegraph Offices, which, in order to accelerate the service, will receive them direct from R.M.S. Offices.

Combined Offices will remain entirely closed on Sundays, except for booking and delivery of late fee telegrams. Combined Offices at the headquarters of Districts will also attend on Sundays to the delivery of Express Delivery letters and collection of late fee letters. The Departmental Telegraph Offices and Telephone Exchanges will work on Sundays, as at present. The staff who come on duty on Sundays will receive a compensatory holiday on other days of the week.

**Shri Sidhva:** After the speech made by the hon. Minister in which he stated that only 1½ annas will be charged for local deliveries, may I know.....

**Mr. Speaker:** Order, order. The information is contained in the statement laid on the Table of the House. Let the hon. Member study the statement and then table questions if he likes.

**Shri Sidhva:** The communique was issued only two days ago. I have read it and arising out of that, I want to put a question.

**Mr. Speaker:** Not by way of supplementaries now. The reply is more or less in the nature of a statement.

**Shri Sidhva:** I could not follow some of the points in the communique. I want to understand it and for the benefit of the public I want to clarify the matter.

**Mr. Speaker:** I am so sorry that it cannot be permitted.

## WRITTEN ANSWERS TO QUESTIONS

### COMPANIES TRADING IN TOBACCO

\*1231. **Shri P. K. Ramiah:** Will the Minister of Commerce be pleased to state the number of foreign trading companies and Indian trading companies in India trading in Indian Tobacco?

**The Minister of Commerce (Shri Neogy):** Separate figures for Indian and foreign trading companies in India trading in tobacco are not available. The total number of wholesale dealers in tobacco in India during 1948 was 325,509.

### PRODUCTION IN MYSORE IRON WORKS

\*1232. **Shri Rudrappa:** (a) Will the Minister of Industry and Supply be pleased to state the average daily production of pig iron and steel in the Mysore Iron Works, Bhadravathi?

(b) Have the Government of Mysore prepared any scheme for the increased production of pig iron and steel?

(c) If so, what will be the probable cost of the scheme?

(d) Have the Government of Mysore applied to the Government of India or to the International Monetary Fund through the Government of India for a loan for the above scheme?

(e) If so, what action has been taken by the Government of India in this respect?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):**

(a) Pig Iron—64 tons per day.  
Steel—70 tons per day.

(b) Yes.

(c) Rs. 290 lakhs.

(d) and (e). An application has recently been received from the Government of Mysore asking for a loan of Rs. 2.7 crores from the Government of India which is under consideration. No application to the International Monetary Fund has been made.

## LABOURERS IN MICA AND LEAD MINES IN RAJASTHAN

\*1233. **Shri Balwant Sinha Mehta:** (a) Will the Minister of **Labour** be pleased to state what steps have been proposed to be taken to safeguard the interests of the labourers working in the Mica and Lead mines in Rajasthan?

(b) Will all the Central laws be extended to them?

(c) Do Government intend to start Welfare and Uplift work for them and if so, when?

**The Minister of Labour (Shri Jagjivan Ram):** (a) to (c). The question of extending the Central Labour Laws to Rajasthan and of assuming responsibility for their administration in that area is under consideration. Labourers working in the mica and lead mines in Rajasthan will derive all the benefits conferred by these Acts as soon as they are extended to them

## POLICY REGARDING INVITING TENDERS

\*1234. **Shri Balwant Sinha Mehta:** (a) Will the Minister of **Industry and Supply** be pleased to state whether it is a fact that some tenders are opened only in foreign countries?

(b) Do Government propose to make a change in the policy in this matter?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) I would invite attention, in this connection, to the reply given to part (c) of starred question No. 165 asked by Shri R. K. Sidhva on the 9th February, 1950.

(b) No, Sir.

## AUTOMOBILE ASSEMBLING FACTORIES

\*1235. **Shri Alexander:** Will the Minister of **Industry and Supply** be pleased to state:

(a) the number of foreign firms who have applied for permission to start automobile assembling factories?

(b) the names of the companies and the countries to which they belong; and

(c) the number, if any, of firms with whom negotiations are now complete?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) Two.

(b) and (c). Messrs. Standard Motor Co. Ltd., and Messrs. Roots Ltd., both of the U.K., have been permitted by the Government to set up factories in India for the assembly and progressive manufacture of automobiles, in collaboration with Indian nationals.

## EXPORT OF TEA

\*1236. **Shri Rathnaswamy:** (a) Will the Minister of **Commerce** be pleased to state how much tea was exported in 1948 and 1949?

(b) What are the principal countries to which tea is exported?

(c) What was the surplus tea left for internal consumption in 1949?

**The Minister of Commerce (Shri Neogy):** (a) Tea exported during 1948 and 1949 is as follows:

1948—358,624,000 lbs.

1949—490,620,000 lbs.

(b) Principal countries to which tea is exported from India are—U.K., U.S.A., U.S.S.R., Canada, Australia, Iran and Arabia.

(c) On a rough estimate, about 125 million lbs. of tea was available for consumption in India.

#### NON-FERROUS METALS

**\*1237. Shri P. Basi Reddi:** Will the Minister of **Industry and Supply** be pleased to state:

(a) the quantity of non-ferrous metals produced in India in 1948 and 1949; and

(b) the imports of the metals during the same period?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):**

#### JAPANESE PEACE TREATY

(a) 1948—10,160 tons.

1949 - 10,573 tons.

(b) 1948—1,02,737 tons.

1949—(up to November, '49) — 85,039 tons.

#### JAPANESE PEACE TREATY

**\*1238. Shri Kamath:** Will the **Prime Minister** be pleased to state:

(a) what steps have so far been taken towards the conclusion of the Japanese Peace Treaty; and

(b) at what stage the matter rests?

**The Deputy Minister of External Affairs (Dr. Keskar):** Progress in respect of the Japanese Peace Treaty has been slow owing to disagreement between some of the Powers concerned. The matter was considered at the Commonwealth Foreign Ministers' Conference in Colombo last January when it was decided to set up a working party of officials in London to consider what further steps should be taken in regard to this matter.

#### IRON AND STEEL (IMPORT)

**\*1239. Shri Rathnaswamy:** (a) Will the Minister of **Industry and Supply** be pleased to state how much iron and steel is proposed to be imported in the year 1950?

(b) What is the quantity imported in the year 1949 in the category of pipes, tubes and fittings?

(c) How many were given licences for import of iron and steel in the year 1949?

(d) What is the lowest and highest quota given?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) About 300,000 tons.

(b) 26,215 tons.

(c) 713.

(d) Lowest quota : 1019 tons.

Highest quota: 4,800 tons.

#### AMENITIES TO PILGRIMS TO HAJ AND MANASAROVAR

**\*1240. Shri B. S. Arya:** (a) Will the **Prime Minister** be pleased to state as to what amount of money Government spent during the year 1949 on Indian pilgrims going for Haj?

(b) What amenities do Government provide to the pilgrims going on pilgrimage to Manasarovar and what amount of money do Government spend for them?

**The Deputy Minister of External Affairs (Dr. Keskar):** (a) Approximately Rs. 66,000. This money is spent chiefly on vaccinations and inoculations of Haj pilgrims, police charges, and administrative expenses.

(b) The Central Government makes no special arrangements, but the Uttar Pradesh Government has improved conditions of travel by building roads, maintaining rest houses, and small hospitals and police arrangements.

#### LANSDOWNE SUB-REGIONAL EMPLOYMENT EXCHANGE

**\*1241. Shri B. S. Arya:** (a) Will the Minister of **Labour** be pleased to state as to how many persons secured employment during the year 1949 through the efforts of Lansdowne Sub-Regional Employment Exchange?

(b) How many persons of the Scheduled Castes secured employment and in which departments?

(c) How many women got themselves enrolled for employment in the same Exchange and out of them how many got employment?

(d) What was the total number of persons who registered with Lansdowne Sub-Regional Employment Exchange?

**The Minister of Labour (Shri Jagjivan Ram):** (a) 3,828 persons were placed in employment during the year 1949 by the Sub-Regional Employment Exchange, Lansdowne.

(b) 430 Scheduled caste applicants were placed in employment through this Exchange during 1949. Of these, 5 were in Union Government, 131 in State Government and 294 in private establishments.

(c) 55 women applicants registered with this Employment Exchange for employment assistance during the year and 51 were placed in employment.

(d) 8,268 persons registered themselves with the Exchange during the year for employment assistance.

## Belt Fastener Bolts

\*1242. **Giani G. S. Musafir:** Will the Minister of **Industry and Supply** be pleased to state:

(a) whether it is a fact that belt fastener bolts are manufactured in India as a cottage industry;

(b) whether it is a fact that the import of these bolts has been stopped for the period from June, 1949 to June, 1950 to encourage the cottage industry;

(c) whether this temporary ban on import has affected the prices of the home goods;

(d) if not, whether an enquiry has been made to ascertain the causes for that;

(e) whether it is a fact that the ban on the import of these goods will be lifted after June, 1950;

(f) what is the duty levied on the goods that are imported; and

(g) whether it gives sufficient protection to the home industry?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) Presumably the hon. Member is referring to belt fasteners. If so, the answer is in the affirmative.

(b) No licences were issued during the period from June to December, 1949, for belt fasteners. During the period January—June, 1950, licences for import of 'Alligator' and 'Jackson' types only from soft currency areas will be issued subject to a monetary ceiling.

(c) Government have no definite information.

(d) The case has been referred to the Tariff Board.

(e) There is no ban at present. The question of licensing import after June, 1950, will be considered at the appropriate time.

(f) 10 per cent. *ad valorem*.

(g) This is a matter for the Tariff Board to examine.

## Factories for Auto-Rickshaws

\*1243. **Shri Sanjivayya:** (a) Will the Minister of **Industry and Supply** be pleased to state whether there are factories in India which manufacture Auto-Rickshaws?

(b) If the answer to part (a) above be in the negative, is any proposal under consideration of Government to start such factories?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) and (b). No.

## RAID BY PAKISTANIS ON KASHALGARI IN BIHAR

\*1244. **Prof. S. N. Mishra:** (a) Will the **Prime Minister** be pleased to state whether an armed gang from Pakistan raided Kashalgari in Purnea district of Bihar a few days back?



(b) If so, was there an exchange of shots between the Indian Police and the members of the gang?

(c) What was the total strength of the gang, the number killed, if any, on either side and the number of members of the gang which made good its escape?

(d) Has any member of the gang been arrested and was any Indian national killed?

(e) What was the nature of weapons with which the raiders were equipped?

(f) What are the steps taken by the Government in this regard?

**The Prime Minister (Shri Jawaharlal Nehru):** (a) to (f). There was no armed raid from Pakistan but a dacoity was organised by one Bhutki Polia, a Hindu dacoit of Bihar who had invited some Pakistani criminals also to join his gang. The gang was surprised by the police party near the house of Bhutki Polia and fire was exchanged. Four members of the gang were arrested and it is believed that some others were injured but they managed to escape. There was no casualty on the police side.

#### EXPORT OF RAW HIDES

**\*1245. Shri Chandrika Ram:** Will the Minister of Commerce be pleased to state:

(a) the amount of export of raw hides;

(b) the amount of import of finished leather goods for 1945-46 and 1948-49 from other countries; and

(c) from Pakistan separately for 1948 and 1949?

**The Minister of Commerce (Shri Neogy):** I place on the Table of the House three statements giving the information asked for in parts (a), (b) and (c) of the question [See Appendix VI, annexure No. 11.]

#### FORMATION OF WEST INDIES AS A DOMINION WITHIN THE COMMONWEALTH

**\*1246. Shri Rathnaswamy:** (a) Will the Prime Minister be pleased to state whether India's advice has been sought by the United Kingdom in regard to the formation of West Indies as a dominion within the Commonwealth?

(b) What steps do Government propose to take in protecting the interests of Indians in West Indies?

**The Deputy Minister of External Affairs (Dr. Karkar):** (a) No.

(b) The Government of India are watching developments and will certainly take whatever action is considered necessary to protect the interests of Indians in the British West Indies.

### WOOL AND WOOLLEN GOODS IMPORTED FROM TIBET

**\*1247. Shri B. S. Arya:** (a) Will the Minister of **Commerce** be pleased to state the quantity of wool and woollen goods imported into India from Tibet during the year 1948-49?

(b) What is the quantity out of such imports purchased by Government and what is the value thereof?

(c) What is the quantity purchased by the merchants?

**The Minister of Commerce (Shri Neogy):** (a) Import of raw wool amounted to approximately 8187 tons. Figures relating to woollen goods imported from Tibet are not available.

(b). Government have not purchased any raw wool or woollen goods directly from Tibet.

(c) The entire quantity imported from Tibet.

### LABOURERS IN ASSAM TEA PLANTATIONS

**\*1248. Shri Oraon:** (a) Will the Minister of **Labour** be pleased to state what is the total number of persons from Bihar, Madhya Pradesh and Orissa who have gone to work in the tea plantations in Assam?

(b) What is the number separately of those who are working in the tea plantations and of those who have settled there outside the plantation area?

(c) What is the number of Banjati amongst the Basti labourers and were they included in the 1941 census under the category of "Aboriginals"?

**The Minister of Labour (Shri Jagjivan Ram):** (a) to (c). Information is being collected and will be laid on the Table of the House in due course.

### OFFICERS IN THE MINISTRY OF LABOUR

**\*1249. Shri B. K. Pant:** Will the Minister of **Labour** be pleased to state:

(a) the number of Secretaries, Joint Secretaries, Deputy Secretaries and Under Secretaries Ministry of Labour has; and

(b) whether these Secretaries, Joint Secretaries, Deputy Secretaries and Under Secretaries are called upon to tour throughout India and abroad?

**The Minister of Labour (Shri Jagjivan Ram):**

(a)

Secretary . . . . .	One
Joint Secretary . . . . .	Two ( 1 ex-officio )( D.G. R. and E.)
Deputy Secretary . . . . .	Five ( One ex-officio and One in Directorate General of Resettlement and Employment ).
Under Secretary . . . . .	Four ( One in Directorate General of Resettlement and Employment.)

(b) Yes, whenever it is necessary in the interest of work.

## INDIANS WHO HAVE ACQUIRED BURMESE CITIZENSHIP

\*1250. **Shri M. V. Rama Rao**: Will the **Prime Minister** be pleased to refer to the answers given to supplementaries raised on Starred Question No. 896 asked on 16th March 1950 and state:

(a) whether there is any discrimination in the treatment of Indians who have not acquired Burmese citizenship; and

(b) the number of Indians in Burma who have acquired Burmese citizenship?

**The Deputy Minister of External Affairs (Dr. Keskar)**: (a) It is not quite clear what the hon. Member wants to know but in Burma as in other independent countries, citizens have certain rights, which non-citizens cannot claim.

(b) The figures regarding Indians who have acquired Burmese citizenship are not available.

## EXPORT OF COTTON TEXTILES

\*1251. **Shri S. N. Sinha**: Will the Minister of **Commerce** be pleased to state:

(a) whether any change has been made in the method of granting licences for the export of cotton piece goods; and

(b) if so, what are those changes and what is their effect on the export trade?

**The Minister of Commerce (Shri Neogy)**: (a) Yes, some procedural changes have been effected in regard to the issue of licences for export of cotton piecegoods.

(b) It has been prescribed that all future applications for licences should indicate the consignee's name, the category and variety of cloth desired to be exported, the month of shipment. Applications should also be accompanied by a provisional contract with the mill from whom the goods are to be purchased and the firm orders received from overseas clients. These changes were introduced after consulting the Cotton Piecegoods Export Advisory Committee with a view to preventing applications of a somewhat speculative nature being made by firms trying to secure licences for themselves in anticipation of the export quota being exhausted. Except for the weeding out of the class of applications which I have just referred to, these measures are not calculated or expected to have any other effect on the export trade.

## INDIANS KILLED BY KAREN IMMIGRANTS IN BURMA

\*1252. **Shri Buragohain**: Will the **Prime Minister** be pleased to state:

(a) whether the attention of Government has been drawn to a Press Trust of India—Reuter report from Rangoon, dated the 10th March, 1950, on the subject of alleged brutalities by Karen insurgents appearing in Indian papers in which a Burmese Army spokesman is reported to have disclosed that the Burmese Army on entering Pyu (Central Burma) found 427 dead bodies including those of Indians;

- (b) if so, whether there is any basis for the said report;
- (c) what is the number of Indian dead bodies, if any, found in Pyu and how many of them were of women and children; and
- (d) whether any of the Indian dead bodies were identified?

**The Deputy Minister of External Affairs (Dr. Keskar):** (a) to (d). It is correct that the Burmese Army on entering Pyu (Central Burma) found a number of dead bodies in the town. Only one of these was that of an Indian. He was a Chettiar.

#### CONVERSION OF HARIJANS IN PAKISTAN

**\*1254. Shri Balmiki:** Will the Minister of Rehabilitation be pleased to state:

- (a) whether it is a fact that Harijans are being converted in East and West Pakistan;
- (b) if so, what steps Government propose to take in the matter; and
- (c) what is the total number of such Harijan converts?

**The Minister of Transport and Railways (Shri Gopalaswami):** (a) to (c). Attention of the hon. Member is drawn to a similar question No. 542 answered on the 27th February, 1950.

#### CONDITIONS OF EMPLOYEES IN PRIVATE NEWSPAPER CONCERNS

**\*1255. Shri Dwivedi:** Will the Minister of Labour be pleased to refer to the answer given on 23rd March, 1949 to Starred Question No. 1888 asked by Shri H. V. Kamath, regarding conditions of employees in private newspaper concerns and state what steps have since been taken to set up a tripartite committee for the newspaper industry?

**The Minister of Labour (Shri Jagjivan Ram):** As the newspaper industry comes within the State sphere and as several State Governments have already protected workers in this industry by the Shop Assistant Acts and Commercial undertaking Acts, the Central Government do not consider it necessary at present to set up a Tripartite Committee for that industry.

#### DISTRIBUTION OF COAL TO MISCELLANEOUS INDUSTRIES

**\*1256. Shri Kshudiram Mahata:** Will the Minister of Industry and Supply be pleased to state:

- (a) the authority which makes distribution of steam coal to miscellaneous industries at present; and
- (b) what arrangements have Government made to ensure equitable distribution of steam coal to all industries?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) Distribution of steam coal to some of the "Miscellaneous" industries is made by the State Government concerned and, in other cases, by the Coal Commissioner.

(b) Allocations of steam coal to the industries are made each month based on demands obtained from them and stock position. The available coal is then distributed taking into account the importance of the industry and transport availability during the month.

**Khadi in Show-Rooms Abroad**

\*1257. **Shri Kannamwar:** Will the Minister of Commerce be pleased to state whether the Show-Rooms to exhibit cottage Industry products opened in the Trade Commissioner's Offices at New York etc. include hand-spun and hand-woven *khadi* duly certified by Akhil Bharat Charkha Sangha?

**The Minister of Commerce (Shri Neogy):** No, Sir. For the New York show-room so far only one consignment consisting of 274, pieces of samples has been sent, and that does not include any hand-spun and hand-woven *khadi* certified by the Akhil Bharat Charkha Sangha. It was decided to purchase the first consignment of samples (except a few select exhibits of Refugee Handicrafts) from the Central Cottage Industries Emporium which did not at that time possess the goods specified by the hon. Member, except plain and printed *khadi sarees*. The Inter-Ministerial Committee who selected the goods, did not find those *sarees* suitable for the American market.

For commercial publicity at San Francisco and Stockholm, free donations of samples were invited from Commercial firms by Press Notes and Circular letters. So far, no goods of the category specified by the hon. Member have been donated by any one and therefore, at the moment, there is no display of these in the Show-Rooms abroad.

**LABOURERS IN MANGANESE MINES**

\*1258. **Shri Kannamwar:** Will the Minister of Labour be pleased to state whether it is a fact that the labourers working in Manganese Mines in Madhya Pradesh have complained that they do not get pure drinking water while at work?

**The Minister of Labour (Shri Jagjivan Ram):** Government have not received any complaint that pure drinking water is not available in Manganese mines in Madhya Pradesh, but they will look into the matter.

**COLLIERIES IN MANBHUM**

\*1259. **Shri Kahudiram Mahata:** (a) Will the Minister of Labour be pleased to state whether it is a fact that some collieries in Manbhum are neither under Jharia Water Board of Mines nor under Raniganj Water Board of Mines?

(b) If the answer to part (a) above be in the affirmative, what is the number of such collieries?

(c) What is the cause for not including these under Jharia Water Board of Mines?

(d) What is the present arrangement for supply of drinking water for labourers in these collieries?

**The Minister of Labour (Shri Jagjivan Ram):** (a) to (d). It is presumed that in part (a) of the question, the hon. Member is referring to the Jharia Water Board constituted by the Government of Bihar. If so, the question should appropriately be addressed to the State Legislature. I may, however, say that as far as the Government of India are aware, 75 collieries in Manbhum are not covered by the Jharia Water Board, because the resources of the Board are just enough for the collieries which are covered within its jurisdiction. Supply of drinking water for labourers in these collieries is arranged from wells, rivers and chlorinated water from coal pits.

## SCHEDULED CASTES IN THE MINISTRY OF REHABILITATION

**137. Prof. Yashwant Rai:** Will the Minister of **Rehabilitation** be pleased to state:

- (a) the number of Gazetted Officers in his Ministry;
- (b) the number of Assistants and Superintendents;
- (c) the number of senior grade and junior grade clerks and stenographers;
- (d) the number of persons belonging to the Scheduled Castes in each of the above categories;
- (e) whether the number is not as reserved for Scheduled Castes; and
- (f) what special steps Government propose to take to fill in the reserved quota in the spirit of Article 335 of the Constitution of India?

**The Minister of State for Rehabilitation (Shri Mohan Lal Saksena):**

(a)	102	
(b)	Superintendents. . . . .	20
	Assistants . . . . .	131
(c)	Senior Grade Clerks. . . . .	80
	Junior Grade Clerks. . . . .	337
	Stenographers. . . . .	55
(d)	Category (a) . . . . .	1
	Category (b) . . . . .	2

(e) and (f). Article No. 335 of the Constitution provides that claims of the members of the Scheduled Castes and the Scheduled Tribes shall be taken into consideration, consistently with the maintenance of efficiency of administration, in the making of appointments to services and posts. No. specific reservations have been laid down so far. Certain concessions have been given in the matter of age etc.

The figures in answer to parts (a) to (d) include figures relating to attached and subordinate offices of the Ministry.

## SCHEDULED CASTES IN MINISTRY OF EXTERNAL AFFAIRS

**138. Prof. Yashwant Rai:** Will the **Prime Minister** be pleased to state:

- (a) the number of Gazetted Officers in the Ministry of External Affairs and its attached offices;
- (b) the number of Assistants and Superintendents;
- (c) the number of senior-grade and junior-grade clerks and stenographers;
- (d) the number of persons belonging to Scheduled Castes in each of the above categories;
- (e) whether the number is not as reserved for Scheduled Castes; and

(f) what special steps Government propose to take to fill in the reserved quota in the spirit of Article 335 of the Constitution of India?

**The Prime Minister (Shri Jawaharlal Nehru):** (a) 61.

- (b) 245 Assistants and 41 Superintendents.
- (c) Three senior and 235 junior grade clerks and 43 stenographers.
- (d) Assistants—six; Junior grade clerks—two.
- (e) No, it is not.

(f) Article 335 of the Constitution does not prescribe any reservation of posts; it provides that the claims of Scheduled Castes shall be taken into consideration, consistently with the maintenance of efficiency of administration, in making appointments to services and posts. Under the existing orders certain reservations of vacancies have been made and also concessions given in the matter of age and examination or selection fee.

#### POWER ALCOHOL

**139. Dr. M. M. Das:** Will the Minister of **Industry and Supply** be pleased to state:

- (a) the quantity of power alcohol produced in the Indian Union during the year 1949-50;
- (b) its main uses; and
- (c) what percentage of this total quantity has been used as a substitute for petrol?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) Actual production in 1949 was 42,29,659 bulk gallons. Production during the period January to March, 1950, is anticipated at about 12,00,000 gallons.

(b) Power Alcohol is used mainly, either 'neat' or mixed with petrol, as motor fuel.

(c) The entire quantity produced has been used for providing motive power to vehicles.

#### INDIAN INSTITUTE OF ART-IN-INDUSTRY

**140. Dr. M. M. Das:** Will the Minister of **Industry and Supply** be pleased to state:

- (a) the functions of the Indian Institute of Art-in-Industry;
- (b) when it was first established;
- (c) what amounts of grants, and in what years, have been given by Government to this Institute;
- (d) whether there was any Government nominee in the managing committee of this Institute; and
- (e) whether this nominee has been called back by Government?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) The Institute is an organisation for bringing about co-operation between industrialists and artists for the application of art to industries in such matters as industrial design, packaging of goods, display for sale and advertisements. It has also undertaken survey of traditional designs in Indian crafts, the organisation of

exhibitions and competitions, the publication of literature and the award of scholarships to artists.

(b) 1st May, 1945.

(c) 1945-46—Rs.	45,000
1946-47—Rs.	1,35,000
1947-48—Rs.	1,25,000
1948-49—Rs.	1,00,000
1949-50—Rs.	63,000

(d) Yes, there were four nominees of the Government of India.

(e) The Government cancelled the nominations but propose to make fresh nominations.

#### HIMALAYAN EXPEDITIONS

**141. Shri B. S. Arya:** (a) Will the **Prime Minister** be pleased to state: what is the number of parties of foreign mountaineers who visited India during the year 1948-49 for exploring the different summits of the Himalayas and what are the names of the summits to which they led the expedition?

(b) Did any Indian mountaineers also make an attempt to explore the summits of the Himalayas?

(c) What are the facilities given to the mountaineers by the Government of India?

(d) Are the foreign mountaineers required to obtain permission from the Government of India?

**The Deputy Minister of External Affairs (Dr. Kesar):** (a) Two parties of foreign mountaineers visited India during 1948-49. These were (1) The Swiss Himalayan expedition which climbed a few summits in the neighbourhood of Kangchendzonga in the Sikkim Himalayas, (2) The Royal Geographical Society's (Alpine Club) expedition which explored the Ganesh Himal area on the Nepal—Tibet border.

(b) No.

(c) No special facilities are provided to mountaineers by the Government of India except that their requests for customs exemption, etc., are considered on merits.

(d) Yes, in so far as Indian territory is concerned.

#### NEW FACTORIES FOR NEWSPRINT, PAPER AND CARD-BOARD

**142. Shri Sidhva:** (a) Will the Minister of **Industry and Supply** be pleased to state whether any new factories were started during 1949 for the manufacture of printing papers?

(b) Are there any applications pending sanction by Government for installing more factories for the manufacture of newsprint, paper and cardboard?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) No, Sir.

(b) Yes, Sir.



## PLASTIC INDUSTRY

143. **Shri Sidhva:** (a) Will the Minister of **Industry and Supply** be pleased to state whether any chemical for the manufacture of synthetic plastic has been ascertained in India?

(b) If not, has any research been made by Government in this direction and if so, with what result?

(c) Is it a fact that the plastic industry in India has approached Government for this kind of chemical?

(d) What is the total output and value of plastic articles manufactured in India?

(e) Is it a fact that a delegation has been sent by the Plastic Association of India to U.K. and U.S.A. and if so, what is the result?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) Only limited amounts of phenol are available in the country.

(b) Some research schemes were financed by Council of Scientific and Industrial Research but since methods of manufacture are more or less standardised, research is not the main problem.

(c) No, Sir.

(d) 10-18 lakhs gross of different types of plastic articles valued at Rs. 220 lakhs in 1949.

(e) Yes, in 1948. A report on the latest developments in the field of plastics industry in U.K. and U.S.A., has been drawn up by the Government Officer who accompanied the delegation and made available to the industry.

## TILE FACTORIES

144. **Shri Sidhva:** (a) Will the Minister of **Industry and Supply** be pleased to state how many tile factories, popularly known as Mangalore Tiles, exist in South Kanara and Malabar?

(b) What is their total production and what has been the demand during 1947, 1948 and 1949 each year separately?

(c) Is it a fact that a large quantity of tiles is exported to foreign countries?

(d) What is the amount of orders received from various parts of India for tiles and how much of it is executed?

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** (a) to (d). Information is being collected and will be placed on the Table of the House as soon as possible.

## LOAN TO PUNJAB GOVERNMENT FOR CONSTRUCTION OF CAPITAL

145. **Shri Sidhva:** (a) Will the Minister of **Rehabilitation** be pleased to state whether the Government of India have agreed to give a loan to the Government of Punjab for constructing a new Capital?

(b) If so, how much amount do Government intend to give as loan?

(c) What is the approximate total cost of constructing the Capital?

(d) How much is the Government of Punjab going to invest on the capital costs?

(e) What will be the rate of interest and within what period is it repayable?

**The Minister of State for Rehabilitation (Shri Mohan Lal Saksena):** (a) and (b). No. Government have, however, under consideration a proposal to advance a loan of Rupees one crore per year for the next three years to the Punjab Government for the provision of houses and gainful employment of displaced persons on the site of the new Capital.

(c) Rs. 10 crores approximately according to the information furnished by the Punjab Government.

(d) Information is not available.

(e) This will be settled if and when it is decided to grant a loan.

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Thursday, 30th March, 1950



# PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

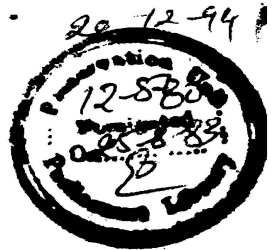
OFFICIAL REPORT

VOLUME I, 1950

First Session  
of the

PARLIAMENT OF INDIA

1950



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# PARLIAMENTARY DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Thursday, 30th March, 1950.

*The House met at a Quarter to Eleven of the Clock*

[MR. SPEAKER in the Chair]

## QUESTIONS AND ANSWERS

(See Part I)

11-48 A.M.

### FINANCE BILL—*conold.*

**Mr. Speaker:** The House will now proceed with the further consideration of the following motion moved by the hon. Dr. John Matthai on the 29th March 1950:

“That the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1950, as reported by the Select Committee, be taken into consideration.”

**Shri T. T. Krishnamachari (Madras):** Before we proceed further, may I ask whether Government will let the House know their future legislative programme?

**Seth Govind Das (Madhya Pradesh):** Also the duration of this session—how long will it last?

**The Minister of State for Parliamentary Affairs (Shri Satya Narayan Sinha):** We would be able to announce it in the course of two or three days.

**Mr. Speaker:** The earlier the better.

**Shri Ramalingam Chettiar (Madras):** When will the next session be held?

**Mr. Speaker:** That is too much to say just at present.

**Shri Sidhva (Madhya Pradesh):** Are we to understand that this session will terminate on the 18th April as originally programmed?

**Mr. Speaker:** Let the hon. Member not anticipate matters. The Minister of State for Parliamentary Affairs promised us just now that a statement will be made in a day or two. I wish that it is done earlier, so that hon. Members may know how to adjust their future programme. The earlier it is done the better.

**Shrimati Durgabai (Madras):** When Government announce the programme, we would also like to know whether there is going to be a special session for any important legislation that is pending.

**Mr. Speaker:** That is a matter for the future.

**The Minister of Finance (Dr. Matthai):** I propose to deal briefly with the main points which were raised in the course of yesterday's debate. The first important matter to which reference was made was the behaviour of the stock market since the Budget proposals were announced. The subject was referred to, I think, by the hon. the Deputy-Speaker and also by Mr. Ajit Prasad Jain. Mr. Jain seemed to think that the behaviour of the stock market afforded some proof for his contention that the Budget proposals have failed in their purpose. All that I wish to say at this stage is that, naturally, it is much too soon to

[Dr. Matthai]

decide with reference to the behaviour of the stock market what the reaction of the Budget is going to be on investment as a whole. The hon. the Deputy-Speaker was right in pointing out that there were certain special circumstances which caused something like a slump in the market in the course of the last few weeks. First of all, for some time previous to the announcement of the Budget proposals there was a general expectation that tax reliefs in one form or another would be granted, and there was quite a considerable amount of professional activity on that basis in the stock market. So, by the time the Budget proposals were actually announced the market had reached an over-bought position, and naturally therefore the technical position had to right itself after the Budget proposals were definitely announced.

The second cause is that during the past few weeks various important textile mills have published their Reports indicating a lower level of profit during the year that has ended. This has necessarily had a depressing effect upon the market.

The third—and I think probably the most important—cause is the political atmosphere that generally prevails in the country, particularly with reference to the tension in our relations with our neighbour. That has cast a shadow over business transactions generally, and I have no doubt that until we reach some kind of settlement with regard to that problem its effect upon stock market operations is likely to continue.

Having said this, may I point out what in my personal view is the net result of the situation that has developed? On the whole, I regard with satisfaction the shake-out that has occurred in the stock market in the sense that during the past two years, largely because of the paucity of funds passing from the hands of genuine investors into the market, the market has lapsed very largely into the hands of professional operators. As I pointed out in my Budget speech, one of the things that I am looking forward to is that the preponderance of the professional element in the market would gradually diminish now. Unless the market can be broad-based with an even flow of funds from genuine investors, we shall never be able to put the investment market on a healthy basis. I am therefore hoping that as the result of recent developments in the stock market there would be less of the sort of people who look for high profits on the basis of a quick turnover and more of the sort of people who look for permanent investment on the basis of a steady return.

The question of the provisions in the Constitution with regard to financial matters was raised—I think by my hon. friend Mr. Biswanath Das. The same point was raised earlier in our discussions by my hon. friend Mr. T. T. Krishnamachari. All that I am in a position to say at present is that I hope to be able to place proposals regarding the setting up of a Contingency Fund before the House, not in this session but during the next one. The matter is not quite so urgent, because the need for such a Fund is not likely to arise for a few months yet.

As regards the question of a vote on account, as Mr. Biswanath Das knows very well, we have decided to adopt the existing procedure for this year, and next year when the whole matter has been considered more fully by the House I expect that there will be a different procedure which will make provision for a vote on account.

Mr. Biswanath Das also referred to the question of the salt cess, but the points that were raised by him were, I think, answered fully by my hon. friend Mr. Sidhva. The Committee on Salt over which Mr. Sidhva is presiding will, I have no doubt, deal with the question satisfactorily and place suitable recommendations before Government.

**Shri Biswanath Das** (Orissa): May I ask my hon. friend the Minister of Finance whether he is aware that the facts as given by Mr. Sidhva in his speech regarding Salt are absolutely incorrect and irrelevant?

**Dr. Matthal:** I am not talking about the facts. I am talking about the recommendations.

**Shri Sidhva:** I assert that the facts are correct.

**Dr. Matthal:** I will not try to judge between Mr. Sidhva and Mr. Biswanath Das at present. I keep an open mind on that subject. But as far as the question of continuing this cess for the purpose of financing the management and development of Government salt factories and licensed dealers is concerned, that question would necessarily be re-examined by Government in the light of whatever recommendations Mr. Sidhva's Committee may make.

Then I come to the question of the export duty on products like jute and tea, and I think pepper also was mentioned. That question was raised by my hon. friend Mr. Subramaniam. But the question was discussed fairly thoroughly in this House during Mr. Subramaniam's absence recently, and, if I may say so, the case for increasing these duties was placed before the House much more effectively by his friends. I have considered this question and my hon. colleague the Commerce Minister also has considered this question and the conclusion that we have come to is that although at a given point of time you may find that there is a certain margin of profit which it may be desirable for the exchequer to absorb, it is better in the wider interest of our export trade to leave that margin alone, because we are today, as far as our exports are concerned, functioning in a fluctuating world market. We have strong competitors in regard to some of these products. As far as tea is concerned, we have Ceylon and Indonesia, which, as far as I know, have not raised their export duties. In order to preserve the markets at a time when conditions are in a state of flux, I think it is a matter of reasonable precaution to leave a certain margin of profit unabsorbed.

**Shri Tyagi** (Uttar Pradesh): Is there any competition for tea?

**Dr. Matthal:** Yes, from Ceylon and Indonesia. As far as jute is concerned, there is no competition from other countries, but there are substitute products and from the latest reports that I have seen, there has been a diminution in intake by the United States. We have, therefore, got to be very careful.

As regards pepper the position is this. As I think my hon. colleague Mr. Neogy explained once, on account of the devaluation of Indonesian currency there is likely to be keen competition from that country and we have to be extremely cautious as to the step we take in regard to the export duty on pepper. We are today levying our duty on the basis of a tariff valuation which is lower than the current market value. It is, I believe, the intention of my hon. colleague the Commerce Minister to undertake a mid-year revision of the tariff value when conditions in the world market have more or less stabilised.

I think Mr. Subramaniam made a rather dangerous suggestion. He said that the fact that we are not trying to absorb the whole of this profit branded us, that is to say, the Commerce Minister and myself, as unbusinesslike people. His idea of business obviously is that we should grasp as much profit as possible as quickly as possible. I have had experience of business in a businesshouse which follows an entirely different tradition and, if I may say so, when Mr. Subramaniam expounded his notions of business, he admitted a little more than was good for his reputation.

The question of Open General Licence was raised and Mr. Subramaniam made the suggestion that the disorganisation of our foreign exchange position on account of the Open General Licence was not realised by us until our

[Dr. Matthai]

attention was drawn to it by the British Treasury. Precisely the reverse is the truth. When a Deputation came from the United Kingdom at the end of January our representatives who sat on the Joint Consultative Committee were the first to draw their attention to the fact that it would be necessary for us to put a very severe limitation upon our imports and it was at their specific request that we did not take immediate action then.

Two months later certain unauthorised statements appeared in the Press that it was the British Chancellor of Exchequer who drew my attention and I, therefore, decided to make suitable amends. Although the attention of the British Chancellor was drawn to this fact as early as February, for about two months we had no reply from them as to what exactly was the course they were going to adopt. The delay, therefore, was not due to us; the delay was due to other parties.

He raised then the question of luxury articles being imported for revenue purposes. I still maintain the position that I took in my Budget speech. It is a well recognised practice in other countries to provide a reasonable measure of exchange facilities for the importation of articles whose sole use from the country's point of view is that they provide a fruitful source of revenue.

I come to the question of refund of income-tax on companies. The point was raised by my hon. friend Mr. Tyagi. I must confess I find it a little difficult to follow the kind of financial logic that operated in my hon. friend's mind. As far as I was able to analyse his logic, it boiled down to this. We have reduced the income-tax rate applicable to companies. Therefore, shareholders belonging to the lower income group—he was particularly concerned about 1,500 group—who at present get a refund on the basis of five annas will hereafter get a refund of only four annas. Now the obvious reply to that is since companies are going to have relief in the matter of income-tax, they would be in a position to declare better dividends. Therefore, what you lose on refund, you gain on dividends. If my hon. friend's argument was pushed to its logical conclusion, then the higher the rates of income-tax the better the position of shareholders in lower income groups. The position then would be that with the rate of income-tax on companies at the highest possible level an 1,500 rupee assessee will get no dividend at all, but will get a large rebate on tax on that dividend!

What I am suggesting is simply this, that if he gets a refund of only four annas instead of five annas, the reduction in tax would mean an increase in the divisible share of the company's profit.

**Shri Tyagi:** By one anna?

**Dr. Matthai:** It would depend upon the circumstances of the company.

Therefore, what he loses on refund, he gains by way of increased dividends.

**Shri Tyagi:** I also raised the point of Corporation Tax which will not be refunded to the man whose income from shares was non-taxable.

**Dr. Matthai:** The reduction in the income-tax is one anna. The increase in the corporation tax is half an anna.

**Shri Tyagi:** My point was that the income-tax was refundable on slabs of incomes as were not income-taxed. But this half anna added is not refundable. Now you want to realise two annas six pies and you will not refund it.

**Dr. Matthai:** If my hon. friend will look at it carefully, he will find that on the whole he stands to gain. Business profits tax has gone and Corporation tax in the aggregate has been reduced from seven annas to 6½ annas.

All this must result in a larger amount of divisible profits for the companies. Whatever, therefore, may have happened with regard to the revision of the existing basis, that must be more than made up by the amount of divisible profits that the companies would be able to provide.

I have been accused, as usual, of an urban bias in my Budget by Mr. Chaudhuri and by the Sardar Sahib from PEPSU. This question I tried to answer in the course of the Budget discussion about a fortnight ago and I would repeat my answer today. If you take the total capital provision that we have made in the Budget, all except seven or eight per cent. of the capital provision is really for purposes that benefit the countryside primarily. That is the best answer I can give to this question. The total amount of provision made for industrial development as such is somewhere about seven or eight per cent. All the rest goes to the benefit of the countryside.

My friend Ch. Ranbir Singh raised again the question of an agricultural finance corporation. I do not agree with him that the kind of agricultural finance corporation that he has in mind will really serve his purpose. An agricultural finance corporation is in a different position from an industrial finance corporation, because the kind of assets on the basis of which long-term bonds are issued by an agricultural finance corporation are such that unless you can provide for an intensive local supervision of the business you would not be able to run it satisfactorily. It is not so with regard to industrial concerns whose assets and securities have a wider all-India acceptance.

If we want to provide for financial assistance for agriculturists, as far as I can see, there are only two ways in which you can do it. For short-term credit we have to depend upon primarily co-operative credit societies and for long-term arrangements on land mortgage banks. Any agricultural finance corporation that functions on a centralised basis is not, in my opinion likely to be suitable. Experiments have been made in other countries in the direction of organising agricultural finance on a wide centralised basis and those experiments have more or less failed.

Lala Achint Ram raised the question of displaced persons. He particularly stressed the question of compensation for displaced persons in connection with the announcement which was made by my hon. colleague Shri Gopaldaswami Ayyangar. I want him to rest assured that any essential, reasonable assistance required by displaced persons will not be withheld on financial grounds. As far as I am concerned, I will strain every nerve to see that the funds required for the assistance of displaced persons are found. My hon. friend Mr. Gopaldaswami Ayyangar presided over a committee which went into this question sometime ago and they have produced an extremely valuable report. In connection with the recommendations contained in that report he wrote to me and asked me, if financial assistance was required above that provided in the Budget, what my reactions as Finance Minister would be. I think he himself mentioned to the House sometime ago what my reply was. I told him that whatever reasonable assistance might be required, in addition to the provision already made in the Budget, will be found.

My hon. friend Shri T. N. Singh raised the question of compulsory saving. That is a question to which we in the Government of India have been giving a good deal of attention recently. As the House knows, we have applied the principle of compulsory saving to Government servants so far. It was our idea, at one stage of our consideration of this problem, that the principle should be extended also to non-governmental sectors of employment. It has not been done so far, although the matter is still under consideration.

[Dr. Matthai]

I want in this connection to tell the House briefly what the difficulties are which have occurred to us in connection with the extension of the compulsory saving principle to non-governmental sectors of employment.

**Shri Alagesan (Madras):** Will it be extended to the privy purse of the rulers?

**Dr. Matthai:** May I explain this point first. In the first place it is necessary to consider the possible psychological reactions to a widespread system of compulsory saving by Government under the present circumstances. It has been suggested to us—and I think there is a considerable amount of force in it—that if Government depends more and more upon compulsory saving, it will be accepted as an admission on the part of Government that they are not in a position to find response from private investment. The more a Government depends upon compulsory saving, the more to my mind is likely to be the adverse reaction of the investment market to Government's credit. It may be that we shall be driven ultimately to a position where nothing but compulsory saving would help us to find the funds we want. At present we are passing through a period of transition in this respect. There is therefore a limit beyond which I think it would be an act of prudence on the part of Government not to push the principle of compulsory saving. Apart from the psychological aspect of it, there is also the administrative aspect of it. As the House probably knows, there are two main classes of people from whom you can get saving on a compulsory basis. There is the rural investor and the urban investor. In order to attract the possible surplus income in the hands of agricultural investors, the Madras Government attempted a scheme which I understand they have had since to give up. The idea was to collect a surcharge on land revenue which was to be in the nature of a deposit, more or less as we did with the excess profits tax. That proposal, for various reasons, met with a doubtful reception, and the Madras Government has, I understand, given it up for the time being.

We were considering here how exactly we can apply the compulsory principle of saving in urban areas. The only kind of administrative arrangement that we could think of for this purpose was a system under which similarly a surcharge could be made on income-tax. If we accepted these two methods of working out the compulsory saving principle, it would mean that in the countryside you would have to depend upon the land revenue staff and in urban areas upon the income-tax staff. I could see possible difficulties with regard to the employment of the revenue staff and the income-tax staff for the purpose of collecting compulsory savings. These are the difficulties which for the time being have occurred to us. The matter is still under consideration. We have not dropped it. But, speaking for myself, my mind is working more and more in the direction of voluntary saving on the basis of a more intensive drive.

When I had the honour of addressing the Associated Chambers of Commerce in Calcutta last December, I made a suggestion to them which I think on the whole met with good reception that the big industrial houses in the country should attempt to organise savings groups in their various concerns in consultation with labour organizations. I believe it is through these savings groups probably that we shall be able to get the most effective results.

I attempted sometime last year to put the compulsory principle into operation in connection with a bonus which was declared for labour in Bombay in the textile mills. Unfortunately, there was not time for sufficient consultation with the labour organizations concerned and I regret to say that it on the

whole failed. But I believe hereafter if we have to work seriously on the idea of savings groups, it could not be done except on the basis of complete co-operation between management and the organized labour.

Lastly, I come to the question which has been greatly agitating the minds of Members in the discussions here since yesterday and that is the question of the duty on motor parts. The suggestion has been made over and over again that since this is a question of assistance for an industry, assistance should be withheld until there has been a thorough examination by an independent body like the Tariff Board. Under ordinary circumstances, that would obviously be the right step to take, but we were faced with exceptional circumstances here, particularly for this reason, that there was an industry already organized, well equipped, ready to get into operation and unless it was able to get a certain amount of work in the face of keen competition, it would not be possible for it to put the plant and equipment into use. Government, therefore, thought, in accordance with similar developments in other countries, that something should be done in anticipation of a regular enquiry by the Tariff Board. It is still Government intention that at a very early date the matter should go before the Tariff Board. The difficulty has been that the Tariff Board has always insisted that they would not be in a position to enquire into the case for protection and to determine the precise quantum of protection required unless on the basis of actual production the applicant industry was in a position to place reliable data before the Tariff Board. Since operation has not started it will be impossible for the industry concerned to place data of that kind before the Tariff Board. In view of the somewhat widespread feeling in the House expressed in the course of the debate, Government have re-examined the position and I am in a position on behalf of Government to make certain suggestions on the basis of which, I hope the House will be able to accept the proposals we have embodied in the Finance Bill. The suggestions that I have to make on behalf of Government are these.

First of all, Government propose to set up an expert committee conversant with the technique of the motor car industry, which will go into the whole question of the classification of parts with reference to the various categories and rates mentioned in the proposals. That committee would be set up immediately and they will re-examine the whole position, with regard to the inclusion of particular parts in categories bearing particular rates of duty.

Secondly, Government propose to introduce a scheme of rebates for the benefit of users of public service vehicles, lorries and trucks. The details of the scheme have yet to be worked out, but it is my intention immediately to set about it—with only one condition attached to it and that is, that the total amount that may be given in the way of rebates would not exceed such surplus as I am still able to spare from the estimated surplus in the Budget. I may say incidentally that the proposals made by the Select Committee would absorb about Rs. 80 lakhs out of Rs. 131 lakhs of surplus that I estimated in the Budget. So I still have a balance left. It is out of that balance I am prepared to provide the proposed rebates which, I am convinced from such cursory examination as I have made, will provide substantial relief for the users of commercial vehicles.

Thirdly, my hon. colleague, the Minister of Industry and Supply proposes to call a conference immediately of distributors of motor vehicles, with a view to seeing how far the existing distribution and incidental charges could be reduced.

Fourthly, it is Government's intention, if this assistance is granted to the industry, to make arrangements for exercising a careful and continuous watch over the progress of the Indian Assembly Industry, with a view to seeing that the anticipations on which Government have based their proposals actually materialise.

[Dr. Matthai]

Fifthly, may I suggest this in view of the announcement made by my hon. colleague the Minister of Works, Mines and Power yesterday regarding the reduction in the price of petrol, that the increase in maintenance charges which might occur in connection with transport services would be mitigated by the reduction in the petrol charges?

On the whole, therefore, I feel confident that in the light of the changes which have been made and the explanations which have been offered, the House will now accept the Budget as on the whole a reasonable measure and that it is not nearly so one-sided and so reactionary as many of hon. Members thought at first.

**Shri C. Subramaniam** (Madras): Will the hon. Minister tell the House whether it will be possible for the Government to take any steps to stop profiteering in respect of spare parts already in the country?

**Dr. Matthai:** I am prepared to look into it, but I am not very hopeful.

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

"That the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1950, as reported by the Select Committee, be taken into consideration."

*The motion was adopted.*

**Mr. Speaker:** We will now take the Bill clause by clause.

**Prof. K. T. Shah** (Bihar): I beg to move:

"That after sub-clause (4) of clause 2, the following new sub-clause be inserted:

'(4A) In making any assessment for the year ending 31st day of March, 1951, a rebate shall be allowed on every individual income not exceeding rupees seven thousand and five hundred per annum, or on an income of an undivided joint Hindu family not exceeding rupees fifteen thousand per annum, in respect of—

- (a) every child below the age of 18 years living with and wholly dependent upon such assessee, rupees five hundred per annum, provided that such rebate shall not be allowed in respect of any such income for more than four such children at a time;
- (b) wife, mother, widowed sister, or sister-in-law, or father, living with and wholly dependent upon such assessee, at the rate of rupees three hundred per annum for each such person:

Provided that the aggregate income on which rebate is allowable under this subsection shall not exceed rupees three thousand per annum."

This amendment, I recognise, is of a somewhat radical character introducing a new feature in the income-tax system of this country, namely, recognising the principle of the natural demands upon an income which that income has to meet, and, therefore, according relief to the extent that it may be possible to do so. I may say that the principle is not unknown to the financial systems of other countries. Rebates are allowed in respect of dependents in the English, and, I believe, under the American, system. The idea that children wholly dependent upon and living with parents should be entitled, or, rather, that the income of the assessee who has such children to maintain should be entitled to some rebate is a principle of justice, and for the future development of the country a much more salutary principle than perhaps it would appear at first sight. The children dependent upon the assessee have to be educated and brought up as future earners of income for the country; and as such I suggest that the principle embodied in this amendment is a sound one and Government should give effect to it. I have taken care to see that the maximum relief under this amendment is also limited by not only the number of



children on account of whom an assessee can be entitled to receive the rebate from such income-tax at the rate of Rs. 500 per child, but also by the total income on which such rebate can be given. Persons with incomes beyond a certain level, it is assumed, are able to maintain their children and also meet all demands, in a much better manner than those with lower incomes. Therefore, I trust, in recognition of the justice implicit in this amendment, Government would accept the suggestion.

It may be argued that a radical and new principle like this cannot be introduced at this stage in this indirect or oblique manner. That may be a possible argument. But I would put it to the hon. Finance Minister that if he recognises the justice of this claim, if he appreciates the long term economic advantage of such relief, if he considers that relief is not due only to the big capitalists, but even that small fry may be entitled to some consideration, then I suggest that an assurance of some kind may be given by Government that, if not at this moment, but hereafter they would be prepared to consider favourably this matter.

The second part of the amendment relates to other natural dependents upon the assessee who are also, under the social system in which we are living, entitled in fairness, to maintenance, to being looked after, and as such I think it is but right that in their case too the principle should be accepted. I have deliberately kept the amount up to which rebate or refund in this connection may be granted—that is to say, with regard to wife, father or mother or sister dependent upon the person—lower than in the first instance, because I think in the first instance, that of children, very considerable outlay has to be incurred for the purpose of their education and bringing up, which in the case of the adults may not be necessary. And therefore, I have deliberately put the figure at a lower rate.

In the end, I have also tried to insert a proviso whereby the aggregate relief and the aggregate income on which such relief may be given is specified. I am not in a position to say exactly what, if any, would be the sacrifice involved in agreeing to this principle, because the information published, the statistics available, make it impossible to give anything like a concrete idea of such amounts. I should suggest, however, that in view of the total income liable to be taxed in this group, this sacrifice would not be too heavy and Government would be persuaded to accept it.

**Mr. Speaker:** Amendment moved:

“That after sub-clause (4) of clause 2, the following new sub-clause be inserted:

“(4A) In making any assessment for the year ending 31st day of March, 1961, a rebate shall be allowed on every individual income not exceeding rupees seven thousand and five hundred per annum, or on an income of an undivided joint Hindu family not exceeding rupees fifteen thousand per annum, in respect of—

- (a) every child below the age of 18 years living with and wholly dependent upon such assessee, rupees five hundred per annum, provided that such rebate shall not be allowed in respect of any such income for more than four such children at a time;
- (b) wife, mother, widowed sister, or sister-in-law, or father, living with and wholly dependent upon such assessee, at the rate of rupees three hundred per annum for each such person:

Provided that the aggregate income on which rebate is allowable under this sub-section shall not exceed rupees three thousand per annum.”

May I know whether the hon. Finance Minister could intervene at this stage and place before the House the views of Government on this question? And then the matter may be open for discussion.

**Dr. Matthal:** I regret I am not in a position to accept Prof. Shah's amendment. This particular question was raised, I believe, at an earlier stage in the discussion on the Budget, and I stated Government's reaction to this question. We have had it examined for quite a considerable time in the Government of India, and we feel that neither on administrative grounds, nor on general grounds is there a strong case for—provision of family allowances. Administrative difficulties are likely to be very considerable. Of course, administrative difficulties are not decisive in a matter of this kind, and we should be prepared to face administrative difficulties, if on general grounds it was to be accepted.

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

But as I said a week or so ago, in a country where marriage is the rule and the unmarried state the exception, I think the right way of providing assistance is to fix the rate of income-tax at a level which already takes account of that factor.

I regret I am not in a position to accept the amendment.

**Ch. Ranbir Singh** (Punjab): I oppose the amendment moved by my friend Prof. Shah, not because I am an unmarried fellow—I am a married man with five children and a member of a Hindu joint-family—but because I feel that it is not the correct thing to do, because in India there is a system of taxation by which about 85 per cent. of the population is affected, I mean our land revenue system. By this system not even a single pie is free from tax. Whether one grows anything or not, whether he gets anything or not, he is bound to pay some tax to the State. Of course, that is a provincial tax, but that is also a tax in this country. That being so, where not a single pie is allowed free of tax I think it will not be advisable to exempt a person from a tax on the ground that he has got so many children, so many wives or other relatives. I do not agree to this suggestion and I oppose the amendment.

**Mr. Deputy-Speaker:** Shall I put the amendment to the House? Does Prof. Shah wish to press it?

**Prof. E. T. Shah:** No, Sir: I beg to leave to withdraw it.

*The amendment was, by leave, withdrawn.*

**Mr. Deputy-Speaker:** There is no other amendment to clause 2. So I will put the clause to the vote of the House.

The question is:

"That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

**Mr. Deputy-Speaker:** There is no amendment to clause 3.

**Shri Jajoo** (Madhya Bharat): I want a little clarification from the hon. Finance Minister about clause 3 as regards the States in Part B. You will have the system of levying income-tax there this year, and according to the Income-Tax Act and the definition of "previous year" there, the people will have to pay income-tax from 1st April 1949. Now, according to the Indian system of accounting, they keep the accounts from Diwali to Diwali and the result of that will be that they will have to pay income-tax from some time in October or November, 1948. So I would like to know whether in their case the hon. Finance Minister will be prepared to consider the suggestion that only proportionate income-tax need be charged from 1st April, and not from October 1948.

**Dr. Matthal:** That particular suggestion I am not in a position to accept. But I could give this assurance to the hon. Member that if assessment has already been made by the State on the basis of the *Diwali* account, then the first assessment as far as we are concerned, would come not in 1950-51 but in 1951-52. But this particular suggestion has been made to us before and I regret to say there is not much justification for accepting it. I do not know the State to which my friend refers.....

**Shri Jajoo:** Madhya Bharat.

**Dr. Matthal:** I do not know whether there has been any taxation before in that State.

**Shri Jajoo:** No, neither in Rajasthan.

**Dr. Matthal:** Therefore the rate of tax that will become applicable in the new arrangement would be the lowest rate applicable to any of the States of the Union. I take it the Saurashtra rate will be applicable, and the hon. Member can have the assurance that the rate applicable will be somewhere about two-fifths or less than two-fifths of the rates in the other States, and the first assessment will be made only for 1950-51. That I think is as far as I can go.

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

"That clause 3 stand part of the Bill."

*The motion was adopted.*

*Clause 3 was added to the Bill.*

**Shri T. T. Krishnamachari:** I do not wish to move my amendment regarding clause 4 but I should like to get some clarification from the hon. Minister.

**Mr. Deputy-Speaker:** He may go on.

**Shri T. T. Krishnamachari:** We on this side of the House recognize that Government is committed to this policy of levying higher duties on motor parts and spares in the result that all imports whether of parts or spares for cars or trucks in complete knocked-down condition, or spares for the use of cars that are now in use or for use in the future, would all come under the revised scale of taxation. The House is undoubtedly deeply obliged to the hon. the Finance Minister for his explanation in respect of this particular clause occurring in the Finance Bill, though I must submit in all humility, that that explanation has come out at the eleventh hour and the House would have been more grateful to him and to the Government if an explanation of this character had been vouchsafed to us earlier.

One particular principle the hon. the Finance Minister adumbrated to-day was the acceptance by Government of a departure from the existing policy, *viz.*, of giving protection without an enquiry. The ordinary course has all along been that an enquiry is held and protection is given on the report of that enquiry. In this instance he has said 'We have made a departure and the departure is that we are giving protection without enquiry'. The second departure that the Government has made is that they are giving protection before production, so to say, the unborn child will be protected for the rest of its life by a sort of insurance premium—a very good practice so far as it concerns human affairs, a trifle uncommon practice when applied to the affairs of a country. Well, I don't take exception to these new principles that have been voiced in this House to-day. It may be that they are principles accepted by other countries smaller than ourselves and in circumstances completely different from our own but that has nothing to do with the question on hand; since it is a fact that the Government has decided on a radical departure from

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an acknowledged policy, we on this side of the House are bound to support it. I don't know if you, Sir, as one of the leading lights in the Fiscal Commission, knew if the Commission is going to support the idea that in the future there should be protection without enquiry and there should be protection before production. Of course we would like to wait and see what the Fiscal Commission has to say but I am afraid in a country with a democratic Government where vested interests are bound to exert their influence on the Government, where the position of a Minister is very precarious and where all kinds of allegations are made against the motions behind ministerial acts and often times he is not in a position to challenge them, where Governmental acts are being held up for scrutiny and accusations are made and ridicules showered by interests on both sides and by powerful interests who are worse off and those people who are much worse off,—I don't know, if this become the basic policy in the future, whether it is going to help to make up for the stability of the Government and for the peace of those people who conduct the affairs of Government as Ministers. However, the subject is now more or less academic and I shall hold my soul in patience until such time as the Fiscal Commission, of which you, Sir, are a distinguished member, reports and gives its advice and directions in regard to the future policy that this country and Government should follow. At the same time, my doubts, even after the fairly exhaustive reply given by my hon. friend the Finance Minister, are still there. I am sorry the Minister concerned is not here. I do hope that before you put this particular clause to vote, the House shall have the privilege and pleasure of hearing the eloquent voice of the hon. Minister of Industry and Supply that he would tell us how this idea originated, the genesis of the idea. Of course it has been told to us that some Committee was appointed in May 1949. In any event, we would like to have it from him not only for the reason that we shall be wiser thereby, but also for the reason that as Members of the Party in power, we would like the Government's case to be put on the Table in all its aspects, so that critics might not find all the holes they would like to find in the Government's case. What we would like to know is, how did this originate. What we would like also to know is, who is the expert that advised the Government not merely in regard to the feasibility and desirability of giving protection without an enquiry but also of the desirability of giving protection before production. I would also like to know how these duties which are the subject matter of this clause were adjusted. I don't know if they were adjusted by the Finance Ministry or they were adjusted by reason of the advice given by the experts of the Industry and Supply Ministry. That is my trouble. I would like to know how these adjustments were made, and how they were arrived at. In fact I was given to understand by a very responsible person in Government that the idea of the Finance Minister was not to earn any more duty by these readjustments. Perhaps it is right, perhaps it is not. But anyway there must be some basis for the statement. The Finance Minister in this particular case has budgeted for a revenue of 7.50 crores from customs duties on motor parts and motor spares but in so doing, the Ministry have not had even a remote idea how these variations of duties, varying to the extent of 60 per cent. in some cases and 80 per cent. in other cases would adversely affect them or would benefit them in any way. If that is the express intention of the Finance Minister, all credit to him particularly in these difficult times when great demands are made on the Finance Minister, with the possibility of our having not a surplus, but a deficit at the end of the year which in my view is more than likely. I think that attitude where the Government would not grab any more than is absolutely necessary for this particular adjustment is undoubtedly commendable and praiseworthy. But I would like to know how this rather intricate, this very

difficult and baffling classification was made, how the duty on each particular item of anticipated imports was assessed and how they took into account the possibility of curtailing of imports or even the operation of almost a ban on the imports of particular items because of the increased duty. I know the Finance Department is very wise. I also know that the resources of the Industry and Supply Ministry are limitless in view of the fact that an elaborate organization was built up during the war which, I think, is still continuing. But I would like to know not merely to satisfy my own curiosity but also to be able to say that the Government, which is a Government responsible to the Party to which I belong, has taken this action absolutely without being influenced or goaded into it by any powerful interest and merely for the purpose of the ultimate good of this country.

I was told—if I may in all humility submit, I don't know if that particular remark was made by you while speaking from the other side of the House—that the classifications have been so arranged that there is a large residue left which will not be taxed at any high rate *vis.*, that a large portion of motor parts will be in the third category where the taxation will be practically negligible.

I am not an expert and I have no knowledge of motor cars and motor trucks beyond that of an ordinary owner and driver, but I raked my brain to see how after category one and category two are exhausted, any residue is left on which there will be a benefit for the consumer. I do recognise that carburettors are left out, but it does happen that carburettors are not replaced often. What are renewed are only the jets in the carburettors. The jets become big and petrol consumption increases. So, people get a smaller sized jet and put it in so that petrol consumption may not increase. I am also told that plugs are in this category. Plugs used to cost a rupee previously and they probably cost Rs. five now. I do think it is a very welcome fact that plugs and plug cables are left out from category two. I find that no mention is made of the steering gear in category two. Apparently the factories in India cannot manufacture them. Of course this is a very delicate thing, on which the safety of the passenger depends, and naturally I do commend the wisdom of the Ministry of Industry and Supply when they realised that this item which involves a safety factor should be left out so that they could be imported from people who are better able to make them than people in this country. I also find that tie bars are left out, a very important factor in the manipulation of a car. Then there are other items such as the distributor mechanism. These are not mentioned in categories one and two. I think it is possible that they can be manufactured in this country. In fact, these small electrical parts are being manufactured elsewhere even now by people who are not regular manufacturers of motor parts. They are what are called non-genuine parts and for years and years, when most cars are fitted with genuine parts like those of Lucas, Delco or A.C., we have had a large amount of non-genuine parts imported from Japan, which were used by people who run commercial vehicles. I am very glad Government are permitting the possibility of these non-genuine parts coming into this country at very cheap rates and being used by second-hand motor cars and second-hand motor lorries. Therefore, I feel that the residue is not very big, and I would like to know what else is comprised of by this category in regard to which the Government, the Finance Department and their advisers in the Ministry of Industry and Supply have been so graciously kind to the consumer in this country.

The next point that I would like to touch upon is the extent of manufacture of these parts now visualised. I see that it is the opinion of the Ministry that many parts, about fifty per cent. of the parts, are interchangeable in cars. I would like to tell the House that I am unable to agree for this reason that a variety of engines have to be covered. There are overhead valve engines,

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poppet or side valve engines, straight head engines, V engines, and so on, and each engine has got several cylinders. Some have got four cylinders, some have got six, others eight and some owners have got the luck to possess even a 12 cylinder engine car. Therefore if you say that piston assembly which comes in this category can be used in most cars and the whole thing is going to be manufactured in this country, I do not know how it is going to be possible to cover all these different types of cars and the different models in each type. I would commend here the principle followed by Australia. After rejecting the idea of protection before production in the first instance, they finally agreed to hand over the entire business of manufacture of cars to General Motors on one condition, *viz.*, that the price of General Motors' cars in Australia should approximate to the price quoted by their own parent company in the U.S.A. I also remember—I have read it somewhere—that the Soviet Government in pre-war years used to buy up the discarded jigs, plants and machine tools of Fords. The policy of the Ford Motor Co. was to discard the previous year's model. The Soviet Government used to get these things for a song and then manufacture cars in their country and thus prevent other vehicles from coming in. If the Government have said that only one type of cars and trucks are going to be manufactured in this country, if the Government have stated that they are going to encourage the production of only one or two types of cars in the only factory today which is really equipped for that purpose, I have no quarrel. That is a policy decision which most of the members of the Party to which the Government belongs are bound to accept. We might have our quarrels internally, but we are bound to accept that policy. It may be right or wrong. It may be that only one private industrialist or a group of private industrialists will benefit. It may be that Government will find ways and means of seeing that no inordinate benefit would accrue to that particular firm, but it does happen that the Government's policy in this instance does not seem to be quite so practical as the Australian example I have quoted. There are today in this country a number of car assembling plants. The Hindustan Motors are assembling Studebakers and Hindustan cars. The Premier Motors are assembling Chrysler, Dodge, De Soto and Plymouth cars. I do not know if the Premier Motors can expand very much. There are factors that limit the possibility of their expansion. Of course there are General Motors and Fords but they are not very much interested in expansion. Then there is the Asoka Motor Car Co. which are still in the assembling stage and they only assemble one or two types of cars, Austin A. 40 and other types allied to it. Then there is the Gujarat Motor Car Co. which has been purchased by Rootes. Then there is also the Standard Motor Products Co. in Madras. Perhaps my hon. friend, the Minister of Industry and Supply, will say that all these companies will have to get their blueprint from foreign companies and hand it over to Hindustan Motors so that all these parts will be made by Hindustan Motors. If he says so—I know he can enforce it—I am quite satisfied. I am not particularly interested in safeguarding the interests of any particular motor car company or any group of vested interests. To me, they all belong to the same category. If Government want to favour one vested interest against another, most hon. Members in this House will not quarrel with that. What I would like to know is whether that is the idea: that all these people in this country who are in the assembling trade should, whether they like it or not, either take their blue prints, know-how, dies or designs to the Hindustan Motors and get the parts made by the Hindustan Motors or the Premier Motors in some cases like the radiators which my hon. friend mentioned during question time, or import the parts at the present rate of duties and find themselves not in a position to sell the assembled product. That is the point on which I would like my hon. friend to dilate on and let us know the exact position.

One other matter on which I would like information is this. My hon. friend the Finance Minister said—and that is a very great concession for which I have no doubt the whole House and the country will feel duly grateful—that an expert committee is going to be appointed in order to find out whether the classification in clause 4 is right and whether that parts now placed in the category for which a higher duty is levied should be put on the lower duty category. I think my hon. friend is quite prepared for the consequent loss of Government revenue if that results. Of course, I know, if, on the other hand, he gets a lot of income under section 28 of the Customs Act, he can perhaps reduce the duties without reference to this House. It is on the personnel of this Committee that I would like to have some enlightenment. We were told that the genesis of this business was somewhere in May 1949 when a Committee of experts and officials sat together and hammered out various ideas about the manufacture of automobile. I was also told that with regard to the operative portion of this committee's work, namely, whether protection should be given before production, and whether protection should be given without an enquiry, the committee was, barring one, unanimously of the opinion that no such protection should be given. I do hope that the country realises that a committee, which was constituted in May 1949, which was composed of a large number of people, about 23 or 24, experts and officials, went into the whole question and on the basic issue whether protection should be given before production and whether protection should be given without an enquiry, they decided against it, barring one. Subject to correction, I state that the person who dissented was Mr. Lakshmi pathi Misra, who was a former member of the Railway Board, who was in the employ of the Hindustan Motors, who was the Prince of Denmark in this tragedy that is being enacted.

**The Minister of Industry and Supply (Dr. S. P. Mookerjee):** I thought you were the one.

**Shri T. T. Krishnamachari:** My hon. friend looks a little more tragic. The House will realise that I cannot play the tragic role that my hon. friend could possibly do if he wants. That is by the way. I have no desire to exchange words with eminent Members on the Treasury Benches, being a humble follower of the Party in power. I want to know if a committee is going to be constituted on the same lines and with the same type of personnel, whether the Government will give a chance for the inclusion in it of some impartial people who might be able to express their views on this particular matter, and also whether the report of the committee will be accepted, or whether the minority committee report, if any, will be accepted as in this case apparently the minority report has been accepted. It is one of those curious cases. I think my hon. friend Prof. K. T. Shah will realise that all these years when he has been writing minutes of dissent or minority reports, he has been unlucky that in not one single instance did the Government accept his minority report. Here is a pregnant example in which a minute of dissent was written by a single member which has come to be the basic policy of the Government today which we are bound to support and which I am also supporting.

Sir, if I may be permitted, I would like to speak for a few minutes more after Lunch.

**Mr. Deputy-Speaker:** The House will now stand adjourned till 2.30 p.m.  
*The House then adjourned for Lunch till Half Past Two of the Clock.*

*The House re-assembled after Lunch at Half Past Two of the Clock.*

[MR. SPEAKER in the Chair.]

**Shri T. T. Krishnamachari:** Before the House rose for Lunch I was referring to the promise held out by the hon. Finance Minister of an expert enquiry

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to be undertaken, I thought, primarily for the limited purpose of finding out whether the classification that finds a place in clause 4 of the different categories of motor parts is correct or, I do not know, whether they will also be asked to undertake a reclassification. If I understood him aright I would beg of him to try to extend the scope of that Committee, so that it might in actual fact go somewhere towards alleviating the doubts that most of us have in our minds as to the correctness or otherwise of the policy now pursued by Government and also go into the original question as to whether the protection granted is a proper one and to what extent that protection should operate. I wonder whether that would be asking him too much. I would also like to impress upon him: the need for seeing that the experience of the May 1949 Committee is not repeated. The House will remember that I said that that Committee, composed I believe of about ten officials and thirteen non-officials, had recommended in a manner which is more or less directly contrary to the present position adopted by the Government. Actually that Committee had said that this protection should not be granted before production and I do not know if it also said that there should be a further enquiry. But it happened that the Government adopted in practice the recommendation of one member of the Committee who submitted a dissenting note, namely that protection must be granted even before production commenced. I do hope that the experience of that Committee will not be repeated in the case of the recommendations of the Committee that my hon. friend the Finance Minister has promised to us. I would also ask him in his reply to say whether he cannot extend the scope and functions of that Committee and I do not know whether it would be he or the Minister of Industries who would be able to give the reply.

I would also like to know whether he can give us an elementary idea as to what the composition of that Committee might be. I am not at all against official Committees. In fact the experience of the May 1949 Committee more or less assures us that an official Committee is an honest Committee. The only difference seems to be that the Chairman of that Committee while agreeing with the majority in the first instance, subsequently thought that the minority view was correct and recommended to the Government that they should follow the minority opinion. But that happens only rarely. Therefore I, for my part, am not entirely against officials.....

**Dr. S. P. Mookerjee:** It would be only fair to the officials to state here and now that so far as the officials on that Committee are concerned they did not express any opinion on the question of protection. They were neutral and the viewpoint which is contained in the report to which Mr. Krishnamachari referred is the viewpoint of the non-officials. This should be said in fairness to the officials on that Committee.

**Shri T. T. Krishnamachari:** I am greatly indebted to my hon. friend for rectifying the error I made in speaking on this matter. The difficulty was that that report was not made available to us. I happened to read a purloined copy of the report, where only the recommendations were mentioned and it was not mentioned that the officials did not support that recommendation. However, I do not withdraw what I said just now that I have confidence in the officials. I have confidence in the officials of the Government of India doing the proper thing by this country, even if it is an official Committee and I have no doubt that there are enough men in the Government of India to tell the Government the correct policy to be followed, notwithstanding the fact, as it has happened in the present instance, that my hon. friend the Industries Minister or his colleagues are not prepared to accept that recommendation. Therefore I would like my hon. friend the Finance Minister to dilate a little on this particular point.



The next point that the Finance Minister mentioned was a rebate to the operators of commercial vehicles. It is a very generous thing for him to do, particularly in view of the fact that the balance left after the generous distribution of the surplus among the various interests is a very small sum of approximately 50 lakhs. It might also happen that the calculations of the Finance Ministry are wrong and the present rates of duty might produce much more than 7,50 lakhs, which has been budgeted for against customs duties on motor parts. May I ask my hon. friend the Finance Minister what he proposes to do then? He firmly holds the view or rather his advisers hold the view that they have so readjusted the customs duties that no increase will be available. It may be right and it might even be that the estimate is wrong and the receipts might be less than 7½ crores. With the limited knowledge that I possess, considering the fact that category too which bears the highest duty has been rather overloaded, the possibility seems to be that the income, so far as the increase is concerned, must come from people who now have cars and trucks and must perforce keep on running them.

The propensity to consume will normally be determined by the price that a person has to pay. But once a person has got a vehicle he has to keep it running. Therefore it might happen as I envisage that the receipt under this head might increase and I think it would. I find that my hon. friend the Industries Minister is curiously enough in agreement with me on this particular matter. If a larger amount results from these duties will my hon. friend also give a rebate to those people who have been rather heavily taxed? Is it possible that some kind of either a variation in duty or some kind of rebate will be given to those people? Will any rebate be possible to those people who can be traced, people who imported cars in a knocked-down condition? I would like my hon. friend to just think about the matter. I am sure the cautious person that he is, he is not likely to commit himself. It is very difficult to draw out my hon. friend the Finance Minister. But I do hope that this will sink in somewhere and when he has the time to apply his mind to it, he might apply it in such a manner that it would be generous to the parties that have been mulcted rather badly by this provision. That, more or less, ends my tale.

There are one or two small details which I would like to refer to. The duty that has been levied on vehicles, even though they are in a completely knocked-down condition (they may have been imported or rather the Bill of Entry in respect of such import has been filed after the 1st of March) has been more or less on the basis of 84 per cent., whether they are commercial vehicles or motor cars. The reason is that the invoices do not contain a split-up under these three categories and the Customs officials who always adopt the line of least resistance might have assessed them at 84 per cent. for the whole lot. I think in this case a great number of people have suffered.

I was also given to understand that a great number of people who imported Diesel vehicles probably contracted to sell them at Rs. 9,000 each and they now find that they cost about Rs. 13,000 each and hence they are unable to sell them. It may be that if a rough split-up is made later, and the duty assessed on that basis they might get some benefit. It is also possible that the original shippers are not interested in following the workings of the mind of the Government of India or its Finance Ministry. They may not be interested in furnishing fresh invoices containing a split-up of the items covered by it. May I ask my hon. friend, the Finance Minister if he would exercise his clemency in this matter and whether, after working out the overall cost of the vehicles, under the new duties in a very rough manner, he would instruct his Department to make a refund of that amount which has

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been overcharged so far as these people are concerned? If I remember aright, I think in another place it was mentioned that the extra duty that would be paid by an importer of a car in a completely knocked-down condition would only be five per cent more than 54 per cent. (that is, the original duty), and in the case of a truck it might be about 10 to 12 per cent. more. If that surmise is correct, I think I have got a very legitimate case to ask my friend the Finance Minister to exercise his mind on this matter and see that those people who have been the victims of the vagaries of the Provisional Collection of Taxes Order Act should not be unduly mulcted some kind of relief should be granted to them as expeditiously as possible.

I have come very nearly to the end of my list of queries and I suppose if they are answered I have no reason to be dissatisfied, subject, of course, to my grouse that it would have been much better if this provision did not find a place in the Finance Bill. But I would like to make mention of one other matter, namely, that right or wrong—and most of us on this side of the House follow the Government whether they are right or wrong, we swim or sink with them—I think it would be improper if we don't utter a word of caution. The step that is now being taken by Government is fraught with the gravest possible consequences. I have no doubt they in their cumulative wisdom realise it even more than I do, or any other set of people in this House do. The question of monopolies, of whatever character, is a very difficult thing for Government to handle. The experience of this Government in regard to sugar monopoly has been almost a lesson and if they don't bear that in mind I am afraid they are not very wise. Even my friend the hon. Minister of Industry and Supply knows how difficult he finds it to deal with the entrenched interests like the textile interests. Every conceivable provision that he thinks of and promulgates for the purpose of a better regulation of that industry is being foiled and frustrated. But if my hon. friend, after all this experience, feels that he is in a perfectly safe wicket in the administration of this rather delicate and difficult scheme of customs duties so as to provide for some kind of protection primarily to one undertaking and secondarily to others, well, I wish him all success. I for myself am quite convinced that the measure which we have enacted, all of us,—to which we are also parties today because we shall approve of it—is not a safe one. I might have probably said a few things in the course of my speech which might have offended my friends on the Treasury Benches. Of course, I would draw the wrath of my hon. friend the Minister of Industry and Supply and knowing as I do his fiery eloquence, I know what I am in for. I have great respect for my hon. friend's eloquence and his method of speaking as I do realise that he is the very embodiment of all the culture that the Calcutta University stands for, and if I speak here in spite of it I speak with a lot of trepidation. But nevertheless, let me before closing tell my hon. friends on the Treasury Benches that there are not many amongst them who are willing to own a mistake. Luckily for us there is however one amongst them who would, I would ask my hon. friend the Finance Minister to follow the example of his leader, and if in the process of the working of this particular provision he finds that it does not work out all right that the expectations are not even partially fulfilled, let not the advice of his colleagues or the advice of his officials, interested as some might probably be, deter him from taking the one step that is necessary, namely, the use of section 23 of the Sea Customs Act and the annulment of this increase which is now imposed on very doubtful and very meagre bases. If my hon. friend has got the courage to give me that assurance, I shall say I am hundred per cent. satisfied but I would be failing in my duty if I don't mention that most of us who support the Government so far as this step is concerned do so with a number of reservations. We would wish them all luck. I hope their

confidence in this industry will not be amiss and people of this country will not suffer more thereby.

One word I would like to add before I close. My friend the Finance Minister is a very clever man. He has been a professor, so he treats most of us as his old students. Of course I have not had the good fortune to be his student because I learnt the meagre economics that I happened to learn from a different school. But I don't know why he has not realised, as he should undoubtedly realise, that the economics of automobile manufacture is a very difficult and delicate thing. I cannot understand his, may I be permitted to use the word, smug satisfaction with which he smiles at me, indication of the fact that everything is right. I was in the Library a few minutes back and I came across a magazine called *Life*. Oftentimes it contains merely propaganda literature, but in this issue I find a News of a new car a prototype of which has been produced in the United States. It is going to be almost like a *Folkswagen* of Germany, and it is a Nash car. Here I have got a picture of it. The prototype of that car was exhibited in the Waldorf-Astoria Hotel in New York. I would recommend my friends on the Treasury Benches to read this particular article. It tells them something of the elements of the economics of automobile manufacture. This particular car does not contain a glove box because the overall cost would then be five dollars more. It does not contain a conventional bumper in the rear and the die used for the front bumper, which is so made as to cover the radiator, is also used for making the rear merely because the additional costs of a new die would be 17 dollars. The economics of automobile manufacture which my hon. friend the Finance Minister one must presume knows somehow or other because he has wide experience not only of commerce in general but also with the Tariff Board and with Tata and Sons, is a very difficult subject. It is not a thing in which you can decide sitting in a room, though the room is situated in a 200 acre plot as the Industry and Supply Ministry is, and the cumulative wisdom of the officials of the Industry and Supply Ministry occupying such a large area of floor space cannot make up for want of knowledge of the economics of automobile manufacturing. Therefore, I think there is a very justifiable reason for people like me who know just a little and not very much, to be afraid of the consequences of the operation of this particular piece of legislation. I do hope my hon. friend the Finance Minister would permit me to convey that warning to him and also the hope that that warning would not be lost on him as many other warnings have been lost.

**Shri Mudgal (Bombay):** I have listened to the very interesting speech of my hon. friend Mr. T. T. Krishnamachari. Mr. Krishnamachari has been influenced by two things. One is that he shows a great deal of concern for the Congress Party. If the Party and the Government that is responsible to that Party do not behave the way he thinks they should, he is afraid that the Party might go to ruin. Another thing is that the fact that he owns a car—a beautiful car—has influenced him into believing all sorts of things. The economics of the automobile industry have not been very well enquired into by my friend. As he himself has confessed, his knowledge of this industry is just a little and not too much. I wish it were at least in between, so that he would have certainly not delivered the polemics that he has done.

In considering this industry, we have to remember that it is one of the basic industries of any country. I have been studying this question ever since Sir M. Visveswara went to the United States to study it, and I have been advocating the establishment of the automobile industry ever since 1938. Those who know its history are aware that foreign firms—especially American and British firms—have been dead against it. The foreign firms have an annual sales running into hundreds of crores of rupees, while our firms have

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a capital of barely a few crores of rupees. The opponents of these duties maintain that although our automobile industry is a new one, which has come into existence in the face of stubborn opposition from foreign manufacturers over a period of a decade, it should not be given any protection, but it should compete openly with foreign firms who possess both the know-how and an infinite amount of capital behind them.

**Shri A. P. Jain** (Uttar Pradesh): That is nobody's case.

**Shri O. Subramaniam**: Why do you put an imaginary case?

**Shri Mudgal**: It is not imaginary, let me tell my hon. friend. The entire opposition has arisen just because one or two firms have started this industry and Members are opposed to them on the basis of slogans or imaginary evils. The entire opposition seems to be due to the fact that a certain individual company has started this industry.

**An Hon. Member**: Nothing of the kind.

**Shri O. Subramaniam**: We are not at all influenced by that.

**Shri Alagesan**: Your advocacy may be due to that.

**Shri Mudgal**: From every angle this industry has to be started because when the next war comes, our friends who own cars will find no parts with which to replace the worn out ones. They cannot think of starting this industry at that time. It is now that we should give every backing to those who are willing to come forward and manufacture cars entirely in this country. I quite realise that one or two firms will not be in a position to manufacture the entire car. It is a matter of economic statesmanship to persuade even those who have been opposing the establishment of this industry to come into the scheme of things which this Government has placed before itself and co-operate with the Government as well as with the existing manufacturers in order to expedite the manufacture of all the components in this country. There are nearly six companies today who are engaged in automobile assembly or manufacture, and I would suggest that instead of permitting one or two manufacturers to manufacture as many parts as possible we may ask each of them to take charge of a certain number of parts and manufacture them for all the cars that this country is possessing today or will be having from now on. The reason for that is this. The economical manufacture of parts in the automobile or any other industry depends upon the volume of production, and if we insist that each firm should manufacture its own parts, it becomes uneconomical. It will neither pay every one of them separately nor all of them put together. Therefore, if we can bring all these companies together on a co-operative basis and divide the several parts between them and assign to each of them a certain number of parts, I am sure that within a period of three to five years practically all the parts of a motor car will be manufactured in this country. It is true that we shall have many models, or that we have many models, coming into this country. As the hon. Minister of Industry and Supply said this morning in the party meeting....

**Hon. Members**: No don't say that.

**Mr. Speaker**: There should be no reference to what happened in the party meeting.

**Shri Mudgal**: I am sorry, Sir.

We shall restrict the models, so that the parts can be manufactured effectively. That is the only way in which we can establish this industry as early as possible. It can be done and it is being done and Government's efforts in

establishing this key industry must be supported by all those who are interested in the industrial development and progress of this country.

In spite of the support that I am giving to this Bill, I would like to make a suggestion to this House as well as to Government. I suggest that there should be at least one modification in the schedule of duties. In item No. 75(10), the preferential revenue duty for the parts to be manufactured is 90 per cent. and 84 per cent. I have tabled an amendment—which, of course, I am not moving—seeking to alter this into 60 per cent. and 54 per cent. respectively. The reason for my urging the acceptance of this suggestion is that from the sales psychology point of view when cars will have to be sold at a much higher price because of these duties, it will have a very adverse effect on the minds of the consumer. It is this that is basically at the bottom of the opposition to this clause of the Bill. It is also not in the interests of the producers themselves, because once the consumer begins to think that he has to pay a very high price, or a higher price because of these duties, his opposition to the manufacturers might increase. Therefore, it will not help the producers and will lead to continuous nagging.

The protection that this industry needs can be given very effectively through licensing and exchange control. These two factories or others which will come into existence later can be protected by executive action through these two methods. I urge the Finance Minister to look at it from this point of view and see whether we cannot give that kind of protection to our manufacturers, which will enhance their sales without at the same time laying the Government open to unjustified criticism. If the Standing Committees of the Ministries of Commerce and Industry and Supply were to be one and the same, then a proper coordination can be brought about. The two Ministries can work hand in hand and protect this industry very effectively. If that is done, I am sure that the interests of the industry as well as those of the consumer will be well protected.

With these few remarks. I support this Bill wholeheartedly.

**Shri M. V. Rama Rao (Mysore):** It was not my intention to make any observations on this part of the Finance Bill, but after hearing some of the pleas put forward by the last speaker, I think, in fairness to those who have made speeches on the floor of this House stating their objections to this part of the Finance Bill, I should say that the general observations that were made by the hon. Member were not correct and were not fair to the House. It was stated by him that the objection taken to this part of the Finance Bill was as he put it, because A, B or C, or X, Y or Z had started these automobile factories. That, in my opinion, is a very unreasonable reflection to cast upon the hon. Members who, upon whatever grounds or material they had, objected to this clause of the Finance Bill.

Speaking for myself, there are just two or three points on which I expect some light will be thrown by the hon. the Finance Minister or the hon. Minister of Industry and Supply, who ever may happen to make a reply to this debate. I understand that the component parts of the automobiles which have been categorised in a particular manner in this part of the Finance Bill, have been classified into three classes. One class consists of components which are already being manufactured in India; the second consists of components which are expected to be manufactured in a year or two, ostensibly by those factories to which references have been made the third consists of parts which are not expected to be manufactured in India for some time to come.

I find, on a perusal of the Finance Bill, that those parts which are not expected to be manufactured in India at all for some time are subjected to a

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duty of 30 per cent. 24 per cent and 22½ per cent in the case of some preferential items. With respect to those parts which are now actually being manufactured in India, the duty proposed to be levied is 60 per cent. and 54 per cent. while for parts which are merely expected to be produced in a year or two—it may be two months, it may be two years, we cannot be sure unless and until those parts are actually produced and put on the market—the duty proposed is 90 per cent. and 84 per cent. Now, not being a student of economics and not being possessed of that consummate skill in the wizardry of high finance which the hon. the Finance Minister possesses in such abundant measure, I should like to know whether the proper sequence would not be to impose the lowest rate of duty on parts which are not expected to be manufactured in India, the higher rate of duty on parts which are expected to be manufactured in a year or two and the highest rate of duty on parts which are actually being manufactured and put on the market. That, to the layman's mind like mine, would appear to be the logical sequence in imposing these duties. Now what we find is that the highest rate of duty is proposed to be imposed on parts which are expected to be manufactured, while a comparatively lower rate of tariff is sought to be imposed on parts which are actually produced and put on the market. This is one point on which I should like to have some light.

I learn on proper authority that cars which at present cost Rs. 11,668 would under the new scheme of duties cost Rs. 12,336, making for an increase of Rs. 668. Cars which now cost Rs. 11,948 would under the new duties cost Rs. 12,635, making for an increase of Rs. 687. As for trucks, trucks which at present cost Rs. 9,315 would with the new duties cost Rs. 11,844 and trucks which now cost Rs. 10,298 would hereafter cost Rs. 13,460. The increase in the cost price of these trucks would be of the order of Rs. 2,529 and Rs. 3,222. This, I think, is certainly not anywhere near 5 per cent. it is much nearer 25 per cent. and 33 per cent unless these figures are all inaccurate and are explained away as such by the Ministry which issued them.

Then, I understand that a truck in service would require spare parts, on an average, to the value of Rs. 2,000 per year. To this has to be added a sum of Rs. 600 towards the increased duties. All this would have to be passed on to those who have the necessity or the misfortune to use these public utility transport services. That, I am given to understand, would work out to about four pies per mile over and above the existing rate. Now the rates that are being levied by different bus services are not uniform all over the country; they vary from half an anna per mile to anywhere near one anna per mile. If these four pies are to be added to these fares. I think it will be a very unreasonable fare to charge in a public utility transport service.

It has been explained by the hon. the Finance Minister that in respect of commercial vehicles and public utility bus services, it is proposed to institute a system of rebates which will in effect take off the hardship that will be caused by the impost, so that the ordinary man in the street, as he is called, would not have to pay the higher fare. Now, I should like to know, if, having these proposals in mind, Government have done anything to call for declarations of existing stocks from dealers in automobile components, so that we might know what parts which are subjected to this duty already existed in stock in the country before these increased duties were levied and what parts have been imported from abroad subsequent to the imposition of these new duties. That I think would be a very important thing, because otherwise it would be extremely difficult to distinguish between component parts of a particular class or classes which already existed with dealers and parts which

are going to be imported hereafter. I should like to know if the Government of India have done anything to call for declarations of stock and if that has been done, when it has been done and what are the approximate quantities of these components subject to these high duties which are now held in stock by the dealers in this country at present.

There is one other point which I would like to mention before I conclude, and that is the system of rebates on duties which will be paid in respect of component parts of trucks and vehicles which will be put into public transport services. It is understood that the rationale of the proposed new duties is the abolition of the distinction between components of cars and components of trucks. And it has been stated by the hon. the Finance Minister that relief from the burden of these high duties will be given by a system of rebates on the duties paid by Commercial Vehicles. What I do not understand is why the present distinction that is made between components of cars and components of automobile trucks should not be maintained and why the whole thing should be standardised and categorised into one series of things, doing away with the distinction between cars and trucks on the one hand and immediately afterwards trying to make the very same distinction by instituting a system of rebates in respect of the duty paid on components of trucks. I hope the hon. Minister in his reply will make this point clear.

**Mr. Speaker:** I would like to have the position about the amendments clarified. I understand Mr. Mudgal is not going to move his amendment. But there are two others who have given notice of the same amendment. I am told they were not called. Dr. Deshmukh has two amendments on the Order Paper.

**Dr. Deshmukh:** I am not moving them.

**Shri M. A. Ayyangar (Madras):** Though my hon. friend Shri T. T. Krishnamachari did not move his amendment, he gave a lurid picture of what would follow to the industry as a whole if clause 4 is allowed to stand. I am exceedingly sorry that there is an unfortunate misunderstanding about the whole situation.

First of all we have to make up our minds whether we want this industry to establish itself firmly and early in the country or not. I do not think there is any difference of opinion on this matter. Ever since we gained Independence on 15th August 1947, immediately in December 1947 a conference was held to devise effective steps to industrialise the country as early as possible. But we have not been able in spite of our best efforts to get sufficient capital goods for the purpose. The foreign countries with whom we have accumulated balances were more interested in sending us all kinds of luxury goods and not capital goods. From America on the other hand we have been unable to get capital goods because we have no dollar credit. These have our handicaps. The Machine Tool industry which we expected to establish in Mysore, as also the steel industry which we hoped to start as a State concern had to be put off for a considerable time. The automobile industry is one which has not been reserved for State enterprise in the statement of Industrial Policy that this House accepted on 6th April 1948. I very much wish that this industry, being a major industry, useful in times of peace and very necessary in times of war for various defence purposes, had been included in the State sector, in which case, like the Machine Tool industry and the aircraft industry, this one also could have been taken over by the State. But we are all parties to that Resolution. It was not suggested to the Government that this should be included in the State sector at the time.

Now, foreign countries have been dumping their automobiles into this country for a long time. I have not been a business man, but I find that

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in each country there is specialisation in two or three makes of cars. Our country which purchases these cars has therefore got about 40 different makes of cars. No one country can manufacture all these 40 models. France manufactures one or two varieties of cars, America produces a few kinds, England produces some three or four varieties and so on. We do not make any cars, but we have here in use about 40 different types. We are like the *Brahmachari* in the proverb which says: 'A man who is married has got one wife, but the *Brahmachari* has several'. I mean that the *Brahmachari's* prospect is that. I do not want to offend Mr. Kamath. Therefore our country which does not produce any motor car is the dumping ground for all makes of cars in the world. That being the case the State should have set up this automobile industry so that in times of war we may depend upon ourselves. Now is it not necessary, I ask, to avoid all the numerous makes of cars coming in? The grant of protection to the automobile industry will mean that the particular factory will manufacture a type of car. It cannot produce the parts for all the varieties of cars found here. It is impossible. It can produce at the most the spare parts for two, three or four types of cars out of the 40 varieties in use in the country. How are we to satisfy the users of the other 36 types of cars? We should allow them to get the spares required by them. But, at the same time, in view of the fact that we are 50 years behind other countries in this industry, we cannot but take steps to enable our automobile industry to rear up its head. Ten or fifteen years hence the position will be different. Then an enquiry will be made by the Tariff Board and probably a ban will be imposed on other varieties of cars brought into the country. Even then this objection will stand. Is this factory which produces a particular model expected to supply parts for the other cars? No, never; because it cannot produce those cars. This difficulty is inherent in all manufactures. We cannot produce here all the varieties. We can specialise only in three or four varieties. Therefore it is no use saying: 'You can never produce all these varieties and therefore do not impose any duty upon them and let the other models be imported freely and let them flood all our cities, Bombay, Madras, Calcutta and so on. This attitude will never bring into existence in India any new automobile industry. I claim to be capable of asking this House to look at things dispassionately. This trouble always arises whether you call an article as Calcutta-manufacture or Bengal-manufacture. People will always complain: 'I cannot allow goats to eat up all that I grow in my compound in spite of the fence put up. At that rate I can never rear any tree in my compound'. That is my answer to that complaint. If necessary we have to be satisfied with a few makes of cars and those the locally made ones. Secondly, I am a member of the enlightened Fiscal Commission of which my friend Shri T. T. Krishnamachari spoke. This Government had put me into it as a consumer. I suppose I am not able to speak confidently on any matter as my hon. friend who has been long connected with business and therefore I take the role of the consumer. I must say that I am not competent to give the opinion of the Fiscal Commission in advance of its report. This much I can say, that wherever I went I found lots of representations were received suggesting that the whole gear ought to be changed and a new principle of protection should be adopted.

There is a proverb which says that unless you get rid of madness you cannot marry and unless you marry you cannot get rid of madness. In the same manner, it is said unless you established yourself, you are not entitled to protection and unless you are given protection, how can you establish your business? The motor car industry is not a *chappatti* or bread industry. This is an industry which requires a lot of capital and capital is shy in our country already and unless the Government comes forward with assurances in advance or gives



protection, nobody will come forward. During the 150 years of British rule what did we do with our railways?

**Prof. Ranga (Madras):** The Railways could not be started unless a guarantee was given.

**Shri M. A. Ayyangar:** Exactly, my hon. friend knows much better history than I know. Railways need a lot of capital and we gave guarantees to foreign companies to construct railways. Even today we are crying from the house-tops and with folded hands that foreign capital may come on its own terms, that there will be no restriction whatsoever and still we find that capital is not forthcoming. Recently in an American Conference, we invited foreign capital with both hands but without success.

Another objection raised in the debate to the grant of protection was this: If this industry is given protection, how many will it support? If it is a betul-nut factory it can support everybody and in the case of a motor industry, I ask, do you think you could treat it as a cottage industry which will give employment to a large number of people and many people can start that industry? Another objection raised is that there are only two or three manufacturers in the country and when that is so why should the whole community be put to this burden. I will ask what is the position in other countries and how many manufacturers are there? I ask does every shire of Bristol or Manchester own a motor car factory? From the very nature of this industry one can say that only very few persons will and can start this industry. In other words it is not a widespread industry like the match industry. If we as a community are prepared to bear a burden for the growth of this industry and if we want to share the benefit of it, let us by all means nationalise it or start it as a state enterprise. Otherwise I think we are only giving a left-handed compliment to this motor industry. It appears some people say: "This gentleman is waiting to have the first car from this industry today". Let them say so, I have no hesitation to say on the floor of this House I give my support unreservedly.

**An Hon. Member:** Give us a joy ride!

**Shri M. A. Ayyangar:** At least I can assure you I am not going to have a car from the General Motors; perhaps other people will have it. At the present time I am foregoing it to that extent and I have made a sacrifice. I am conscious that I have been occupying a corner of the House and an elderly gentleman was presiding as the Speaker and for 12 long years I have never been able to catch his eyes or ears. Now I happen to be a humble follower of this party. Now I am in a position to go and address public meetings but I can tell you that we have not done anything of which we should feel ashamed. If we give protection to this industry, it is likely that a few people in this industry may get the benefit. I know that one man had the enterprise to start it. I would irrespective of personalities pay my humble tribute to all those pioneers of the industry who had the courage to install the industry. They are all citizens of this country; they are our nationals. We have been asking for nationalisation and I still stand by it. I want that the benefits of all the industries must be shared by the entire community. Like the Indian Administrative Service, I have been asking for an independent, industrial economic service. I regret to say that this has not been set on foot, and if this had been done the poorest man from the village may have had the chance to come and control a number of industries. I was one of those who said that Sholapur and other mills which have been closed ought to be taken over by the State, and given protection. I know what has been done and what is being done in the Department of Industry and Supply. Therefore with a clean conscience, and without any mental reservation I appeal to this

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House; we are not doing anything in a hide-and-peek manner. I know there is a quarrel going on between one capitalist and another. But so far as the industry is concerned it has to be run by some one but personally I would prefer a State enterprise. Till then we cannot spite the face by cutting the nose. This is exactly what has happened.

As regards the principle for which an answer was wanted by my hon. friend, Mr. T. T. Krishnamachari, I have no hesitation in saying that there are industries and industries. For certain industries we will have to give protection in advance. We have to tell people to start an industry and also see that there is no dumping of those articles in this country. It is not only because I can call this child my own and not an adopted child but I can really benefit this child at any time; I may take charge of it whereas if I take charge of General Motors or any other firm, I will have to fight with America and other countries in the world. Therefore, it does not require any apology. With a clean conscience the whole party can vote upon it.

My hon. friend Mr. Rama Rao observed that for certain component parts 90 per cent. duty has been put and in respect of others it is only 60 per cent. The point is we must encourage the man who is not initiating the production of a particular part to do it. It is a new field of enterprise which he has not trodden. If I understand the principles correctly, I think the classification is right.

The hon. the Finance Member in order to avoid further controversy has stated that if particular categories are in a particular group, he would not stick to that particular classification. He said: "I am prepared to appoint a Committee; let that Committee decide whether one item is to go into this group or another."

But if he wants to bring an item of the 90 per cent. category into the category of 60 per cent. or the category of 30 per cent. he can reduce it without coming once again to this House. Any committee that goes into the question would not recommend an increase of tariff but will always recommend a lower tariff. But we are clothed with ample powers to deal with that position.

And then the question has been asked as to whom are you going to appoint on this committee and will you also say ditto to their report. If an advisory committee is to assume the power of controlling the Government, then I say let that Government go. Not only this Government, but no Government can afford to do that. All our standing committees—any committee appointed, including the Tariff Board—can only advise the Government and not take the role of Government, and it will be wrong for anybody in this House or outside to ask that the Government should hand over its power to discriminate and decide for itself, that it should hand it over to some other persons. I voted for the Leader of the House and he chose those in whom we had confidence as Ministers. Is it possible for them now to delegate that power to others? As you know, in the field of law, an agent has no power to delegate his powers to another. If a man is appointed trustee, he cannot delegate that trust to another. Is it a case of "Love me, love my dog?" Let them be big or small, the committee can only advise, it can only suggest. I don't call the members of the committee dogs, it is only an analogy. Probably it was wrong on the part of the Minister of Industry and Supply to have appointed a committee and sought its help. By this he has brought so much trouble on his own head.

All those who deal here in European goods, those who are selling the goods of other people, goods of white people, they are also white, or rather they are dark Europeans. I say those who are selling the goods of Europeans, they

are dark Europeans. Their allegiance is divided between this country and the foreign country.

It is necessary that we should have this industry in this country and I would with all the strength at my command support this Government and ask them to go ahead and make this industry a strong one in the land. Let them not be deviated from their path by interested parties here and there. Users of cars will always come forward to oppose protection. When I was in practice I too had a motor car and my senior used to say no horn was necessary for my car because being very old it made sufficient noise even otherwise. I am one of the small men in my place and I am not now having a motor car. When I changed the old one, I could not go in for another. It is not every one or the ordinary man that owns a car. I don't know for whom these people are crying hoarse? Only for the rich owners of cars. I am surprised to hear that the consumers are hit. I am coming to Mr. Rama Rao's remarks. Who is the man who is hit? Is it the man going in a bus? We all know about the trouble we have had over the road-rail competition; we have had it for a century now. Sir Edward Benthall wanted the creation of a corporation but people said, "No." Well, now for six miles they may charge half a rupee and willy-nilly, you have to go. Of course, Gandhiji said that if you go in motor cars always, you may forget the use of your two legs. We are told some time back we had tails and by disuse we have lost it.

**Shri Kamath** (Madhya Pradesh): Where has it gone? You have dropped it.

**Shri M. A. Ayyangar**: I have got it, the tuft.

Now, you pay four pice per mile. That is extra, and for how many passengers? For 20 passengers and when distributed, it comes to one-fifth of a pice per passenger. But then how many of our villagers go up and down for hundreds of miles? What is the point in shedding tears for the poor man? Is it a case of Salt? Is it a case of kerosene or match box or cloth? The people who assemble cars, they are crying, they are crying here in the name of the poor man. Words are not enough to ridicule ourselves. Is this a matter on which we should have spent so much time? I would say if in Calcutta they produce a car, I agree with the remarks of my hon. friend here, that he who does it must be encouraged be he an industrialist or a businessman.

I would also say this: A goldsmith—I mean no offence to anyone—a goldsmith even when he has to make his own wedding ring, he will take away a portion of the gold! Similarly these industrialists who get protection very often abuse it. Therefore I do want that there should be a permanent Tariff Board in this country, watch dog the course of events, how things develop and how the protected industries progress. It should see that the protection is not abused, that an industry when granted protection is able to stand on its own legs during a reasonable period of years, and bring down prices and also enter into competition with world markets. At present the Tariff Board does not look into these things because it is an *ad hoc* institution. We must have, I say, a permanent organisation. They must have cost accountants in it and from time to time it must examine how a particular industry is progressing, and if a particular industry is not behaving properly then Government should withdraw the protection or impose restrictions or do some such thing.

Lastly, you remember a Bill was introduced in this House by the Minister of Industry and Supply for controlling certain industries.

**Shri Kamath**: Where is that Bill now?

**Shri Goenka** (Madras): I is in cold storage.

**Shri M. A. Ayyangar:** I want to give it sufficient warmth and with your help I hope it will be revived. I am appealing to the hon. Minister to go ahead with that Bill. If I remember right, it has passed the Select Committee stage, but my recollection may not be correct. Anyway, I want that this must be proceeded with and passed finally before we end this session, Whether we start this motor industry as a State industry or allow private enterprise to come in with restrictions, we should not over-burden the consumer. We must not lose sight of the fact that wherever there is protection, there is perforce, of necessity, some addition to the burden on the consumer. I can never think of a tariff protection where there is no burden on the consumer at all. Therefore, willy-nilly, if we want to industrialise the country, we must put up with some burden. But excessive burden should not be there. I am also aware that the person who has tasted protection may go on increasing it and may not reduce the burden on the consumer. But for that there must be sufficient safeguards. On the proposed committee proper persons should be put. I don't know if the hon. Finance Minister knows that behind my white cloth there is a dark cloth also. After all, all that glitters is not gold. People may say they are without any bias, that they are dispassionate. But, I may be saying that I am a detached person, with my hands in some other men's purse. Anyway, I do not want to interfere with the discretion of Government. I can only give general directions, and if Government does not act properly, I will reserve the right to quarrel. But if they are doing their work properly, then let us not withhold that support which is their legitimate due. In supporting this measure, we are helping ourselves and very soon we will industrialise the country, irrespective of the persons who have started the industries.

**Dr. S. P. Mookerjee:** I am glad that this question of giving protection to the automobile industry has been raised in the House in the course of the debate on the Finance Bill, because I am anxious to clear up the position of Government. I do feel that whatever has been done, has been done after careful and mature consideration, and has been, on the whole, in the interest of the industry itself and of the country.

I shall first of all narrate briefly the procedure which was adopted for the consideration of this matter before I come to deal with certain specific points which have been raised by individual Members. During the war we had only two assembling plants in this country for automobiles and both were controlled by foreign interests. Gradually other assembling factories came into existence but none of them was prepared to undertake a programme for manufacture of automobiles. I am not blaming anyone for this. It is not quite an easy matter to develop the automobile industry. I have been able to collect some literature on the subject—not of course latest editions of *Life* from which my friend Shri T. T. Krishnamachari quoted—but some reports which are more authentic than magazines and from them it appears that almost in every country a lot of support and protection had to be given by the State before the automobile industry could come into existence. What is the main question which has been raised and which has troubled many Members? I don't think there is anyone in this House who doubts the desirability of giving protection. I take it that is a more or less common ground that the automobile industry, if it is to develop, must be protected. Now the principal objection has been that some protection has been given without prior enquiry by an independent body like the Tariff Board. Let me deal with this question first. When I started examining this matter about a year ago, I frankly confess, it was also my first reaction that we should not grant any protection without referring the matter to the Tariff Board. But it appeared at the same time when I examined it—and I consulted others too—that this was an industry which could not come into existence without some sort of

protection being given from the very beginning. My friend Mr. M. A. Ayyangar has touched upon this point. Supposing you don't give any protection at all, already there are a number of assembling plants; cars, trucks coming into this country and they are coming through organizations which are highly powerful and influential—and I don't blame them, they deserve their position in the industrial world to-day—and they would be always anxious to send their goods to this country which would be cheaper than the goods which would be produced by the indigenous industry. Supposing you ask the Indian manufacturers to go ahead or say: 'You produce first before we can consider the question of granting you protection', the first question they would put is 'Supposing we produce, who is going to buy from us? Because, already the country will be full of parts of components of cars or trucks which will be comparatively cheaper than what we will produce. Will Government guarantee the purchase of whatever we produce?' That was a point of view which had to be considered very seriously.

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

Then I was referred to what happened in Australia where the industry had started more than 45 years ago on a very small scale at first but even the Australian Government noticed that a stage had come when without a clear protection being given to the industry even before there was any enquiry by any Tariff Board, it was impossible for the industry to thrive in that country. What is the nature of the protection that was proposed? A heavy restriction of imports, increase of duty and direct subsidy. You analyse the history of the automobile industry in various parts of the world and more or less this will be the common factor. In most countries the Government found it its duty to afford this protection before actually production started. What will a Tariff Board do? Obviously, unless it knows what the cost of production is, it cannot give us a dependable report and by the time it can examine the cost of production, parts and components of cars or trucks will be produced in the country which will have to be sold and the automobile manufacturers will suffer a loss which, of course, they are not prepared to suffer. That was a pressing problem which confronted us about a year ago. I called a Conference a year ago—on the 25th May 1949—where I called all representatives of the assemblers and manufacturers in the country. At one stage I myself presided over the Conference and later on some of my officers discussed with them in detail. What I was anxious to know was this: Are manufacturers or assemblers agreed that it is possible for the country to produce parts and components during the interim period pending a fuller investigation by a Tariff Board? Is it possible for Government to get an agreed list in this behalf? What had happened meanwhile? Meanwhile we found that a factory had actually come into existence near Calcutta and the promoters of that Company claimed that they were in a position to manufacture 60 or 70 per cent. of the parts and components required for automobiles as also manufacture practically a complete engine. That claim was being made by them. The factory was set up, machinery, plant etc. were there. Similarly we had other companies also who had their manufacturing programme—not perhaps on such a large scale but still it was a well-regulated, well-co-ordinated plan of manufacture for which they were getting ready. Who spent money on these plans? Who spent money for the erection of these factories? They are not individuals, X, Y or Z. Crores of rupees were collected from the children of the soil, the companies were floated and it was the people of the country who were asked to subscribe. Very little percentage of this money came from foreign countries. So it was the people of the country—not Government—who had subscribed worked, prepared and put up an effective plan and also factories for the manufacture of the automobiles—these were the considerations which Government had to consider seriously.

[Dr. S. P. Mookerjee]

Supposing Government had not done anything and said 'We will not give anything', what would have happened? The factories will not naturally work and the plant, machinery etc. will remain idle and the Tariff Board cannot report. If they do not start production, suppose Government take them over, which means we have to spend five or six crores of rupees for this alone. When Government starts manufacturing, if Government goes on subsidising, the tax-payers will have to pay. Therefore the first point on which I wanted some sort of expert advice was this: 'Is it possible for these people to agree with regard to the parts and components which are now being manufactured and which can be manufactured within the next one or two years and with regard to those which cannot definitely be manufactured during a short period? If that was a wrong approach on my part, I am prepared to plead guilty but I have asked many others too who have told me that it was sound approach. We got a more or less unanimous report which means that, whether they were foreign interests or Indian interests, they were agreed that conditions of the plants and machinery and claims made by responsible assemblers and manufacturers being what they were, these parts and components could be manufactured on the present basis. What you find embodied in the Finance Bill more or less follows the recommendations made by this expert body. There has been some deviation but that deviation has been to the interest not of those who wanted the industry to be protected, because you have transferred the items to the unprotected list. We took out of the protected list five items like bolts, nuts etc. because no protection was needed for them except the small protection which they enjoy under the existing law and we removed them from the special list altogether.

I was trying to find on the basis of values what exactly would be the percentage basis of the parts and components which have been classified in this manner. I think it will be of interest to the House. If we take the U.S.A. group of cars, Group A—that is, parts or components which are now being manufactured—will be about 11 per cent.

Group B for which the duty has been increased will be about 57 per cent. Group C for which the duty has been reduced will be about 24 per cent. and a small group like tyres, tubes, bolts, washers, rivets, etc. for which no protection is proposed to be given comes to about 8 per cent.

With regard to U.K. cars, the percentage is 12, 57, 24 and 7.

With regard to trucks, for U.S.A. trucks, the percentage is 5, 59, 24, and 12; for U.K. trucks, it is 5, 60, 25 and 10.

Then comes the question of giving protection. Here much has been made by several speakers. There has been some misunderstanding that a so-called minority report of only one was submitted and something strange happened and the Government accepted the minority report. The Committee consisted of representatives of different Ministries, my own Ministry, the Ministry of Commerce, the Ministry of Finance, the Ministry of Defence, the Ministry of Transport, and one or two other experts plus the representatives of the manufacturers or assemblers, and I have it on the authority of the Chairman of the Committee that so far as the officials were concerned, they remained neutral on the question of protection. They did so quite rightly, because after all this is a question of national policy which Government alone can decide. The point to be considered is, should protection be given before enquiry or not? This is a matter in which the Government must take the responsibility for coming to a decision. It cannot be for those officers to come to a decision. Not only the Government but also the Standing Committees attached to my Ministry and the Ministry of Commerce have accepted this principle. The

whole question is whether protection should be given before an enquiry is made or not. I would ask the House to clear its mind on this point. On this point of principle, I have got the report of this Committee. Then I asked for an inter-Ministerial discussion, and the unanimous recommendation of the Inter-Ministerial meeting was—there were officials there for whom my friend, Mr. T. T. Krishnamachari has so high a regard and quite rightly so—that in this case we should give protection before a Tariff Board Enquiry. I took the matter to the Standing Committee, particularly on this question of principle whether this new procedure which we proposed to follow was justifiable or not under the circumstances, and that Committee meeting was attended by my hon. friend Mr. Ramnath Goenka also. That Committee was unanimously of the view that protection should be given before a Tariff Board Enquiry. The Standing Committee of the Commerce Ministry also later on considered the matter. The Commerce Minister explained the position, and the Standing Committee of the Commerce Ministry also were of the same view that protection should be given.

**Shri Goenka:** They are even now with you.

**Dr. S. P. Mookerjee:** You are always with us in the end.

**Shri Kamath:** The hon. Minister did not place this report before the Standing Committee.

**Dr. S. P. Mookerjee:** My colleagues in the Standing Committee know that I have, through out the period of my office, not kept any papers or documents from the members.

**Mr. Deputy-Speaker:** Who are the members of the Standing Committee?

**Dr. S. P. Mookerjee:** You are one of the most prominent members. Mr. Kamath was present. Mr. Goenka was present. Except for my state, the rest of India, and specially Madras, was very well represented.

**Shri Tirumala Rao (Madras):** Was the Deputy-Speaker a member of your Committee?

**Dr. S. P. Mookerjee:** Yes. Let me proceed with the procedure that has been followed. Then, this question was considered by the Economic Committee of the Cabinet, and it got the fullest support from the Economic Committee. What exactly the quantum of the duty should be was left in the hands of the Finance Minister, which I myself knew only at a very late stage. As this was a question of taxation it could not be publicised. The principle that protection should be given before production starts and before there is a Tariff Board enquiry was finally approved by the Cabinet. It was not done by the Ministry of Industry and Supply on my own responsibility, but the entire thing was considered in all its aspects by the Government as a whole.

The next question which has been raised is with regard to the possibility of these parts and components being manufactured in a year or two. A number of Members have raised the point—will it be possible for these manufacturers to actually manufacture these parts and components? Has Government satisfied itself about this? I got a report this morning that already the process of production of a number of these parts has started, and I have been assured—this is a matter in which you cannot say whether the undertaking will be fulfilled until you actually see the results—that in the course of the next two months it should be possible for the parts and components which have been mentioned in Group B to be started to be manufactured.

**Shri T. T. Krishnamachari:** It is a good thing that you are also in charge of salt.

**Dr. S. P. Mookerjee:** I think it is the monopoly of my friend, Mr. Krishnamachari to know everything. I think he has taken so much of salt that he is not able to digest it. I heard the speech of Mr. Krishnamachari with special attention. He tried to speak in a balanced way, although in a somewhat tragic tone. He brought in the name of Hamlet. As I was listening to him, I thought that he was not able to come to a decision whether to support or not to support, but ultimately unlike Hamlet he decided to support.

In any case, let us see what will be the actual effect of this on the consumers. Now, if you take cars, the total increase of duty on cars will be about five per cent. If you take into account the existing rate of duty and also the total increase which has been made, you will find that it will not be more than five per cent. So far as the increase of duty on trucks is concerned, it will be about 15 per cent. There is a point about trucks which I should like to emphasise here. So far as the duty on trucks was concerned, for some reason, the duty was lower till this year. The point was raised by the Ministry of Finance that quite apart from giving protection to the industry, it did not seem desirable that this differentiation should be made, because there are a good number of parts and components which were being imported into this country at lower rates in the name of their being used for trucks but were actually used for cars, and thereby Government was losing considerable revenue. Now, in order to equalise the duties, naturally the rate of increase in the case of trucks has been heavier. It was pointed out that public vehicle services might be affected. That point has been dealt with by the hon. Finance Minister and I do not wish to repeat the arguments which he had advanced in the morning. In any case, the assurance which he has given that he will be prepared to consider what sort of rebate should be given to the users of the public vehicles is something which I am sure will satisfy those who stand genuinely for the interests of the consumers or users of public vehicles. Of course, how it will be worked out is a matter of detail.

**Shri Tyagi:** That has to be repaid when you have some balance to pay.

**Dr. S. P. Mookerjee:** In any case, the users will not have to pay more. I suppose you are all talking for the consumers and their interests should be safeguarded.

One important question raised by my hon. friend over there—Mr. Tyagi also raised it—is,--why not impose a higher duty only in respect of those parts and components which will be manufactured and used in cars and trucks and have a reduced rate for the other parts and components which will not be so used. That question also has got to be answered. Supposing you do that, what will be the net result? The net result would be that foreign cars will be imported here at a cheaper cost. Do you think that it will ever be possible for the indigenous industry then to function and develop? If you allow foreign cars to come here taking advantage of the lower import duty, obviously, the indigenous industry will not function. It is for this reason that the duty has to be increased in respect of all the parts and components.

My hon. friend Mr. T. T. Krishnamachari asked whether these parts and components which are being manufactured in this country will be capable of being used for all cars. To that, Sir, you gave a very effective reply. If it is intended that all the parts and components required for the forty, sixty or eighty types of cars or trucks which may be imported into this country will have to be manufactured here, obviously, that is not a workable proposition. I have been assured that about fifty per cent. of the parts and components required for general purposes will come out of the stocks which will be manufactured in India. We have also impressed upon the Assemblers that they must genuinely and legitimately try to use the parts and components that will



be manufactured in India. Of course, what they have said is, this must be subject to quality. That is undoubtedly a very important factor. Unless you can manufacture articles of the required standard, obviously the whole scheme of production will fail.

**Shri Bharati (Madras):** That is most important.

**Dr. S. P. Mookerjee:** If it means that, in the end, I have to reduce the types of cars that could be imported into this country for the next few years, that is also a policy decision which this House must endorse. No country in the world has allowed a large number of types of cars to be imported into the country and at the same time tried to encourage indigenous manufacture. Is it expected that India, which is so backward in the matter of automobile industry, will allow this flood gate to remain open and at the same time aspire to establish an automobile industry in this country? Obviously, those who advocate this kind of policy do not desire the automobile industry to develop in this country at all.

Another matter of importance which was raised is this: the warning uttered by my hon. friend Mr. T. T. Krishnamachari that Government must not create any monopoly. That also is a very important consideration. I shall tell you frankly what has been done during the last year. Here is one group called the Calcutta group which, of course, is most prepared to manufacture, at least better prepared than the rest. This group and other Indian groups also do not like that any other group should be allowed to come into this country, specially any foreign group which is backed by larger finances and higher technical skill. I am not blaming them; but the attitude that they took up was this: if you allow another big group to come in, they, with all their resources, will make it impossible for the Indian group to function. We did not accept this contention. In order not to create any monopoly in this country, we have agreed at least to one foreign group coming into this country on conditions which I think are perfectly fair and legitimate and which will not go against the interests of the Indian automobile industry. That is the Rootes Group. You have in India the Hindustan Motors, you have the Premier Motors which have been trying to develop the automobile industry over the last so many years. We have permitted the Rootes Group to come in. We have laid down certain conditions. I placed the conditions before the Standing Committee and got them approved, because I knew that that was a matter of policy which I was going to decide and I wanted the backing of Members of Parliament. Then, you have the Ashok Motors of the Austin group and also Standard Motors. These are the five groups that are functioning in the country today with a definite programme. I agree with Mr. T. T. Krishnamachari that all of them are not equally ready to go ahead with the scheme. At any rate, they have accepted responsibility.

**Shri Joachim Alva (Bombay):** On a point of information, is Indian capital sharing in the Rootes Group in some shape or other?

**Dr. S. P. Mookerjee:** Not yet; that has not yet been decided. So far as the other groups are concerned, the majority of the capital is Indian. It is your own people who have provided the bulk of this money for the purpose of developing the automobile industry in this country. You will have all these five groups in this country.

There is one other point. I discussed this matter with some of the biggest groups in the world today who came out to India last year. Every one of them said that it is an extremely difficult process to develop the automobile industry unless you have a sufficiently large number of cars to be manufactured each year. Economically, it will be a difficult process. The cost of production will be higher. Therefore, looked at from the commercial point of view only,

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those bigger groups are not very much interested in developing this industry in this country. At the same time, they admitted that if the matter was looked at from the national point of view, the anxiety to develop this industry, both for requirements in peace time and in war time, was obvious. Government however must take some risk. What is the risk that the Government is taking? The capital is raised by the people themselves.

**Shri Sidhva:** The point is this. The hon. Minister stated that public money is invested in this industry. But the controlling power is in the hands of a very few persons. Have Government any control over that?

**Dr. S. P. Mookerjee:** Pass my Bill and you get necessary control.

**An Hon. Member:** That is a different matter.

**Dr. S. P. Mookerjee:** That is the matter. Government cannot control unless you pass the Bill. The way in which Government can exercise control has been laid down in the Bill as reported by the Select Committee. You will have to clothe the Government with ample power to deal with all such cases. I felt because . . . .

**Shri Goenka:** What is the policy of Government in regard to it? The Bill has gone through the Select Committee and pending legislation. I would like to know what is the policy of Government in this matter.

**Dr. S. P. Mookerjee:** So far as I am concerned, I am anxious that the Bill should be passed by Parliament before it adjourns.

**Shri Goenka:** May I know who is standing in the way?

**Dr. S. P. Mookerjee:** No one is standing in the way. The Bill is still in the list. I suppose if we can finish our discussions on other subjects quickly, you can allow the Bill to come in the present session.

**Shri Kamath:** Why not give it priority?

**Dr. S. P. Mookerjee:** That is a matter which I cannot answer. When you consider the programme for the next few days, this question can be raised by the hon. Member.

**Mr. Deputy-Speaker:** The hon. Minister of State for Parliamentary Affairs is here and I hope he will convey this information to the proper quarters.

**Dr. S. P. Mookerjee:** Let me come back to one important point. Let me say this unhesitatingly. It is the policy of Government so far as the automobile industry is concerned, not to allow the continuance of merely assembling plants for a long period of time. We do not want this even though as a result of this the price of Indian manufactured cars may go up or we may have to suffer temporarily. We are prepared to face the consequences. We cannot allow our country to be made the dumping ground for all types of cars and trucks manufactured in foreign countries for all time to come. I have therefore told all the assemblers who are now functioning in India that they must decide in the course of the next six months—I have extended the time by another six months—and they must be able to come forward with their manufacturing programme. One point, the House should not forget. In no country does one group of manufacturers manufacture all parts and components. No one does it. Even Ford manufactures only 75 per cent. of the parts and components. What happens is this: The existence of the automobile industry results in the starting of small subsidiary industries. That process has started already. Reports are coming to us that many small groups are coming into existence that will go on manufacturing some of these things. A heavy protec-

tive duty will only prevent dumping of foreign goods into this country. Of course, it will take some time, you cannot suddenly, overnight, produce them. The more I have looked into the matter, the more I am satisfied . . .

**An Hon. Member:** You must push through . . .

**Dr. S. P. Mookerjee:** You must also pull together. If hon. Members of the House go on doubting the wisdom of Government in taking such a bold step or go on questioning the *bona fides* of some people, obviously it becomes most distressing.

**An Hon. Member:** Nobody did it.

**Shri Tyagi:** I must say that nobody has ever doubted or questioned the *bona fides* of any member.

**Shri Sidhva:** We meant the system. The policy should be common and the same for every one.

**Dr. S. P. Mookerjee:** My friend Mr. Sidhva was conveniently absent when I started talking and dealt with the main point, and the system which he has so graphically described. Each industry has to be considered on its merit. Unfortunately he was away from the House. The system we have followed is working well . . .

**Babu Ramnarayan Singh (Bihar):** A bold step will never be doubted.

**Dr. S. P. Mookerjee:** So far as the particular parts and components which are now being manufactured are concerned I have got the complete list but I do not want to read it. Mr. T. T. Krishnamachari may see the list. It will convince him that the process of making the parts and components has started. It might perhaps interest him to know that one of the parts manufactured is shock absorber. That also is being reproduced and that should satisfy Mr. T. T. Krishnamachari to some extent . . .

**Shri T. T. Krishnamachari:** I take it that the intention of my hon. friend is not to attach a shock absorber to every Member in the House so that he can absorb the shocks given by the Government!

**Dr. S. P. Mookerjee:** If I can attach a shock absorber to my friend Mr. T. T. Krishnamachari at least it will do him a lot of good.

I will now deal with the appointment of a Committee. We propose to appoint this Committee as soon as possible. As to what its composition will be it is more than I can tell immediately. But the object of that Committee will be first of all to see whether the classification which we have made is correct or not. Secondly . . .

**Shri Sidhva:** There will be, I believe, members of the Government on it.

**Dr. S. P. Mookerjee:** We will see what sort of Committee it will be . . .

**Shri Goenka:** Are you intending to put any Cost Accountant on the Committee?

**Dr. S. P. Mookerjee:** The Committee should first be able to satisfy itself that the process of manufacturing these parts and components has already started. I believe perhaps this Committee or some other Committee will have to examine about the cost of production, which is a very important factor. But the process of examination of the cost of production naturally cannot arise until sufficient quantities have been produced. If the cost of production has to be examined then with the Committee should be associated some Cost Accountant. This Committee is meant merely for a technical reassessment of the classifications which have already been made so that they may give us a

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quick report. But if there is going to be also an examination of the cost of production etc., it will take a little longer time. The ultimate quantum and nature of protection will then be determined.

The other point raised was about the prices of the parts and components which have already arrived. That question was raised yesterday in the debate and it was suggested that we might introduce some control measure and fix the prices for the parts and components which have already arrived or the stocks which are with the stockists. I have examined this matter. We have no list of people who have these stocks with them. Their number is very large and they are spread throughout the country. If you suddenly impose a control obviously many of these things will disappear and go underground and there will be more black-marketing. What we want to do is that these parts and components must not be sold at prices higher than what the increased rates of duty justify. That is what the House can legitimately demand, namely that we must see to it that the prices of these do not go up beyond what is justified by the rates of duty. How to achieve that I have suggested also and that is being considered . . . .

**Shri Goenka:** What about the manufacturers who have been given the undertaking that protection will be given to them and who in anticipation would have gathered very large stocks with them? Would you see that no excess is charged at least by them?

**Dr. S. P. Mookerjee:** I do not think that stage has arrived yet. Whatever assurance was given was given only a month ago. During this period large stocks of parts and components could not have been produced. The only effective way in which you can check prices is to allow larger imports of these articles during the interim period, so that it will be widely known that the market will be flooded with the parts and components and the attempt to charge higher prices will immediately disappear. I can tell the House that that has already been accepted as the policy of the Government and we are going to see to it that it is put into effect at once.

So far as the dealers' commission is concerned, the Finance Minister cleared that point also this morning, namely that we will take up this matter with the representatives of the dealers. We shall call a conference of those people and we will try to see that they do not get an extra profit out of these increased rates. Whatever profits they were getting are quite adequate and there is no reason why they should get another Rs. 400 or Rs. 500 merely because the rates of duty have been increased. That is a matter which I think is capable of being adjusted and I give the assurance that we propose to take up that matter.

I am thankful for the general support which the House has given. There is no question . . .

**Shri Tyagi:** Before the hon. Minister sits down may I ask him a question? Possibly the matter is within his ambit or authority and he may have given his attention to it. I want to know whether he will control the market price of those manufactured articles and not allow it to become disproportionately higher than its cost price, so that in competition with the articles coming from outside they may have a bigger market and people would not be exploited. Will he take that guarantee from the manufacturers?

**Dr. S. P. Mookerjee:** Obviously that will be the result as soon as the enquiry by the Tariff Board or the special Committee has taken place. The House may rest assured that the Government have no intention to allow any undue profiteering to the manufacturers for manufacturing these parts and components which are enjoying a heavy protective duty . . .

**Shri Tyagi:** Will the Government see to it that they do not charge unduly?

**Dr. S. P. Mookerjee:** Certainly Government will see to it that they do not charge unduly. To enable the Government to come to a decision from time to time special reports will be necessary. We may undertake this task after enquiry has been completed.

**Shri Kamath:** What is due and what is undue?

**Dr. S. P. Mookerjee:** Due is what is due and what is undue is undue. Your remark was undue!

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

"That clause 4 stand part of the Bill."

*The motion was adopted.*

*Clause 4 was added to the Bill.*

*Clause 5 was added to the Bill.*

**Shri Jhunjunwala (Bihar):** There has been protection to the sugar industry for the last eighteen years and it seems that so far as Sucrose content in cane of India as a whole and sugar recovery is concerned—which is the important thing, there has been practically no improvement. If you look at the percentage of recovery for 1929-30 it was 9·07 and now in 1949-50 it is only 9·6. (Refer M. P. Gandhi's Book on Sugar). That means that the increase in recovery has been only about 5 as a result of 18 years protection. My point in putting these figures before the House is that though very heavy protection has been given to this industry, no step has been taken to rationalise it to bring it up to a status where it can compete with other countries.

You, Sir, said in your speech this morning that if any industry is given protection it is the duty of Government to see that that protection is utilised to the advantage of the country as a whole. Even if during the period of protection the consumers have to pay something higher for sugar than what they would have paid by importing foreign sugar, that would have been tolerable provided this industry had been brought on a footing so as to compete with foreign sugar, especially where it was possible to bring about these improvements. Today this industry is not in a position to compete with foreign sugar. The Tariff Board has gone through the question very thoroughly and all the paraphernalia has been finished, but the intention of Government is still unknown as to what they are going to do in the matter, what steps they are going to take to make India stand on her own legs; instead of being in the position of having to import sugar in order to fight the indigenous producers, they ought to be in a position to export sugar. So far as the intention of the Government of India is concerned, it is clear that they, instead of allowing the protective duty to continue, have imposed an equivalent revenue duty, in other words the Government has allowed the protection to continue in another form. I have not been able to understand what the decision of Government has been as regards the working of this duty during the last 18 years. The Tariff Board has submitted its report and the Government of India have considered it. A short and concise report of the Tariff Board on the continuance of protection to the sugar industry has been circulated to us. The Government of India has passed a resolution on that. The most important point which the Government of India should have considered and should have made known to the Members of Parliament is how, if the protection is to be continued either in the form of protective duty or in the form of revenue duty, it is going to produce more sugar and at a competitive rate compared with foreign sugar. If you look at the conditions in India of cane and sugar producing areas, you will be convinced that if Government had taken proper steps, if the industry had taken proper steps, and if the cultivators had taken proper steps, if all

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these three interests had only looked to the national interests to see as to how this industry could be brought on to a competitive basis as against the foreign countries, then this country could have been self-sufficient in sugar and would have been able to produce sugar at a competitive rate when compared with other countries. But as I have said these three interests—the Government, the industry and the cultivators—have simply looked to their own interests and have not cared for the interests of the country as a whole. The result is that though we are producing more sugar, so far as its price is concerned so far as its competitive rate is concerned, we are in the same state as we were when this protection was given. Of course, with the help of protection more factories were started and they were able to go on producing more sugar and get higher prices also. The cultivators also got more money. But I don't know what the Government have decided. Have they come to the conclusion that India can stand on her own legs, that is whether India can produce sugar at a competitive rate when compared with other countries? If they have come to this conclusion, then I would like to know from Government as to what were the deficiencies in the past and what steps Government are going to take in order to meet those deficiencies. Government does not know its own mind; it does not know what it is going to do. The other day I put a question in this Parliament whether Government are going to rationalize sugar industry on an all-India basis or on a State basis, and the hon. Minister of Agriculture said that he would decide it in the course of a month. About two months have passed and nothing has been done. This is the most important question on which the Government has to take decision. If it is going to be rationalised on an All-India basis, factories should be established in areas which can produce cheapest sugarcane. The whole thing has been overshadowed by a most ordinary thing, the so-called sugar muddle. All the other more important questions have been overshadowed by that. Even in this resolution on the Tariff Board report, the sugar muddle occupies the most important place though it was a thing of a temporary nature in which both the Government and the industry were involved.

Then, the other day I put another question to the Minister of Agriculture as to what the policy of Government is as regards *gur*. There is always a sort of a fight going on between the *gur* producers, the *khandasari* sugar producers and the white sugar producers. Government sometimes gives some help to the *gur* industry. Sometimes they raise the price of *gur*, sometimes they put in control here, sometimes they put in control there, without knowing as to what will be the effect on the production of sugar, without knowing as to what will be the effect on the production of *gur* and its price, and so on. In order to make that point clear, I put a question the other day to the hon. the Minister of Agriculture enquiring as to what the policy of Government is: whether to produce more *gur* or to convert this *gur* (that is the sugarcane which is going for manufacture of *gur*) into sugar. The reply was, "We want more *gur* and more sugar". I don't know why Government does not take Parliament into confidence as to what they are going to do. The programme was that we should produce more sugar. Now, in some areas I have heard some people say that we shall produce more *gur* and therefore the cane has been allowed to go to *gur* areas. In other areas restriction has been placed on manufacture of *gur*. What I am trying to arrive at is that Government before imposing this revenue duty to the same extent as the protective duty should make up its mind as to how long they are going to allow this protection either in the form of protective or revenue duty and what steps they are going to take in order to see that our sugar industry is placed on a competitive basis compared to foreign sugar. In the absence of this data, it is very difficult for us to support Government in giving protection in the form of a revenue duty. I feel

convinced that if the three elements—namely, Government, the industry and the cultivators—which, as the Tariff Board itself points out, are responsible for the proper running and efficient production of the sugar industry work in the interests of the nation—especially if Government work in that direction—India will be in a position to stand on her own legs. Ultimately, the responsibility falls on Government, because it is the voice of Government which prevails in the end. So, I would request Government to come to a decision soon. Government had promised that there would be a discussion in the House regarding the sugar muddle, and that there would be an Enquiry Committee. Wherever you go, people enquire: "What has happened to the Enquiry Committee? What has come out of the sugar muddle?" They have forgotten all about more production, increase in efficiency and the rest. The whole thing has been over-shadowed. The sugar industry is the second most important industry in India. It produces Rs. 260 crores worth of sugar and Government should make up their mind and not care for revenue by means of excise duty and cess—I mean both the Central and State Governments. They must first look to the interests of the country. If they do that, it will be easier to put this industry on a competitive basis with foreign sugar industries. India has sufficient resources to stand on its own legs, provided these resources are properly worked out.

**Shri N. S. Jain** (Uttar Pradesh): I should like to let Government know the views of a person who comes from a major sugar-producing State, namely, Uttar Pradesh, and also a person who comes from a district which has got three sugar mills a vast area under sugarcane cultivation.

**The Deputy Minister of Communications (Shri Khurshed Lal)**: I hope he will give us something sweet.

**Shri N. S. Jain**: I hope so, but not very sweet to Government—or it may be too sweet. The feeling of the common man in my part of the country is very bitter. Although as my hon. friend suggested just now we have got sugar there, people in U.P. are very bitter over this question. The position is this. We have got *gur* selling at the rate of Rs. 26 a maund; crystal sugar selling at the rate of Rs. 29 a maund; and Khandsari sugar which is of a much inferior quality selling at the rate of Rs. 60 a maund. What do people say? I hope Government will not take it ill when I repeat what they say. They say:

*Andher Nagri Chaupat Raja Take Ser Bhaji Take Ser Khaja*

In the reign of a blind King, you have everything selling at the same rate. It may be very good for Communists perhaps.

Before entering into this question of converting the protective duty into a revenue duty which to a layman is meaningless, I want to tell Government one more thing. After practically three-fourths of the sugar mill production season was over, Government thought it fit to restrict the movement of *gur* thereby trying to reduce prices of *gur* and also trying to help the sugar mills by inducing more cane to go to mills. But what is the result? Some time back, I was told that because of certain concessions announced by the Government of India and the U.P. Government, sugar production was expected to go up by 20 per cent. or at least ten per cent. The actual result is I think just the reverse. The country would be very fortunate if we can get ten lakh tons. That is last year's production and even if we get that, it is a cheery prospect. According to the Report before me, we consume about 12 lakh tons of sugar annually. We have not been able to produce more. We have been selling *gur* and *Khandsari* sugar at high prices, and after controlling *gur* for some time, although we have tried to bring down the price in U.P., we have correspondingly increased it in places which are away from U.P. where *gur* is not produced. So it comes to

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this, namely, that U.P. is selling *gur* at a lesser rate and the producer there is getting less for his produce, whereas *gur* which is stocked by people in other States fetches a higher price. This is, again, ill distribution. I had a talk with the Minister of Agriculture some time ago on this point. I told him that it shows lack of co-ordination and policy on the part of both the Central and State Governments. After all, we have been giving protection to this industry for the last 18 years. We have just now heard a good treat of some cross-words regarding the way in which protection is being given to industries. I think we must take a lesson from the protection extended to this industry for the last 18 years. What is the lesson? The lesson which Government themselves admit in their Report is this:

"We have felt that the continuance of protection for the last ten years has produced an attitude of complacency on the part of the three parties—namely, Government, the industry and the cultivator."

This is the result of 18 years of protection. Let us hope that the protection which Government intend to give to other industries now will not fail as miserably as it has done in this case.

We know what the troubles of the workers in sugar mills are. We have had our attention pointedly drawn to this matter by the fast of one of our honoured colleagues—Prof. Shibbanlal Saksena. Prices of cane and sugar have been vacillating as a result of the orders of Government, and they bear no economic proportion to the realities, because, if there was any sense of reality, it is impossible that inferior quality of *Khandsari* sugar would be selling at Rs. 70 a maund, while superior quality of sugar is selling at Rs. 30 a maund. Naturally we are encouraging black-marketing; we are inducing all sorts of bad things in society against which we talk so much in this House.

Now, I would like to suggest plainly to Government—as was done by my hon. friend Shri Jhunjhunwala—to take this House into confidence and say what they mean to do in this matter. We would like to know what their policy is. I had a talk with the hon. Minister of Agriculture. He said that this is a matter for the Government of Uttar Pradesh, and that the Ministry there knows better. I discussed the matter with the Minister of U.P. and he referred me back to the Government of India. I think this sort of thing should not be allowed any longer. So much has been said about this sugar muddle both inside and outside this house. . .

**Dr. Deshmukh** (Madhya Pradesh): It has become a scandal now.

**Shri N. S. Jain**: .....which does not redound to the credit either of the Government of India or of any State.

**Babu Ramnarayan Singh**: They deserve it.

**Shri N. S. Jain**: That is no consolation. Ultimately it is the country and the public that suffer.

If this had happened in a purely democratic country I am sure Government would have been brought down on its knees. Government would have been asked to quit if people were asked to eat *gur* at Rs. 26 per maund, while sugar is selling at Rs. 30 a maund. This cannot be allowed.

**Mr. Deputy-Speaker**: I want to make it clear to the House that at five o'clock today the 'guillotine' will be applied and all the remaining clauses will be put to the House irrespective of the amendments tabled. If the hon. Members are anxious to hear the hon. Minister's reply they must curtail their speeches.



**Shri N. S. Jain:** Then, Sir, may I just conclude by asking a few questions of the hon. Minister? Have the Government any policy, if not for the previous years at least for the future years, regarding the fixation of prices of sugar, *Khandsari* sugar and *gur*, inter-related as they are to one another? Is this restriction on the movement of *gur*, which was imposed to help the sugar factories going to last after the factories have closed, or is it going to end in the much maligned permit system, under which certain people are allowed to transport *gur* to other States on permits issued by the States or the Government of India? Is sugar going to remain under control, as it has remained up till now, while there is no such control on the price of *Khandsari* sugar and *gur*? Do Government think that it is time that this control on sugar is removed by bringing more white sugar from foreign countries and making the people pay less for their sugar rations? How long is the restriction on the movement of *gur* going to last and when is inter-State movement of *gur* going to be restored, so that prices in all the States may be equitable and at the same level?

**Shri A. P. Jain:** I must confess that I have been provoked to speak by my friend Mr. Jhunjunwala. I must also confess that I agree with his conclusions that we do not know what is in Government's mind and Government itself does not know what is in its mind. But I regret that I cannot agree with any of the arguments which my friend Mr. Jhunjunwala has advanced.

Now, to illustrate, a few points, we find that the movement of *gur* has been restricted and relaxed more than once within recent months, with the result that we do not know what is the underlying policy of the Government. We were told that an enquiry into the sugar muddle would be instituted and persons responsible for this crisis would be brought to book. But months and months have elapsed and nothing has been done. Even today, I accuse the Finance Minister of not knowing his mind. Let us see what he has done. The present Bill has converted the protective duty on sugar into a revenue duty. Well and good. I do not agree with Mr. Jhunjunwala that anything wrong has been done. But the sugar industry has forfeited all its rights to protection because it has not stood on its legs, although it has been receiving protection for the past eighteen years. You cannot put a man on crutches all his life. You can give him crutches only so long as he requires support and until he can walk himself. In fact, Sir, you were very vehement today in supporting the protective measures. I am equally vehement. But protection should not be manipulated in a manner as the British Government extended protection to the Princes. The result was immediately the British power was withdrawn the Princes fell like a pack of cards. That is what would happen to the sugar industry as well. Today we are withdrawing protection from the industry, and unless the industry rationalises itself, it will collapse like the princes.

Now, what is the position? I accused the Finance Minister of not knowing his mind and my reason for doing so is this: He says that the revenue duty on Sugar is Rs. 6/12 per cwt. plus the excise duty of Rs. 8/12 plus 1/5th surcharge. Is there any country in the world where a revenue duty is computed in this fashion? This is nothing but a protective duty. You say that Sugar industry will get no more protection; but you still want to maintain protective duty garbled as a revenue duty. That is your weakness. You will not let the industry stand on its own legs. You want to give them crutches without telling the country that you are giving them crutches. A revenue duty is mostly an *ad valorem* duty—its incidence fluctuates with the increase or decrease in the price of imports. Then you should have fixed an *ad-valorem* duty on sugar and co-related it with a fixed statutory price of imported sugar.

[Shri A. P. Jain]

In fact, I would suggest, if you really want to do any benefit to the sugar industry, it must be made to feel that it is not going to have any more protection. Then the sugar industry will grow strong. It will improve itself not by the methods which my hon. friend Mr. Jhunjhunwala has suggested, but by the consciousness that it is not going to get any more protection and that it must stand on its own legs. I want you to honestly convert the protective duty to revenue duty. Even now it is a very simple thing. Although there is no amendment to this clause, you can do it. You will benefit the industry and you will benefit your soul as an economist.

**Mr. Deputy-Speaker:** The hon. Member will kindly address the Chair.

**Shri A. P. Jain:** In the course of this session a question was put to the Minister of Agriculture as to whether he intends to import any sugar from foreign countries and he said that the Government was considering the question of the import of sugar. I know there is difficulty about hard currency areas where sugar is available. I understand also that about one lakh tons of sugar is available from soft currency areas, and as the production of Sugar this year has fallen below our expectations we may have to import sugar from soft currency areas. If we have to do it, let the imported sugar be sold at cheaper prices, so that it may give rise to competition of prices inside the country. I request you to impose a reasonable revenue duty so that the imported sugar may be cheaper to the consumer and the sugar industry may have internal competition and reduce its price.

Before I conclude I want to say that all that has been said about the unsuitability of north India—U.P. and Bihar—to grow sugarcane is a pure myth. Recently experiments have been made in Ganga Khadar and one acre has produced as much as 1,900 maunds of sugar which would be a proved record even for Java. Conditions in this country are good, only the capitalists have failed and some Governments have not come up to expectations. Sugarcane growers have also not played their part. But when internal competition comes, every one of these components will be interested in improving their methods and by rationalisation the Industry will produce sugar cheaper. Do not take away the incentive of competition. That is what I had to say, during the limited time at my disposal.

**Dr. Matthai:** There was a point that Mr. Jain put straight to me and that was with regard to the question of fixing the rate of duty at the original protective level. The point is simply this: When you have imposed a duty as a protective duty, it involves two elements of responsibility. One is it involves an element of security and that will continue till another Tariff Board enquiry. The other is the assistance which the industry will get from the measure of protection involved.

Now, the Tariff Board has recommended that the duty must cease to be a protective duty. What I have done is to remove one support and the other support I will remove as and when the financial requirements of the country justify it.

**The Minister of Food and Agriculture (Shri Jai Ramdas Doulatram):** In the course of the five minutes left I will try to deal with as many points as possible which have been raised this afternoon.

I will first deal with the question of *gur* and the ban on the movement of *gur*. This ban was imposed because of the high price of *gur*. It was found that cane was being diverted from the manufacture of sugar to the manufacture of *gur*. Both *gur* and sugar are necessities for our people, but in view of the possibility of great under-production of sugar this year, unless in some manner

Government intervened, it was felt that there would be a great outcry especially after what had happened last year. Therefore Government put a ban on the movement of *gur*. It has resulted in a number of factories continuing to produce sugar which otherwise would probably have closed down as some others had to close down before the ban became effective. Even now there are a number of factories which are able owing to ban on *gur* movement to continue operations and the result has been that this year up to 22nd March we have been able to produce 8,75,000 tons of sugar as against a figure nearly one lakh below that which was last year's figure. This does not mean that the total production this year will necessarily be larger than that of last year, because we have to see in the course of the intervening weeks what the production of the factories at present working is going to be.

The question has been put to me.....

**Shri N. S. Jain:** Why was the ban not imposed earlier?

**Shri Jairamdas Doulatram:** The ban was imposed earlier. As Members know, it was imposed in the month of November and, later on, it had to be suspended, because of certain difficulties. Now, we had to reimpose the ban and it is having its effect.

The question has been put to me directly, when this ban will be removed. As the hon. Member is aware and possibly also others, there has been a lot of speculation on the prices of *gur* has always happened in regard to any commodity which is felt to be in short supply. The moment Government announce today in the House the date when this ban on *gur* movement is going to end, it will result in further speculation. I do not propose to be a party to that. The House must permit Government to decide the date when exactly the ban is to be removed.

A suggestion has been made that we should control the price of *Khandsari*. Articles which are produced in a very large number of centres, especially rural centres, are not easily susceptible to control unless you physically procure large quantities of that commodity just as we do in the case of foodgrains. Sugar we are able to procure and control physically in the factories. But *Khandsari* and other products of *gur* and cane which are produced in a large number of centres in the villages cannot easily be controlled. Unless you physically control them, mere price control becomes ineffective. Therefore, deliberately, as a result of long experience we have felt that it is not possible to control the price of *Khandsari*. Probably if we do the position may be worse than it is now.

Reference has been made as to when control over sugar is to be removed or how long it is to be continued. All that I can at present say is that it is intended to continue it at least for sometime. We are watching the result of production and, as we approach the end of the season we will know exactly how much sugar is available in the country. Suggestions have been made that we should also announce that we are going to import so much sugar. Sugar is a commodity the price of which falls or rises according to demand. As soon as it was believed that India wanted to purchase sugar from outside, the prices in those countries went up. We had at that time to face a rise which we did not want to face. A rupee or two per maund means a great deal in the totality. Therefore it is not wise, when we are dealing with commodities whose prices fall or rise in relation to expected demands, that we should make a premature announcement.

A suggestion has been made also that I should inform the house as to what steps have been taken with regard to the Tariff Board's report. It is a very legitimate question and I know that Members have been wanting to know

[Shri Jairamdas Doulatram]

what is the decision of Government with regard to the enquiry question which was debated for a day in the last Session. Government wants to keep its promise and it has decided to institute an enquiry into all the points which have not been covered by the Tariff Board. On two matters the Tariff Board itself has recommended that the Government should make further enquiries. But when the Tariff Board report was being written the debate had not taken place or had only just taken place. Therefore it was found that a number of points which came out in the course of the debate had not been covered by the report and the Government have instituted an enquiry into the two points indicated by the Tariff Board. As regards four other points which were not covered, a formal announcement will be made in the course of the next few days.

**Shri Kamath:** Before the session is over?

**Mr. Deputy-Speaker:** It is now five of the Clock. All other questions will end.

**Shri Sidhva:** Is "guillotine" to be applied to this Bill?

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

The question is:

"That clause 6 stand part of the Bill."

*The motion was adopted.*

*Clause 6 was added to the Bill.*

*Clauses 7 to 18 were added to the Bill.*

*The First, Second, Third and Fourth Schedules were added to the Bill.*

*Clause 1 was added to the Bill.*

*The Title and the Enacting Formula were added to the Bill.*

**Dr. Matthai:** I beg to move:

"That the Bill, as amended, be passed."

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

"That the Bill, as amended, be passed."

*The motion was adopted.*

**Mr. Deputy-Speaker:** The House now stands adjourned till 10.45 A.M. tomorrow.

*The House then adjourned till a Quarter to Eleven of the Clock on Friday the 31st March, 1950.*