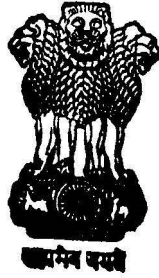


Volume X

No. 1 - 13



Par. S.1.X.1.51

886

PARLIAMENTARY DEBATES

PARLIAMENT OF INDIA

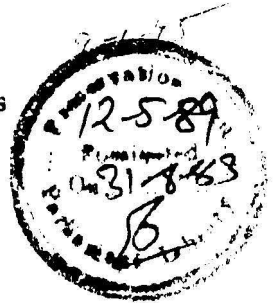
OFFICIAL REPORT

Part I—Questions and Answers

CONTENTS

Oral Answers to Questions [Cols. 1595—1626].

Written Answers to Questions [Cols. 1626—1636].



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

2087

2098

PARLIAMENT OF INDIA

Thursday, 11th October, 1951

The House met at Nine of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Short Notice Questions and Answers

VOLUNTARY DISCLOSURES OF INCOME

Shri Jnani Ram: Will the Minister of Finance be pleased to state:

(a) whether the period of voluntary disclosure of income has been extended beyond the 30th September, 1951;

(b) if so, upto what date; and

(c) the disclosures, if any, during the month of September 1951?

The Minister of State for Finance (Shri Tyagi): (a) and (b). No. In view, however, of the large number of requests received from various centres to extend the time limit, the Government have decided to allow one more day, namely, October 22, when Income-tax Officers will receive disclosure applications from assesseees.

(c) Exact figures regarding number and amount of disclosures during September are not yet available. The total number of disclosures reported for the month of September had reached 4070 involving an amount of Rs. 12.9 crores. Reports received upto 5th October, 1951 show that the total number of disclosures including earlier months is 5431 involving an amount of about 19.76 crores. Reports from mofussil areas not yet received may increase this amount still further. These figures do not include the income involved in about 300 cases in which the assesseees

307 PSD

have announced their intention to disclose but have not yet furnished actual figures.

Shri Jnani Ram: May I know if these cases include those reported to the Investigation Commission?

Shri Tyagi: No, Sir.

Shri Kesava Rao: May I know whether it is a fact that assesseees have asked for extension of time?

Shri Tyagi: I have received many requests from intending declarants that I may extend the time so that they may know the exact figures of their accounts to be declared.

Shri Chattopadhyay: From which State has the response been so far the highest?

Shri Tyagi: The response from the U.P. has been the highest.

Shri A. C. Guha: Is it the highest as regards the number only or as regards the amount also?

Shri Tyagi: I do not exactly know the number but the amount has reached about Rs. 6 crores from the U.P.

Shri Chattopadhyay: What is the total expectation of income which is to be got from these disclosures?

Shri Tyagi: As these disclosures also includes certain refund amounts which have to be made and also some intangible incomes which had already been taxed in the past but not allowed to be brought into the accounts, that will also be accounted for. So my expectation is that at least Rs. 5 crores may be the net income-tax revenue.

Shri Rathnaswamy: Will the Government be pleased to place on the Table of the House a statement showing the income in the various States so far disclosed?

Shri Tyagi: Yes, Sir.

Shri Shiv Charan Lal: May I know if Aligarh District has given the highest return in U.P.?

Shri Tyagi: I cannot exactly say whether my hon. friend's district has been the highest but it has given a substantial amount.

Shri Chattopadhyay: May I know what is the highest income that has been disclosed so far?

Shri Tyagi: I am not quite sure, but one of the assessee was negotiating with me for a sum of over Rs. 1 crore.

Shri Kamath: What were the considerations that led, the Minister to grant only one day's extension and not more? Is this absolutely final or will it be reconsidered?

Shri Tyagi: There is no question of reconsidering the extension of a day. This one day was fixed because there was a persistent demand from all sides of the country for extension of this period but I could not extend any further because my normal work was suffering. I therefore decided to give them a chance to make up their minds by the 22nd October, on which date the Central Board of Revenue have issued instructions that all these declarations will be received in the offices.

Shri Jnani Ram: May I know if the Government is satisfied with all these disclosures? If not, are they going to reopen any of the cases?

Shri Tyagi: No, Sir; in fact this scheme was taken up because the Government felt that the law was so prohibitive that it prevented people from giving these disclosures; there was a larger penalty and fear of prosecution. Persons who had evaded their income from income-tax in the past were afraid of coming forward with their declarations. With a view to enable them to come forward with honest declarations, this drive was started just to help them to come into the field fearlessly but this cannot be repeated again. Those who do not take advantage of this final date, 22nd October, will, I am sure regret their mistake.

Shri A. C. Guha: Is the Government satisfied that the disclosures made are correct figures? Are there also some hidden incomes behind the disclosures?

Shri Tyagi: These questions came off and on during the period of this

drive and instructions were sent to the Income-tax officers to take such declarations as correct against which we had no proof otherwise provided that if and when in future we have some other information as to the incorrectness of these declarations, the information received in the future will be taken up according to law and that no concession will be given on this future information.

Shri Rathnaswamy: May I know what are the various steps that were taken and proposed to be taken by Government to assess the real income which went underground?

Shri Tyagi: It is very difficult because Government had no hand in these incomes which have gone underground and therefore, it is not possible for the Government to make an assessment of the incomes which have gone underground.

Dr. M. M. Das: May I know whether the disclosures so made are by private individuals or by corporate bodies also?

Shri Tyagi: It is mostly private persons but sometimes also by persons holding offices in corporate bodies as Directors and Managing Directors. I think in such cases there may be disclosures on behalf of the corporate bodies too.

Shri Chattopadhyay: May I know what steps have been taken by Government where they find that the disclosures are obviously incorrect?

Shri Tyagi: The disclosures are examined in the light of incomes these assessee have been earning in the past years. If the disclosures are in accordance with the average of their incomes in the past, it is spread over a few years as the declarants' announced incomes of the assessing periods and those figures are judged with the previous accounts they have submitted and in cases where it is found that the disclosure is not complete, the penalty is not wiped off altogether but there is a partial penalty. In such cases prosecution is not resorted to.

Shri A. C. Guha: What is generally the period that is covered by these disclosures?

Shri Tyagi: It varies from assessee to assessee; They have given figures upto 5 or 6 years but in very few cases long terms had been given. In most of the cases it is 2 or 3 years.

Shri R. Velayudhan: May I know for what purpose this tainted money will be spent by Government?

Shri Tyagi: The Income-tax realised out of these disclosures will go to the Consolidated Fund of India.

Shri Sonavane: May I know what steps Government are taking or have already taken to prevent such suppression of income hereafter?

Shri Tyagi: The Income-tax law is there. Whenever there are such evasions, the penalty clauses of the Income-tax law will be applied.

Mr. Deputy-Speaker: Next question.

Shri Sonavane: Does this not encourage tax evasion.....

Mr. Deputy-Speaker: Order, order; I have called the next question. We have spent 10 minutes over this.

The Minister of Works, Production and Supply (Shri Gadgil): I am very glad that this will be the last question that my hon. friend will ask.

PAMPHLET ENTITLED "CORRUPTION IN C.P.W.D."

Shri Sidhva: Will the Minister of Works, Production and Supply be pleased to state:

(a) Whether the attention of the Government has been drawn to a pamphlet "Corruption in C.P.W.D.";

(b) If so whether what is stated therein is correct;

(c) whether any enquiry has been made; and

(d) who is the author of this pamphlet?

The Minister of Works, Production and Supply (Shri Gadgil): (a) Yes.

(b) and (c) I lay on the Table of the House a statement dealing with the various cases mentioned in the pamphlet.

(d) The author of this pamphlet, Mr. Mohinder Singh Kalsy, was employed as a temporary Overseer in the Central Public Works Department but his services were terminated for insubordination and for making false and wild accusations against his senior officers. It is understood that he was previously employed in the Punjab Public Works Department from where also he was removed from service for the same reasons.

STATEMENT

Statement dealing with the various items mentioned in the pamphlet entitled, "Corruption in the Central Public Works Department".

(1) *Cartage of materials Case of 'D' Division (1946):—*

Two officers viz., the S.D.O. and the Section Officer, were alleged to be involved in over-payment to a contractor for the construction of Clerks' quarters in Lodi Road in the year 1947. The case was investigated by the Special Police Establishment and both the Government employees were prosecuted in a Court of Law, but were honourably acquitted in 1948 by the East Punjab Special Tribunal. The services of the Overseer who was employed in a purely temporary capacity were however terminated but the S.D.O. was reinstated in service.

(2) *Bribery Case of 'D' Division (1947):—*

This case relates to the construction of some flats in Lodi Road. It was complained that the work had not been done according to specifications. An Officer of the M.E.S. was deputed for examining the samples of materials used in the work and he found that the work done was below specifications. The Special Police Establishment who investigated the case challaned in a Court of Law, 4 officers of the Central Public Works Department viz., 1 S.D.O. and 3 Section Officers, one of whom absconded to Pakistan, as did also the Contractor. The officers were suspended. The contractor was sentenced by the court, as also one of the two Section Officers. The court acquitted the S.D.O. and the remaining Section Officer. The Section Officer who was convicted by the lower court was later on acquitted by the Sessions Judge in appeal. All the 3 officers were reinstated in service. After reinstatement, the explanations of the 3 officers were called for and it was held that there was no case for departmental action being taken against them.

(3) *Office 'K' Block Cases (1945):—*

On account of defective work in the construction of 'K' Block, a

portion of the building collapsed during 1944-45. On a close examination of the building by the 2 Chief Engineers, it was found that the building as constructed was below standard. The Executive Engineer, the S.D.O. and the contractor connected with the case were prosecuted. The Court acquitted the officer and departmental proceedings were initiated against them. The Superintending Engineer involved in the case belonged to a State Government at whose disposal his services had been replaced. The State Government were, therefore, requested to take necessary action against him. The State Government conducted a departmental enquiry against the Superintending Engineer but did not consider any charge as adequately established against him to justify action being taken. The Executive Engineer was involved in another case also in which, after a departmental enquiry held under the rules, he was dismissed from service. No further action against him was, therefore, called for. No action could be taken against the S.D.O. concerned as he had left for Pakistan.

With regard to the Contractor, all his payments were stopped.

(4) *Ajmer Central Division (Labour Dues) Case (1948):—*

A complaint was received from the labourers of the Deoli Sub-Division of the C.P.W.D. that the S.D.O. had misappropriated and embezzled Government money. The S.D.O. was placed under suspension and the case was handed over to the Special Police Establishment for investigation. The Police prosecuted the S.D.O. in a Court of Law which convicted and sentenced him to undergo 2 years' R.I. and to pay a fine of Rs. 15,000/-. The S.D.O. preferred an appeal in the Court of the Sessions Judge, who allowed that appeal and set aside the orders of the lower court. The S.D.O. was thereupon reinstated in service, but was reverted to the post of Section Officer under the rules.

(5) *Ajmer, Central Division (Banas Bridge) Case:—*

This case was taken up by the Special Police Establishment in 1948 and all documents required by Police authorities were duly made available to them by the Central Public Works Department. The Police still appear to be investigating into the matter.

(6) *Horticultural Operations 'Tan' Case (1948):—*

An S.D.O. of the Horticultural Operations was alleged to have entered into criminal conspiracy with the contractors with the object of defrauding Government of money by fictitiously showing Tan having been spread on Tan Rides on the Southern Ridge, New Delhi to a larger extent than was actually done. The S.D.O. in question was suspended from service and prosecuted in a court of law, but he was acquitted. Since the court acquitted him, he was reinstated in service. The contractors who were also prosecuted in the court, were acquitted.

(7) *Allahabad Division Case (1947):—*

The Special Police Establishment investigated a case of alleged criminal breach of trust in respect of Government money spent on the work of maintenance and repairs to the R.A.F. Domestic and Technical Buildings at Bamrauli, Allahabad and prosecuted the Executive Engineer, the S.D.O. and 2 Section Officers in a Court of law. All the officers except the Executive Engineer were suspended from service. At his request the Executive Engineer was asked to go on leave. All the accused officials were acquitted honourably by the court and reinstated in service.

It has been alleged that an Executive Engineer reported this case to the Special Police Establishment and he was reverted as Assistant Engineer on this account and consequently he resigned. This is incorrect. The Executive Engineer concerned was reverted as Assistant Engineer as he was found unsuitable even for confirmation as Assistant Engineer in Class II Service by the Departmental Promotion Committee. He resigned from the C.P.W.D. because he got what he considered a better appointment elsewhere.

(8) *'B' Division Case (1948-49):—*

On a charge of misappropriation of Government material and fictitious payment to the labour and irregularities in the maintenance of accounts, 2 S.D.Os., 1 Section Officer and 2 Accounts Clerks of the Central P.W.D. were suspended from service. The case was investigated by the Special Police Establishment who prosecuted one S.D.O. and one Section Officer in a Court of Law but did

not consider it advisable to proceed against the remaining officials, who were reinstated in service. The Court acquitted both the S.D.O. and the Section Officer and they were accordingly reinstated in service.

(9) *Bricks and Coal Cases of former Special Division No. 1 (1944):—*

This case relates to payment having been made for inferior quality of bricks and excess issue of coal to the contractors in the former Special Division No. 1 of the Central P.W.D. The Executive Engineer and the S.D.O. connected with the case have been charge-sheeted departmentally and the case is under the consideration of Government. Another S.D.O. who was involved in the case has since retired and action is being taken against him to withhold his pension. The Accountant General, Central Revenues, has been asked to take necessary departmental action against the Accountant concerned. The case against the Section Officer is under investigation.

(10) *Timber Case of Former Construction Division (1945):—*

This case relates to shortage of timber which occurred in the late temporary construction Division No. III of the C.P.W.D. during the period from November, 1943 to September 1944. A complaint was made to the Special Police Establishment that Government timber had been sold by the S.D.O. concerned. The Special Police Establishment investigated the matter and have now come to the conclusion that only departmental action should be taken against the S.D.O., as the evidence against him is not strong enough to justify his prosecution in a court of law. Necessary departmental proceedings are accordingly being drawn up against the official.

(11) *Services Division Case (1948):—*

Allegations were made against the S.D.O. and the Section officer of the Services Division of the C.P.W.D. for:—

(a) selling 400 drums of Bitumen belonging to the C.P.W.D. to a contractor and sharing the profits and for throwing some quantity of the Bitumen in the jungle instead of using it properly;

(b) making payment to a contractor for the supply of Stone Ballast, Stone grit and Bajri, etc., which was not actually supplied by him; and

(c) making payment in respect of work on temporary barracks and making an entry in the measurement book to this effect, which was not actually executed by the contractor concerned.

The S.D.O. and the Section Officer were suspended from service. The case regarding item (a) above was handed over to the Special Police Establishment who suggested departmental action against the officers as there was not sufficient material against them to secure their conviction in the Law Court. A departmental investigation took place and it was decided that no charges could be established against the officials so far as this allegation was concerned.

With regard to items (b) and (c) above, both the S.D.O. and the Section Officer were charge-sheeted departmentally and as a result thereof, the S.D.O. was demoted to the grade of Section Officer and his pay as Section Officer has been reduced by withdrawing 2 increments already granted to him. As regards the Section Officer, it was found that he was engaged in doing private contract work during the period of suspension. His services have accordingly been terminated without paying him any subsistence allowance from the time it came to notice that he was engaged in carrying on private business.

The Executive Engineer of the Division was not to blame in this case.

(12) *Petrol Case of 'D' Division (1944-45):—*

This case is being investigated by the Special Police Establishment who have taken possession of the records of the case. The report of the Special Police is awaited.

(13) *Water Charges recovery case of 'D' Division (1944-45):—*

On receipt of a complaint in May 1949 to the effect that a sum of Rs. 15,502/- representing the amount of recovery made from a contractor on account of cost of unfiltered water issued in respect

of Lodi Road project, was being refunded by the C.P.W.D. on the ground that no water was actually supplied, a report was called for from the Chief Engineer. It was reported by him that no water was actually supplied to the contractor by the C.P.W.D. but at the instance of the Ministry, the Chief Engineer has issued orders for the provisional recovery of the requisite amounts from all the contractors working on the project and a sum of Rs. 2,25,400/- has been recovered. It is understood that the case is being investigated by the Special Police Establishment and the result of the investigation is awaited. Departmental enquiry is also in progress.

(14) *Switches' Case of Mechanical and Workshop Division (1951):—*

This case relates to alleged replacement of switches by the Store-keeper in collusion with the Assistant Store-keeper. Both these officials have been suspended from service. The Stores are being accounted for and checked, and the Investigating Officer's report on the subject is awaited.

(15) *Nursery Case of 'D' Division (1950):—*

This case relates to alleged high rates of payments made to the contractor. The matter was investigated by the Special Police Establishment, but was dropped by them for lack of evidence and material on record.

(16) *'F' Division Case (1946):—*

It has not been possible to relate this to any case on our records.

(17) *Mint Division Calcutta Case (1948-49):—*

The Special Police Establishment investigated allegations against the S.D.O. of the Mint Division, C.P.W.D. at Calcutta, regarding receipt of illegal gratification from Messrs. Burn McIntosh and Co., Calcutta, during the year 1941-42, when they were entrusted with the construction of the Mercantile Marine House, Calcutta. The Special Police Establishment suggested that departmental action should be taken against the S.D.O. Departmental investigation was accordingly started against the officer, but it was held that there was no proof in support of the allegation referred to above. However, the question whether his promotion could be withheld on

account of suspicion is under consideration.

(18) *Delhi Aviation Division Cases (1943):—*

I. *Providing Domestic Water Supply at Job 141 (Bahadurgarh Aerodrome).*

Wells Case. The facts of this case are briefly that payment was made for three wells on the basis that they had been sunk to 80' depth when in fact, they had only been sunk to depths of 65' 6", 66' 2" and 36' 6". The principal accused in the case were the Executive Engineer who counter-signed the bill, and the S.D.O. who check-measured the work and certified that it had been carried out according to drawings and specifications. The Executive Engineer, however, retired from service in 1943 and no action was possible against him under the rules. It was decided that departmental action should be taken against the S.D.O. concerned. Necessary papers are accordingly being obtained from the Special Police Establishment who investigated the case originally, for taking further action.

II. *Technical Buildings Job 141.*

(A) *Hangar's Case.* The Special Police Establishment investigated this case which related to alleged over-payments for the work of construction of hangar's at the Bahadurgarh Aerodrome in the Rohtak District. The Special Police Establishment came to the conclusion that no criminal prosecution was possible in this case but that departmental action should be taken against the S.D.O. In order to charge-sheet the official, the Special Police Establishment have been requested to make available the relevant documents which they took away during the investigation of the case.

(B) *Percentage Case.*

(C) *Cycle Shed Case.*

(D) *Sick Quarters, Passage Case.*

(E) *Chhajia Case.*

(F) *Additional items other than building case.*

(G) *Battery Charging Room Case.*

(H) *Parachute Store Case.*

(I) *Painting Building numbers case.*

(J) *Unsecured advance to contractor case.*

(K) *Double handling of ballast and stone case.*

(L) *Levelling ground Case.*

(M) *Red bajri Case.*

All the above cases appear to be of a minor nature and have not been dealt with in the Central Office. It is hardly necessary at this stage, to attempt to trace them, even if it were possible, from the divisional records.

III. *Construction of aerodromes at Palam (Job 138), Gurgaon (Job 140), and Bahadurgarh Runways (Job 141) (1942-43):—*

No records relating to this case is traceable in this Ministry.

(19) *Jammu Pathankot Road Case (1948):—*

An anonymous complaint was received in connection with the award of works on Jammu-Pathankot Road, to contractors, at alleged higher rates. Detailed enquiries into the matter have been made and it has been found

that the allegations are baseless. The Chief Engineer has, however, been asked to clarify certain points and his report is awaited.

(20) *Timarpur Clerks' and Peons' Quarters Case (1950-51):—*

There was no travesty of facts in the reply given to question No. 4740 asked by Shri M. L. Dwivedi in Parliament. The quarters at Timarpur were inspected by the Superintending Engineer of the C.P.W.D. and no serious defects in the construction were noticed. However, for the wrong placing of the reinforcement, the S.D.O. and the Section Officer were charge-sheeted and it has been decided to censure the S.D.O. for neglect of duty and to withhold one increment in the pay of the Section Officer.

(21) *Other Construction Works in Delhi (1947-51):—*

As no specific cases have been mentioned, it is not possible to offer any remarks.

An Hon. Member: No supplementary?

Shri Gadgil: No supplementary.



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PARLIAMENTARY DEBATES

Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

VOLUME XVI, 1951

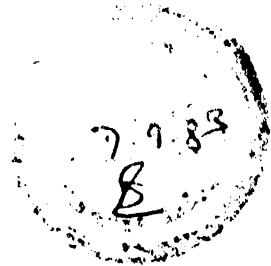
(24th September, 1951 to 16th October, 1951)

Fourth Session

of the

PARLIAMENT OF INDIA

1951



CONTENTS

Volume XVI.—24th September, 1951 to 16th October, 1951

MONDAY, 24TH SEPTEMBER, 1951—	Columns
Motion for Adjournment—	
Ban on Public meetings etc. in the Travancore-Cochin State in view of General Elections	3189—93
Paper laid on the Table—	
Punjab Requisitioning of Immovable Property (Amendment and Validation) Act, 1951	3193
Industries (Development and Control) Bill—Presentation of Report of Select Committee	3193
Notaries Bill—Extension of time for presentation of Report of Select Committee	3193
Motion <i>re</i> Conduct of Shri Mudgal, M. P.—Not concluded	3194—3264
TUESDAY, 25TH SEPTEMBER, 1951—	
Paper laid on the Table—	
Working of various public bodies in Delhi	3265
Go-Samvardhan Bill—Motion for extension of time for presentation of Report of Select Committee —Not moved	3265—68
Motion <i>re</i> Conduct of Shri Mudgal, M. P.—Adopted, as amended	3268—93
Hindu Code—Consideration of clauses—Not concluded	3298—3301
Plantations Labour Bill—Referred to Select Committee	3302—25
Indian Standards Institution (Certification Marks) Bill—Referred to Select Committee	3326—34
WEDNESDAY, 26TH SEPTEMBER, 1951—	
Bombay Coasting Vessels (Amendment) Bill—Introduced	3335
Go-Samvardhan Bill—Extension of time for presentation of Report of Select Committee	3335—36
Benares Hindu University (Amendment) Bill—Discussion on motion to consider as reported by Select Committee—Not concluded	3336—3449
Business of the House	3450—56
THURSDAY, 27TH SEPTEMBER, 1951—	
Statement by the Minister of State for Transport and Railways	3457—59
Leave of absence from the House	3459
Papers laid on the Table—Statement on progress of Land Army	3460
Motion to Committees—Samsad (Court) of Vishva-Bharati	3460—61
Indian Central Tobacco Committee	3461
Press (Incitement to Crime) Bill—Presentation of Report of Select Committee	3462
Benares Hindu University (Amendment) Bill—Passed, as amended	3462—3545
Aligarh Muslim University (Amendment) Bill—Passed, as amended	3545—51
Employees State Insurance (Amendment) Bill—Passed	3551—62
Evigee Interest (Separation) Bill—Passed	3562—68
Companies (Donations to National Funds) Bill—Passed, as amended	3568—72
Financial Corporations Bill—Consideration of clauses—Not concluded	3572—3604
Raising rice to deficit areas	3605—14

FRIDAY, 28TH SEPTEMBER, 1951—

Columns

Leave of absence from the House	3615
Papers laid on the Table—	
U. P. S. C. (Consultation) (Supplementary) Regulations, 1951	3616
Report of Rehabilitation Finance Administration	3616
Supplementary Statement showing the action taken by Government on promises and undertakings	3616
All-India Services Bill—Introduced	3616—17
Select Committee Meetings	3617—22
State Financial Corporations Bill—Passed, as amended	3622—75
Resolution for making modifications in the Punjab Security of the State Act, 1951—Adopted, as amended	3676

SATURDAY, 29TH SEPTEMBER, 1951—

Elections to Committees—

(i) Samead (Court) of Vishva-Bharati, (ii) Indian Central Tobacco Committee	3751
Plantations Labour Bill—Presentation of Report of Select Committee	3751
Demands for Supplementary Grants for 1951-52—Punjab State	3751
Demand No. 1.—Agriculture	3751—52
Demand No. 2.—Civil Works	3752
Demand No. 3.—Advances not bearing interest—Advances repayable	3752
Demands for Supplementary Grants for 1951-52—Railways	3752—95
Demand No. 2.—Audit	3752—94
Demand No. 4.—Ordinary Working Expenses—Administration	3753—94
Demand No. 5.—Ordinary Working Expenses—Repairs and Maintenance	3753—94
Demand No. 6.—Ordinary Working Expenses—Operating Staff	3753—94
Demand No. 8.—Ordinary Working Expenses—Operation other than Staff and Fuel	3754—95
Demand No. 9.—Ordinary Working Expenses—Miscellaneous Expenses	3754—95
Demand No. 9A.—Ordinary Working Expenses—Labour Welfare	3754—95
Demand No. 16.—Open Line Works—Additions	3754—95
Demand No. 17.—Open Line Works—Replacements	3754—95
Appropriation (Railways) No. 4 Bill—Introduced	3795—96
Demands for Supplementary Grants for 1951-52	3796—3900
Demand No. 1.—Ministry of Commerce and Industry	3796—3894
Demand No. 2.—Industries	3796—3894
Subsidy to Scindia Steam Navigation Company and Enforcement Directorate	3810—94
Demand No. 3.—Commercial Intelligence and Statistics	3797—3895
Demand No. 5.—Indian Posts and Telegraphs Department	3797
Demand No. 18.—Ministry of External Affairs	3797
Demand No. 19.—Tribal Areas	3797—3895
Demand No. 20.—External Affairs	3797—3895
Demand No. 21.—Ministry of Finance	3797—3895
Demand No. 23.—Union Excise Duties	3797—3895
Demand No. 24.—Taxes on Income including Corporation Tax	3798—3895
Demand No. 25.—Opium	3798—3895
Demand No. 28.—Audit	3798—3895
Demand No. 29.—Joint Stock Companies	3798—3895
Demand No. 30.—Miscellaneous Departments	3798—3895
Demand No. 34.—Miscellaneous	3798—3895
Demand No. 35.—Grants-in-aid to States	3799—3895
Demand No. 37.—Resettlement and Development	3799
Demand No. 38.—Pre-partition Payments	3799—3895

	<i>columns</i>
SATURDAY, 29th SEPTEMBER 1951—Contd.	
Demand No. 40.—Ministry of Food and Agriculture	3799—3897
Demand No. 45.—Agriculture	3799—3897
Demand No. 46.—Civil Veterinary Services	3800—97
Demand No. 47.—Indian Dairy Department	3800—97
MONDAY, 1st OCTOBER, 1951—	
Food Scarcity	3911—13
Leave of absence from the House	3913
Papers laid on the Table—	
Supplementary Statements <i>re</i> action taken on promises etc.	3913—14
Representation of the People (Second Amendment) Bill—Introduced	3914
Repealing and Amending Bill—Introduced	3914
Notaries Bill—Extension of time for presentation of Report of Select Committee	3914—15
Indian Standards Institution (Certification Marks) Bill—Extension of time for presentation of Report of Select Committee	3915
Punjab Appropriation Bill—Passed	3915—16
Appropriation (No. 3) Bill—Passed	3916
Appropriation (Railways) No. 4 Bill—Passed	3916—17
Press (Incitement to Crime) Bill—Discussion on motion to consider, as reported by Select Committee—Not concluded	3917—72
	3972—4038
Displaced Persons (Debts Adjustment) Bill—Presentation of Report of Select Committee	3972
WEDNESDAY, 3rd OCTOBER, 1951—	
Paper laid on the Table—	
Supplementary Statement showing action taken by Government on assurances given during Third Session (Second Part), 1951	4039
Press (Incitement to Crime) Bill—Consideration of clauses—Not concluded	4039—4144
THURSDAY, 4th OCTOBER, 1951—	
Papers laid on the Table—	
First Five Year Plan	4145
Supplementary Statement showing action taken on assurance given during Fourth Session	4148
(i) Statement <i>re</i> development schemes other than for Grow More Food,	4148
(ii) Statement <i>re</i> irrigation and power supply schemes for Grow More Food	4148
Notifications in accordance with Section 38 of Central Excises and Salt Act, 1944	4148—49
Business of the House	4145—47
Press (Incitement to Crime) Bill—Consideration of Clauses—Not concluded	4149—4301
	4201—72
Notaries Bill—Presentation of Report of Select Committee	4201
FRIDAY, 5th OCTOBER, 1951—	
Resignation of Shri Kala Venkatarao	4273
Leave of absence from the House	4273
Papers laid on the Table—	
Statement showing the amount spent by Government on construction of offices, residential and other accommodation	4274
Supplementary Statement showing action taken by Government on various assurances, etc. given during the Budget Session, 1949	4338
Election to Committee—	
Central Advisory Board of Archaeology	4274—75
Press (Incitement to Crime) Bill—Consideration of clauses—Not concluded	4275—

SATURDAY, 6TH OCTOBER, 1951—

Columns

Papers laid on the Table—	
Report of Committee on regulation of Stock Exchanges, etc.	4397
Memorandum on Tariff Negotiations held at Torquay	4397
Election to Committee—	
Central Advisory Board of Archaeology	4397—98
Part B States Marriages Validating Bill—Introduced	4398
Go-Samvardhan Bill—Extension of time for presentation of Report of Select Committee	4398—99
Indian Standards Institution (Certification Marks) Bill—Extension of time for presentation of Report of Select Committee	4399
Motions re Delimitation of Constituencies Orders.	4399—4420 4470—72 4517—19 4614,
Press (Incitement to Crime) Bill—Passed, as amended	4421—4470, 4471—4516 4519—4614

THURSDAY, 11TH OCTOBER, 1951—

Leave of absence from the House	4615
Papers laid on the Table—	
Supplementary Statement showing action taken on assurances and undertakings given during Fourth Session	4615
Report of the Film Enquiry Committee	4615
First Report of U. P. S. C. together with memorandum prescribed	4616
Motion re Delimitation of Constituencies Orders, 1951	4616—41
Business of the House	4641—45
Industries (Development and Control) Bill—Discussion on motion to consider—Not concluded	4645—58, 4701—30, 4737—42.
Resignation of Shri Aochru Ram	4688—4700
Dr. Ambedkar's letter of resignation	4730—37

FRIDAY, 12TH OCTOBER, 1951—

Leave of absence from the House	4743
Papers laid on the Table—	
Statement showing posts carrying salary of Rs. 3,000 and above	4743—44
Industries (Development and Control) Bill—Passed, as amended	4744—4835 4835—4912
Business of the House	4835

MONDAY, 15TH OCTOBER, 1951—

All India Services Bill—Passed, as amended	4913—66
Part C States (Miscellaneous Laws) Repealing Bill—Passed	4966—67
Representation of the People (Second Amendment) Bill—Passed	4967—77
Parliament Prevention of Disqualification Bill—Passed, as amended	4977—5000
Plantations Labour Bill—Passed, as amended	5000—14
Statement re Essential Services (Prevention of Strikes) Bill	5015—16
Displaced Persons (Debts Adjustment) Bill—Passed, as amended	5016—28
Ancient and Historical Monuments and Archaeological Sites and Remains (Declaration of National Importance) Bill—Passed, as amended	5029—39
Five Year Plan—Discussion—Not concluded	5039—86

TUESDAY, 16TH OCTOBER, 1951—

Columns

Motion for Adjournment—

Dissolution of the All-India Industrial (Bank Disputes) Tribunal . . . 5087—90

Papers laid on the Table—

Appropriation Accounts (Civil) for 1949-50 and Audit Report, 1951 and Commercial Appendix thereto 5090

Desecration of temples etc. of the Hindus in East Bengal and acquisition by the Government of East Bengal of lands belonging to temples etc. Chittagong District 5091

Motion *re* Five Year Plan—Adopted 5091—522^a

CORRIGENDA

to

the Parliamentary Debates (Part II—Other than Questions and Answers),
Fourth Session 1951.

Volume XVI,—

1. No. 1, dated the 24th September, 1951,—

(i) Col. 3193, line 10 for "Act, 1151" read "Act, 1951"

2. No. 2, dated the 25th September, 1951,—

(i) Col. 3260, line 18 for "set" read "sat".

3. No. 3, dated the 26th September, 1951,—

(i) صفحہ ۳۳۱۵ پہلی لائن میں "دے مونا آزاد" کی جگہ "دے مولانا آزاد" لکھیے

(ii) भाग ३४१६, पंक्ति १३ में "सायलें" के स्थान पर "आगत" पढ़ें ।

4. No. 4, dated the 27th September, 1951,—

(i) Col. 3902, line 19 from bottom for "rent for occupation of houses" read
SHORT NOTICE QUESTION".

(ii) भाग ३४९०, पंक्ति १३ में "ट्रस प्रांक्मेटी" के स्थान पर "ग्रान्ट्स कमेटी" पढ़ें

5. No. 6, dated the 29th September, 1951,—

(i) Col. 3902, line 19 from bottom for "rent for occupation of houses" read
"damages for the occupation".

No. 7, dated the 1st October, 1951,—

(i) Col. 3952, line 16 omit "a".

7. No. 8, dated the 3rd October, 1951,—

(i) Col. 4134 for existing line 19 read "it has been made out that pre-censor-";
after existing line 40 insert "permanent period to the hands of the"
and delete line 43.

8. No. 9, dated the 4th October, 1951,—

(i) Col. 4153 last line, for "L.P.C." read "I.P.C."

(ii) Col. 4188, for existing line 18 from bottom read "cular case by that
experience and I".

9. No. 10, dated the 5th October, 1951,—

(i) भाग ४२८७, अन्तिम पंक्ति में "बेस्त्रियम" को "बेस्त्रियम" पढ़ें ।

(ii) Col. 4346, line 4 from bottom after "years" insert "ago".

10. No. 11, dated the 6th October, 1951,—

(i) Col. 4418, line 26 for "stituted" read "substituted".

(ii) Col. 4460 after line 27 insert "ages etc."

(iii) Col. 4523, line 19 from bottom for "Cognizillibity" read "Cognizability"

(iv) Col. 4524, line 11 for "Cognizillibity" read "Cognizability".

No. 12, dated the 11th October, 1951,—

(i) Col. 4694, for existing lines 7-9 read "given to Shri Achru Ram's case...
Shri Kamath: I am sorry it is a very ignorant imputation....."

(ii) Col. 4721 for existing line 35 read "number of tractors to be produced"

(ii)

12. No. 13, dated the 12th October, 1951,—

(i) Col. 4743 after line 5 insert "(No Questions—Part I not Published)" as 1 line.

(ii) Col. 4844 in line 32 for "Khwaja Inait Ullah: May I point" read "Shri Jhumjhumwala. I just want".

13. No. 14, dated the 15th October, 1951,—

(i) Col. 4913, line 13 from bottom for "(Sidhva)" read "(Shri Sidhva)".

(ii) भाग ४९५६, पंक्ति १२ में "पीछे" के स्थान पर "पीते" पढ़ें।

(iii) Col. 4984 for existing lines 10 and 11 from bottom read "A person shall be disqualified for being chosen as and for being".

14. No. 15, dated the 16th October, 1951,—

(i) Col. 5093, for existing line 34 read "for the industrial development of our country".

(ii) Col. 5128 in line 5 from bottom after "to" insert "give to".

THE
PARLIAMENTARY DEBATES
(Part II—Proceedings other than Questions and Answers.)
OFFICIAL REPORT

4615

PARLIAMENT OF INDIA

Thursday, 11th October, 1951

The House met at Nine of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

9-12 A.M.

**LEAVE OF ABSENCE FROM
THE HOUSE**

Mr. Deputy-Speaker: Before the House proceeds with any other business, I would like to inform hon. Members that Shri Ramprasad Potal has requested for leave of absence under article 101(4) of the Constitution till the end of the current session as he is unwell.

Leave was granted.

PAPERS LAID ON THE TABLE

**SUPPLEMENTARY STATEMENT SHOWING
ACTION TAKEN ON ASSURANCES AND
UNDERTAKINGS GIVEN DURING
FOURTH SESSION**

The Minister of State for Parliamentary Affairs (Shri Satva Narayan Sinha): I beg to lay on the Table a supplementary statement showing the action taken by the Government on various assurances, promises and undertakings given during the Fourth Session of Parliament, 1951. [See Appendix XII, annexure No. 3]

REPORT OF THE FILM ENQUIRY COMMITTEE

Shri Satya Narayan Sinha: I beg to lay on the Table a copy of the Report of the Film Enquiry Committee, 1951. [Placed in Library. See No. IV. G(a) 3(5)]

300 P&D

4616

**FIRST REPORT OF U.P.S.C. TOGETHER
WITH MEMORANDUM PRESCRIBED.**

The Minister of Home Affairs (Shri Rajagopalachari): I lay on the Table the First Report of the Union Public Service Commission for the period ending 31st March 1951, together with the memorandum prescribed under article 323 (1) of the Constitution. [Placed in Library. See No. IV. B(52)]

**MOTIONS RE DELIMITATION OF
CONSTITUENCIES ORDERS, 1951**
—concl'd.

Mr. Deputy-Speaker: The House will now proceed with the discussion on the motions moved on the 8th October 1951, for modification of Delimitation of Council Constituencies Orders, 1951 made by the President.

Council Constituencies Orders

Shri Kamath (Madhya Pradesh): Before the House plunges into business, it would be as well for us to know how we stand with regard to the duration of the session. It was announced by the Leader of the House last week that today would be the last date of the session. But, apparently the list of business shows that we cannot get through all this business in one day.

Shri Naziruddin Ahmad (West Bengal): Why not?

Shri Kamath: Not humanly possible. Therefore, I would request the Leader of the House to throw some light on this so as to enable us to adjust our future programme.

Mr. Deputy-Speaker: The Leader of the House will consider this and before evening some statement will be made.

The House will now proceed with the discussion on the Delimitation Motions.

[Mr. Deputy-Speaker]

I shall take up Bihar First. Have they come to any arrangement?

BIHAR ORDER

Dr. Ambedkar (Bombay): I had a meeting with several Members who have tabled amendment motions to my main motion with regard to the Constituencies Orders issued by the President. The arrangement arrived at is this. Out of list 4, I accept amendment No. 6, parts 1 and 2 (amendment moved by Shaikh Mohiuddin and Mr. Kshudiram Mahata).

Mr. Deputy-Speaker: I understand there are only two parts. The Hon. Minister is accepting both the parts?

Dr. Ambedkar: Anyhow, I would like to particularise the parts; I accept parts 1 and 2.

Mr. Deputy-Speaker: That is all with respect to Bihar?

Dr. Ambedkar: Yes.

Mr. Deputy-Speaker: I shall put it to the House. Any other hon. Members wanting to speak?

Shri Syamnandan Sahaya (Bihar): Before we accept the Bihar order, will the hon. Minister kindly state what are the actual changes that he is accepting?

Mr. Deputy-Speaker: There are no changes made. The amendment as a whole is accepted. I shall read it.

Shri Syamnandan Sahaya: Because there stand in the name of Mr. Kshudiram Mahata several amendments. Therefore we would like to know exactly.

Dr. Ambedkar: After accepting certain amendments moved by the hon. Members, I thought that there might be some point of order that might be raised against them in view of the fact that in certain cases there were amendments to propositions which did not exist at all. Therefore, I thought it much better to take upon myself the responsibility of moving these amendments so that there may be no point of order arising.

Shri Syamnandan Sahaya: I am not raising any point of order. I only wished to understand the particular amendment of Mr. Mahata which was being accepted. If you will kindly read out or if the hon. Minister will explain, we will know what exactly the position is.

Dr. Ambedkar: The position is this.

Mr. Deputy-Speaker: May I suggest one thing? I shall allow the hon. Law Minister to move the amendment which he accepts. Thereafter, I shall consider the other amendments. If they are barred, they will be barred. If any other hon. Member wants to move any amendments which are not barred, the House will consider them. The amendments have already been moved. If they want to speak, they may speak.

Dr. Ambedkar: The amendments moved by Sheikh Mohiuddin and Shri Kshudiram Mahata deal with the splitting up of the Graduates Constituency for the Council of States. Originally, in the Order issued by the President, the grouping was done in a different manner. The Members of the Committee which I had invited mentioned that the Order proposed by Sheikh Mohiuddin and Mr. Mahata should be adopted; in other words, there should be a separate division for Patna, a separate division for Tirhut, and separate division for Bhagalpur and a separate division for Chota Nagpur. On the whole I thought that there was some substance in the arguments presented by these two Members who had taken upon themselves the responsibility to move these amendments. The same has been done with regard to the Teachers Constituencies for the Council of States. In other words, Bihar has been divided into four divisions, Patna, Tirhut, Bhagalpur and Chota Nagpur. So far as I could understand the sense of the Bihar Members who were present at that meeting, the sense was unanimous in favour of the arrangement proposed by this amendment.

Mr. Deputy-Speaker: He has only done this. Instead of the entire State being a single constituency for Graduates in Bihar, it has now been divided into four constituencies, under this amendment.

Dr. Ambedkar: Both for Graduates and Teachers.

Deputy-Speaker: In the Order of the President, Graduates alone is noted.

Dr. Ambedkar: If you will kindly refer to list 4, Bihar, you will see.....

Mr. Deputy-Speaker: I am putting the Teachers Constituency later. Hon. Members will refer to the Delimitation of Council of States Constituencies Order. In the Table, Bihar, Graduates is the earliest entry. The following is the amendment. In the place of the 'Entire State' as the Graduates Constituency in the second column,

the hon. Member has given notice of his amendment that the entire State may be divided into four subdivisions for the purpose of elections. I shall put that to the House and then I shall come to Teachers later.

Mr. Deputy-Speaker: The question is:

That the following modifications be made in the Delimitation of Coun-

cil Constituencies (Bihar) Order, 1951 laid on the Table on the 20th September, 1951, namely:-

1. That in the Table, for the entry "Bihar (Graduates)" in column 1 and all the entries occurring against it in columns 2 and 3 the following be substituted, namely:—

1	2	3
Patna Division (Graduates)	Patna Division	2
Tirhut Division (Graduates)	Tirhut Division	2
Bhagalpur Division (Graduates)	Bhagalpur Division	1
Chota Nagpur Division (Graduates)	Chota Nagpur Division	1

2. That in the Table, under the heading "Teachers' Constituencies" for all the entries occurring in

columns 1, 2 and 3, the following be substituted, namely:—

1	2	3
Patna Division (Teachers)	Patna Division	1
Tirhut Division (Teachers)	Tirhut Division	1
Bhagalpur Division (Teachers)	Bhagalpur Division	2
Chota Nagpur Division (Teachers)	Chota Nagpur Division	2

The motion was adopted.

Mr. Deputy-Speaker: The President's Order relating to the Graduates' Constituency relating to Bihar stands modified to this extent.

Also, the President's Order relating to the Teachers' Constituency relating to Bihar stands modified to this extent.

Have all the other hon. Members who have moved amendments to this Order the leave of the House to withdraw them?

The amendments were, by leave, withdrawn.

BOMBAY ORDER

Dr. Ambedkar: With regard to the Bombay Order (Council) I accept Amendment No. 1 in List No. 1 parts 1 and 2 by Shri Deogirikar and others, as modified by amendment No. 3 in List No. 3 by Shri Deogirikar.

I may explain the substance of these amendments which is the same as the substance of the amendments

which we have accepted in respect of the Bihar Order.

The original Order issued by the President distributing the graduates seats between Bombay, Ahmadabad and Poona in certain proportion gave two seats to Bombay and one seat combined to Ahmadabad and Poona. It was the desire of Shri Deogirikar and others who had tabled the amendment to modify this distribution. They wanted first a rotation between Ahmadabad and Poona of one seat, going to each by turn. I do not think this rotation system is good. However, I accepted that it may be desirable to treat all the towns like Bombay, Poona and Ahmadabad on an equal footing although it was not possible to assess the total strength of all the graduates residing in those particular towns. Consequently I accepted the amendment so as to distribute the seats between Bombay, Poona and Ahmadabad equally, one each; and I have done the same thing with regard to the Teachers' Constituency also.

This is the only amendment that I am accepting.

Mr. Deputy-Speaker: The question is:

That in the motion in List No. 1 [Bombay Order (Council)] standing in the name of Shri Deogirikar and others in items (1) and (2), in column 2,—

(i) for the words "Bombay City", the words "Greater Bombay" be substituted;

(ii) for the words "Northern Division", the words "Northern Division excluding the Bombay Suburban District and Ahmedabad City" be substituted; and

(iii) for the words "Central Division" the words "Central Division excluding Poona City" be substituted.

The motion was adopted.

Mr. Deputy-Speaker: The question is:

That the following modifications be made in the Delimitation of Council Constituencies (Bombay) Order, 1951, laid on the Table on the 20th September, 1951, namely:—

1. That in the Table, under the heading "Graduates' Constituencies" for all the entries, the following be substituted, namely:—

1	2	3
Bombay City (Graduates)	Greater Bombay	1
Ahmedabad City (Graduates)	Ahmedabad City	1
Poona City (Graduates)	Poona City	1
Northern Division (Graduates)	Northern Division excluding the Bombay Suburban District and Ahmedabad	1
Central Division (Graduates)	Central Division excluding Poona City	1
Southern Division (Graduates)	Southern Division	1

2. That in the Table, under the heading "Teachers' Constitu-

encies" for all the entries, the following be substituted, namely:—

1	2	3
Bombay City (Teachers)	Greater Bombay	1
Ahmedabad City (Teachers)	Ahmedabad City	1
Poona City (Teachers)	Poona City	1
Northern Division (Teachers)	Northern Division excluding the Bombay Suburban District and Ahmedabad City	1
Central Division (Teachers)	Central Division excluding Poona City	1
Southern Division (Teachers)	Southern Division	1

The motion was adopted.

Mr. Deputy-Speaker: The President's Order relating to the Bombay Teachers' Constituency stands modified to the extent of the amendment that has been accepted by the House.

So also the President's Order relating to the Bombay Graduates' Constituency stands modified to the extent of the amendment that has been accepted by the House.

Dr. Ambedkar: I request leave of the House to withdraw parts (1) to (6) of my amendment No. 2 in List No. 2 Bombay Order (Council) in consequence of the acceptance of the amendment of Shri Deogirikar and others.

Parts (1) to (6), of the amendment were, by leave, withdrawn.

Mr. Deputy-Speaker: And so parts (7) to (11) of amendment No. 2 List No. 2 remains and I shall put it to the House.

The question is:

That the following modifications be made in the Delimitation of Council Constituencies (Bombay) Order 1951 laid on the Table on the 20th September 1951, namely:—

1. That in the Table, under the heading "Local Authorities' Constituencies", against the entry

"Bombay City (Local Authorities)" in column 1, for the entry "Municipal Corporation of Bombay City" occurring in column 2, the following be substituted, namely:—

"Area under the jurisdiction of the Municipal Corporation of Greater Bombay."

(2) That in the Table, under the heading, "Local Authorities' Constituencies", against the entry "Ahmedabad City (Local Authorities)" in column 1, for the entry "Municipal Corporation of Ahmedabad" occurring in column 2, the following be substituted, namely:—

"Area under the jurisdiction of the Municipal Corporation of Ahmedabad."

(3) That in the Table, under the heading "Local Authorities' Constituencies", against the entry "Ahmedabad District (Local Authorities)" in column 1, for the entry "Ahmedabad District (excluding Ahmedabad City Municipal Corporation) and Sabarkantha District" occurring in column 2, the following be substituted, namely:—

"Ahmedabad District (excluding the area under the jurisdiction of the Municipal Corporation of Ahmedabad) and Sabarkantha District."

(4) That in the Table, under the heading "Local Authorities' Constituencies", against the entry "Poona City (Local Authorities)" in column 1, for the entry "Municipal Corporation of Poona City" occurring in column 2, the following be substituted, namely:—

"Area under the jurisdiction of the Municipal Corporation of Poona."

(5) That in the Table, under the heading "Local Authorities' Constituencies", against the entry "Poona (Local Authorities)" in column 1, for the entry "Poona District excluding Poona City Municipal Corporation" occurring in column 2, the following be substituted, namely:—

"Poona District (excluding the area under the jurisdiction of the Municipal Corporation of Poona)."

The motion was adopted.

Mr. Deputy-Speaker: The President's Order stands modified to the extent of this amendment, in addition to the modification effected by the amendment of Shri Deogirikar.

The question is:

That the following modifications be made in the Delimitation of Council Constituencies (Madras) Order, 1951, laid on the Table on the 20th September, 1951, namely:—

(1) That at page 1, in the Table, under the heading "Graduates' Constituencies" against the entry "Madras South (Graduates)" in column 1, for the words "Madras City, and the Chingleput" occurring in column 2, the words "Madras, Chingleput" be substituted.

(2) That at page 2, in the Table, under the heading "Teachers' Constituencies" against the entry "Madras South (Teachers)" in column 1, for the words "Madras City, and the Chingleput" occurring in column 2, the words "Madras, Chingleput" be substituted.

The motion was adopted.

Dr. Ambedkar: Sir, I accept amendment No. 2 on List No. 2 (Madras Council Order) moved by Shri Kesava Rao.

Mr. Deputy-Speaker: The question is:

That the following modifications be made in the Delimitation of Council Constituencies (Madras) Order, 1951 laid on the Table on the 20th September, 1951, namely:—

That in the Table, in column 2, after the words "Malabar and South Kanara Districts" wherever they occur, the following be added, namely:—

"and the West Coast Islands of Minicoy, Laccadives and Amindivis".

The motion was adopted.

Mr. Deputy-Speaker: The President's order relating to the Delimitation of Council Constituencies (Madras) stands modified to the extent of the two amendments accepted by the House.

UTTAR PRADESH ORDER

Dr. Ambedkar: I am accepting amendment No. 1, Parts (1) and (2), second alternatives, by Babu Gopinath Singh. It provides for contiguity and hence I am accepting it.

Mr. Deputy-Speaker: The question is:

That the following modifications be made in the Delimitation of Council Constituencies (Uttar Pradesh) Order, 1951, laid on the Table on the 20th September, 1951, namely:—

(1) (i) That in the Table, under the heading "Graduates' Constituencies", against the entry "Uttar Pradesh West (Graduates)" in column 1, for all the words occurring in column 2, the words "Meerut, Agra, Jhansi, Allahabad and Faizabad Divisions" be substituted.

(ii) That in the Table under the heading "Graduates' Constituencies" against the entry "Uttar Pradesh East (Graduates)" in column 1, for all the words occurring in column 2, the words "Rohilkhand, Kumaon, Lucknow, Benaras and Gorakhpur Divisions" be substituted.

(2) (i) That in the Table, under the heading "Teachers' Constituencies", against the entry "Uttar Pradesh West (Teachers)" in column 1, for all the words occurring in column 2, the words "Meerut, Agra, Jhansi, Allahabad and Faizabad Divisions" be substituted.

(ii) That in the Table under the heading "Teachers' Constituencies", against the entry "Uttar Pradesh East (Teachers)" in column 1, for all the words occurring in column 2, the words "Rohilkhand, Kumaon, Lucknow, Benaras and Gorakhpur Divisions" be substituted.

The motion was adopted.

Dr. Ambedkar: I am prepared to accept amendment No. 2 in List No. 2 moved by Dr. C. D. Pande to the Delimitation of Council Constituencies (Uttar Pradesh) Order, 1951.

Mr. Deputy-Speaker: The question is:

That the following modifications be made in the Delimitation of Council

Constituencies (Uttar Pradesh) Order, 1951, laid on the Table on the 20th September, 1951, namely:—

(1) That in the Table, under the heading "Local Authorities' Constituencies", against the entry "Uttar Pradesh, North East (Local Authorities)" in column 1, for the word "Shah-jahanpur" occurring in column 2, the word "Budaun" be substituted.

(2) That in the Table, under the heading "Local Authorities' Constituencies", against the entry "Uttar Pradesh Central (Local Authorities)" in column 1, for the word "Budaun" occurring in column 2, the word "Shah-jahanpur" be substituted.

The motion was adopted.

The other amendments to the order were, by leave, withdrawn.

Mr. Deputy-Speaker: The President's Order relating to the Delimitation of Council Constituencies (Uttar Pradesh) stands amended by the amendments adopted by the House, which stood in the names of Babu Gopinath Singh and Dr. C. D. Pande.

WEST BENGAL ORDER

Dr. Ambedkar: I accept amendment No. 2 in List No. 2, standing in the names of Messrs. Samanta and Abdus Sattar, to the Delimitation of Council Constituencies (West Bengal) Order, 1951.

Shri Chattopadhyay (West Bengal): In view of the agreement reached I beg leave of the House to withdraw my amendment. But before you put the motion to the House I have a doubt to be clarified, which relates to the case of nominated members of local authorities. It has never been the desire of this Parliament or the Constituent Assembly that nominated members should have any right to vote in the matter of elections to Councils. We have provided in the Constitution that nominated members of the Upper Houses in the Centre as well as States should have no right to vote for the election of the President. In this constituency under discussion there are as many as two municipalities with a total strength of 24 members, who are all nominated and if they get the right of vote in the matter of election to the Council I think the Council in the State of Bengal will become something like a farce because the members of the

Council elected by nominated members will stand on a par with the representatives sent by elected members. It was never the desire of Parliament nor the Constituent Assembly that nominated members of local bodies should have any right to vote in the matter of election of the President or in the matter of election to the Councils. It is due to oversight that a mistake of so grave character has crept in and I would like to know whether anything could be done to remedy the mistake.

Dr. Ambedkar: I see the significance of the point raised by my hon. friend but the difficulty is a constitutional difficulty. The Constitution does not make any distinction between nominated members and elected members. Although I agree with my friend that it was not the intention of the Constituent Assembly to permit nominated members to take part in the election, as this matter was not brought to the attention of the Constituent Assembly, it is now impossible for us to do anything unless by amending the Constitution, which is of course an impossible proposition.

Shri Chattopadhyay: May I know whether the State Government could do something to debar such members from being voters in the election and whether the State Government even at this stage could do away with their membership by an executive order?

Dr. Ambedkar: It is of course quite open to the local Assembly to pass another Municipal Act making the whole of the Municipality wholly elected, before the election takes place so that the difficulty raised by my friend can be obviated. But there is nothing which this Parliament can do in this matter.

Shri Chattopadhyay: May I know whether the Law Ministry is going to instruct the State Government to this effect?

Dr. Ambedkar: I suppose it would be for the Prime Minister to take this point into consideration and to inform the Ministry if he thinks that it is desirable that the nominated members should not take part in the election.

Shri Chattopadhyay: May I have the opinion of the Prime Minister in this matter?

The Prime Minister (Shri Jawaharlal Nehru): I am sorry I have not quite followed the argument...

Dr. Ambedkar: The point, if I may tell the Prime Minister, is this, that there are certain Municipalities in West Bengal where a large number of the membership of the Municipality is by reason of nomination.....

Shri Sondhi (Punjab): In Punjab also.

Dr. Ambedkar: In Punjab also. In our Constitution, when we considered the question of the constitution of the Upper Chamber we merely used the general expression "members of the municipality" without making it a qualification "elected members". The question has arisen whether it is desirable that the nominated members of the municipality should also take part in the election of members to the Upper Chambers. The answer I gave was that although it is not possible for us to do anything by reason of the fact that we have got this constitutional provision, still, as municipalities are a subject for the States it would be possible for the State Governments to modify their Municipal Acts so as to eliminate the nominated members from the Municipalities. The question put to me was whether the Central Government could do anything. I said the only answer that I could suggest was that perhaps the Prime Minister, if he so thought fit, might instruct the Chief Ministers of West Bengal or Punjab that this anomaly may be eliminated.

The Minister of Home Affairs (Shri Rajagopalachari): What the Law Minister means is that they may be eliminated from the Council—they cannot eliminate them from their functions under the Constitution.

Dr. Ambedkar: No, no.

Mr. Deputy-Speaker: So long as they are members of municipalities, nominated members, under the Constitution, are entitled to vote. The suggestion is not, that the Constitution may be modified overnight—the suggestion is, that if they modify the existing law relating to municipalities, dissolving all the existing municipalities, and before the election takes place, allow all the seats to be filled by election, then it would meet the purpose. But are we making suggestions now on the floor of the House, as to what ought to be done? Let us proceed. We have very little time left. The matter in hand is the Delimitation of Constituencies Orders. I do not think we should trouble the hon. Prime Minister unless he wants to do it himself. Let us proceed with the legitimate work before us.

Shri Nasiruddin Ahmad: So far as I know there are no nominated seats in self-governing bodies in West Bengal.

Shri Kamath: Was the discussion legitimate, Sir?

Mr. Deputy-Speaker: We will follow the Order Paper. Now I will put this amendment to the vote of the House.

The question is:

That the following modifications be made in the Delimitation of Council Constituencies (West Bengal) Order, 1951, laid on the Table on the 20th September, 1951, namely:—

That in the Table, under the heading "Local Authorities' Constituencies" for the entries "Birbhum-Burdwan (Local Authorities)" and "Bankura-Midnapore (Local Authorities)" in column 1, and all the entries occurring against them in columns 2 and 3, the following be substituted, namely:—

1	2	3
Burdwan Division North (Local Authorities).	Burdwan Division 4 excluding the districts of Hooghly and Howrah.	

The motion was adopted.

Mr. Deputy-Speaker: To this extent the President's Order stands modified.

Now Shri Chattopadhyay wants leave to withdraw his amendment.

The amendment was, by leave, withdrawn.

MYSORE ORDER

Mr. Deputy-Speaker: We have the amendment in List No. 1.

Shri Shankaraiya (Mysore): Before it is put to the vote of the House I would like to suggest to the hon. Minister to consider that instead of deleting the word "Revenue" as it stands in column 2, it may be allowed to remain by putting it within brackets; the effect will be the same. Removing the word or putting it in brackets will practically mean the same thing. By putting it in brackets it will be more clear and authentic.

Dr. Ambedkar: This is a purely administrative matter and we are acting upon the advice received from the Mysore Government that if the word "Revenue" is retained there might be some complications or mistakes arising. In view of that I must support this amendment.

Mr. Deputy-Speaker: The question is:

That the following modification be made in the Delimitation of Council Constituencies (Mysore) Order, 1951, laid on the Table on the 20th September, 1951, namely:—

That in the Table, the word "Revenue" wherever it occurs, be omitted.

The motion was adopted.

Mr. Deputy-Speaker: To this extent the President's Order stands modified.

The Council Constituencies Orders are over. The House will now proceed to the consideration of amendments relating to Parliamentary and Assembly Constituencies.

Dr. Ambedkar: We are now taking Amendment Orders. The President himself has issued certain Amending Orders and there are amendments to these Amending Orders.

Parliamentary and Assembly Constituencies

BOMBAY (AMENDMENT) ORDER

Dr. Ambedkar: I accept amendments Nos. 2 and 3 in List No. 2. All the others are going to be withdrawn.

Mr. Deputy-Speaker: The question is:

(i) That in the Delimitation of Parliamentary and Assembly Constituencies (Bombay) (Amendment) Order, 1951, after item No. 2, the following new item No. 2A, be inserted, namely:—

"2A. In Table A.—Parliamentary Constituencies of the said Order,—

- (i) against the entry "Ahmednagar North" in column 1, the words "Nandgaon Municipal Area" in column 2, shall be omitted; and
- (ii) against the entry "Nasik Central" in column 1, the words "Nandgaon Municipal Area and" in column 2, shall be omitted."

(ii) That in the Delimitation of Parliamentary and Assembly Constituencies (Bombay) (Amendment) Order, 1951, after item No. 3, the following new item No. 3A be inserted, namely:

"3A. In Table B.—Assembly Constituencies of the said Order,—

(i) against the entry "North Malegaon" in column 1, for the existing entry in column 2, the following entry shall be substituted, namely:—

'Malegaon Municipal Area and Malegaon Taluka excluding such of the villages as are specified in item (36) of the Appendix.';

(ii) against the entry "South Malegaon-North Nandgaon" in column 1, for the existing entry in column 2, the following entry shall be substituted, namely:—

'Such of the villages of Malegaon Taluka as are specified in item (36) of the Appendix; and Nandgaon taluka (excluding such of the villages as are specified in item (35) of the Appendix).'; and

(iii) against the entry "Yeola-Nandgaon" in column 1, the words "Nandgaon Municipal Area" in column 2, shall be omitted."

The motion was adopted.

Mr. Deputy-Speaker: To this extent the President's Order stands modified.

Have the other hon. Members who have tabled other amendments the leave of the House to withdraw them?

The amendments were, by leave, withdrawn.

Mr. Deputy-Speaker: The President's Amendment order relating to Bombay was modified to the extent of the amendments accepted by the House.

MADHYA PRADESH (AMENDMENT) ORDER

Dr. Ambedkar: Sir, I move amendment No. 1 in list No. 1 and amendment No. 3 in list No. 3.

Amendment made:

That the following modification be made in the Delimitation of Parliamentary and Assembly Constituencies (Madhya Pradesh) (Amendment) Order, 1951 laid on the Table on the 20th September, 1951 namely:—

That in sub-para. (i) of para. 3 of the Order, for the words "Ordnance Factory; Khamaria, Gun Carriage

Factory" the words "Ordnance Factory Khamaria, Gun Carriage Factory Estate," be substituted.

—[*Dr. Ambedkar*]

Further amendment made:

That the following modification be made in the Delimitation of Parliamentary and Assembly Constituencies (Madhya Pradesh) (Amendment) Order, 1951 laid on the Table on the 20th September, 1951, namely:—

That at page 1, after para. 3(i) of the Order, the following new sub-para. (ia) and (ib) be inserted, namely:—

'(ia) against the entry "Nagpur I" in column 1, for the existing entry in column 2 the following entry shall be substituted:—

"Ward No. 1 including villages Somalwada Chichabhuwan, Ajni, Wards Nos. 2 to 4, 7, 37 and 38 and Ward No. 39 including villages Borgaon, Hazaripahad and Dhaba, Wards Nos. 40, 41 including villages Kachimeth and Songaon Sim and Ward No. 42 including villages Jaitala, Bhamti, Songaon (Bazar), Khamla, Takali Sim, Parsodi and Shiwangaon of Nagpur City of Nagpur tehsil.";

(ib) against the entry "Nagpur IV" in column 1, for the existing entry in column 2 the following entry shall be substituted:—

"Ward No. 8 including villages Babulkheda Sakardara, Manewada, Chikhali Khurd, Ward No. 10 including villages Harpur, Dighori, Bidpeth and Wathoda, Ward No. 22 including villages Hiwari, Pardi, Bhandewadi, Chikhali (Deosthan), Punapur and Bharatwada, Wards Nos. 23 and 24 including villages Kalamna, Wanjara and Wanzari, Wards Nos. 29 to 32, Ward No. 33 including Nari, Ward No. 34 including Takali (Big) and Gorewada, Ward No. 35 including villages Nara, Indora and Mankapur and Ward No. 36 of the Nagpur City and Nagpur R.I.C. (excluding patwari circles Nos. 1 and 10 to 12) of the Nagpur tehsil.";

—[*Dr. Ambedkar*]

Mr. Deputy-Speaker: Are the other amendments withdrawn by leave of the House?

The amendments were, by leave, withdrawn.

Mr. Deputy-Speaker: The President's Amendment Order relating to Madhya Pradesh stands modified to the extent of the amendments accepted by the House.

MADRAS (AMENDMENT) ORDER,

Amendment made:

That the following modification be made in the Delimitation of Parliamentary and Assembly Constituencies (Madras) (Amendment) Order, 1951 laid on the Table on the 20th September, 1951, namely:—

"That at page 17, in Item (69)—
"Villages comprising the firka of Vaniyambadi in Tirupattur taluk"—for the words "and Chinnakallupalli" occurring at the end, the words "Chinnakallupalli and Devasthanam" be substituted."

—[Dr. Ambedkar]

Further amendment made:

That the following modifications be made in the Delimitation of Parliamentary and Assembly Constituencies (Madras) (Amendment) Order, 1951 laid on the Table on the 20th September, 1951, namely:—

1. That at page 1, in para. 2(b), in the proposed *Explanation*, for the words "area comprising the villages" the word "areas" be substituted.

2. That at page 2, for para. 5 of the said Order the following be substituted, namely:—

"5. In item (23) of the Appendix to the said Order, for the words "Sevalur part, Pothuravuthampatti, Manapparai" the words "Manapparai panchayat" shall be substituted."

3. That in para 6,—

(i) in item (2) of the Schedule, for the words "Pitali, Sirimamidi and Gollagandi" the words "Pitali and Sirimamidi" be substituted;

(ii) in item (14) of the Schedule, after the words "Venkampeta near Ramavaram" the word "Ramavaram", be inserted;

(iii) in item (21) of the Schedule, after the word "Derasan," the word "Pydibhramavaram" be inserted;

(iv) in item (63) of the Schedule, after the words "Koppedu Kapula Kandriga," the word "Agaram," be inserted;

(v) in item (80) of the Schedule, for the word "Kailupatti" where it occurs for the second time, the word "Sethupatti" be substituted.

(vi) in item (87) of the Schedule, for the word "Aruppukkotai" the words "Aruppukkotai Municipality" be substituted;

(vii) in item (93) of the Schedule, for the words and brackets "Devakottai Rural (Eravaseri)" the words and brackets "Devakottai Municipality, Eravaseri (Rural)" be substituted; and

(viii) in item (95) of the Schedule, for the words and brackets "Kepparpatnam (Manamathurai Panchayat Board)" the words "Kepparpatnam, Manamadurai Panchayat" be substituted.

—[Dr. Ambedkar]

Mr. Deputy-Speaker: The President's Amendment Order relating to Madras stands modified to the extent of the amendments accepted by the House.

UTTAR PRADESH (AMENDMENT) ORDER

Pandit Kunsru (Uttar Pradesh): It is not enough that an order making changes by the President is laid before the House, nor is it enough that my hon. friend Dr. Ambedkar should propose further changes in them. We should like to know why these changes have become necessary. The constituencies were demarcated by a committee appointed under the Representation of the People Act, 1950. The order of the President embodying the suggestions of the Committee as approved by the Election Commission and the Governor was amended in June last in this House. How is it that further changes in it have become necessary? We cannot take the thing as a matter of course. Somebody on behalf of Government should explain to us why the changes now suggested are going to be made. Another thing that I should like to know is on whose insistence these changes are being made: at the instance of the State Government or of the Election Commission or the Home Minister or the Law Minister? We should be given this information before being asked to make any amendments in the Delimitation Order as

accepted by Parliament in June last. As I have said already, the constituencies were delimited with care. The suggestions made by the committee that I have spoken of were scrutinised by the Election Commission and again by Government with the aid of the interested Members of Parliament. How is it that in about three or four months' time further changes have become necessary? Are they being made because the various parts of a constituency perhaps formerly were not contiguous or for any such reason or merely to suit the convenience of any individual or group or community or party? This is a vital matter. The constituencies as demarcated I think gave general satisfaction and we ought to be careful therefore in making changes in them. If my hon. friend the Law Minister tells me the precise reasons why the changes in the case of Parliamentary and Assembly constituencies of U.P. have become necessary, it will be possible for us to decide whether we should vote with him or against him, but at present we are just helpless. We do not know what to do.

Dr. Ambedkar: I have no reason to complain against my hon. friend Pandit Hriday Nath Kunzru for raising the point which he has raised, for undoubtedly every one of us should be very careful against permitting any kind of political gerrymandering in the making up of constituencies, and if there was any suspicion that any particular party was manoeuvring to change a constituency which has already been prescribed by the President and approved by the House it is a legitimate matter to be raised on the floor of the House. But I would like to tell my hon. friend that so far as my information and knowledge go there is in this amendment not the slightest evidence of any kind of gerrymandering. The amendments which I have sought to make consist only of two things. One is to rectify errors which have crept in by some kind of inadvertence. Some *thana* which ought to have been mentioned has not been mentioned in the appropriate place and some other *thana* or some other place has been mentioned in its place. The second thing is that it has been discovered that in some of these cases where contiguity was possible, somehow by some mistake the principle of contiguity has been lost by the inadvertent mixture of some *thanas* from one constituency to another and an attempt is made in this amendment to remove these two errors, i.e. mistakes of a topographical kind and secondly mistakes which brought about a certain amount of discontinuity.

Pandit Kunzru: May I ask my hon. friend whether he is saying this with reference to his own amendment or with regard to the amendments in the President's Order? If he is saying this with reference to the President's Order, then I should like him to turn to the changes proposed in the Garhwal constituency and tell me where the question of restoring contiguity exists. There is contiguity between the various parts of the constituency suggested. I know it is very difficult for him to deal with this local matter, but I mention it only in order to point out to him that the changes suggested are not due entirely to the reasons mentioned by him.

Dr. Ambedkar: May I continue, Sir?

You will remember that last time when the President's Order with regard to delimitation was passed by this House, out of caution I moved a motion that the Speaker of the House should be given power to make such changes as it may be found necessary in order to remove certain errors.

Shri Kamath: Verbal errors, verbal amendments.

10 A.M.

Dr. Ambedkar: Verbal, minor, consequential or incidental—I think those were the words which were used. I was very careful to make the proposition as broad as I possibly could make for the simple reason that the House will remember that we carried the motion approving the orders of the President in great hurry and after great bustle and meetings, further meetings and further meetings.

Notwithstanding that it has been discovered that even we were not in a position to advise the Speaker with regard to the errors that had crept in. Some errors, therefore, had remained and we thought this was the proper occasion to make some provision in order to eliminate the errors that still remained, notwithstanding the scrutiny of the Local Governments, the scrutiny of the Law Ministry and the scrutiny of the Speaker. I do not think my hon. friend Pandit Kunzru will go to the length of saying that simply because we have at one time passed the Orders as issued by the President, we should not take any further occasion to remove any errors that may still be remaining in the Orders.

With regard to the particular constituency to which he referred, he was good enough to suggest that I

[Dr. Ambedkar]

myself by my own knowledge or information was not in a position to give a correct answer whether a particular constituency was contiguous with the amendment that we are making in this Delimitation Order. We have to depend upon the Local Government on this matter. As he will remember I took particular care to call a meeting of the members of the Uttar Pradesh Delimitation Committee to aid and advise me on the grounds which were alleged for making these changes in the Uttar Pradesh Delimitation Orders, namely correcting errors and making contiguity more possible than it was, but unfortunately he could not come to that meeting. He was the President of the Uttar Pradesh Delimitation Committee and if notwithstanding the advice that has been given to us he still contends that some things have been done which do not produce contiguity, all that I can say is that the fault must lay on his shoulders, for he did not come to the meeting to advise me as to whether what I was doing was correct or not.

Pandit Kunzru: I received no such notice, Sir.

Dr. Ambedkar: I think I did send a message to my hon. friend. My hon. friend sent it to me back with a note that with regard to certain amendments that I was accepting from Mr. Gopinath, he was perfectly prepared to support that amendment.

Pandit Kunzru: I was consulted only with regard to...

Dr. Ambedkar: He was more interested in the Press Bill...

Pandit Kunzru: ...suggestions made by the Committee appointed by the Speaker under the Representation of People Act, 1950 so far as the Legislative Council constituencies went and I gave my reply with regard to them.

As regards the other changes if the U.P. Government has informed the Central Government of the reason for proposing them, why should my hon. friend Dr Ambedkar not place those reasons before the House?

Shri T. N. Singh (Uttar Pradesh): If I may be permitted as a Member of the Delimitation Committee, to speak, I should like to say that the changes proposed in this notification and as moved by the hon. the Law Minister are not exactly consequential or incidental. I have tried to go carefully into the various changes that

are being proposed. Take, for instance, the Benaras District with which I am fully acquainted. I do not know for what reason another pargana, has been added, which means an increase in the number of voters. In regard to Garhwal, I do not know why Chamoli is being shunted about like this.

The Minister of State for Finance (Shri Tyagi): Which one is it?

Shri T. N. Singh: It is not Dehra Dun: it is Garhwal.

Shri Tyagi: I am equally interested.

Shri T. N. Singh: Similarly with regard to Kanpur—Farukhabad General Constituencies, the changes proposed do require careful looking into.

After having gone into all these questions in detail I think it will be unfair to the House if it is not allowed to go into all the various aspects of the question. I would in this connection like to tell the House that under the guidance of our Chairman we went into the question in every detail, we went into the demarcation of every village, every patwarī's circle and devoted a lot of time to it. I would therefore like to know whether this amendment has been brought because the Delimitation Committee has in any way slurred over facts with the result that there is no contiguity or fair distribution of voters as between constituencies. I can understand a clerical error, like a patwarī's circle not being mentioned, or a village having been overlooked. All these would have justified a change being made.

But the changes that are now being proposed are by no means merely consequential or incidental. If it were only so, I am sure it need not have been brought before the Parliament. The very fact that we are being asked to consider them shows that there are certain major changes.

I therefore suggest that the Members of the Delimitation Committee and others who are interested in it should at least get an opportunity to study these changes on the map. We should also be supplied with all literature as we have not brought those supplied to us. We will then have an opportunity to convince each other. But just at present I find it really very difficult to support the amendment being in the dark and without knowing what it really means.

Dr. Ambedkar: The position is this in regard to the first amendment, namely: That at page 1, in para. 2 (ii), after the words "but including Mohammadi," the words "Atwa

Piparia" be inserted. There is a place which is called Atwa Piparia which is not mentioned in the original order at all. That means the citizens of India who are residing in Atwa Piparia will not be entitled to take part in the election at all, because they do not form part of that particular constituency. In order to rectify this mistake, it has been proposed that this addition should be made. Now when this addition is made certain consequential amendments also have to be made in the other constituencies in order to bring them in line with the rules laid down in our Constitution that every constituency must have a certain number of voting strength and the representation distributed accordingly.

The main amendment there, as I am advised now, is only in regard to this Atwa Piparia. The rest of them are merely consequential. They have no substance except for the fact that they must be made if we accept the first amendment, namely to add "Atwa Piparia". I think hon. Members will realize that the first amendment is absolutely essential because we cannot omit any particular part from any particular constituency. If we add something to that constituency and that constituency becomes bigger than the constituency contemplated for giving one single member, then obviously other changes must also be made. I am only explaining to my hon. friend that there is no catch in it at all.

Shri T. N. Singh: What about other places. There are also other constituencies in which radical changes appear, at least to me, to have been made. For instance, against Banaras it is "Sheopur pargana and Dehat Amanat pargana excluding the Municipality and Cantonment of Banaras". Again, take item (v) : "Jalhapur, Sultanipur and Katehar parganas of Banaras tahsil". Formerly I think it was only Sultanipur and Katehar parganas. You have added one full pargana. I want to know what is the reason for this change.

Mr. Deputy-Speaker: I will now put it to the House.

The question is:

That the following modifications be made in the Delimitation of Parliamentary and Assembly Constituencies (Uttar Pradesh) (Amendment) Order, 1951 laid on the Table on the 20th September, 1951, namely:

- (1) That at page 1, in para. 2 (ii), after the words "but including Mohammadi," the words "Atwa Piparia," be inserted.
- (2) That at page 1, in para. 2 (iii), after the bracket and words "(excluding Mohammadi," the words "Atwa Piparia," be inserted.
- (3) That at page 2, in para. 3 (i), in the Table for the entry (North) cum Chamoli (East)" in column 1, the following entry be substituted; namely:-
"Pauri (South) cum Chamoli (East)"
- (4) That at page 2, after para. 3 (iii), the following new sub-para. be inserted, namely:—

"(iii) for the entries "Mohamdi (West)" and "Mohamdi (East)" in column 1, and for the entries against them in column 2, the following entries be substituted namely:—

1	2
Mohammadi (West)	Mohammadi, Atwa Piparia Magadpur and Pargawan parganas of Mohammadi tahsil.
Mohammadi (East)	Mohammadi tahsil (excluding Mohammadi Atwa Piparia, Magadpur and Pargawan Parganas.

The motion was adopted.

Mr. Deputy-Speaker: The President's Order relating to the Delimitation of Parliamentary and Assembly Constituencies (Uttar Pradesh) stands modified to the extent of the amendment accepted by the House.

Pandit Kunzru: May I know whether this is with regard to the U.P. Legislative Assembly also or only with regard to the changes in the Parliamentary constituencies?

Dr. Ambedkar: It covers both.

Mr. Deputy-Speaker: We have done both in respect of the Council constituencies and in respect of the Parliamentary and Assembly constituencies. Now there are no more motions.

Pandit Kunzru: Could I put a question to the hon. the Law Minister about one of the Assembly constituencies?

Mr. Deputy-Speaker: The matter is over now.

Pandit Kunzru: After considering the matter we have said that one constituency should be a two-member constituency. But the U.P. Government have changed that now. Why has that become necessary? Have they found that the proportion of the scheduled caste voters in the constituency as proposed by them will be higher than in the constituency as proposed by the Speaker's Committee?

Dr. Ambedkar: I have no information that they have made any such change.

BUSINESS OF THE HOUSE

Mr. Deputy-Speaker: The hon. the Prime Minister will make a statement regarding the work before the House and the holidays.

The Prime Minister and the Leader of the House (Shri Jawaharlal Nehru): Tomorrow I believe, has been notified as a holiday in our list of holidays on account of the tenth day of Mohurram. But I understand that the moon did not behave according to the prescribed date and the tenth day has been calculated to be the day after tomorrow and not tomorrow, and in fact that the Chief Commissioner of Delhi has declared day after tomorrow as a holiday on account of Mohurram. I would suggest therefore that this House too may observe day after tomorrow, and not tomorrow, as a holiday on account of Mohurram—that means, sitting tomorrow and not the day after.

Shri Kamath (Madhya Pradesh): Will the session end tomorrow?

Shri Jawaharlal Nehru: I cannot say that.

Mr. Deputy-Speaker: There is so much of work on the order paper.

Shri Jawaharlal Nehru: Let us meet tomorrow. We do not meet day after tomorrow. But we may have to meet the day after that, possibly on Sunday.

Pandit Kunzru (Uttar Pradesh): Why on Sunday? Why not on Monday?

Shri Jawaharlal Nehru: We can consider that. Why not Sunday and Monday?

Pandit Kunzru: Our privileges being those of the British House of

Commons, and as the British House of Commons does not meet on Sundays, we have every right not to meet on a Sunday.

Shri Jawaharlal Nehru: The House of Commons, on the other hand, meets on the Mohurram day.

Pandit Kunzru: If the hon. the Leader of the House has the courage to make that suggestion, let us meet on Mohurram day.

Shri Jawaharlal Nehru: I am going to show the courage by asking the House to meet on Sunday.

Pandit Kunzru: That is against our privileges.

Shri Kamath: May I suggest that instead of meeting on Sunday we might observe Mohurram festival by meeting and working harder in the service of the nation, just as we did on the occasion of *Vinayaka Chaturthi* and *Anant Chaturdasi*?

Mr. Deputy-Speaker: We need not have a discussion on this matter. Tomorrow will be a working day. Though the 12th was originally notified as a holiday, Parliament will meet tomorrow. The holiday will be transferred to day after tomorrow.

There is so much of work put down on the order paper, and if the Government wants to continue the work, certainly we can sit on Monday and Tuesday also.

So far as Sunday is concerned, normally I am against sitting on Sundays. But we will consider that matter according to the nature of the work, later on.

The House will now proceed with the Industries Bill.

Dr. Ambedkar rose —

Mr. Deputy-Speaker: The hon. Minister might make his statement in the afternoon.

Dr. Ambedkar: After this Bill?

Mr. Deputy-Speaker: At about six o'clock.

Dr. Ambedkar: It was first arranged between you and me and the Prime Minister that I should make a statement on the 6th. As certain part of the business was not finished on the 6th it was definitely agreed that you would be pleased to suspend the rule about the transaction of business and allow me to make the statement on the 11th. So this is the time when I should make the statement.

Mr. Deputy-Speaker: It is true that I said to the hon. the Law Minister that I will suspend the rule. Normally under rule 128, immediately after the question hour is over any hon. Minister who has resigned can make, with the permission of the Speaker, a statement in explanation of his resignation. Today I have to suspend the rule for that purpose, and I am going to do it. I am only suggesting that it may be put off till six o'clock. That is all.

Dr. Ambedkar: Why not now?

Mr. Deputy-Speaker: At six o'clock I will hear the hon. Minister.

Dr. Ambedkar: I do not quite understand why my statement should be postponed to six o'clock.

Mr. Deputy-Speaker: Under the rules the Speaker must give his consent before any hon. Minister can make a statement. I would like to know what statement the hon. Minister is going to make. Of course it involves my consent. I am not disclosing anything to the House which is not provided for. I would request the hon. Minister to give me a copy of the statement and I will allow him to read the statement this afternoon.

Dr. Ambedkar: If that was so, you could have already told me when I saw you that I should hand over my statement to you before you give the permission. You did not do so.

Mr. Deputy-Speaker: There is no harm.

Dr. Ambedkar: I came and subsequently wrote a letter but so far as I am concerned you did not say that I should furnish you with a copy of my statement before you come to the conclusion that you would permit me to make a statement and so far as I read rule 128, I do not see that there is any provision therein which requires that a statement should be submitted to the Speaker before he gives consent. The Prime Minister had asked me for a copy of my statement and I have given him a copy of my statement. If you had also given me an order that I should submit a copy of my statement to you before you come to the conclusion whether I should make it or not, I should have been very glad to do so but you gave me no such indication when I came to you. I felt the difficulty was that under the rules the statement should be made immediately after the question hour and the Prime Minister was very keen that I should finish certain business which

it may not be possible for other Members to undertake because it involves certain difficult matters. I agreed to this and then I came to you and said, "Will you kindly suspend the rules so that I may help the Prime Minister in getting the business through"? You never said that you wanted to see a copy of my statement before you permitted me and I see that now you have raised this point for the first time.

Pandit Kunzru: May I know whether the Chair can claim some sort of censorship as stated by you?

Mr. Deputy-Speaker: Yes. The kind of censorship which the Chair can always exercise is to avoid the matter which ought not to be placed before the House, which is libellous, slanderous, irrelevant and so on and so forth. (*Interruption*). Order, order. I am only answering the question which was put. I can certainly do so. I am not going to allow observations of an irrelevant nature and improper statements. I will confine myself strictly to rule 128 and if an hon. Minister goes on making a statement on the floor of the House, I am entitled to call him to order, if I find that the statement is lacking in decency or decorum or I otherwise regard it as irrelevant. I have always got the power. Otherwise, this rule would be meaningless.

So far as giving the permission to the hon. Minister is concerned, I agree he came to me. Possibly his memory is short, but he did not suggest to me that under the rules I can suspend the standing orders. I wanted to accommodate him and said I would allow him to make a statement at any time that he liked and I brought to his notice that I can suspend the order. He agreed. Even now during the course of his statement if I do not agree and if I feel that a particular statement ought not to be made, I can certainly ask that portion to be erased from the proceedings of the House. In order to avoid all this, I would like to know what exactly the statement is. It is not going beyond the rules and the scope of my powers. I am prepared to allow him to make a statement suspending the rule, that immediately after the question hour the statement may be made. It still stands. I am not going behind that position and as it is open to me while the hon. Minister is making a statement, to see that this kind of matter ought not to be stated on the floor of the House, I only asked him, now that there is

[Mr. Deputy-Speaker]

time, to give me a copy of the statement. I learn that he has given a copy to the Prime Minister, the Leader of the House. But to the hands of the Speaker the entire privilege of the House, the honour, the decorum and everything is entrusted. Therefore there ought to be no difference so far as the Speaker is concerned in this matter. I am not going out of the way. I am trying to exercise my powers without prejudice either to the dignity of the House or of the hon. Members with regard to the freedom of making a statement. I will allow the hon. Minister to make the statement at Six o'clock.

Shri Kamath: Is it not a fact that under the rules a Minister or a Member may be called to order on the ground of irrelevance or otherwise, but that the statement should not be pre-censored?

Mr. Deputy-Speaker: That is not so. I think under the rules I am entitled to see what is the statement that the hon. Minister is going to make now.

Dr. Ambedkar: I take it that you do not wish me to make a statement; that is how I interpret your ruling. I am no longer a Minister. I am going out. I am not going to submit myself to this kind of dictation.

Pandit Kunzru: May I know when Shri Shyama Prasad Mookerjee resigned if he was asked by the Speaker to be supplied with a copy of the statement before he made it in the House?

Mr. Deputy-Speaker: He had a talk with the hon. Speaker and he told him what he intended to state on the floor of the House.

All that was discussed in the House. The House will now proceed with the next business.

Pandit Kunzru: A copy of the speech was not supplied to him.

Mr. Deputy-Speaker: That was not necessary.

Shri Kamath: We have been deprived of the statement anyway.

Mr. Deputy-Speaker: It was left to him. Hon. Members are now told that he is not going to make a statement.

"That the Bill to provide for the development and regulation of certain industries, as reported by the Select Committee to which it was re-committed, be taken into consideration".

Mr. Deputy-Speaker: Hon. Members will not carry on a talk inside the House while an hon. Member is speaking.

Shri Mahtab: This measure has been before the House for the last about two years and a half and has passed through various stages finally emerging as it is now. It was first introduced in the Parliament and referred to a Select Committee in March 1949. The Select Committee report was submitted to the Parliament in February 1950. Then it was re-committed to another Select Committee in September last and its report is now here for the consideration of the House. I do not think any other legislative measure has been subjected to so much consideration and examination as this measure has been. I do not think any other measure has been before the House for so long a period as this. In these circumstances nobody can reasonably charge the Government that they have been hasty in rushing this Bill through. So much time and consideration had to be devoted to this Bill because of its importance and far reaching consequences.

Much criticism has been made of this Bill by industrial interests and those who speak on their behalf. I therefore take this opportunity to explain the principle underlying this legislation. This Bill has its relation with the industrial policy of the present Government which was announced in April 1948. Government made it clear then that although Government would undertake many industries themselves, they would have a large field for private enterprise. But it was made plain that the private enterprise would be required to adjust itself to the national plan. The same policy of Government of India has been further elaborated by the Planning Commission in their report which is before the House.

Those who do not want to work under certain discipline which is required for the development of the country misrepresent the Government efforts to bring the private sector under planned regulation as a step towards nationalisation. It should be clearly understood that regulation does not mean or necessarily lead to

INDUSTRIES (DEVELOPMENT AND CONTROL) BILL

The Minister of Commerce and Industry (Shri Mahtab); I beg to move:

nationalisation. I think the self-created bogie of nationalisation of industries should have disappeared after the publication of the report of the Planning Commission. Private industry is expected to play its full part in the Plan for national development and it is from that point of view that private industry requires to be regulated.

Another mistaken notion is that since any kind of regulation is definitely a measure of interference, it will hinder private industry rather than help it. This argument might hold good if there is unnecessary interference in any industry. But, necessary interference which, in other words is called Planning, will help private industry rather than hinder it. Planning means regulation and planning has been accepted as the guiding principle in the economy of every country in the world. The 19th century theory of *Laissez faire* does not exist anywhere in the world today and it is futile to look back to those days when profit was the only motive in all industrial undertakings. In the United Kingdom where free economy had its full play for more than a century, regulation has been recognised long ago as necessary in the interests of national prosperity. I might refer to the Cotton Industry Re-organisation Act of 1939 to illustrate my point. The Development and Organisation of Industries Act came in 1947. There might have been some opposition when measures like these were taken up in the United Kingdom. But, they were, on the whole, well received and welcomed by the industrial sections of the community. Regulation of industries is necessary in the interests of the country as a whole and the interests of the country are served if the best interest of the industry itself is served.

Regulation serves the best interests of the industry itself. Regulated economy is considered to be the best alternative to both free economy which has been proved all over the world as injurious to national interests and also to nationalisation which is full of difficulties in the circumstances prevailing in the country today. It is not difficult to realise how the absence of regulation in industries is causing definite harm to the industries, adversely affecting their production and at the end, injuring the interests of the country as a whole. The *Indian Labour Gazette*, published by the Labour Ministry periodically publishes the figures of mills closing down for labour disputes and the number of workers involved. That may not give

you the full picture of the loss to the country. Besides these figures might give you the impression that closure, in some cases at least may be due to the unreasonable attitude of the labour. I have figures of industrial units which have remained either fully or partially closed till 29th September 1951. Closures in most of these cases are due to the uneconomic character of the units, want of raw materials, lack of marketing facilities for finished goods, and above all, inefficient management. Take the case of the textile industry. More than 30 units have remained closed today either partially or wholly and the approximate loss in cloth is about 102624 bales and in yarn, about 17677 bales. The reasons assigned to the closure are they are either uneconomic or not properly managed. Is it not in the interests of private industry that something should be done for these units? Is it not the duty of the leaders of private industry to apply their mind to the problem and devise some means of improving the conditions of these helpless units?

In meetings with leaders of private industry, whenever the miserable plight of the large number of industrial units is discussed, they ask the Government to do something for this purpose. Now, when the Government come forward to do something for the development of industries by means of regulation, it should not be the leaders of private industry who should have any objection to it. On the contrary, leaders of private industries themselves should volunteer to set up Development Councils to save the uneconomic units from utter ruin and also save the country from loss of production. It is to meet situations like this and also to organise industries in the interest of the nation that the Development and Organisation of Industries Act was passed in the U.K. in 1947. That scheme has been adopted almost *in toto* in the Bill that I am presenting to the House.

Now, I shall briefly explain the various forms this Bill has assumed from time to time and the final form in which it is presented today. When the Bill was first introduced in 1949, the structure of the Bill was very simple. It simply gave authority to the Central Government to license industrial undertakings, issue directions and control their management if the directions were not carried out. There was a provision that a Central Advisory Council should be formed, in the words of that Bill, "to advise on matters concerning the development, control

[Shri Mahtab]

and regulation of any controlled industry". So far as licensing was concerned, it would not have created any great difficulty; but so far as the issuing of directions was concerned, it would have been extremely difficult to determine as to what directions could reasonably be issued. As you know, neither the Central Government, nor the State Governments have got any elaborate machinery to investigate into the conditions of each and every industry; nor have they the necessary arrangement to observe and check the day to day activities of these industries. If the Bill had been passed in that form, it would have been imperative to provide for the necessary machinery for giving effect to the provisions of the Bill.

Then, the form which the Bill assumed after its emergence from the First Select Committee was a little different in that it provided for a permanent Central Industries Board. This Board was intended to deal with licensing of industries subject to appeals against its decisions lying with Government. So far as actual regulation of industries was concerned, the Board was to examine the points of reference to it by the Government and make recommendation. But, the final action lay with Government. This change did not solve the difficulty which was inherent in the Bill and which I have referred to already. The initiative was left with the Government. If and when the Government would take the initiative, the Central Board would come into the picture and make its recommendations and then, the Government as the final authority had the power to execute those recommendations. The introduction of the Central Board was intended to work as a brake upon the Governmental action. Even then, it was not an effective brake. Although it could slow down the speed, it could not totally stop the action. The scheme of the law as it emerged out of the first Select Committee did not appear to have taken into account the primary necessity of internal development of the industries. Whatever direction might be issued by whatsoever authority, the object must be to develop the industry in the interest of the nation. But, unfortunately, lopsided stress was laid on how to exercise the authority of issuing directions, and not on how to take steps to effect developments.

The Bill as it has emerged out of the second Select Committee lays stress on development and provides for an ef-

fective machinery for the purpose. Regulation comes in as a means and corollary to development. The introduction of Development Councils is the most important feature of the Bill. These Councils will keep in close touch with the industries, and try to help them in all possible ways. Issue of directions will come in only when the Development Councils will fail in their method of persuasion. Control of management will come when the directions fail. All these measures which may be described as coercive measures by the critics appear to have been given the first place in the first and the second forms of the Bill; but here it has been given the secondary place. There is a provision for the establishment of a Central Advisory Council representing all industries and of all representative persons. It has been made obligatory that whenever any direction is to be issued or control is to be exercised on management, the Advisory Council has to be consulted. Thus, even at the last stage, a brake has been provided. In all kinds of planning and regulation, there must be some amount of compulsion at some stage and the best measure is that which provides for compulsion at the last stage.

Hon. Members will please refer to clause 6 of the Bill which lays down the qualifications and categories of Members who will constitute the Development Councils. Development Councils will consist of persons capable of representing the interests of owners of industries, persons having special knowledge of matters relating to the technical aspects of the industry, persons capable of representing the employees and persons capable of representing the interests of the consumers. The functions of the Development Councils have been enumerated in the Second Schedule. From the list of functions it will be evident that the work of the Development Councils will be to help the industries and increase their social utility. The Development Councils, apart from looking to the side of efficiency, will promote arrangements for better marketing of goods manufactured by the industries and also will assist in the distribution of controlled materials and in promoting arrangements for obtaining materials to the industry. I have already told the House that many industrial units situated in various States have been closed down either because of marketing difficulties or because of want of raw materials. The smaller units which constitute the bulk of the industries in India cannot

compete with the few larger units either in securing raw materials or in marketing the goods manufactured by them. The Development Councils will try to look to the interests of the industry as a whole and thus keep a balance amongst different units. In these days of shortage of raw materials, it is essential that there must be a statutory body which will undertake the fair distribution of raw materials. Further, the hon. Members will see in No. 7 in the list of functions that the Development Council will promote and undertake enquiry with regard to discovery and development of new materials, equipment and methods and of improvements in those already in use. Scientific and industrial research in matters affecting industrial psychology and research, into matters relating to the consumption and use of goods in services supplied by the industry is one of the functions of the Development Council. Similarly, standardisation of products is another. I need not dilate upon all the functions, but if the hon. Members will once glance through the list of functions they will be convinced that the Development Councils will work as nurses for the private industries. They will be the instruments in the hands of Government both for the purposes of development and regulation. Over and above the Development Councils, there is, as I have already said, the Central Advisory Council which will consist of persons representing the interests of owners, employees and consumers. This body is an important one in the scheme of the Bill, because sub-clause (iv) of clause 5 lays down that Government shall consult this body in regard to the exercise of powers, directions and controlling the management. In the report of the First Select Committee, the Central Board was charged with the work of establishing a *prima facie* case for issuing directions and the ultimate authority lay with the Government. Similarly, with regard to exercise of control over the management, the report of the first Select Committee did not make it obligatory on the part of Government to refer the cases failure in carrying out directions to the Central Industries Board. But here in the present form of the Bill it is obligatory that before issuing any direction and deciding to exercise control over management Government must consult the Central Advisory Council. This will be clear from the scheme of the Bill as it is presented now, that Government's opinion as to whether directions should be issued or control should be exercised over the management will be formed with the assistance of the various Development

Councils. Even when that opinion is formed, it has been provided that the Central Advisory Council shall be consulted also. There is, therefore, no scope for any unreasonable or hasty interference in the working of private industries in this Bill. The success of the scheme hinges on the efficient working of the Development Councils, and the scheme of Development Councils must be welcome to the bulk of private industries, whatever a few industrial magnates might say about it. Since this Bill lays stress on development, I am sure it will be welcome to the small and medium units of industry as a whole. The bigger units also should welcome it although they may have to undergo a little inconvenience in the interest of less favourably circumstanced units.

Having said so much about the softness of the Bill, I wonder if I would not be criticised on the ground that stricter provisions have not been made for enforcing regulation wherever it is necessary. I must assure the House that the provisions made in the Bill for enforcing regulation are effective enough. Those who will not listen to the Development Councils and the Central Advisory Council will be dealt with in an effective manner and the nation's resources and production will not be allowed to deteriorate in any way. In this connection I would draw the attention of the House to clause 17 which provides for exercising control over the management in case the direction is not complied with. But the way in which the entire clause has been worded has not been found satisfactory and therefore, I have given notice of certain amendments to this clause. In these amendments I have sought to introduce the same expressions as were used in the original Bill and continued to be used in the report of the First Select Committee. My amendments, I am sure, will not reduce the effectiveness of the provision in any way, but they will make the clause satisfactory from the legal point of view.

Then, with regard to the licensing of industries, the necessity of licensing new industries was recognised by the first Select Committee. They entrusted the work to the Central Industries Board. The second Select Committee, however, has provided in clause 14 that the Central Government may require such officer or authority as it may appoint for the purpose of making a full and complete investigation in respect of applications received in this behalf and report to it the result of such investi-

[Shri Mahtab]

gation. The procedure for the investigation will be prescribed by rules. In order to have a permanent body to dispose of applications for licensing, there must be sufficient number of applications to start with. Our present experience shows that applications for new industries are very very few. In the circumstances, there is no necessity for setting up a permanent body to deal with applications for licences. But at the same time the licences have to be disposed of in such a way that it will not create any suspicion in any quarter. In the past, during the War, when licences were issued, there were complaints that they were not disposed of in an impartial manner. It is for that reason that the procedure of investigation has to be laid down clearly in the rules. It is not possible to lay down the exact procedure in the law itself. Government accept the recommendation of the Select Committee that applications for licences should be disposed of within four months, and the rules will be made accordingly. The present idea is that whenever an application is received, it will be notified in the official Gazette, so that others in the field may be apprised of it. Within a certain time-limit the investigation of the application will be started. It will not be a public investigation in the sense that the work done by one at considerable cost of money and energy will be available to others without any cost. It will be public in the sense that the public will know that an application has been received and is being investigated. In that case, the rival applicants will have no complaint to make as they did during the War. To apply for a licence to start an industry is irksome and therefore many do not like it. For the matter of that, the planning itself is irksome for individuals, but if the total interest of the country is taken into account, the individuals will have to undergo a little inconvenience to fall in line with the plan. The Planning Commission has calculated the total resources of the country. Unless these resources are utilised in a planned manner, it will not be possible for the country to develop systematically. Lopsided development sometimes proves harmful. The idea behind licensing industries is to utilise the available resources of the country to the best possible advantage of the people.

The financial statement relating to this Bill is already in the hands of hon. Members. I have nothing more to say, but I would once again impress upon the House that the Bill is urgent from many points of view. Because of

the circumstances now prevailing in other countries, the Indian industries are going to face a difficult situation and unless the Development Councils are formed in time, it will not be possible to keep the industries going in a systematic manner. Apart from the ultimate national interest, this Bill will serve the immediate interest of the private industries themselves. It is urgent from another point of view. As the House knows, the Central Government have undertaken several industries themselves like the Sindri Fertilizer Factory, the Machine Tool Factory, etc. Now, expenditure on these industries from the Consolidated Fund of India has been questioned by the Auditor-General as according to him it conflicts with item No. 52 of List I of the Seventh Schedule of the Constitution. Unless and until the Parliament by law declares the control of these industries by the Union to be expedient in the public interest, the Central Government are not entitled to spend money on them. This legal position has to be rectified as quickly as possible. The hon. Members will please see that the industries which have been undertaken by Government have been included in Schedule No. 1. I know the feelings of many hon. Members with regard to Schedule No. 1. According to some, unnecessarily some industries have been included in the list. According to others, some of the very important industries have not been included in the list. I can assure the House that all these points of view have been very carefully examined and I shall explain the position at the appropriate time. I would beg of the House to consider this Bill from a practical point of view and pass it as soon as possible.

Mr. Deputy-Speaker: Motion moved:

"That the Bill to provide for the development and regulation of certain industries, as reported by the Select Committee to which it was re-committed, be taken into consideration."

Shri Venkataraman (Madras): I very warmly welcome this Bill, because it bids statutorily goodbye to the doctrine of *laissez faire*. I welcome the Bill also because Government have categorically stated before the House that the profit motive will not be the only consideration in running industries in this country but that service to the people is one of the essential things that industries have to perform in this country.

So far as the clauses are concerned I am in entire agreement with them.

Particularly I would like to welcome the provision for the representation of the consumer interest in the Development Council. I also welcome the provision for the representation of the employees and the owners of industries both in the Central Councils and the Development Councils. The Minister has carefully explained that the small scale enterprises will not be affected by this Bill and that the lower limit has been raised to Rs. 5 lakhs to make the provisions of the Bill applicable. Therefore cottage and small scale industries have nothing to fear from the Bill.

But what has surprised me and has very seriously disturbed me is the omission of one of the vital industries of the country from the schedule.

[SHRIMATI DURGABAI in the Chair]

In the original Bill tea was included as one of the items in the schedule, to which the Industries Control Bill will apply. The first select committee approved of the schedule and no change was made. When this Bill was re-committed to the second select committee Government did not suggest—at any rate the hon. Minister did not suggest—that there was any need for making any alterations in the schedule. But at the last stage I regret very much to say that this vital and very important national industry has been omitted from the scope of the Bill.

The House knows the place that tea occupies in the economy of this country. In the minute of dissent which myself and three other Members of the committee have appended to the report of the select committee we have clearly explained that tea forms the most important item of our export. It is almost the second in the list of exports and is one of the most important dollar-earning industries of this country. Over a million people are employed in the industry and the total production of tea is a little less than one half of the world's total production. Barring the textile industry I do not think there is any other industry which is as important to this country as the tea industry. I do not understand why such an important industry should be omitted from regulation and development as contemplated in this Bill.

There is another thing which the Government has to take into account. Tea is controlled by an international agreement which was entered into in 1933 between the participating countries—India, Indonesia, Ceylon and Pakistan. At that time there was

a world depression and the producers were anxious somehow to maintain the price of tea and for that purpose they introduced a restriction scheme—which was more or less like the Rubber restriction scheme—known as the Stephenson scheme. After 1933 when world conditions changed and tea had become more or less a production in short supply, when the market was a seller's market and not that of the buyer and when our exports to other countries is regulated by the Government, I do not see why this restriction on the growth and expansion of tea should continue. There are other countries such as China, the U.S.S.R., East Africa, Tanganyika and Nyasaland producing tea, which are not members of the international agreement. They are not only free but are actually expanding their production to such an extent that there is a serious threat to the monopolistic position which India holds in the tea market of the world. If the control or development or the regulation of the industry is left in the hands of the industry itself, it would mean that in the interest of monopoly profits they would rather restrict production and get higher prices than increase the production and get the same or a little lesser profit. As is well known under the theory of fixation of monopoly prices it is the profit which determines the production. Having some sort of monopoly in tea production it naturally follows that the tea producers in this country are anxious to restrict production in such a manner as not to expand it. I ask whether it is in the interest of this country to allow such a state of affairs to continue. I ask whether it is not the duty of the Government to see that the growth of this national asset is expanded, so that our position as the world's greatest tea producer is maintained. Therefore it appears to me that the Government have made a very serious mistake in excluding tea from the schedule of industries.

There is another reason given in the Select Committee's report as to why tea has been excluded from the schedule and it is absolutely unconvincing. They say that there are two other Acts which govern the development and growth of the tea industry and therefore it is unnecessary to include it in the schedule. The one Act which deals with control is the Tea Control Act which is based on the international agreement. The other Act which deals with tea is the Central Tea Board Act, which is really an Act for the promotion of sale of tea both in India and abroad. The Central Tea Board is the successor to the Indian Tea

[Shri Venkataraman]

Marketing Expansion Board which attended to the export sale and promotion of sale of tea in India and abroad. It has been substituted by the Central Board and the Act makes provision largely for the promotion of sales of tea in India and abroad. If you look at the budget of the Board you will find that out of 90 lakhs annual income 50 lakhs are paid as a contribution to the international tea market expansion and the rest for the promotion of tea sales. The International Tea Market Expansion Board is doing propaganda for tea as such and not for Indian tea. For as much as Rs. 50 lakhs we spend per annum we are doing propaganda for Chinese and U.S.S.R. tea. This Central Tea Board has none of the functions which are entrusted under the Industries Development and Regulation Bill. If you take the Central Tea Board Act you will find that none of the functions which are envisaged in this Bill under clauses 15, 16 and 17 find a place in that Act. Section 10 of the Tea Board Act is the relevant section which deals with the powers of the Board and its functions are the promotion of sale and increasing the consumption in India and elsewhere of Indian tea and generally carrying on propaganda. Under clause 15 the Government have the power to cause investigation to be made into scheduled industries for the purpose of finding out marked deterioration in quality, loss of production, decrease in forms or standards, etc. Under clause 16 the Government have the power after investigation to have the matter considered by the Central Advisory Council. Under clause 17 they have even the power to take over control of the industry, if it does not respond to the directions issued by Government. The Central Tea Board Act contains none of the provisions and it falls far short of the present Bill, because it was conceived entirely for a different purpose and not for the purpose of regulating or controlling the industry and distribution, as envisaged in this Bill. In the interest of the industry itself it would be better that the tea industry is included in the schedule. I know that representations were made by both the Central Tea Board and the UPASI that this tea industry should be excluded from the schedule. I think they were under a misapprehension and were very largely misled by the caption of the Bill. They thought that control was a thing which should be resisted at all cost and seemed to have agitated against the inclusion of tea.

Tea is grown in four or five States—Mysore, Coorg, Madras, Travancore-

Cochin and Assam. If each one starts regulating the industry in its own way there will be such a confusion all round that the industry which is of such national importance will be prejudiced. In fact its growth and development may be hindered. I might cite one instance. In Calcutta today under the Food Adulteration law tea which has been passed as good tea and purchased not only in India but also outside has been banned as being adulterated or below standard. Such well-known blenders of tea like Liptons have been prosecuted for falling below the standard. The Calcutta prosecutions say that the tea contains not only two leaves and one bud but also a certain amount of stalk tea in it. It is true that after the war when the demand increased some stalk was allowed to be included in it. It has been accepted all over the world and yet prosecutions have been launched in Calcutta. It is therefore necessary that the industry should be controlled by some central authority, which should prescribe the norm or the standard of the product. If each State starts regulating in its own way it will lead to such confusion that the industry will suffer.

Shri B. Das (Orissa): The production of tea depends on the climate, so it cannot be an industry.

11 A.M.

Shri Venkataraman: Yes, but the law can be applied to all the estates uniformly.

Dr. M. M. Das (West Bengal): May I know whether there is any international standard of tea which has been accepted by all the countries producing tea?

Shri Venkataraman: I know there is no standard production of tea but there are certain tea tasters who know the standard, who know the quality; before any country purchases tea anywhere in the world, I know they go through the brokers who employ tea tasters who determine whether the tea is of good quality or not.

Now, if the Calcutta Corporation prohibits certain tea which is going to be exported, as not conforming to their health laws, and if in Cochin similarly they also prescribe something else, our export trade will be crippled. It is therefore in the interest of the tea industry itself to see that it is removed from the control of local authorities and from the States and entrusted to the Central authorities as envisaged under the Industries (Development and Control) Bill.

I heard some objection that tea is largely agricultural operation and therefore it does not come within the scope of this Bill, I am afraid people do not know much about tea business and that is why they have got this wrong impression. Sixty per cent. of it is an industrial process, cutting, fermentation, blending and packing. These are the more important things. Plucking is the only manual part of it; plucking was sought to be tried by machine but because they thought the bush will be injured they did not continue this experiment. Beyond plucking it is not an agricultural operation at all. Even if it is to some extent agricultural, it is a large scale enterprise. The Royal Commission on Labour which went into the tea industry in India stated it is a large-scale enterprise in agriculture so far as it relates to growing and plucking, but thereafter it is an industrial process. Even today the Factories Act governs all those processes of cutting, blending, fermenting, packing and so on, and the industry is not beyond the purview of the Factories Act. This clearly shows that the major part, in fact, the largest part, of tea business is an industry and therefore the objection has no validity. Therefore, considering the importance of the tea industry, considering the part it plays in our national economy as a dollar earner and as one of our vital exports, and considering the fact that the industry will benefit by bringing it under this Bill, I would strongly urge this House to see that tea is restored to its original place of pride in this Industries (Development and Control) Bill. I expected the hon. Minister to state in his opening speech why tea was excluded from the scope of the Bill, but I was disappointed. I hope that he will reconsider the stand he took and include tea in the interest of the nation.

Mr. Chairman: Shri Syamnandan Sahaya. But before I call upon the hon. Member to speak, I would like to suggest that on this general motion for consideration they may just speak on broad outlines so that when the appropriate clauses come up for consideration they can make their submissions. It is only that way that we can make the debate interesting and short.

Shri B. Das: He has spoken so much about tea that I am very anxious to have a cup of tea.

Mr. Chairman: He can speak on coffee later on.

Shri B. Das: I will speak on industry—not on coffee or tea.

✓ **Shri Syamnandan Sahaya (Bihar):** I welcome this measure not because

I consider that it is an ideal measure but because, in my opinion, it will create in the minds of the powers that are an awareness of the difficulties of industries. For, not only I but many in the industries have the impression that people high up in the Government as also the public outside carry an impression that industries are all milk and honey: no difficulties, no headaches, no troubles, and heaps and tons of money.

✓ That impression about industries and industrialists has been in my opinion behind many of the troubles in this country and is responsible for want of that progress in industrialisation which is necessary. I have felt that this is largely due to the attitude of the Government of the country for the time being.

An Hon. Member: And not your attitude?

✓ **Shri Syamnandan Sahaya:** On going through this Bill, one has two feelings. First of all, there is a desire on the part of the Government to take up measures which might carry the industries on a particular line. Secondly, there is the other feeling that if the Act is to be utilised only for the purpose of control and interference and not for the purpose of development, then it might retard rather than improve the growth of industries. When I read the report of the first Select Committee and compared it with the report of the second Select Committee, I found that the Central Industries Board conceived in the first report has been omitted.

Mr. Chairman: I find hon. Members carrying on conversation inside the House. Will they do that in the lobby?

✓ **Shri Syamnandan Sahaya:** The present Select Committee omits that. There has been a divergence of opinion about its retention. While there are many even among industrialists who would like to omit it, there are others who think that it should be retained. The hon. Minister this morning referred to the general attitude of industrialists with regard to this Bill and he had the feeling that this Bill was not really a welcome measure to them. But he has examined only a few of those who are interested in industries. I have gone through the evidence recorded and a study of the evidence of at least two persons, Shri Ramaswamy Mudaliar and Shri Ambalal Sarabhai, will disclose that they do not in any way

[Shri Syamnandan Sahaya]

object to the bringing up of a measure of this nature, but they certainly have voiced their apprehensions that the measure may not be used in the spirit in which it has been conceived and with changing Governments I do not think they were far wrong in laying stress on their apprehensions. Among these two industrialists themselves there were differences of opinion about the Central Industries Board. While Shri Ramaswamy was not very much in favour of it, Shri Ambalal thought that such a Board would be a good thing. My own feeling is that if you really want to develop the industries, the scope is so vast that unless there is a set of people whose responsibility it will be to carry out the policy and programme of Government it will be difficult for Government as such to take the necessary action. Two other bodies are contemplated in the Select Committee report now before us, viz., the Central Advisory Council and the Development Council. From a perusal of the functions of these bodies, it would appear that while they can advise when asked to do so, while they can take over the administration of a certain industry if it is so thought, they have not got any overall control nor do they have any overall picture of the industrial development of the country as a whole. The reply to this may be that this must be left to Government. There is no desire on the part of anybody to take away from Government the responsibility which is theirs, but in the fulfilment of the objectives before them, it will be necessary in my opinion to have a body of people with knowledge of industries—a body which can carry out the policy and programme of Government and see to the all round development of industries which Government take up for the time being. Such a Board, in my opinion, is a necessary corollary to this measure. The hon. Minister may not grant it today, but I have no doubt that when the Act begins to function he will himself realise the vital necessity of having some body like the one conceived in the Central Industries Board which will carry on the day to day administration of Government's policy and programme in regard to development, regulation and control. For the Government to take up this work, with its numerous other responsibilities, would be a difficult task.

Shri T. N. Singh (Uttar Pradesh): Do you not think that the Central Advisory Council can function to a certain extent in this matter and the Planning Ministry that may be formed may also undertake a part of this job?

Mr. Chairman: The hon. Member can speak when he gets his chance. Meanwhile, let the speaker be left free to express his views.

Shri Syamnandan Sahaya: About the Planning Ministry it is difficult to say anything at present as we have no knowledge as to how it will function. With regard to the Central Advisory Council, if my hon. friend would refer to clause 5(iv) (b) he will see that the powers relate only to clause 16 and clause 17(i) and this offers a very limited scope indeed for the Central Advisory Council. Of course, I shall table amendments including a number of other clauses. I shall come to that in a few minutes.

The other thing to which I wanted to draw attention was of a general nature, and that is that in exercising any control or regulation howsoever necessary these may be, it is necessary in the present stage of industrialisation for Government to carry the industrialists with them. You may not have the entire body co-operating with you, but a large section will be very willing indeed to go with Government in the matter of planning and development of industry. Therefore, it is necessary that if possible you should avoid things which are likely to cause bitterness or resentment and I would even go a step further and say suspicion. For instance, the provision bringing into the arena punishment of even partners of a company, or any Director for the matter of that and providing for not only fines, but imprisonment, is likely to cause a misapprehension which, in my opinion, it would be well to avoid. After all you have various types of legislation and if you find that there is any act which is of such a nature which should be made penal, you can always bring in the delinquent under that. But in an Industries Control and Regulation Bill—and also you call it Development Bill—my personal opinion is that it would not be a proper thing and certainly it would not create the proper atmosphere if you bring in a provision for imprisonment of all partners and all Directors.

Now, it has been suggested by the industries generally—I suppose unanimously—that even if you were to do that you ought to be able to provide that every industrial undertaking should nominate a certain number of persons or one or two persons who should be responsible for the proper carrying out of all the instructions of the Government and of the Act. Now to that, I have found a ready answer in a minute of dissent by my hon.

friend sitting opposite—the appointment of 'plead guilty' managers, as he calls them. Well, I know his anxiety as a labour leader. I would, however beg of him to consider carefully whether the interests of labour are really served by having more industries and creating more employment, or by creating conditions where you would scare away the industrialists. There are different types of persons, good, bad and indifferent. While such a measure may be necessary for a few of the black-sheep, the whole question has to be conceived from the angle as to what generally it would imply. I submit that in the type of measure which we are at present considering, it would not be proper to introduce a punishment of imprisonment for the type of mistakes which an industrialist is likely to make in the proper carrying out of this measure. If, however, it is considered necessary to retain this provision, I would still submit that it should be provided that the industry must nominate some people. . . .

Mr. Chairman: How are we to distinguish whether the mistakes made are *bona fide* or deliberate?

Shri Syamnandan Sahaya: This difficulty has faced the world ever since judicial administration came into being. With lawyers of the eminence like you and others in the country, there has been no difficulty for the judges coming to a conclusion whether a mistake is a *bona fide* mistake or a *mala fide* mistake and that difficulty will continue to remain in the world as long as you have judicial administration.

Shri R. K. Chaudhuri (Assam): Such direct flattery to the Chair is not permissible.

Mr. Chairman: In this particular case the Chair is absolutely unwilling to take the compliment, because the Chair is always anxious to give the compliment to hon. Members.

Shri Syamnandan Sahaya: I never knew that my hon. friend sitting next to me was also a great lawyer; otherwise I would have included him in the compliment. If he has taken me amiss, I may assure him that I include him in the list of eminent lawyers in the country.

I was saying that in a situation like this even though there may be difficulty and there may be a chance of 'plead-guilty' managers being appointed, there is a way out. That is, it may be specified that the person nominated should not be below the rank of a Director, Managing Director or

Manager. The man who will be responsible for this will be a man of a certain rank. You cannot appoint anybody in the factory to be responsible to the Government for the acts of omission and commission. We can always lay down a certain standard below which a man should not be nominated. But to bring in all persons will not be, constituted as we are today, the proper thing to do.

Mr. Chairman: It is a very dangerous proposition, I think.

Shri Syamnandan Sahaya: Where the advantages are great, the risks are equally great and on occasions we have to take responsibility on ourselves. After all industrialisation of our country has not advanced very much and our main purpose must be to create an incentive for industrialisation and not do anything which will retard it. That being the main and central object, I submit that this point deserves serious consideration at the hands of Government.

The third point to which I wanted to draw the attention of the House and of the Government is with regard to the fee or cess that is proposed to be levied. Now although no definite amount has been fixed, it is suggested in the Bill that the maximum of such a cess will be two annas. In this connection what I have to submit is that the tendency generally as the hon. Minister himself knows is to treat the maximum as the minimum. Therefore, I have a feeling that perhaps these two annas which is laid down as the maximum will become the usual customary cess. Now going through the evidence which has been circulated, we found that on the basis of two annas the likely income is going to be about Rs. 5 crores. Mr. Bhoothalingam in reply to a query said that the amount is estimated to be about Rs. 5 crores. In this connection a point which has to be seriously considered is how this money is going to be utilised. A sum of Rs. 5 crores for the development of industries generally in the whole country, in my opinion, is not a very big amount and no one need be scared about it. Perhaps, the industrialists themselves might feel that this is not anything to which a caveat should be entered. But the difficulty lies not in these two annas or the amount of Rs. 5 crores, but in the fact that all this money will naturally go into the general pool and it will be difficult to find out whether it is really being utilised for the purpose of development. We have instances of such a nature. I would like to pointedly draw the attention of the hon. Minister to the cess on sugar.

[Shri Syamnandan Sahaya]

When the cess was first introduced it was clearly said in the different State Legislatures that the cess amount would be utilised entirely for the improvement of sugar cane. But the fact remains that perhaps a very small portion if anything at all was spent in this direction. It would be desirable, therefore for the Ministry to see to it that this money is specially made available for development and growth of industries in the country. With our expanding budget on the expenditure side I feel apprehensive whether this amount will be available and will actually be spent on development.

The other thing with regard to the cess is that in clause 9 it has been laid down in sub-clause (4) that the Central Government may hand over the proceeds to the Development Council (a) to promote scientific and industrial research, (b) to promote improvements in design and quality, (c) to provide for the training of technicians and labour and (d) to meet such expenses in the exercise of its functions and its administrative expenses as may be prescribed. Our impression—I would not say experience—with regard to government-controlled organisations has been that sometimes, if not on many occasions, the administrative expenses far exceed the amount actually spent for the good of the particular objective which they have in view. I would therefore suggest—not only in this but perhaps, if the Government agrees, in other measures of a similar nature also—that a percentage may be fixed for administrative expenses. We must lay down that so much of the cess will be spent on administrative expenses and the balance on the three other objects mentioned in sub-clause (4) of clause 9. Otherwise we shall, I have no doubt, be faced with a top-heavy administration and ultimately the gain to the industries out of this cess may not be to the extent we would desire it to be.

The other matter about which I think I have mentioned casually a few minutes ago but to which I would draw pointed attention—and I am glad it found expression in the dissenting note of Pandit Thakur Das Bhargava also—is that this legislation introduces the principle of vicarious responsibility, and there is the burden of proof on possibly innocent persons. That, I submit, will not be the right thing for this Parliament to adopt. The basis of criminal justice has been that a man has to be considered as innocent unless he is proved to be

otherwise. In this law for the first time perhaps we are laying down that if certain charges are framed against a particular director or partner of a firm it will be for him to prove that he has had no hand in the matter. I will refer the hon. Minister to clause 24 and the proviso attached to it. A solution not quite ideal, but even so much better, did find a place in the report of the previous Select Committee, in clause 25. I am referring to the heading "Exemption of nominated Director, manager or secretary from liability in certain cases". Even this provision has not been brought into the present Select Committee Report. I would strongly urge upon the hon. Minister in the first place to remove this new principle of justice from this legislation. Or, if he is unable to do that, he should be prepared to introduce in the new Bill a clause on the lines of clause 25 of the first Select Committee report.

With regard to the different clauses, as you have rightly suggested, the proper time for ventilating our views or grievances will be when the particular clause is before the House. But I would draw pointed attention to just one or two clauses. One of them is clause 5. I refer to this clause in trying to explain the point of view which my hon. friend Mr. T. N. Singh brought up. This is a very important clause, and in view of the speech made by the hon. Minister just now it assumes greater importance. The hon. Minister said that we have the Central Advisory Council which we shall consult in many matters. But if you scrutinize how the Central Advisory Council will be utilised you will find it is stated that the Central Government shall consult the Advisory Council in regard to (a) so and so and (b) "the exercise by the Central Government of any of the powers conferred upon it under section 16 or sub-section (1) of section 17, and may consult the Advisory Council in regard to any other matter connected with the administration of this Act". I did not see why it became necessary for the Select Committee to make a specific reference to these two clauses of the Bill, that is clause 16 and sub-clause (1) of clause 17. These two clauses, it will be seen, deal with the power of the Central Government on completion of the investigation under clause 15 [this is clause 16] and special provisions for direct control by the Central Government in certain cases this is sub-clause (1) of clause 17]. There are so many other clauses in this Bill where in my opinion the Government will be well advised to consult the Central Advisory Council,

for instance, this very question of imposition of cess which I have just been stressing upon; the question of licensing and amending the licences; the question of investigation as contemplated in clause 15 itself; under clauses 17 and 23 about the capital required; about delegation of power; prosecution. In all these matters I think the Government would be well advised to consult the Central Advisory Council. The proper course will, therefore, be either to omit any reference to clauses 16 and 17 in clause 5 and leave it as a general clause empowering the Government to consult the Central Advisory Council on all matters, or, if we want to make them specific enough, we ought to include in this clause a reference to the other clauses where the Government with advantage could consult the Central Advisory Council.

There are other difficulties. For instance there are some provisions about inclusion and exclusion of industrial undertakings with a certain amount of capital. This word 'capital' has not been defined. I do not know whether Government have in view, by the word 'capital', the share capital or the entire money required or used in the concern for running it, including loans, liabilities and other types of working capital. I think, therefore, that in order to make the position clear it will be desirable that the word 'capital' should either be defined or we should be referred to the definition of the word 'capital' where it finds a place in other laws.

There is another important matter with regard to the clauses and that is that under this Act when an undertaking is taken over by the Government, the responsibility is fastened from the date of the order, although there may be a time lag between the date of the notified order and the actual time when the possession is taken over. Now there are two difficulties. There is one difficulty facing the Government that is, if they do not say 'from the date of the notified order' then it may be that by the time the possession is taken the existing administration may do something which may create difficulties in the taking over of the concern. This is one aspect and certainly that is one difficulty which should be kept in view. There is another difficulty and that is that actually if possession is not taken simultaneously with the notified order, then it would create several types of complications.

It could be laid down in this Act that any act done after the date of

the notified order will be null and void. That will save the Government in case the previous administration does something which is likely to create difficulties. On the other hand, this legal machinery which will be created by actually saying that the possession will have been considered as from the date of notified order and that no notice will be taken of any time lag will also be obviated.

The last thing which I would like to mention with regard to the general discussion of this Bill is with regard to the Schedules and also with regard to no time limit for purposes of taking over concerns. With regard to this time limit, I find from the evidence recorded that it was stressed by some of the witnesses that it is not laid down anywhere in the law as to how long such a supersession, if I may use the term, will continue and the hon. Minister himself seemed to suggest that it would be proper to fix a time limit, because he himself gave the instance of the Court of Wards. He said that even in the Court of Wards, there is a time limit after which the estate is released. Similarly in the case of a certain industrial undertaking being taken over by the Government, there should be a time limit after which either the undertaking could be released to the old managers and owners or at least there may be an occasion for reconsidering the proposal; and whether in this period of supersession, the undertaking has gained or has lost and what should be done in future. I submit, is another matter where the attention of the Government ought to be seriously drawn. From a comparison of the report of the previous Select Committee and the present Select Committee, it will be found that there were two Schedules indicating the industries in the different Schedules and the object of the Bill as emerging from the previous Select Committee was, that the law will apply to the First Schedule only, although the Government had the right to transfer any item from Schedule 1 to Schedule 2 or from Schedule 2 to Schedule 1. Now it was clear that at that time there was no desire and certainly it was not the desire when the Bill was introduced, that the Schedule should be as far as possible all embracing. As it is we have now only one Schedule and which means that the Act could be extended to any one of those named in the Schedules. While planning and regulation almost in any sphere of public activity and even in private life is at present most essential and I fully conceive that, I will certainly suggest to the Government that this is a new measure and

[Shri Syamnandan Sahaya]

a new approach and it will be desirable that they should begin for the present with a few items only and if they maintain the two Schedules as it was in the first report with the power of transferring any item from Schedule 1 to Schedule 2, it would meet their requirements fully and still leave a wide scope for uninterfered industrial development. Planning as I submitted just now is much to be desired but there are occasions when it might be useful and more advantageous to the country if you allow things to grow up and then come and introduce the control. There are industries in India today where a control would be ideal and necessary but there are still industries where even an unplanned growth for the time being might be permitted, so that at a later stage when you find that the stage for control and regulation has come, you may step in and you may include such as I said among those in Schedule 2. I am reminded of a question which was put to Sir Ashutosh Mookerjee when the percentage of passes in the Matriculation Examination went as high as 90 to 95 per cent. (interruption).

It was very high and I do not remember the percentage.

An Hon. Member: Was that so when you were appearing?

✓ **Shri Syamnandan Sahaya:** That was much previous to that and when you were appearing.

Well, his purpose was to have in the country as large a number of matriculates and graduates as possible and then we should decide how they could be utilized and employed. In the present context of things in this country when on everybody's admission industrialization is still in its infancy, barring certain industries, we have to consider where to regulate and control and where to encourage the growth even without much control and planning and both these purposes are served if we maintain Schedule 1 and Schedule 2 separately.

Before I conclude, I would certainly congratulate the hon. Minister for the interest and the hard work that he has put in in bringing this measure, but the success of this measure and the success of industrialization of this country will depend, if I may say so, not in administering this Act or that act, but in creating in the minds of those who have been and are willing to be the pioneers of industry. Certain amount of confidence has been progressively

growing less and less and the more we adopt this law both for purposes of regulation and for the purposes of creating that confidence, the better for the objective that the hon. Minister has in view and the better for the country as a whole.

Shri Ramalingam Chettiar (Madras): The hon. Minister started by saying that the matter of development of industries has been under very serious consideration for a long time and a definite policy has been enunciated. That policy was enunciated in the statement made in this House in April 1948. We will have to consider this Bill having in view the statement of policy that was made then. I am sorry to say that the hon. Minister did not refer to the changes that have been made in the policy that was enunciated in April 1948, with reference to this Bill. The policy that was enunciated in 1948 meant that the Government should take absolute control of certain basic industries, that with reference to certain other industries, there should be some sort of power to regulate them and with reference to the other industries, there should be absolute freedom to develop them as they please by the industrialists themselves. Now, the whole thing has been given up in this Bill as it has emerged from the second Select Committee. When the first Select Committee went into the matter, they kept that statement in view and they framed the Bill according to that statement. When the hon. Minister made the proposal to send this Bill to the second Select Committee, he only said that certain suggestions were made by the Planning Commission and therefore he wanted those matters to be considered by the Second Select Committee. What do we find now? The whole frame-work of the policy that was enunciated by the Government in those days has been changed.

The first change is this. The Planning Commission has, no doubt, suggested that there should be regulation of all industries. That was more a sort of a side statement, than a detailed examination of the problem and a decisive recommendation. They made that statement generally that there should be regulation of industries and that would be to the advantage of the country. That is all that they have said. That was only one sentence so far as I can see which refers to this matter. They have not considered the pros and cons of the policy that they wanted to be adopted and the change that they wanted to introduce, in the announcement of the policy that was made in April 1948.

In a serious matter like this, I think, we will have to consider very deeply and properly the change of such a radical nature as the one that is proposed to be made. Before 1948, there was a very long and detailed discussion of the whole matter and the conclusion was arrived at in the shape of the statement that was issued. As I said, the first Bill that was framed was based on that statement. And, the Select Committee that considered that Bill also considered that with reference to the statement of policy that was made. Now, the whole thing has been given the go by. What is now proposed is not merely to confine absolute control to certain industries, take power to regulate certain other industries and give freedom for the development of other industries in the private sector as they please. All that is given up. Now, the present proposal, that was sprung upon us in the Select Committee, as it were, was this. With reference to about 37 industries they want to take not merely a sort of control that was contemplated in 1948, but practically they want to take control of almost everything. They want to control the supply of raw materials; they want to look into the financial position; they want to look into the working; they want to arrange for marketing and everything else. That is the sort of control they want to take under the present arrangement. As I said, this change in the policy was sprung upon us in the second Select Committee that was appointed.

Even that Select Committee was not allowed very much time to consider. Some of us who had other engagements could not attend the meetings of the Select Committee. We attended only for a day or two; we could not attend the meetings on other occasions. This is a very serious matter that I would like to be considered. The first Select Committee which went into the whole thing probably gave more time and attention to the Bill than the second Select Committee which considered the matter. As I said, when the second Select Committee was meeting, there were so many other committees going on and hon. Members who expected to go away after the session was over had other engagements elsewhere. The sort of attention that is necessary in considering a serious matter like this was not given to the consideration of this Bill in the second Select Committee. That is what I feel. It was not realised that such a big change as the regulation of this large number of industries was going to be made

contrary to what was actually proposed in the Industrial policy statement of April 1948. That is the first objection. If the Government is anxious to try this experiment, I will only warn them that they will not rush into the thing and that they will not bite where they cannot chew, much less digest. They should go slowly. If they are going to appoint these Development Councils, let them begin with a few industries; let them appoint a few Councils and see how they work and what they are doing. I may say that the experience we have with reference to some of the Councils that have been appointed, for instance, the Textile Advisory Council and several Production panels, has not been very encouraging. The whole of the Grow More Food campaign has been more or less a failure. The control on sugar distribution has left so much room for complaint. Textile control is a matter which is being discussed in this Parliament almost everyday. No doubt, some answers are given by the hon. Minister. But, whether they are found satisfactory or whether the outside public considers these answers satisfactory is a matter that everybody knows. Such being the state of affairs, are we going to rush this matter, and appoint these Development Councils for all the 37 industries which are scheduled, to deal with which there is very little experience or technical equipment with the Government. That is a matter which they will have to consider very seriously. If they want to pass the Bill as it is, I would only suggest to them that they need not rush fast into the matter. Let them take time and appoint these Development Councils only for a few industries in the beginning and then if they find that the Councils are working satisfactorily, they may extend it to other industries. That is the first appeal I would make to the hon. Minister.

The second matter which is of importance is this. The First Select Committee considered that the Government cannot be expected to give that sort of consideration for the regulation and administration of this Act as is necessary. They wanted to appoint a Central Industries Board of a high status, with men of high qualifications and impartiality for the purpose of carrying out the provisions of this Bill. They expected that that will be an executive body, not an advisory body. Even though the ultimate orders in certain matters may be passed by the Government it was expected that they will occupy the same position as the Tariff Board and

[Shri Ramalingam Chettiar]

that they would be in a position actually to advise the Government as to what they should do. Certain powers were given to them absolutely; in certain other matters, they were supposed to be merely advisers of the Government. Even though the Government passed the order, it was based on the investigation and advice given by the Central Advisory Board. With reference to giving licences, they were the absolute authority, only subject to an appeal to the Government. The complaint has been that in this country people are not treated alike. Even though the hon. Minister said today that the major industrialists would oppose a measure of this sort, it is well known that major industrialists can always have their own way. It is only the ordinary people—the common man—who suffers in the matter of getting licenses and things like that. They suffer either because they do not get these things in time or not in the manner they want them. It is for this very purpose that the first Select Committee proposed that there should be a Central Industries Board which would go into these matters properly and actually grant the licenses asked for. The conditions to be imposed on these licenses were to be settled by them. That was the arrangement proposed. Now the Government have gone back upon that and they have abolished the Central Industries Board which would have the power, the executive power, to do things. And they take credit for having these Development Councils which will have no power to grant licenses or to do anything else in this direction. The proposal in the first Select Committee was that the Central Industries Board would give licenses to start new industries, to expand existing industries, for the issue of capital to industries and also undertake investigations with reference to bad behaviour or on the necessity for having further action and so on, when so asked by Government.

Now, when this Board goes, what happens? It will be some officer of the Government who will be asked to issue these licenses. Even though it will be the Government that will issue the licenses, we all know that it finally means an officer issuing them. He is authorised by Government to issue the licenses. And then the investigations also take place by these officers. It is that sort of thing that we wanted to avoid and that is why the establishment of the Central Industries Board was proposed. But Government in their wisdom have

thought that it was not necessary to have an independent body like that Board to do this work, and they want to retain this power in their own hands. I do not know how the hon. Minister succumbed to this temptation.

And then, with reference to certain matters, it was said that the Advisory Council will be consulted. We have also got experience of these Advisory Councils. These Councils meet once a year, or may be, twice a year. Are you seriously saying that we should believe that these Advisory Councils will take the place of the Central Industrial Board? I should think, that would be expecting too much, if it is expected that we should think that these Advisory Councils with such powers as they would have, would be any substitute to the Central Industries Board. It seems, Madam, that the Government has not thought well over this matter. They have not thought what were the reasons for the appointment of the Central Industries Board and what were the functions actually expected of that Board. The hon. Minister referred in the Select Committee to certain remarks of the Planning Commission with reference to this Bill. I too went through the Report of the Planning Commission carefully and I find that all that it says is that in addition to the Central Industries Board, these Development Councils also should be there to serve as a sort of connecting link between the Board which had executive power and the industries. That was the recommendation of the Commission. I do not know how the hon. Minister read it in a different way, to mean that the Board should go and the development Councils will be able to discharge the functions of the Board. This is a serious change and I think it is a bad change. I do hope that the hon. Minister will see his way to retain the Industries Board and give it the independent powers contemplated by the first Select Committee.

As regards the Schedules, as I have already stated, two Schedules were added to the First Select Committee's Bill because they had the announcement of the Industries Policy before them. They thought that with reference to certain matters, there should be absolute control, with reference to others there should be a certain amount of power to regulate and with respect to still others they should be quite free. Now, the present arrangement which has been made at the instance of the hon. Minister is to throw the First and Second Schedules together.

And not only that, but it has been decided to extend the scope to 37 industries and to about 40 industries, if the amendment proposed by Shri Venkataraman is accepted. And so we are going to have some 40 industries with reference to which the Government will exercise close regulation and attention. Now, let us see, what are the requirements if these industries are to be developed. We require the raw materials, finance and the technical advice. In which of these three factors is the Government in a position to help the industries? With reference to finance, their position is very weak. They are not in a position to look after even these industries which they have taken up themselves. Are they going to help these 40 industries also with finance? Secondly, what is the position with regard to raw materials? The hon. Minister was saying, I think at Paris, that so far as raw materials are concerned, the world is faced with shortage in many of them. How is he going to rectify that position as regards India, he has not told us. Is he going to regulate the supply of raw material to these industries? In that direction also, what has been our experience? I will give the House just one instance. While people in Ahmedabad and Bombay are giving parties to the Cotton Controller, and saying that he has been able to help them and satisfy their requirements, there is wide complaint in Coimbatore that the allotment made to the Coimbatore mills is anything but satisfactory. And why? Ordinarily one would expect cotton to be supplied on the basis of the number of active spindles. What is being done? The supply is not based on the basis of the "spindlage". The consumption in the year 1948-49 was taken—a year in which there were shortages in consumption due to various reasons in different mills. At Coimbatore for three months during that year there were strikes and the Mills worked only for nine months of the year. But the consumption of these nine months was taken as the consumption for all the twelve months and allotment was made on that basis. Not only that. After the year 1948-49, several of the mills have expanded and with the permission of the Government the spindlage has been increased; also new mills have come into existence. But as I said, the distribution of cotton was made on the basis of the nine months' consumption. This is most unsatisfactory. These expansions and the increase in the number of mills have not been taken into account. This sort of thing is most unsatisfactory. And this is the sort of regulation that is proposed to be extended to all the forty

industries now mentioned. When the hon. Minister was last at Coimbatore—in January last—this matter was referred to him and he said that he knew all the facts and he would set matters right, that he would rectify the position. But up to the present day, no such rectification has been effected. When you have got a certain number of spindles in factories, you must distribute the available raw materials on the basis of the active "spindlage". We do not want people to be unreasonable or partial. But what is done in Bombay is this. There they are giving parties to the Controller, whereas loud complaints are heard from Coimbatore and every body has to draw his own conclusions. It is always possible for the bigger industrialists to arrange for their own supply of materials as well as for marketing their goods. But the humble man has not got these facilities and unless there is an impartial way of distributing those things the industry will suffer greatly. If all this is going to be left in the hands of government officials, it will be used as a source of corruption and partiality. That is what is taking place. Every control has meant increase of corruption and opened a way in which people try to get unfair advantage. If you are going to take control of the supply of all raw materials, issue of capital and so on and leave it to the officers concerned, this will be the inevitable result. It is in that view that the establishment of a Central Industries Board was sponsored and was accepted by the Government. I do hope that the Minister will consider these facts and see that there is a better administration than what is obtaining in all control matters, for which he is absolutely responsible. I will only say that I am one of those who wanted legislation with regard to the regulation of industries. Time and again I have been urging upon this Parliament that they were doing wrong in leaving this Bill in storage. I am only surprised that the good points in that Bill have been given up and changes have been made for the worse. I want the Government to go back to the original Bill which was approved by the first select committee. If still the Minister wants to stick to the present Bill what I would ask him to do is to go slowly and see the implications and the objects with which the first select committee considered the original Bill and then to proceed circumspectly, so that he may not do lasting damage to the industries of this country.

Shri Narayana Deo (Orissa): I rise to congratulate the hon. Minister for most comprehensive statement which

[Shri Narayana Deo]

aims at the protection and encouragement of industries. My remarks will be on general lines and will be confined to just one or two matters which I should like to bring to the notice of the hon. Minister for his consideration and for the protection which these two items deserve at the hands of the Central Government.

One thing which I would like straightaway to stress is that while Government is aiming at giving protection to industries, it should not be biased by the personnel of the venture or the magnitude of the venture. But it should take into consideration the utility value and the demand there is for those articles in the rural parts of this country. For instance, as the Government knows and as all of us know, there is a very great demand in the country for containers of different sizes. Well, when the States recommend supply of raw material, that is to say sheets, for the manufacture of these containers, and raw materials for the manufacture of hinges and agricultural implements, it is very surprising and sad that the ventures engaged in the production of these goods receive a very step-motherly treatment at the hands of the Centre in the matter of allocation of raw materials.

I would also like to bring to the notice of the hon. Minister the fact that today, with all the protection to encourage indigenous industries producing these articles, especially hinges of different sizes, the markets in different cities are flooded with foreign manufactured goods and the local ventures, with all their cheapness of labour, find it very hard to compete with prices of imported goods. Let me quote only one instance. With the minimum cost of production of ten annas per unit, that is one inch, we find it very hard to push on our production of hinges in the Calcutta market, which is a very big market for this article, for the simple reason that the retailers and stockists have got such a large quantity in hand that to get rid of their stocks they are prepared to cut down the prices to such an extent that the indigenous manufacturers hardly find enough margin to carry on their industries. Similarly, in the matter of containers which are so badly needed in the country, particularly for the conveyance of edible oils and commercial commodities of different sorts, somehow or other the supply of sheets is not as it should be for encouragement of these industries. Therefore, I would earnestly request my hon.

friend, the Minister to make a note of this and to see that his Secretariat does not confound these industries with others, but would allot the raw material to the extent required in proportion to the production, especially when the State Government recommends the supply.

One other point I would like to bring to the notice of the hon. Minister. Today, unfortunately, the mind of the States is to tax commercial crops. No doubt there is a margin for taxation, but these enterprises being the ones that bring revenue to the country, in my opinion, they are the very ventures which should be lavishly and fully encouraged. The saddest aspect of it today is that when the grower approaches the department for the supply of manure in order to expand his area of production, or for the supply of seeds of proper quality, he is terribly disappointed at the supply of the wrong variety of seeds or of non-supply of manure in proper time. Today we are in a very good position in the international market so far as jute and groundnut are concerned, and their prices are very encouraging for the agriculturist to expand his area of cultivation without encroaching upon the area of food crops. Still, as I have already stated, he is confronted with these difficulties and harassment by way of taxation, and unnecessary departmental interference of measuring his area and questioning him on this and that, all the time not coming forward to encourage him with the supply of manure in time and seeds of the proper type.

There is one more item which requires my hon. friend's attention; though it may not be directly under his portfolio it is an important industry in this country, and therefore though it may be directly under the Food Minister, I would request my hon. friend also to take it into his consideration and do his best to help that industry. I am referring to the biscuit industry in this country. There are concerns, I know, who produce stuff as good as any Western country producers like Huntley Palmers, and yet today they are discouraged and they have to close down their establishments and the labour which they have engaged has to go out of employment because of non-supply of sugar and because of inadequate supply of flour. There is a very great demand for these biscuits in Ceylon and Government too stands to gain a lot out of this export by way of a sort of a cess that it gets from Ceylon; it would be a great help to the industry if all that amount is

diverted for the encouragement of this industry. Even otherwise, we all know how hard hit we are in the matter of food in whatever shape or form the human system may require that and it is our duty and the duty of the Government of the country to see that if rice and wheat are not in abundance the deficiency is made good by some method or other, through some variety of food or other to keep life going, to make the people live and be strong enough to be useful to the country.

I would very strongly urge that production should be given to these industries manufacturing agricultural implements and utility articles like hinges and containers, as well as to the biscuit industry which should be protected from foreign competition. I think such competition should be warded off so that to the extent necessary the country may be in a better position to produce these things indigenously in the future. These ventures are not spoon-fed. They would themselves like to expand and progress; particularly the biscuit industry would like to be allowed to export its products and make its own arrangements to get the raw materials from foreign countries necessary to carry on the industry. Government should not stand in their way but should give them all the facilities.

Shri R. K. Chaudhuri: I am really grateful to you for your granting my speechless and silent prayer to be permitted to take part in this debate.

Shri Kamath (Madhya Pradesh): Prayer to whom, to God or Goddess.

Mr. Chairman: Flattery will not be allowed.

Shri Kamath: He was praying to God, not to the Chair.

Shri R. K. Chaudhuri: I deny that most stoutly—I was not praying to God but I was braying to the Chair.

The only interest which I have in this Bill is in regard to the exclusion of the tea industry. I have read the note of dissent by my hon. friend, Shri Venkataraman and others very carefully. I have also tried to find out what exactly was the reason for excluding the tea industry from the purview of this Bill. It has been pointed out in the note of dissent that in the previous Bill the tea industry was included in the schedule; in the previous Select Committee also the tea industry was not omitted. Even at the time of remission of the Bill to another Select Committee, no mention whatsoever was

made in this respect. Therefore, there should be very strong reason.....

Shri Sondhi (Punjab): Shri Sidhva, come up to the front. Sit on your bench.

Shri Kamath: Nearer the Home Minister. Why is there such a gulf between the Cabinet Minister and the Minister of State?

Mr. Chairman: I do not understand what has happened to Mr. Sidhva.

Shri R. K. Chaudhuri: He has become the Minister of State for Home Affairs.

Mr. Chairman: The first congratulations will be from the Chair.

Shri Kamath: And from the House also.

Mr. Chairman: I have great pleasure in communicating the wishes of the House for the best of luck to Mr. Sidhva.

Shri R. K. Chaudhuri: May I add that the Government should be the only body which should be most sincerely congratulated? The Government should be congratulated more than Mr. Sidhva for the selection of Mr. Sidhva.

Shri Kamath: I only hope there will be a session where he will answer questions.

Mr. Chairman: All the questions of Mr. Sidhva will be taken care of by Mr. Kamath.

Shri Kamath: But he will have to answer them.

Dr. Deshmukh (Madhya Pradesh): I am also an applicant for the legacy.

Shri R. K. Chaudhuri: I was just introducing the name of the hon. Mr. Sidhva in the debate, because he was not a dissenting Member of the Select Committee and I wanted to find out the exact reason why tea had been omitted. I was in complete ignorance when I spoke of the events that have subsequently happened. The reason given by the Government and also supported by my hon. friend Mr. Sidhva is not convincing. The tea Plantation Bill of which mention was made by my hon. friend is not going to be passed in the near future and furthermore that Bill relates to labour, which is only one side of the matter. It relates to the amelioration of the conditions of labour and has no direct bearing on the question at issue. What would really help us in this situation is an amendment of the

[Shri R. K. Chaudhuri]

Indian Tea Control Act and for this we have to wait for at least another year.

Meanwhile, we must bear in mind what is happening outside India where tea is grown. A large number of tea planters who have previous experience of tea plantation have gone over to East Africa. I know of some European tea planters who have gone there from Assam. They are starting the tea industry there. They are having large cultivation whereas in India we are compelled to restrict our expansion to 5 per cent. The result is, as is mentioned in the minute of dissent, that very shortly we might be flooded with tea from other countries, whereas our own production will remain at a very low level. This question should be seriously considered by the hon. Minister. I personally think that no harm would be done by the exclusion of the tea industry from this Bill if the hon. Minister could give an assurance that he will shortly bring forward an amending measure by which the tea planters in India would have an opportunity of expansion. At present the position is this. In 1930, the Indian Tea Control Act came into force when there was a general depression of tea and many of the proprietary concerns—some Indian concerns were also involved—had to close. At that juncture, the Indian Tea Control Act came as a great blessing. Not only the European tea industry but some Indian tea concerns also took advantage of it and they were able to stand on their own legs. But the greatest drawback was that in the year 1930 there were very few Indian tea estates in Assam and the acreage of tea cultivation which they owned was a small fraction. In spite of that, we are now practically compelled to keep to that same acreage of cultivation and only an addition of 5 per cent. is granted. The immediate consequence of that is that in comparison with other developed tea estates owned by non-Indians our tea estates cannot make much progress. If immediate action is not taken to help the smaller concerns, particularly Indian tea concerns, if early legislative measures are not taken, then in the long run we shall find ourselves unable to compete with the world market. Tea will again experience a depression. Unless the countries which are now outside the international agreement are persuaded to come and enter into the agreement our position would be that prices will be cut again and the position of Indian tea estates would be very unfortunate indeed.

Shri B. Das: Better expropriate the land of the foreign tea planters.

Shri R. K. Chaudhuri: We have no advantage which the Europeans had in those days. Indians were not even given grants of land for cultivation of tea. It was very difficult for Indians to get any land and even when they got land they had to pay just a smaller rate of land revenue than for ordinary culture. Grants for large areas of land were granted to the Europeans. They did not utilise them properly, although they had not to pay any land revenue whatsoever. They had only to pay a nominal rate of revenue for areas actually brought under cultivation. They had vast lands under cultivation. They had zamindaris, so to speak. They used to settle tenants on paddy cultivation. They did all that and they had all the advantages. But when the Indians were coming to take advantage of it, the Indian Tea Control Act came into force with the result that although a few tea estates may have been saved from ruin, the expansion of Indian tea gardens was actually stopped and we are now in such a position that although the prices are soaring high, the advantage of that soaring price has not been given to the Indian tea owners. That is the unfortunate position in which we are placed.

The House would be startled to know of the price which tea is now getting. In the last tea sale the price went up to Rs. 12 an lb. and the ordinary tea—Liptons or Brook Bond—which was selling at 12 annas an lb. is now getting nearly Rs. 4-4-0 or Rs. 4-8-0 locally for an lb. Who is getting the advantage of this soaring price? It is only the proprietors who do not belong to India. Therefore, I would be prepared to support the Government in the exclusion of tea from this Bill, but on one condition. Some method must be devised whereby you can immediately allow us to bring more land under tea cultivation. In other words, you should allow more expansion of tea acreage. That is what I want. If that is granted, I will be quite satisfied. But I cannot suggest how this can be done. It is for the hon. Minister to think of it and let us know. I perfectly agree with the view which is taken by some Members of the House that tea is after all an agricultural commodity. But then the industrial side of it is what is yielding the Government the income that it is getting. If tea had not been industrialised, it would carry very little value. It would not be exported. Even in pre-British days we had tea cultivation. Tea used to be cultivated as any other

kind of food or fruit, but at that time there was no industrialisation and they had to dry it in a pan. That process would not have helped us in the modern days. But I submit that because it is more or less an agricultural concern, the largest number of labour is employed, not for the industrial side, but for the agricultural side of the production of tea. Therefore, the supporters of the labour movement like the INTUC need not worry about this fact, because after all 75 per cent. of the labourers employed in tea gardens are employed on cultivation, hoving and pruning of tea. There need, therefore, be no apprehension on the part of labour leaders that they will be left to the tender mercies of the employers. The point is this. First, we must bring down the price of tea at least for local consumption. As it is people in England get better tea, they consume better tea and at a lesser price than we do in India. It is not helpful to us to shut our eyes to the fact that tea is indeed a very good beverage. It is only people with a wrong view of things who want to discredit tea. It is only because influence at the Centre is in the hands of non-tea drinkers that tea has been neglected. Whenever I ask people of these parts for their opinion about the tea they say it is very hot. I say the only real quencher of thirst is cold tea. My opinion is cold tea is like an old wife. It is indeed so. The consolation which you get from cold tea is almost similar to the consolation which you get from an old wife.

Mr. Chairman: I would request the hon. Member not to speak so lightly of old wives.

Shri R. K. Chaudhuri: That is an English proverb, Madam.

Mr. Chairman: I only ask him not to talk lightly of them, or to make any comparisons.

Shri R. K. Chaudhuri: Since you are not appreciating my speech, it is useless for me to speak any longer. I only want to close my speech with a fervent appeal to this House that they should not neglect tea. Tea is a preventer of epidemic diseases. Go about in the rural parts. If you have to take water, you will find that what you get is not even fit to wash your feet. Unless you take it boiled, or unless you take it with tea it is very dangerous to drink it. I would also request my friends here to cast off their prejudice against tea and begin to take it in right earnest.

Then they will find that it is really a very valuable drink and Government will direct their attention to this industry from which we will get more advantages than we are getting today.

I would in the end like to say a few words about the Development Councils. I do admit that they have got very valuable functions to perform; but I am not able to make out under what circumstances they will be dissolved. The functions of this Council is stated to be to see to the increased production and efficiency and also control of prices.

I would in this connection like to draw the attention of the hon. Minister—I do not know whether I would be relevant or not—to the increased production of corrugated iron sheets. In our part of the country we have to depend either on thatches or corrugated iron sheets. The province has been denuded of thatches on account of floods and earthquake and also on account of military operations during the past few years. Even though the villagers are willing to barter their products for corrugated iron sheets they are not getting it. The result is that houses are lying unprotected. I would, therefore, ask my hon. friend Mr. Sidhva, who has recently gone out of our association, that he may exert his influence on the Industries minister to pay more attention to this matter.

In the end I want to make an appeal to the hon. Mr. Sidhva that he may give us a very sumptuous party on the occasion of his accession to this office. I am not saying this for my own benefit; I am saying it for the benefit of the whole House.

Mr. Chairman: The speech is very enjoyable, but I should say that it is not very relevant.

Shri R. K. Chaudhuri: I must confess that you are very hard on me. I thought, that my fortune has changed. I got an opportunity of speaking with the least effort. It was fortunate that you granted permission so speedily. If the fortune takes a turn in this way, I will not be surprised if I were to get the good luck of Mr. Sidhva.

Dr. Deshmukh: I consider this Bill as one of the measures of utmost importance. We are going to determine our policy towards industrialisation of the country and it is, therefore, quite correct to apprehend as I do that the provisions in this Bill may, if they are not properly ad-

[Dr. Deshmukh]

ministered, affect the industrialisation of the country somewhat adversely. I would particularly recommend to the attention of the House the comments made by my friend Shri Ramalingam Chettiar. He made a very well-informed speech about the dangers which are likely to arise if the Government were to be precipitous in administering the provisions of this measure. He also dwelt, on the history of the Bill; how a Bill was previously placed before the House in keeping with the Industrial Policy Resolution of Government of April 1948. We have now a Bill which differs radically from that policy and it is, therefore, pertinent to ask whether at least at the present moment we are quite sure of what we aim at and whether after having been sure of our aims and ideals, these are the methods by which we are likely to achieve them. From that point of view I feel that the Government is not so clear in its mind as to what it proposes to do so far as industrialisation of the country is concerned. The question is whether we want rapid industrialisation at all costs or whether there are other paramount considerations as a result of which we do not mind sacrificing the pace of industrialisation. That, I think, is a very pertinent question to ask because the development of industries and their coming into being is not a very simple matter and the policies of the Government so far, whether they refer to raw material or whether they refer to the finance, have been somewhat hectic and halting. The result has been that a lot of industrialists have suffered unnecessary losses and there are a number of them who have gone out of business because of the difficulties in their way. I would even at this stage urge the hon. Minister to take a survey and see the amount of losses that have been caused to well-intentioned pioneers of industries and how many industrial concerns have gone out of functioning simply because they did not receive the assistance that they should have. I, along with many other Members of this House, had gone round to see a great many industrial centres in the country and it is no exaggeration to say that there was not a single big industrial concern which had not serious complaints to make so far as the supply of raw materials and other conveniences were concerned. I do not know whether the situation has altered in any way, although it appears that to the provisions of the Bill as have been embodied now there is not that opposition which was there when the

original Bill was proposed. Yet, I would like to urge with my hon. friend Mr. Ramalingam Chettiar that the radical change that has been effected in the Bill may be brought into effect as gradually as possible.

I would also urge that the financial limit which has been placed in the Bill ought to be expanded so as to cover a lesser number of industries of greater importance rather than to take upon ourselves the responsibility of control and supervision even of smaller industries. After all, a lakh of rupees these days is not worth much as compared....

An Hon. Member: It is now Rs. 5 lakhs.

Dr. Deshmukh: My proposal is in the neighbourhood of ten to twenty lakhs, even if it is five lakhs—but at least in the copy that I have got it is only one lakh. "Saving.—Nothing in this Act shall apply to an industrial undertaking if the capital invested therein does not exceed rupees one lakh".

Shri Venkataraman: Read clause 11.

Dr. Deshmukh: Even so far as licences are concerned, that is control, interference. In the case of the old concerns as well as the new concerns I would like that the margin should be raised because we have modified the schedule also very considerably by the addition of nearly 50 per cent. additional items in the first schedule.

I was referring, to what we were told during our tour of the industrial concerns and the handicaps they suffer from and I do not think, as the raw materials are getting scarcer and scarcer, that there is any chance of their difficulties having decreased. A friend of mine spoke about the biscuit factories, and I have some knowledge of the working of the biscuit factories. There also we found that most of the biscuit factories in the country could work only for about three months at a time. They are not only not provided with the raw material needed but they are prevented from buying from the open market even outside this country sufficient quantity of the raw material required.

Apart from these difficulties which I am sure must have come to the notice of the administration and the hon. Minister, there are certain matters which require more careful consideration. We are now subjecting every industrial concern of the requisite financial investment to quite a rigid control at the hands of our officers. In trying to do that we

must take into account the efficiency with which we have been able to exercise controls. I think I voice the general opinion of the Members of this House, as has already been upheld by the Gorwala Committee or Mr. Gorwala, that the effectiveness with which we exercise the various controls that we have imposed is far from satisfactory and therefore, in this case also, the instrument that we are forging for the purposes both of licensing as well as control of industries is likely to be not in the best interests of the industry itself. So, from this point of view I would like to urge that if it is possible even at this stage to amend the provisions of the Bill and to confine ourselves to the key industries and the more important ones where we wish to stop the mischief and where we could really make our voice felt and our measures more effective, it would be better because in the first instance we should not jump too high with the result that we might probably be killing the goose that lays golden eggs.

My hon. friend Shri Ramalingam Chettiar complained that the Central Industries Board was being replaced by the Central Advisory Council and he doubted the wisdom of the change. In his view the various Boards and Councils that we are going to bring into existence are not likely to perform the functions that were being assigned and that were likely to be performed by the Central Industries Board. He thought, and I agree with him, that the membership of the Development Boards and the Central Advisory Council is going to be so large that we would not be quite right in expecting too much out of them. Such consultative bodies have in the past not rendered that service to us which we had expected. We have a very large number of such bodies in this country like the Sugarcane Committee and the other Commodity Committees, and I do not know how far this large body consisting of more than thirty, or nearly thirty, member is likely to render to us that advice and guidance that we expect from it.

I have a great deal of reluctance in upholding the provisions of the Bill as they have emerged from the Select Committee. I would much rather go slower in this respect and try to be more helpful than to threaten anybody with more rigid control and interference.

There is also something to be said in favour of lack of proper technical knowledge on the part of the officers

who are asked to do the work. It is a common complaint that we have not got the technical personnel who can deal with these things competently, and that is another weakness which is likely to lead to disaster and a good deal of curb on the further industrialisation of the country. I am therefore not in favour of controlling, licensing and making our interference so liberal as it has been done in the Bill, and it would in my opinion be a wise step to curtail the interference and to resort to licensing only.....

Mr. Chairman: I would request the hon. Member to stop for the moment as the debate on this Bill will be continued at 4 o'clock when the House meets after Lunch. Now the House will proceed with the discussion on points arising out of answer to Short Notice Question No. 14 asked on the 5th October, 1951 regarding the resignation of Shri Acchru Ram, former Custodian-General of Evacuee Property.

RESIGNATION OF SHRI ACCHRU RAM

Mr. Chairman: I would like to make the procedure clear now. Mr. Kamath who has given notice of this question under Rule 46(2) will first put the questions and then the hon. Minister will reply to that and other Members who have also intimated their desire to take part in the discussion will be permitted to put their questions to elucidate any further matters arising either out of the Minister's original statement or the answers given to Mr. Kamath's questions, if time permits.

The Minister of State for Rehabilitation (Shri A. P. Jain): May I ask one question, Madam? Is the procedure going to be that Mr. Kamath first makes out his points of which he has given notice, then I reply and then the other Members will raise their points? Or will it be that Mr. Kamath raises his points, then other Members raise theirs and then I answer?

Mr. Chairman: That is exactly what I wanted to make clear. Mr. Kamath puts the questions first and then the hon. Minister will reply and then the other hon. Members can elucidate if time permits. Only those who have given notice of putting supplementary questions will be allowed to put them, if the time permits.

Shri Kamath (Madhya Pradesh): The Deputy-Speaker had permitted me to send just a formal notice and told me that more points could be raised.....

Mr. Chairman: I want to say another thing. The whole discussion will last for 30 minutes only.

Shri Kamath: He further told me that further points could be raised when initiate the discussion today.

At the outset, I will submit that half an hour is hardly adequate for a discussion of this vital issue, but anyway we have to make the best of it. The resignation or the virtual dismissal of Shri Acchru Ram has become more or less a *cause celebre* of the Capital; and the statements, counter statements, press comments and speeches have caused unfortunate repercussions in the public mind and they have created the impression and highlighted the tendency on the part of the executive to arbitrarily interfere with judicial matters; some critics have gone to the length of saying that this particular instance is only one among many others, which are the outcome of not a genuinely secular State but of the pseudo secular policy of an State.

The first point that arises in this case is from the statement made by the Minister in Parliament on the 5th. The concluding part on page 4 at the bottom of the page of the statement says:

"In view of this attitude of yours, the Government feel they cannot safely act upon your advice or rely upon the fair interpretation of orders issued on your advice."

I must say that what Shri Acchru Ram had given to Government was not advice, but a judicial decision under rule 15 of Section 16 of the Evacuee Property Act. The Minister made a statement on the same day to the effect "that the Custodian General came to the conclusion that the case was covered by clause (a) of the notification which meant (the Minister's inference) that Chhatriwala had returned to India before 18th July 1948 and has settled in India."

I am inclined to submit that this statement is something like what in law is called *suppressio veri and suggestio falsi*, because in the order passed by Acchru Ram, he has said:

"I have little doubt that if either of these notifications could govern the decision of the present appeal, the appellant's case would be found to be covered by clause (a) of either notifications."

It will be seen that the Minister made a wrong statement when he referred to Mr. Acchru Ram's order or judgment

in that particular case. Further the Minister pointed to an incompatibility; according to him; between Mr. Acchru Ram's previous observations or remarks and his later order. These are the points that I am raising. According to the Minister the no objection certificate granted by Government was a mandatory directive which, unfortunately, it is not. Rule 15 of Section 16 makes it clear that when the evacuee.....

Mr. Chairman: I have to inform the hon. Member that an hon. Member who has given notice of a question can only speak on the points which he wanted to raise under the rules. He cannot be allowed to bring any further points.

Shri Kamath: I am sorry. I was told by the Deputy-Speaker that my sending a notice will be a formal affair, and then there was no time on that day...

Mr. Chairman: What I want to say is that if what he is speaking is covered by the points that he has raised, it is all right. But he cannot go beyond the scope of the discussion.

Shri A. P. Jain: He is going outside the scope of the points raised in the communication to the Deputy-Speaker.

Mr. Chairman: I have drawn his attention to that.

Shri Kamath: The statement that was laid on the Table was not available till that night and the Deputy-Speaker asked me to send a formal notice that very day and said that other points I might raise during the discussion itself; and the statement of the Minister was made available to us only that night or the next morning. I am only referring to that just to elucidate the points which I have raised in my notice. The Minister granted the no objection certificate though the notification laid down that that must be proved by the claimant that he had returned to India before 18th July and had been absorbed in India or had settled down in India. Unfortunately, when the certificate was granted, the claim petition which had been dismissed by the Deputy Custodian in Delhi had been taken in appeal, and it was pending in the High Court. The High Court passed very severe strictures upon this claimant, to which I have made a reference in my point No. 2. whether Government knew about Chhatriwala's appeal pending in the High Court when they issued the

certificate or whether it was suppressed by Chhatriwala himself: whether it was disclosed or whether it was ignored by the Government: in the one case, Chhatriwala is guilty and in the other case, the Government is guilty if it has ignored this fact. The High Court passed severe strictures and held ultimately that he is an evacuee and also said, not in so many words, but in words to that effect, that the man was a liar. Mr. Justice Kapoor held,

"I do not think that Muhammad Din Chhatriwala is not incapable of telling lies and I do not think that this statement of his can be accepted."

There are various other remarks made by the High Court which go to show that this man perjured himself in the High Court; besides, if we take the records of the lower courts as well, of the Deputy-Custodian and Sub Judge Mr. Suri in Delhi, we find that he made statements on oath which were absolutely false. The House is entitled to know therefore whether Government, before they issued the certificate under section 16 of the Act, satisfied themselves, firstly, that Chhatriwala had returned to India before July 1948 and settled down in India and had been absorbed in India, secondly that this man was not transferring or had not transferred his assets to Pakistan after that date, and thirdly that he did not recover rents in respect of property which he had purchased in Pakistan where he had migrated after Partition. Government has nowhere made it clear that they had made an enquiry regarding these matters. When the Custodian General held in revision or appeal that the claims of the persons interested in the property should be heard, the Government said that it was not necessary, and Government said that the certificate was enough to restore the property to him. This is wholly wrong. After the certificate was issued, Rule 15 makes it quite mandatory that the application for restoration should be presented by the claimant, i.e. the evacuee concerned. And in that application information should be supplied as to the names of persons interested in the property, and also the facts on which the application is based. Neither of these was given by Chhatriwala in his application for restoration.

Therefore, my first point is, whether Government will lay on the Table of the House a copy of Mr. Chhatriwala's representation. Secondly,...

Mr. Chairman: All the points are before the House.

Shri Kamath: No, copies of my notice have not been supplied to members. And secondly we want to know whether in his representation Chhatriwala has suppressed any facts. We want to know whether a copy of the application can be placed on the Table of the House so that we may know what facts have been suppressed by Chhatriwala and what false statements he has made in that representation. Secondly, we want to know whether Government is aware of the severe strictures passed by the High Court upon this man who has perjured himself, and showed himself to be an unmitigated liar in the eyes of the law. The third point has reference to the strictures of the High Court on his statements made on oath. And the fourth point is this. In the court of the Sub-judge Shri Suri, Chhatriwala said that he had not been to Karachi, but before the Deputy Custodian he admitted that he had been to Karachi.

To this man—Mr. Chhatriwala—apparently without making any enquiry into the essential requirements of the case, Government granted a "No objection certificate" and when the Custodian proceeded under Rule 15 of Section 16 of the Act, the Minister accused him of giving wrong advice and inconsistency. This, to say the least, Madam, is a very unfair and unjust view of the action of Shri Acchru Ram, and.....

Mr. Chairman: May I request the hon. Member to be as brief as possible? I want that the Government also should have time to make their position clear. And there are other hon. Members also who have given notice of questions.

Shri Kamath: I will take only one minute more. Government issued a certificate stating that they had no objection to the restoration of the property and "this letter may be treated as a certificate under section 16(1) of the Act." The hon. Minister apparently completely forgot that there is this rule 15 which makes mandatory an application to the Custodian General, giving the names of persons interested in the property; as well as the facts on which the application is made. According to this rule the Custodian General proceeded, and this has led to his resignation.

I am constrained to think, that this case is the culmination of a series of unfair decisions on the part of Government; and this has given rise to the

[Shri Kamath]

impression that with a view to issuing a certificate to this worthless money-bag, and then facing Mr. Acchru Ram's resignation, Government has sullied the fountain of Justice, acted contrary to the letter and spirit of the law passed by Parliament and also discredited itself in the eyes of a vast number of people. No wonder, ugly rumours are afloat about the intention behind decision taken by Government in giving this "No objection certificate" to Chhatriwala. I am clear in my mind that in this case not only justice has not been done, but that injustice has been done. The least that Government must do now is to reconsider the whole case, reopen it, so that this earlier decision may be reviewed.

Mr. Chairman: Only fifteen minutes are left and I do not want this case to go one-sided.

Shri Kamath: I have finished. And Government must withdraw the "No-objection Certificate" granted to Mr. Chhatriwala.

Shri A. P. Jain: I would first refer to a point which is not completely relevant to the issues raised by Mr. Kamath in writing but relates to what he has stated in the House just now. I very much regret the remark of Mr. Kamath to the effect that I have suppressed the truth. I would draw the attention of the House to a communique issued as far back as the 31st July 1951 and which was read out in the House. I will read the relevant portion from that communique:

"While conceding that Shri Chhatriwala satisfied the conditions of clause (a) of the notification, the Custodian General held that the notification as framed could not govern the decision of the case, since his property had been declared evacuee property under the provisions of Ordinance XII of 1949 and not under the provisions of the Administration of Evacuee Property Act, 1950."

I had clearly stated the case then. Again in the letter which I wrote to Mr. Acchru Ram I quoted the full passage saying:

"In your first order dated 6th September 1950 you said 'I have little doubt that if either of these notifications could govern the decision of the present appeal, the appellant's case would be found to be covered by clause (a)

of either notification.' [No. 14 (118)CUS/50, dated 10th May 1950 and 3rd July 1950.] I have, however, as little doubt that the decision of the present appeal is not and cannot be governed by either of the notifications."

After having taken up the position...

Dr. Deshmukh (Madhya Pradesh): Under what section of the law was this letter written to Mr. Acchru Ram?

Shri A. P. Jain: It does not require any authority or law. As the Minister in charge I can address communications to my officers, call for their explanation, etc. and it is a letter in which I asked for his resignation.

Dr. Deshmukh: Was it not a judicial or quasi-judicial matter?

Shri A. P. Jain: It is not judicial or quasi-judicial.

Shri Kamath: Is it not a kind of interference?

Shri A. P. Jain: Certainly not. After having taken the position, that the case of Chhatriwala was covered by clause (a), that is, he had returned to India before the 18th July 1948 and had settled in India but that the notification of the 3rd July was not applicable to his case, because that notification was not applicable retrospectively, it could be none of my object to suppress anything. In fact in my written answer to the House I wanted only to quote the relevant portions for purposes of answering the question. The latter part was not relevant. I may say it is open to the hon. Member to impute motives but that would reflect upon him and not upon me.

Shri Kamath: Quite right.

Shri A. P. Jain: I now come to the various points raised by the hon. Member. It is apparent that the whole emphasis of Mr. Kamath's questions has now shifted from the demand of the resignation from Shri Acchru Ram to the propriety of issuing a certificate to Shri Chhatriwala under section 16. The natural inference, therefore, would be that Mr. Kamath has very ignorant imputation.....

Shri Kamath: I am sorry, it is a given up Shri Acchru Ram's case.....

Shri A. P. Jain: I am not giving way. (*Interruption*). My replies to the points raised by Mr. Kamath are as follows:

(1) After the Custodian General had expressed the view in his order dated

the 8th September, 1950, that the notification of 3rd July, 1950 did not apply to properties taken over by the Custodian before the commencement of Act XXXI of 1950, the question arose whether this interpretation had not the effect of defeating the policy decision to which Government had committed itself in this House during the passage of that Act. Government had no doubt that the policy decision applied retrospectively. The Law Ministry was thereupon consulted about the method of giving effect to the policy decision. It advised that this could be done either by exempting the property from the operation of Sections 8(2) and 58(3) of the Act or by granting certificates under Section 16 of the Act. Government preferred the latter method, which was the simpler of the two. The Custodian General had already expressed the view that the case of Chhatriwala was covered by clause (a) of the notification and Government was also aware that Chhatriwala had been living and doing business in India since his return from Karachi in January, 1948 and, therefore a certificate under section 16 was issued to him.

(2) Yes.

(3) Yes.

(4) Government had no such information.

(5) Government had no occasion to look into this question.

Shri Kamath has obviously two questions in mind, namely, whether in view of certain mis-statements of Chhatriwala.....

Shri Kamath: Lies, not mis-statements.

Shri A. P. Jain: The choice of words depends upon one's culture.

Shri Kamath: You think of your own culture naturally.

Mr. Chairman: I would request the hon. Member not to interrupt.

Shri Kamath: He says culture—there is no question of culture here, but only of fact.

The Minister should behave himself. This is not the way to behave...

Shri A. P. Jain: He has obviously two questions in mind, namely, whether in view of certain mis-statements of Chhatriwala and the alleged apprehensions about him since his last return from Karachi, he

should have been granted a certificate under Section 16, and whether Government should have granted a certificate to Chhatriwala when his appeal was pending in the High Court.

A perusal of the notification of July 3, 1950, will show that any person who has returned to India before the introduction of the permit system, that is, 18th July, 1948, and has settled in India would be entitled to the benefit of that notification. On those points the views of the Custodian General were unequivocally expressed and after taking account of other factors Government was left in no doubt that Shri Chhatriwala satisfied those conditions. All other considerations regarding Chhatriwala's conduct were irrelevant to the decision.

The notification of July 3, 1950, was intended to apply to all pending cases. Any claimant could go to a Custodian and ask in a pending case that his property, which had become evacuee property under the law, should be treated as non-evacuee by virtue of the notification. Chhatriwala did in fact make such an application and the Custodian General considered it on merits. In issuing a notification under Section 52 or a certificate under Section 16 Government only exercises a power given to it by law and which is not circumscribed by the condition that the notification or certificate should not apply to an evacuee property about which some further dispute is pending. Whatever power Government can exercise with regard to a property which has been conclusively declared as evacuee property can be applied at least with equal force to cases where a property has been so declared but the declaration is being questioned by the claimant in appeal. Government maintain that there has been no infringement of any rule of law or practice in issuing a certificate under Section 16 when Chhatriwala's appeal questioning the Authorised Custodian's order was pending before the High Court.

I may add that the policy of Government with regard to verification of claims, evaluation of evacuee properties, and the announcement made by Government with regard to evacuee property remains unaffected.

Mr. Chairman: The hon. Prime Minister.

Shri Kamath: May I ask, madam, whether the Prime Minister has given notice of his intention to participate in the discussion?

The Prime Minister (Shri Jawaharlal Nehru): The Prime Minister is going to declare the policy of the Government in this matter.

Shri Kamath: But did he give notice of his intention to speak?

Mr. Chairman: I am going to answer the point raised by the hon. Member. It is known to all experienced parliamentarians that there is a custom and practice which govern this matter. Here he is the Leader of the House, he is also the Prime Minister, and therefore ultimately he is responsible for all that Government does. Therefore, he can be called upon at any time. Also, there is rule No. 179 which says:—

“All matters not specifically provided in these rules and all questions relating to the detailed working of these rules shall be regulated in such manner as the Speaker may from time to time direct.”

I exercise my power of discretion under this rule in allowing the Prime Minister to answer.

Shri Kamath: He can explain the policy tomorrow.

Shri Jawaharlal Nehru: May I proceed? I venture to intervene at this stage because I feel that we are considering a matter which has taken an extraordinary turn. What exactly are we discussing? Are we discussing Mr. Acchru Ram or Mr. Chhattriwala or my colleague the Minister of State's action in this matter, because the matter seems to shift about a great deal and a great deal is said about interference with judicial processes. Now, I deny that and I think it is an absurd allegation. Mr. Acchru Ram was appointed about two years ago. His work was quasi-judicial and very largely administrative—mostly administrative; partly quasi-judicial. He had held a high office previously and he was appointed to this office of Custodian-General by the predecessor of my colleague. The office was in the nature of that of being receiver, something like a Custodian-General of Enemy Property. Now, I will not go into that, but it does seem to me that Mr. Acchru Ram had completely misunderstood what his functions were.

Shri Kamath: That is a matter of opinion.

Shri Jawaharlal Nehru: It seems to me that this House cannot deal with

an individual case like the Chhattriwala case. It can, if it likes, appoint a committee. A Cabinet Committee has dealt with it, not in a day or within half an hour, but at half a dozen meetings lasting two or three months.

Shri Kamath: It was no committee of Parliament.

Shri Jawaharlal Nehru: If Mr. Kamath will please permit me to proceed—he had full quarter of an hour...

Shri Kamath: I was entitled to it.

Shri Jawaharlal Nehru: The action taken in regard to Mr. Acchru Ram has very little to do with Mr. Chhattriwala's case. I only referred to Mr. Chhattriwala's case because it has been mentioned several times. The Cabinet or rather the Cabinet Committee is completely responsible for every single step taken in regard to Mr. Chhattriwala whom my hon. friend was pleased to describe in his choice language as a worthless money bag. I submit it is not quite fair to use this language in the House about people who cannot reply

Shri Kamath: I said unworthy, not worthless.

Shri Jawaharlal Nehru: “Worthless money bag”—I took it down in writing. I am sorry his memory is weak.

Shri Kamath: I have got my words here, as far as I can see.

Shri Jawaharlal Nehru: Now, the Cabinet Committee consisting of five or six members of the Cabinet went into Mr. Chhattriwala's case on five or six occasions. We saw every single paper, and the Committee consists of very prominent lawyers. Later on, we consulted the Attorney-General about it. We took every possible step and so far as I am concerned, I take full responsibility and I am as convinced as I can be convinced about anything that our step from every point of view was a right step. But apart from that, we never challenged any other matter—the judicial decision, or the decision on facts, or anything else of the Custodian-General. We took his judgment as it was we accepted that; and then considered the case in relation to the policy of Government and the assurances given by Government in this House and came to the conclusion that it was a hard case and that if, accepting the Custodian-General's opinion, we decided to apply the strict consequences of that law it would be going against the very assurances that we

had given to this House and which the House had demanded from us at the time when this Bill was passed. The House knows that even in the most ordinary legal affairs, the Government deals with hard cases—even in a case of a crime—by reducing punishment and so on. This was no crime. There was no question of crime or anything in this. So Government considered it, and it had the power under this Act to take certain steps which it took without upsetting or without challenging the findings of the Custodian-General. But I cannot go into that. Mr. Chattriwala's was a complicated case which we took months to consider and I do not see how in five minutes or ten minutes or half an hour this House can consider it. But what has amazed me in this matter is this, that a public servant of Mr. Acchru Ram's position should go out and create public agitation. In my knowledge of public affairs, I do not know of a single case of such misbehaviour, and it is a high misbehaviour.

Shri Kamath: Only after his resignation.

Shri Jawaharlal Nehru: If you will permit me to go on—it is a high misbehaviour. It is a gross misbehaviour on the part of a public servant to act in the way Mr. Acchru Ram has done. May I, in this connection, tell the House that within a few months of his appointment many things that he did, many circulars that he issued—we had nothing to do with the judicial aspect of it, we are only concerned with the administrative working—were contrary to Government's policy. At least on two occasions I told him that if he did not agree with Government's policy, the best course for him was to resign from his office. He apologised to me and assured me that he would carry out Government's policy. The whole behaviour of Mr. Acchru Ram in deliberately flouting the directions of Government, not in regard to judicial process, but in regard to administrative matters, was so extraordinary that we came to the conclusion that Mr. Acchru Ram was completely unfit to hold this office. I want to be clear about—there are no hard words about it. He had carried out the policy in a way which is opposed to Parliament's intentions, to the intentions of Government and to the assurances we had repeatedly given to the House. He had done things which certainly this Parliament and this Government did not intend him or anybody to do. We pointed this out to him; we did not interfere with his judicial procedure at any

time. We accepted his findings, although sometimes we disagreed with those findings.

Here is a high officer acting contrary to Government policy in the administrative sphere, promising to do better in future when it was pointed out to him repeatedly and ultimately taking some action which is a most deliberate flouting of Government's intentions. It is quite impossible for Government to carry on with such a person in high office. After all as it happened he resigned of his own. If he had not resigned, we would have taken steps to remove him from that office by other ways and other means. I repeat this that I am amazed to find a responsible officer of Government should behave in the manner that Mr. Acchru Ram has behaved. It is not a question of a judicial decision being challenged. It is a question of a person's behaviour as an administrative officer in other ways too and this can be judged by the kind of statement he has issued subsequently. I put it to the House whether they would like to encourage a responsible officer of Government raising a tremendous agitation against Government as soon as he resigns from office. Normally speaking, when people resign from office, they should observe a certain amount of decency in their behaviour. I regret that Mr. Acchru Ram has forgotten all tenets of decency and good behaviour.

I do not wish to take much time of the House on this matter. I only wish to assure it that it is not a judicial matter at all. It is a matter of proper behaviour and it is a matter ultimately of Government deciding to take some action under the Act in—call it if you like—hard cases. We took that action after most careful consideration for weeks and weeks. It is not fair. I submit, for any hon. member to come to a conclusion by a casual reference to some papers and without knowing all the details of the case. Either the Government is not fit to carry on its work, or it is. If it is fit, then I do submit that this House cannot consider every detail of procedure of Government in this manner.

I submit that this whole affair has been most unfortunate. I am glad for one thing that Mr. Kamath's question has given me an opportunity of making Government's position quite clear about it.

The House then adjourned for Lunch till Four of the Clock.

The House reassembled after Lunch at Four of the Clock.

[MR. DEPUTY-SPEAKER in the Chair.]

INDUSTRIES (DEVELOPMENT AND CONTROL) BILL—Contd.

Dr. Deshmukh: Before the House rose I was dealing with the point connected with the lack of technical and experienced personnel to do the work that is envisaged by the provisions of the Bill. It is well known that in the administration of both our commercial and industrial policies we have often had to get the work done by people who were not by any means experts with the result that the trade and industry have had many complaints to make. There is a case about the supply of steel for instance. I have heard complaints from many industrialists that when steel was available in plenty at cheap rates the licences were being issued at a very slow rate and they had to wait for a very long time. In the mean time the Korean war broke out and steel became scarcer and the prices also went up. This was in spite of the insistence and the applications of the industrialists who were more cognizant of the coming events than the Government itself. But the wheels of Government as a rule move too slowly with the result that these interests are very vitally affected. This is likely to be the case when the provisions of the Bill are enforced, and that is one of the reasons why I feel somewhat apprehensive. Many people have a feeling that industrialists as a rule mis-behave. It is also complained that they make illegitimate profits. And the third complaint is on behalf of the labour leaders that they do not treat the labour fairly. But many people frame their views and opinions only on a mere feeling and they jump at the conclusion that the industries must be strictly controlled, licensed and supervised and any fault found with them should be investigated and, if necessary, Government should make up its mind to take them under their control. It is one thing to have a vague feeling on these three points and quite another to prove as a matter of concrete instance and fact that such circumstances exist. My contention is that instead of jumping and trying to throttle the industrial development it is much easier, and it should be much easier, to cure the defects which are observable in any particular industry or in any particular industrial concern. So I would rather plead that

the Government should not proceed in a precipitate manner in the matter of controlling industries, because it is likely to cause a national harm if we go faster than the circumstances demand.

I have tried to look into the report of the Fiscal Commission as well as the Planning Commission and I have failed to discover anywhere a case made out that the industries in the country were such, especially that private industries were in such a condition that any drastic supervisory power or controlling authority was necessary. The only complaint made by the Planning Commission in its report, so far as industrial development is concerned, was against the managing agency system. That, fortunately, we have already removed by passing an amendment of the Company Law. Now, therefore, it is worth considering whether, in view of the very fundamental and vital defect from the industrial organisation having more or less been removed, all the provisions in the Bill, especially which result in controlling the smaller industries, are at all necessary. At the same time I must admit that some sort of supervisory powers and powers of investigation are necessary. On the one hand I am in favour of as rapid a development of industries as possible even at the cost of some defects being there, because it results in many advantages of a national importance, it first of all gives employment to people; it increases production; and it also trains the personnel. These are the most vital and important advantages which are derived by the establishment of industries. If there are any drastic and very unwholesome defects, then it should be necessary to control and check them for removing those defects. But whether the evil is so rampant as to make it necessary to intervene and interfere should first of all be ascertained. So, whereas on the one hand I am in favour of a certain amount of supervision and powers of investigation as well as control and taking over of the management of the industries, I would proceed in this controlling and licensing business with a great amount of caution. Because we have yet to achieve a great deal of progress in this country in the way of industrialisation, and if we try to put the remedy before the disease and act in haste it is likely to affect the interests of the people.

So far as the government controls are concerned, even when we know that there is not sufficient capital coming forward, we still have an organisation for the control of capital issues. Of course

my hon. friend the Finance Minister, if he were here, will say that the very fact that capital is scarce makes it all the more necessary that there should be control because it should not be allowed to be frittered away. But I would reply by saying that the measures that they introduce for the controlling of capital issues and so on scare away even that capital which would otherwise have come into the market. Here also I really doubt whether it is at all necessary to take powers for the licensing of even smaller concerns and controlling everything so far as the private sector is concerned. What is really necessary is better understanding between the industrialists and the Government and better information about the industrialists. If the various provisions of the Bill will perform this function adequately I would have no complaint to make. My fear is that the organisation is top-heavy, so large, and merely adds one more link to the whole chain of procedure, and I am really afraid of these links being added. Our trouble is that between the sufferer, between the man who wants relief and the man in power or the authority that can give relief there are too many links as a result of which even a good intentioned administration is not in a position to take the remedy to the sufferer. I hope these various Boards and Councils will not be one more link to defeat the rightful claims and the demands of the industry but would be helpful in the long run.

After all, nobody wants to establish industries for purposes of charity or merely for benefiting the public. The incentive is for increased profits and from that point of view if this prospect of getting larger profits is hemmed in by all sorts of authority and all sorts of troubles and procedures, there is likelihood that all those enterprising people who in the natural course would have come forward for the establishment of industries would rather be content with 3½ per cent. or 3½ per cent. income investment rather than go into industrial concerns and specially in industries. I hope that efforts should be made that such a result does not follow. So far as the actual provisions of the Act are concerned, I would certainly raise the limit in both clauses 4 and 11. Clause 4 says that nothing in this Act shall apply to an industrial undertaking if the capital invested therein does not exceed rupees one lakh, whereas clause 11 refers to licensing and puts the limit at Rs. 5 lakhs. The next clause that I would prefer is with regard to imposition of a cess on scheduled industries in certain cases. Here also is a fear that in all probability those

who utilise the profit in a better way are likely to be penalised rather than those who shirk their responsibility in the way of research as well as in helping in other ways. I hope it will be possible to see that the burden of this cess does not fall uniformly but falls according to what the particular industry is trying to in those matters which are contemplated by this clause.

Lastly, I would like to suggest that the administration of the Act when it is passed, should be done with a very great deal of circumspection and caution and every effort should be made that raw, incompetent people are not put in authority to dabble in matters of such importance; otherwise the industrial progress of the country would be marred.

Shri Harihar Nath Shastri (Uttar Pradesh): I have just now heard with great care and interest the speech that has been made by my hon. friend Dr. Deshmukh. Generally he makes a very enlightening contribution to the debate in this House, but I regret to observe that the arguments that he has advanced and his conclusions look to me to be at variance with each other. He has questioned the contention that industrialists in this country misbehave and he doubts whether the evil is so rampant as to call for intervention.

Dr. Deshmukh: Regularly and always misbehaving.

Shri Harihar Nath Shastri: At the same time, he has arrived at the conclusion that if in any particular industry or industries defects are found out, it may be necessary to intervene and take adequate steps to safeguard the interests of the community. May I state that it is primarily from this point of view, because of the fact that the community has come to the conclusion that intervention in some form or other is necessary that the necessity for this Bill arose about three years ago.

Dr. Deshmukh: It was only in specified cases that the necessity arose and not in the industry as a whole.

Shri Harihar Nath Shastri: The difficulty is that if we deal with each and every specific situation by means of a specified measure or Bill, it will be impossible to deal with a situation that may arise so often. For instance, in the case of the Sholapur Mills the House had to pass a special measure. The House is well aware that even after that other cases came to light in this country and it was due to that the Companies Law had to be amended to rectify the defects in certain directions.

Dr. Deshmukh: I do not wish to interrupt my hon. friend, but I would like to point out that the wholesale condemnation of industries that he thinks is justified is not upheld either by the Fiscal Commission or the Planning Commission. This case has not been made out.

Shri Harihar Nath Shastri: But no one in this House is going to condemn outright all the industrial undertakings in this country. There is no doubt that there are good industrialists and good industrial undertakings. They are not going to be affected by this measure. It is only the bad industrialists and those who are mismanaging their affairs that are going to be affected....

Dr. Deshmukh: I am not so sure.

Shri Harihar Nath Shastri: Before proceeding further, I should like to thank the Select Committee who have through the report that they have submitted, delivered this country from the clutches of the report of the previous Select Committee which was calculated to undo all that was proposed to be done by the original Bill that was placed before the House in the year 1949. I had the privilege of appearing as a witness before the Select Committee as the spokesman of the principal Trade union organization in this country and a specific point that was raised on that occasion, and which I presume has been raised to in the course of the debate this morning also was the question of the desirability or otherwise of setting up of a permanent Board in connection with this Bill. Now, as you will find, in the original Bill that was introduced in 1949, there was no mention of any permanent machinery or any permanent Board. According to section 10 of the original Bill the Central Government was empowered to require any industrial undertaking to take such steps as the Government may deem necessary to stimulate the development of the industry to issue directions for prohibiting any industrial undertaking from resorting to any act or practice which might reduce production capacity or economic value or to provide for maintenance of books, accounts and records etc. If any industrial undertaking failed to carry out the directions given by the Government under section 10, the Government shall authorize under section 7 of the original Bill to take over the management of such undertakings and to entrust the same to any other persons, subject to the control of the Government.

The Select Committee that came later on introduced the idea of a permanent Board. Personally speaking, as I pointed out before the Select Committee, I am not opposed to the idea of having a permanent Board. As a matter of fact, I am inclined to support this idea. But, my difficulty is that the type of permanent Board that was envisaged by the previous Select Committee is likely to do more harm than any real good. As a matter of fact, it was calculated to absolutely do away with the purpose for which this Bill was introduced in the year 1949. If you will see the report of the previous Select Committee, you will note that in section 15 of the report it was provided that the Central Government may in respect of any industry or undertaking to which this chapter applies, if it is of opinion that there has been a fall in production or there is likely to be deterioration in the quality of any articles or there is likely to be a rise in the price of any article and so on and so forth, in that case, the Government, instead of outright intervention or taking any action to rectify the wrongs so done, will, in the first instance, refer such cases to the permanent body or Board that was sought to be constituted. The second stage would have been when the Board so constituted would go into all those cases and then, the third stage would be that it would submit the report to the Government. The Government would ask the industry concerned to take necessary measures to improve the conditions. Now, if the industry did not comply with those conditions and the Government again came to the conclusion that the affairs of the company were not going on satisfactorily, in that case the Government would again refer the matter to the Control Board and the Board will again be required to investigate into the matter and again, it will make its recommendation to the Government and ultimately, the Government will come to some final conclusion. The sum and substance of this cumbersome procedure was nothing but that the very purpose for which these conditions in regard to control were sought to be imposed would have been nullified. I was at that time, and even today, I am, opposed totally to the creation of any kind of a Board of this nature which was nothing but a dilatory tactics calculated to do away with or nullify the entire industrial policy of the Government. As I said earlier, I am in favour of creating a permanent Board provided that the permanent Board is a statutory Board with full powers. It should not be necessary for such a Board to have to wait for a

complaint from the Government and then only it would be in a position to intervene. To speak more concretely, my own view is that a time may come in this country when it may be necessary to constitute a Board on the pattern of the Board of Trade as existing in the United Kingdom. I do not want to take the time of the House in reading at length the various clauses of the Act under which the Board of Trade functions. I would just read a few lines for your information and for the information of the House. Now, the Board of Trade as it is functioning in the United Kingdom, is an independent Board with all the powers of Government in regard to the administration of the Act. It frames rules for the regulation of industries and calls upon them to implement them. It is also empowered to initiate proceedings at its own option in regard to taking over of concerns without waiting for any reference being made to it by the Government. According to section 164 of the British Companies Act, the Board of Trade may appoint one or more competent Inspectors to investigate the affairs of a company on the mere application by a certain percentage of the share-holders. If on investigation the Board is satisfied that the affairs of the company are not properly conducted, it shall refer the matter under section 169 for criminal prosecution. The Board has also powers on its own initiative to move a court to wind up a company or for recovery of any property that has been misapplied or wrongly retained. The Board can also move the court to regulate the conduct of the company's affairs in future or for the purchase of shares of any Members, to make alterations or additions in the memorandum, etc. As I said, I think the constitution of a Board on these lines, as I submitted before the Select Committee also, would be very helpful and might ensure confidence in the industry also.

I know the composition of a Board of this kind will take its own time. But, a stage has come when a measure of this nature cannot be delayed any longer in the interests of the community. As such, for the moment, my own view is that even when the measure should be passed and Government should be entrusted with the powers and duties as envisaged in the report of the Select Committee....

Shri T. N. Singh: Is it not a fact that the Board of Trade in England is part of the Government?

Shri Harihar Nath Shastri: It is a part of the Government as well, as it is independent of the Government.

Shri T. N. Singh: I think there is a President of the Board of Trade, who enjoys the rank of a Minister.

Shri Syamnandan Sahaya: Not almost; he is a Minister.

Shri Harihar Nath Shastri: But that does not do away with the independent character of the Board.

Shri Karmarkar: May I respectfully invite the attention of the hon. Member to the fact that the Board of Trade in England is simply a Board which does not exist except for the Chairman, who is a Member of the Government. The Board of Trade has a history of its own; for the present, it is an entity which consists only of its Chairman. There is no other Member of the Board of Trade in England. The only Member that exists is the Chairman of a Board which does not exist and the Chairman is a member of the Cabinet. Is that the position?

Shri Harihar Nath Shastri: I am not aware of the full composition of the Board and the number of Members that work on it.

Mr. Deputy-Speaker: The hon. Minister says there is no Board. Anyhow, a single individual may be a Board.

Shri Karmarkar: Like our hon. Minister being called the Chairman of the Board of Trade.

Mr. Deputy-Speaker: That is what the hon. Member wants irrespective of the fact whether there is a Board in England or not.

Shri B. Das: Anyway, we do not have a Board here.

Shri Harihar Nath Shastri: Generally speaking, I am in agreement with the report of the Select Committee and I feel it is a very great improvement on the previous report of the Select Committee, though I must say it registers some departure from the original Bill at least in one respect. I am told that it was pointed out this morning by my hon. friend Mr. Venkataraman and I want to support him in what he said. I am pained to note that tea does not find a place in the list of the industries included in the Schedules. I was very happy when I listened to the speech that was made by the hon. Minister in re-referring the Bill to the Select Committee when he pointed out that the two Schedules in the

[Shri Harihar Nath Shastri]

report of the previous Select Committee would be amalgamated together and they would form part and parcel of one Schedule. That, of course, has been done, but what I find is that while even the previous Select Committee put tea in Part II of the Schedule, the present Select Committee has deleted tea altogether. Somebody whispered in my ear that perhaps that is because the Industries Minister thinks tea is not an industry, but an agriculture. I do not think that is correct. Now, it is further stated—rather I should say that it is stated, because I see him deny it—that it is a dollar-earning commodity and if it is subjected to control, the dollar-earning capacity of the country may be seriously jeopardised. But let me make one submission. It is primarily due to the fact that tea is the most valuable dollar-earning commodity that it has become necessary to subject it to control. Otherwise, let me tell you, and the House that with all the seriousness that I can command that as a result of the little study that I have made of the tea industry in this country, I feel from the way in which the tea industry is going, the stage is likely to come—and much earlier than we imagine—when the industry may have to meet with extinction, if not properly looked after and controlled. And for that reason, and primarily and exclusively in the interest of the community and the country, I implore the hon. Minister that before he recommends this measure for the acceptance of the House he should see the wisdom of including tea in the list of scheduled industries.

Shri Jhunjunwala (Bihar): The Bill which has been introduced by the hon. Minister for Commerce and Industry is a very important one and a measure with very far-reaching consequences. If the objects envisaged in this Bill are achieved, this will do great good to the country and will lead to greater production and the development of industries on a very scientific and planned basis. The Planning Commission in its report at the very beginning has said—"planning is essentially a way of organising and utilising the resources to maximum advantage in terms of designed social aims". This Bill is nothing but a part of the whole planning of industries in India, and it seeks to control the private industries in the country. Further on page 155, the Planning Commission says:

"The progress of industry would depend on the nature and effi-

ciency of the control which government would exercise, specifically in relation to industry."

Now, as I have said at the very beginning, if the object of the control is achieved, that is to say, if the control is exercised prudently and efficiently, the industries will develop and we shall have more production. Otherwise even the little that is being done at present will disappear. The hon. Minister while speaking on the Bill to-day said that this Bill with all its clauses will interfere with the industries, when it is very very necessary in the interest of the development of industries and to attain the objectives for which this measure has been conceived and is going to be made into law now. So far that is all right. But as I have said before, if this Bill is worked, or rather if the administrators who administer the provisions of this Bill interfere with industries, and with labour and with the agriculturists who supply the raw materials, in a way they should not, then I should say that the very object of the Bill would be defeated and the country would be loser instead of being gainer.

A similar control Bill was introduced in two provinces—the U.P. and Bihar. That was the Sugar Control Bill in both these provinces. When introducing them in these provinces, the objects were given out to be on the same line as those given out now under this Bill for the regulation of industries, by which I mean the industries which have been listed in this Bill. The Minister said "I have placed before you the objects of the Bill and its important provisions and I leave it to the House to consider the provisions with regard to their practicability." I have no doubt that there are no provisions in the Bill which are impracticable. All of them can be administered and in the proper interests of the country, provided there are good administrators. There are various development councils and trade boards provided and Mr. Syamnandan Sahaya suggested that there should be a board consisting of industrialists and there were other suggestions as well. They have their importance but all these are only of secondary importance. If these boards are established there will be industrialists to advise, labour representatives to advise, producing more good quality cane and representatives of consumers to advise and their advice would be readily available when they are organised in a proper manner. If the administrators are efficient and keep the proper objectives in view while

administering the Bill even the omission of one provision or the other or the non-establishment of one board or the other will not stand in their way. They will consult the interests involved and arrive at a proper conclusion, if they keep the proper objectives before them. But while administering the proper objective is lost sight of and only technicalities are taken into consideration and if that happens name of these councils and boards will help and this Bill instead of helping the country will result in disaster.

I may here mention the two Bills which were introduced in U. P. and Bihar to control the sugar industry. I was a great supporter of them. Mr. Syamnandan Sahaya represented the cultivator at that time....

Shri Syamnandan Sahaya: I am a cultivator.

Shri D. D. Pant (Uttar Pradesh): You are sitting here and not cultivating the fields.

Shri Jhunjunwala: If I were to go through the administration of these controls in U.P. and Bihar it will take two days but I shall give one or two instances to show how the objective of the Acts was lost sight of by the administrators. Those who were at the helm of affairs were simply acting on mere technicalities trying only to justify their existence, without understanding what they were doing. The result was that if the sugar industry had been left without control, if the Government had left it to the Industries and cultivators and allowed them to take care of themselves rather than interfering with them at every stage (which they should not have done) the position of the sugar industry would have been different.

In this Bill it is envisaged that the Government will distribute the raw materials, issue licences for establishing factories, they will say how much the production should be and at what places the factories should be established. If the Government were to exercise all these functions competently there will be nothing like it. But so far the Government has not been able to exercise there efficiently.

One of the provisions in the sugar control Bill was that particular areas will be demarcated or reserved for a particular factory, from which area the factory will be entitled to draw its cane. The object behind the reservation of the area was wholesome, salutary and for the benefit of the industry. The factory had not to go

hundreds of miles for its cane but will draw its supply from the area demarcated or reserved for it. Further it was said that those factories who will be given such areas will have to develop them, so that they can get the best cane and the maximum quantity. (Interruption) The result was that there were some factories which developed their areas to a great extent and got good quality cane and they also enlarged the production of the cane. The other nearby factories went to the Cane Commissioner and told him, "We have no cane and we want cane. Such a factory has so much and you get us something from them." There was the objective before the Cane Commissioner, namely that the factory was responsible for developing its respective area. That objective influenced the Commissioner. He thought that the factory is producing more good quality cane and why should not the adjoining factory, which has not so much cane, get a part of that cane? And he gave some portion of that area to that factory. I do not want to tell you the reasons why, but just see what is the result. The result is, that it took away the incentive of the industrialists to develop their area, to improve the quality of their cane, and all the other necessary things.

Regarding the question of licensing, just as this Government of ours began in 1946, some people were enthusiastic—I do not want to name the State—that now that our Government has come we shall go on spreading industries. They were very enthusiastic and they applied for licence for starting cotton mills, in a State and the State Government said, "All right, you will be given the licence". They arranged for the money, they arranged for second-hand machinery from outside, but the Government was still considering as to whether they should be given the licence. Now, what were the objectives before the gentleman who was considering it? One objective was as regards the place in the State where that industry should be established, and he was not in a position to decide as to where it should be established. Well, the industrialist who had applied for the licence decided, "This is the proper place where I want to start the industry". Then, what was there for the Government to decide? If they point out a place the industrialist says, "This is not a suitable place; the place which I am pointing out is the proper place; I am investing my capital, I am taking the risk, and if there is loss I shall suffer. but allow me to start the indus-

[Shri Jhunjunwala]

try there". The Government was not in a position to come to a decision as to where the industry should be located. But that was not the point before the authority concerned, the point before him was as to whom they should give the licence, whether they should give the licence to A or B or C. The result was that no licence was ever given! I feel sure, that if the licence had been given to that applicant who had arranged the capital, who had arranged the machinery, then the factory would have started in that place, and whereas now sometimes there is no cloth, sometimes there is a glut, sometimes there are transportation difficulties, all these difficulties would have been overcome if that mill had been established. This is an example of the way our Government is functioning. I do not say that this Government will function in this way in future also, but past experience shows that whenever the Government have taken into their hands any control they lose sight of the objective for which the control was instituted, and just to justify their existence they show themselves awfully busy in finding out a solution to the problem of whether a licence should be given to Shri Syamnandan Sahaya or to Pandit Thakur Das Bhargava.

Shri Syamnandan Sahaya: No such good luck to me!

Shri Jhunjunwala: These are the things which go on. If in order to justify their existence and to show that they are very impartial they just go on considering the question as to who should be given the licence, the main objective that the industry should be started as soon as possible would be lost sight of and they just go on thinking over these things again and again.

My hon. friend, the Minister has quoted the example of U.K. and told us that the conditions which are prevalent in India today were prevalent in the U.K. and they have brought in a similar measure there. It is all right to say so as far as the condition of the industry is concerned, but has our Government thought that the same efficient machinery which U.K. had to administer their law is available here? It is envisaged by the Planning Commission that development will depend upon how efficient the administrative machinery is. If that machinery is wanting, if that machinery is not available, then this Bill will not do any good and in that

case I would advise the Government that instead of having a planned economy there may be development in an unplanned way and when there is a good machinery available you can plan properly. It will not matter much whether later on you remove one factory from here to there or there to here; it may cost us some money, but the greatest necessity of the present moment is that we should get more and more production. My own apprehension is, having regard to the practical experience of the sugar industry which if it had been left alone we would have been able to produce today twenty lakh tons of sugar without any difficulty, it will happen similarly if this Bill is not administered in the proper way. It is very necessary to organise industries in the most scientific way, but if instead of organising it in a scientific way it is mismanaged, then whatever little we are gaining, whatever development there is without the interference of the Government, that also will go.

I shall deal with the provisions of the Bill when the proper occasion comes, but as I have said all these provisions are of secondary importance. The first thing which Government should consider and make up its mind upon is this: they should not have any inferiority complex: if they feel they have not got the proper machinery, in view of the present economic condition of the country, I say they should leave it to the people to develop in whatever way they think proper. The people are better judges at least so far as the experience of the Government machinery has shown till now. (*Interruption*) Take the case of the sugar industry.

Mr. Deputy-Speaker: The Iron Member was about to conclude—the interruptions prolong the debate.

Shri B. Das: Does my hon. friend think that dishonesty should be allowed among our industrialists and capitalists?

Shri Jhunjunwala: My answer is that it should never be allowed. My point is the vested interest of the dishonest industrialists and the dishonest officials should not be allowed to prosper. This should be nipped in the bud. Dishonesty should not be allowed and if the machinery of the Government would have been right, all dishonesty would have disappeared. (*An Hon. Member:* What about the Sugar Syndicate?) But the thing is that it is only the dishonest industrialists who are prospering at present. It is often said that honest people need not have

any fear of control, but my experience is quite different. It is only the honest people who have to be afraid of these controls.

5 P.M.

Pandit Kunzru (Uttar Pradesh): I should like to make a few remarks on the Bill from the point of view of a layman and also ask the Government for such information as would enable people in my position to decide to what extent they can support the Bill. When this Bill came from the Select Committee to which it was first consigned an important change was made in it. My hon. friend the Minister of Commerce and Industry referred to it in his speech, but I think he failed to bring out the fact that the change was not accidental but that it was the result of a feeling prevalent in this House and I believe in the Government that in the existing state of things industrial advancement would take place more rapidly if more freedom were allowed to the producers. When the Bill was introduced, the idea was that strict control should be introduced, but the economic condition of our country and our failure to induce the market to lend us the money that we needed made Government I believe to feel that unless the industrialists were made to feel that their freedom of action would not be unduly limited not any of the regulations of Government would enable them to achieve the purpose that they had in view. I know that since the first Select Committee reported, the Report of the Planning Commission has been published. My hon. friend the Minister of Commerce and Industry referred to it in asking the House to recommit the Bill, but I think his speech was made on the 4th of September 1951 and on that occasion it gave me the impression that the Planning Commission was in favour of the change made by the second Select Committee. What the first Select Committee did was to limit the power of Government with regard to the taking over of industries that were not being efficiently managed in their opinion. It laid down that the management of existing industries should be taken over by Government only with the approval of the Board. This has been changed by the Select Committee so as to restore broadly speaking the provision that stood in the first Bill. I have read the relevant portions of the Planning Commission Report, but I find in it no unfavourably comment on the change made by the first Select Committee. The Commission may have since then

changed its opinion and Government may be aware of it, but the House is certainly not aware of any such change. If the Planning Commission has changed its opinion, the Minister of Commerce and Industry should be good enough to tell us what were the reasons for this change.

Pandit Thakur Das Bhargava (Punjab): May we know if there is really any change? We do not know yet. The Planning Commission Report says that the Commission approved of the existence of this Board, whereas the hon. Member says that they have changed their mind since. We do not know whether there is any change or not. We should like to be enlightened on this point.

Pandit Kunzru: I could not hear my hon. friend, but if he said that I asserted that the Commission had changed its opinion, he is mistaken. All that I said was that if to the knowledge of the Government the Commission has changed its opinion, Government should take the House into its confidence and inform it of the reasons that induced the Commission to change its previous opinion. Let me say that I am not in principle against Government control, but as this matter has been considered more than once and has been considered also by the Planning Commission, I should like to know as a layman, as one who is not acquainted with the intricacies of industries and the technical details of their working, as to why this broad change of policy was made when the Planning Commission did not condemn the change made by the first Select Committee.

I should like here to refer to another point because my hon. friend the Minister of Commerce and Industry referred to the Act passed to bring about the development of industries in England four years ago. So far as I remember, Government have no power in England to compel any industry to follow the advice of the Development Council or their own advice. Again, though the Report of the Planning Commission recognised the need for planning which involves regulation and control, it did not disapprove of the change made by the first Select Committee. These considerations make it all the more difficult for me to understand why this change has been brought about, although in principal I am neither against planning nor government control. All that I should like to know is what are the firm facts on the basis of which we can proceed.

Now, this Bill is called the Industries Development and Regulation

[Pandit Kunzru]

Bill. In so far as research work, improvement of marketing and better designs etc., can lead to development, this Bill may achieve its purpose, but if this is all the purpose of the Bill, then it is a very limited purpose. So far as I can see, there is nothing in the Bill that will stimulate the establishment of new industries; and how industrial development is to be brought about if we are to confine our attention only to existing industries is something that is very difficult for me to understand. I confess, that I am not acquainted with the practical working of industries. Nevertheless, I think that people in my position are capable of appreciating questions of principle and the broad features of a Bill and it seems to me that there is nothing in this Bill that will promote the establishment of new industries.

So far, as the planning of future industries is concerned, that can be secured, as the Statement of Objects and Reasons appended to the Bill as introduced points out, by means of the licensing system. Under this system you can decide which industries should be allowed to be established in future. You can determine their location and so on. But it does not seem to me that the planning will be substantially advanced by the powers that Government have taken to themselves which are of a far-reaching character.

This Bill as the Minister of Commerce and Industry pointed out in his speech, was modelled on the British Act. So far as I remember, I am somewhat familiar both with the Act and with the debates that took place on that measure. Sir Stafford Cripps who was the spokesman of the Government said that it was not intended to cover all the industries and that the Development Councils would be few in number. May I, therefore, ask my hon. friend the Minister of Industries what the intentions of the Government are with regard to the appointment of Development Councils in respect of large number of industries mentioned in the First Schedule? I doubt whether it will be possible for Government to undertake the development of these industries in the manner mentioned by me earlier all at once. We should like to know, therefore, what are the industries that the Government want to proceed with in the first instance, so that we may see what is the extent of the good that this Bill will do.

If my hon. friend the Minister of

Commerce and Industry had been good enough to tell us what the experience of the working of the British Act had been and how the Development Councils had worked there, it would have been of great advantage to us. Perhaps, he will be able to shed light on these matters when he winds up the debate. But as he doubtless knows, in England the establishment of the Development Councils, and in fact, all the legislation referred to by him, was undertaken only after enquiries had been made by working parties in a number of industries. I mean the object of these enquiries was partly to find out the exact state of things and partly to gain the cooperation of the industrialists and labour. I know, that it was stated on an earlier occasion that Government had consulted some representatives of industry and labour on this point and that without approving of all the suggestions made by Government they had approved of the principle underlying either this Bill or the establishment of Development Councils. Now, I should like to have a little more precise information from Government on this point. I should like to know what was the extent of the agreement that was reached and to what extent Government feels sure that they would be able to proceed, to get on with the cooperation of the interests concerned. If Government want to take the power to make themselves responsible for the management of industries they should have the requisite personnel. Now, in the case of the textile industry, of which we have long experience, Government may be able to intervene and intervene effectively. But have they the means at their disposal to intervene equally effectively in the case of other industries? I am asking for information on this point, because it is no satisfaction to me, to agree to a Bill simply because it is called advanced. We have passed advanced legislation on certain other subjects, but some hon. Members of this House have complained from time to time that this advanced legislation has not so far been given effect to. Perhaps, it was found impracticable to give effect to it and I want to guard against such a contingency in respect of this Bill. We should like our industries to be planned. We should like the regulation of the industries, but let us be sure that the powers that we are asking for are such as can be exercised by us with a reasonable certainty of success.

There is just one more point to which I should like to refer. Under clause 4 of the Bill, "Nothing in this

Act is to apply to an industrial undertaking, if the capital invested therein does not exceed rupees one lakh."

Shri A. C. Guha: It is now 5 lakhs.

Pandit Kunzru: My hon. friend is perhaps confusing between two provisions. One is the provision in clause 4 and another is the provision laid down in clause 11 which relates to licensing. In the license clause it is said that nothing in that clause would apply to any industrial undertaking if the capital to be invested in it did not exceed Rs. 5 lakhs. The limit of Rs. 5 lakhs relates to the licensing of industry; the limit of Rs. 1 lakh in clause 4 relates I believe to registration.

The contribution made by small industries to total production may be pretty substantial. It is so, I believe. In a good many countries where small industries exist side by side with large industries. I can understand the Government not regulating these industries, but why should they be altogether outside the scope of the Bill, why should they not be registered and why should they be not asked to supply information with regard to the manner in which they are working? No industrial undertaking has been excepted from the purview of the Development Councils in England. And if we are to follow that example, as Government seem to have done, they should tell us why the small industries have been excluded.

My point is this. If these industries are included to a limited extent within the scope of the Bill, that is, if they are to get themselves registered and are to supply information with regard to their working, Government may as a matter of course realize its responsibility towards them. Inform them of the results of the research work that may be carried on either by Government or by the Development Councils. If they were not registered they may become aware of these results sooner or later, but there is a danger that they may not become aware of them and that they may continue to adopt the old, inefficient and wasteful methods.

In connection with this I should like to enquire whether in some respects there may not be duplication of responsibility between the Development Councils and the Labour Ministry, for instance with regard to industrial training. I am not sure, but the second schedule which refers to the promotion of the training of persons includes the training of Labour. Will not there be a certain amount

of overlapping in that case between the Labour Ministry and the Development Councils (or the Commerce and Industry Ministry)?

These are all the points that I wish to make and I hope that the hon. Minister of Commerce and Industry will not brush them aside simply because they have been put forward by a man whose knowledge of the working of the industries is very very limited.

Shri D. D. Pant: The high-sounding title of this Bill in the beginning led me to think that the Bill will in fact develop and control the industries in India, but after reading it I think that the object that the hon. Minister wants to achieve by passing this Bill will hardly be achieved.

The fact of the matter is that this Bill is not based on the realities of industrial development of the world, and specially of India. In whichever country any industry has developed, whether in the West or in the East, there is a certain economic basis about it. For instance, countries like America and England or other countries of Western Europe have based the development of their industry on a special economic structure which is known as capitalistic structure. There you have got a group of men who believe and who have faith in the institution of money and for whom the development of industry is like a creative art. It would have done my hon. friend the Industries Minister a great good if he had tried to skip through the lives of some of the great industrialists of the world, including those who planned industry in Soviet Russia. For instance, the life of Mr. Henry Ford is very interesting. If one goes through it one will find how he has created art and how he has the joy of a real artist in creating the huge motor industry of America. The whole secret of it is this that it is based on the true principles of capitalistic economics: Henry Ford was proud that his labourers were the best paid in the world and lived the best life. Again, if we take other countries, for instance Soviet Russia, there the development of industries is based on the communistic structure as they call it, where capital is not owned by individual industrialists. Unfortunately in this country there are very few economists who have given thought to the study of the very institution of capital. For instance, if we had an economist like Keynes of England who at the time when war suddenly came upon England devised the means of financing it with the least loss to the development or the industrial structure of England, or if

[Shri D. D. Pant]

similarly we had an economist like Leontief in Russia we would have developed a system of financing industries the realities of the situation would have been studied. It would have done my hon. friend great good if he had listened to a lecture recently delivered by Mr. Morris Dobbs of the Cambridge University where Mr. R. K. Patil, Member of the Planning Commission, presided. He showed to us how the development of industries has taken place so rapidly in Russia after the Revolution. When one of the pressmen put a question to him as to how Russia formed the capital necessary, he laughed at it and said, "My dear friend, you have a strange idea about capital. What they do is this. Suppose they think that a particular industry is necessary for Russia. Suppose they think that the tractor industry must be there in order to develop the agriculture of Russia. They would work out a sort of cost-accounting. They would take into consideration all the land that is to be ploughed, the demand etc. After they have worked out everything, they would print the necessary currency notes. So much wealth would be created by those notes. The number of the currency notes to be printed would be determined by the unable to understand the institution. The difficulty with us is this. Just as a Christian or a Muhammadan is unable to understand the institution of idols which has a special significance for Hindus, similarly we are unable to understand the situation of money or capital. It is very difficult to understand it and if the institution of idols was good for India, for some countries it was dangerous and not good; in Arabia where the entire religious civilisation developed on the system of destruction of idols and creating of mosques, in Europe under Christianity they took to the destruction of idols and the creation of churches. Similarly if in America we have got private enterprise, we have got collective industries which are worked on the basis of collectivization in Russia and we in India may have collectivised industries in the form of industrial churches where the creative industrialists will go to work and people will flock round them. We have such a great manpower and if we think in a proper way we can use that manpower. I do not think that a country whose central budget is half the budget of the Chicago Municipality would ever be able to find the money for the development of these essential industries. So, I think if we want a real

development and control in industry, we must go to the basic root of it and to the economic root and find out what form of economic structure will suit India so that we can develop those industries. As you all know we have to go through this Bill rather hurriedly and hence I am not able to point out several other defects that I wanted to point out. There is no time for that but I wish to point to the hon. Minister clause 20. At present, all over the country there is a tendency to decentralize industry as much as we can and centralization of those things which are very necessary for the nation. This section says that no State will be able to take over the control of any industry after the passage of this Act. It reads:

"After the commencement of this Act, it shall not be competent for any State Government or a local authority to take over the management or control of any industrial undertaking under any law for the time being in force which authorises any such Government or local authority so to do."

My submission is that it will reduce the functions of the States which should be predominantly industrial and economical at present instead of mere policing. The concern of each State is the industrial development and the economic development but all these things will entirely be paralysed and all that the States will hereafter do will be looking after the public health, policing and nothing else. This section will handicap all the States and it will be very detrimental for the economic development of the States. In fact, the tendency should be otherwise. Each Village Board, each District Board and Municipal Board should be allowed to take over any undertaking which it thinks it can profitably work up and which it thinks it can develop and this will increase its revenue. For instance, take the case of U.P. The U.P. has got vast forests and if the U.P. Government is deprived of taking the various industries such as the furniture factory and other things, it means that U.P. will have to raise money for its development, for its education from other things. Take the case of Finland. Finland raises about 60 per cent. of its revenue from these forests and the people are taxed only for 40 per cent. You will be surprised to know that this sort of development can take place in U.P. but if the provisions of this section are allowed to remain there then no State will be able to take over any industry. The control of industries from the Centre will be not only difficult but it will be

almost impossible. I have some experience of the realization of Central taxes and of the machinery that the Central Government has created for that purpose. For instance, they have got Inspectors for realizing the excise duties. In my parts last year when I went on a tour to the Pindari Glaciers of the U.P. I used to see villagers having small plots of tobacco plantations from which they used to prepare tobacco for their annual use. They never sold the tobacco but only used it for themselves. This Inspector having no imagination but simply having certain orders from the Central Government went over there and told all the villagers that they would be taxed if they plant tobacco, with the result that the little amount of money that they saved from tobacco that they produced for their consumption has been stopped. The villagers complained to me about it. They said, "You had asked us to give our votes and this is the result, that we cannot plant even 20 or 30 tobacco plants in our fields." After all it is only very experienced people who can create a machinery for working and developing the industries. If my hon. friend, the Minister of Commerce and Industry thinks by this that he will be nationalizing the industry, he will only be creating a bureaucracy; it will be bureaucratizing the industry and not nationalising it. It can only be nationalised by the workers. The workers alone are competent to nationalise the industry. That is why we see that as soon as the Workers' Government came into power in Russia or in China, the industries began to be nationalised so quickly. After all the workers are the main creators of the industry and unless we are able to create that spirit, I submit to the hon. Minister that he will have to experience constant labour troubles and other troubles and not only the industry but even the Government will be in danger of getting paralysed.

The hon. Minister has brought this Bill with a very good motive. He is a hard-working and enthusiastic man and I respectfully request him to study the question further. Then it will be possible for us to know how we should develop and control our industries. Mere copying of the British Act will not do. The whole population of Britain is 4½ Crores which is not even as much as that of the U.P. They have got a very efficient bureaucracy tuned to the highest pitch of efficiency at the elbow of every Minister so that as soon as an order is issued or a policy is laid down, it is immediately carried out and not like ours like the tobacco Inspector who goes and stops the villagers even from

raising tobacco. Therefore, my submission is that such a Bill should not be hurriedly gone through.

Mr. Deputy-Speaker: I propose calling the hon. Minister at 6 o'clock. We have had nearly 14 persons already who have spoken. Now 2 or 3 Members want to speak. They may limit their speeches to 10 minutes' duration.

Shri Shiv Charan Lal (Uttar Pradesh): Although the Bill has to some extent shown some sort of control and development of the industry, what we expected from the present Government and on which expectation we were living for so long was nationalisation of industries in any way. I do not mean that you nationalise the industries all at once. I agree that for the present, it may be necessary that there should be a mixed economy; there may be economy certainly of allowing the industrialists to go on with their work but at the same time, we should not forget that our main principle is what the Congress has so many times laid down as our principle and what we are pledged to. It is that we should nationalise all those industries which are for the benefit of the nation. I looked into the Bill and found that there were certain controls put in but I found in sections 15 and 16 there was no mention of any sort of nationalisation. There is no mention that the Government contemplate under any circumstances and for any purpose nationalising any of the industries. I would specially draw the attention of hon. Mr. Nanda who is an exponent of nationalisation of industries to clause 15. I ask him what are the enquiries to be made under clause 15? What steps are you to take under clauses 16 and 17? You do not state therein that under any circumstances Government may think it proper to nationalise the industry for the sake of the nation. It seems Government considers that the industry is now better managed by the industry itself and should not be put in the charge of the nation. If you will at least give an indication, you would be giving us some hope that we are marching towards nationalisation, though slowly. But, we do not find any indication that we are ever going towards nationalisation. So far, you have been giving oral assurance that we will take up nationalisation. But, we are being told that we have not got sufficient number of experts to take over the industries. We were often assured by our Congress leaders, by the leaders of our Government and by the Leader of this House that we will take up nationalisation; we were asked to wait for some time. When this Bill is coming before the

[Shri Shiv Charan Lal:]

House for the development and control of industries, we find a clause of this nature absolutely missing. I appeal to the hon. Minister and the hon. Mr. Nanda who is responsible for the Five Year Plan to see that this clause is put in the Bill.

Dr. Deshmukh: That can secure effective nationalisation.

Shri Shiv Charan Lal: Some people say that you cannot take up nationalisation in the present circumstances because you have not got the experts to manage the things. I do not think that this argument has any force. You might as well have told the Britishers, "Please do not go away. We have not got experience of self-government. Stay for 20 years more. In that time, we will have some experience; then you may go away". We never said that. You were prepared to take the reins of Government whether you were experienced or not. Why not do that now and take over the management of factories and industries? You can certainly do it. You may find it difficult. Russia found it difficult. Russia had no better experience than you have had. Russia had no better technicians than you have. Russia did it by a stroke of pen and succeeded in the face of the whole world so that no country can now compete with the Russia in her industries. It is all a question of taking courage in your hands. Excuse me for saying so, it is all a question of faith in you. Have you got faith in the principle? We may consider ourselves to be bound by the resolutions of the Congress. We have got the resolutions of the Congress passed several times. We have got the words of that great man, the Father of the Nation who said that all the key industries should be nationalised. Wherever we go, especially in times of elections, we will swear by the name of Mahatma Gandhi. We will say that we are the followers of Mahatma Gandhi and we will say that we rule by his word and according to his directions. But, we say so only with our mouths. We have not got our heart in it that we should follow the economic principles laid down by Mahatma Gandhi.

बाबू रामनारायण सिंह: उनका नाम
भी नहीं लेते।

[**Babu Ramnarayan Singh:** We do not even mention his name.]

Shri Shiv Charan Lal: We have not got our hearts in that. If you had our

heart in it we would have done it. Wherever there is a will, there is a way surely. Nobody can prevent you from achieving that. I do not say that you should nationalise every industry in a day. But, the absence of anything towards nationalisation in this Bill, which is so important, passed after the efforts of two years, raises a doubt whether you have a mind at all to go towards nationalisation. We people, who believe that our national economy can be sound only on the lines suggested by the Father of the Nation, are certainly disappointed and we do not know what to do. Therefore, I appeal to the hon. Minister and his colleagues and to the Government that they should stand by their pledges and also lead the country towards the fulfilment of the pledges so often given from this House and from platforms outside.

Shri B. Das: The last two speeches have rather made me thoughtful. Though nationalisation was a subject which was very often talked of in the first year of our Independence, that it should be talked of now when the hon. Minister for Industries is going to bring us nearer to industrial development, surprised me most. The name of the Father of the Nation was uttered in a way which I wish should not have been uttered. Article 31 of the Constitution is there, and all policies of nationalisation whether they emanate from my hon. friend Mr. Gulzari Lal Nanda or from anybody must be governed, must be guided by article 31 and adequate compensation must be paid until this House alters the whole idea. I welcome my hon. friend Mr. Gulzari Lal Nanda as a Member of this House and as a Cabinet Minister; but I do not think he is here to nationalise all industries or even the Zamindaris. His presence ensures that the policy adumbrated in the Planning Commission's First Five Year Plan will be given effect to and in that, I am sure, he will have our support. If he is here to nationalise all industries by printing notes at the Nasik Press, he will have to plan another printing press because the Nasik press will not be able to print sufficient notes to nationalise every industry as adumbrated by my hon. friend Mr. D. D. Pant. Four years and a couple of months have passed since we talked of developing our industries. Eight months thereafter, the predecessor of my hon. friend Mr. Mahtab, brought a resolution so nicely, which was referred to this morning by my hon. friend Mr. Ramalingam Chettiar. The Government have now taken three years and four months to bring us nearer the stage of its actually being implemented.

The first Bill that Dr. Syama Prasad Mookerjee drafted was changed almost 75 per cent of proportion in the first Select Committee which reported about January, 1950. We are now discussing the Bill as it has emerged from the second Select Committee. What I deplore is that in the report of the second Select Committee, the authority of the Central Industries Board, which was to be an authoritative body, has been removed. We know of Advisory Councils. Even the Members of the Standing Committees of the various Ministries are characterised by the Ministries—not by the Ministers, but by the Ministries—as Members of Standing Advisory Committees. Why this old idea of the British Raj continues and why the Ministries continue to think the Committees as Advisory Committees of the respective Ministries, I cannot understand. Here, I would like prominently to bring it to the notice of the Cabinet and the Ministers that they should remove that wrong notion in the minds of their Ministers. If Standing Committees of Parliament are treated by the Ministers as merely advisory bodies, how can I expect these Development Councils for each industry to be authoritative?

Dr. Deshmukh: They refuse to take even that function very seriously.

Shri B. Das: Ministers or Ministries?

Dr. Deshmukh: Ministries.

Shri B. Das: They will take notice of it for the future!

We have only ten minutes more when the hon. Minister will rise to reply. I wish to sum up my speech in the language of my hon. friend Mr. Ramalingam Chettiar who spoke so modestly and so authoritatively and enunciated how development of industry in India will occur. I do hope that it is not too late for the hon. Minister to bring forward an amendment introducing a clause that the Central Industrial Board must be there and that it will have some authority, and it will not be merely advisory. Those of us who are older Members of this House and are accustomed to the vagaries of the Agriculture Ministry and vagaries of the Agricultural Research Council, know how annual *jantas* are held, hundreds of people are invited from various States to come here for three days, our hon. friend Mr. Munshi makes a speech, one or two other Ministers also speak, and then they all go back and there is no development of agriculture! If that is the attitude of the Government of India still, I am not enamoured of these Development Councils unless you accept the expert advice from the

Industry concerned or from the labour units concerned.

The word "labour" brings to my mind the two or three speeches that my hon. friends the labour leaders made here to-day—for instance Shri Venkataraman and Shri Harihar Nath Shastri. They talked of the tea industry as if it is the very big industry. I would like to ask them how many labour unions they have in Assam Province. My hon. friend Shri R. K. Chaudhuri who was very friendly to the labour leaders might be able to tell me whether there are any organised trade unions in Assam tea industry or whether they are all completely blotted out. If that is so, it is no use trying to compel the hon. Minister of Commerce and Industry to classify tea among the manufacturing industries. Tea is really a trade—and a very important trade in the sale of a commodity. That is a big proposition, no doubt, and the Government that preceded the present one was spending lakhs and lakhs for the sake of controlling tea and at the same time to see that it does not compete with Ceylon, Java and other places. I would like to ask the question whether it is now a question of expropriation of the tea estates in Assam. If it is expropriation of the tea planters and other foreign exploiters in Assam, that is a problem which the hon. Minister of Industries and Commerce must consider. But I think the time is not yet come, when our labour leaders can thrust tea, coffee and other small things into this scheme, things which were not there in the original conception of Dr. S. P. Mookerjee and in the Resolution which we passed in April 1948 and which is now receiving promulgation.

I note that in the second Select Committee's report in items (14) and (15) of the First Schedule, electric lamps and fans and electric motors and I am glad to find them here. I was surprised to find that the Planning Commission which recommended the development of industries and promotion of hydro electric projects and the electrification of railways did not refer to the production of electric plants, transformers etc. To go ahead with these developments without the manufacture of these electrical goods, plants and others, would be subjecting ourselves to the domination of United States and the United Kingdom. On a later occasion I will speak on the Planning Commission and point out to the Government this grave omission. But anyway I am glad to find these items Nos. (14) and (15) in the Schedule to this Bill,—electric lamps, fans and electric

[Shri B. Das]

motors. I hope the hon. Minister will not be too modest and will not neglect the manufacture of electrical appliances so that India will not be subordinated to U.S.A. and U.K. economy.

My hon. friend Shri Jhunjunwala was eloquent about capitalism and socialism and he talked about sugar manufacturers. I could not, frankly speaking, find out what exactly he was driving at. At one time he was very much for the agriculturist, but to-day I find him talking of the sugar plants. Where does he stand to-day and what are his views? Has he from being a socialist changed into a capitalist and started talking of the sugar manufacturers from whose ingenuity all of us have suffered? He referred to the transfer of industrial plants from one province to another and there I must say I agree with him. I hope the hon. Minister of Industries and Commerce who hails from my province will also see that a dozen sugar factories are transferred from Bihar to Orissa. It is also well-known that sugarcane does not grow well in Bihar, but it does so near the seaside areas like the Andhra province which is coming, and Orissa. If the hon. Minister wants to rationalise industries, he must accept the advice of Shri Jhunjunwala and remove a few sugar factories from Bihar to my part. That is one item which he should take up as his own province will be profited thereby.

I do hope the hon. Minister of Commerce and Industry will see his way and go back to the first Select Committee's report and have the Central Industries Board, for without that all these Advisory Development Councils will be moonshine and the spending of some Rs. 15,000 or so will not prove adequate for this purpose. We want the industries to be developed and they must be rationalised and for this the Central Industries Board is very necessary. We do not want the industries to be nationalised, but they must be rationalised.

My hon. friend the Minister of Commerce and Industry referred at one stage to the cotton millowners. We know what difficulties there were for these mill owners after World War No. 1 and we remember the Frank Noyce Committee report which found that no millowner provided for capital or depreciation for development of the industry. One would have thought that after World War No. 2 Government would have been alive and alert enough to see that these millowners provided the necessary capital and equipment for developing the in-

dustry after the war. But they were having old machineries, some made in India, some bought from Japan and some secondhand from the United Kingdom too which had given hundred times their capital value and so they could not stand in competition with the new machineries in the U.S.A. and U.K. and Japan. And so they have to go to the wall! This was a sad state of things for me to learn that the Government did not remain alive to this issue, and to the dirty ways of the capitalists, particularly the cotton millowners who had not provided sufficient reserves for the development of the industry. This is just one example to show the necessity to rationalise the industry with some machinery under government control.

And for these reasons, I wholeheartedly support this Bill, provided the hon. Minister accepts my suggestion that there should be this Central Industries Board and not these mere advisory boards and things like that.

Sir, with very high hopes we started in 1947 and to-day it is 1951 and hopes are being dangled somewhere and we do not know whether the industries are capable of being developed, controlled and regulated. Let us hope at least that the hon. Minister of Commerce and Industries will rationalise all the industries.

DR. AMBEDKAR'S LETTER OF RESIGNATION

Mr. Deputy-Speaker: I said that at six o'clock Dr. Ambedkar may make his statement if he likes. I do not find him in his seat. Under the rules, immediately after the question hour is over, any hon. Minister who has resigned can, with the consent of the Speaker, be allowed to make a statement. To-day the question hour was over this morning after the short-notice question and Dr. Ambedkar piloted the Delimitation of Constituencies Motions and that is why it could not be done immediately when he wanted to make a statement. Thereafter, I thought, in keeping with the practice, either he may do it immediately after the questions or at the close of the day at six o'clock. Therefore I fixed six o'clock. I would be only too glad to give him an opportunity now, but he is not here.

6 P.M.

As regards the copy of his statement. It is true when he wanted to make an oral statement, at the time he approached me in the Chamber, I could not anticipate and ask him to

put the thing in writing and give it me. It was not right. Therefore I allowed him to make a statement and even said that I would suspend the rules, if he could not make the statement immediately after the question hour. But this morning I found that what he wanted to make by way of a statement, he had put it in writing and had given a copy to the Prime Minister, who is also the Leader of the House. Naturally, I sent word through the Secretary, sufficiently in advance or long before he rose to make his statement, to send me a copy of the statement. I am sorry to say that he would not furnish me with a copy. I do not know why. I have to regulate the debate; not that I wanted to interfere with the statement at all. When any statement is read before the House usually the person gives me a copy. I do not know the reasons why he declined to do so.

When he wanted to make a statement I said that he may make a statement without any reserve at 6 o'clock but he did not choose to do so. I am, therefore, sorry that he did not avail himself of the opportunity. I wanted to clear a misunderstanding. I had also asked him before he stood on his legs to furnish me with a copy, which unfortunately he could not furnish. At 6 o'clock whether he furnished me with a copy of the statement or not I would have allowed him to make a statement orally in this House. He has not chosen to do so.

Shri Jnani Ram (Bihar): The statement has already appeared in the press.

Mr. Deputy-Speaker: I do not know. The House will not take any notice of it.

The Prime Minister (Shri Jawaharlal Nehru): May I say a few words in this connection. It is a matter of regret to me, if for no other reason, for the fact that an old colleague should part company in the way that he has done today. I do not wish to go into the various matters that have arisen to which you have referred. I got a copy of that statement at 9-30 A.M. as I was sitting in my place here, about 45 minutes before he actually rose to make it. I read it with some surprise, because it was not the kind of statement that I had expected from a Minister resigning. However, there it was and it was my intention when he made that statement to say a few words, because it was not desir-

able nor permissible under the rules to have a debate on such a matter. I should just like, with your permission, to read out the letter of resignation sent to me and a few other letters exchanged before and after.

The first letter which I received from him...

Dr. Deshmukh (Madhya Pradesh): On a point of order, if it was the desire of the Chair to give Dr. Ambedkar another opportunity then I think instead of the Prime Minister making any statement on this issue just now, it would be better to wait to see if Dr. Ambedkar is prepared to avail himself of the opportunity.

Khwaja Inait Ullah (Bihar): We have already got a copy in our hands...

Dr. Deshmukh: If an opportunity is proposed to be given...

Mr. Deputy-Speaker: I do not know whether any hon. Member can speak on behalf of another Member and I do not know whether Dr. Deshmukh has any authority from Dr. Ambedkar...

Dr. Deshmukh: Not at all.

Mr. Deputy-Speaker: Though he might have resigned as a Minister he is still a Member of the House. We expect in fairness that when he asked the Deputy-Speaker to waive notice and the Deputy-Speaker had agreed to waive notice and fixed 6 o'clock for the statement, we expected him to be here and make his representation. It was open to him to make the statement or not, but he is not in his seat at all. The Prime Minister wants to make a statement....

Shri Jawaharlal Nehru: I wish to read out to the House his letter of resignation, because normally a statement by a Minister is related to his letter of resignation.

Dr. Deshmukh: How does it arise, since the statement is not there?

Mr. Deputy-Speaker: It arises this way. We have Ministers introduced to the House when a Minister is appointed under the direction or on the advice of the Prime Minister. It is open to the Prime Minister to read the letter of resignation to the House.

Dr. Deshmukh: It is the privilege of a Member to make a statement. If that is lacking I do not know under what rules you are proposing to act and how the necessity for any other statement arises.

Mr. Deputy-Speaker: It is always open to the Chair to allow any statement to be made on behalf of the Government.

Dr. Deshmukh: I do not object to that. I want to point out how it arises out of the situation that arose this morning.

Mr. Deputy-Speaker: The Government wants to make an explanation regarding a particular matter and where all persons are interested an opportunity should be given.

Shri Jawaharlal Nehru: As you know, Sir, so far as I am concerned I was expecting him to make his statement and if I may say so with all respect, I did not know that the statement would not be made then or that you would fix another time for it. I did not expect the developments as they occurred. But since this has happened and the statement has been published in the press or is going to be, I think the House would be interested greatly in the letters exchanged. I am not referring to the statement in the least, but I am referring to the letters exchanged between Dr. Ambedkar and myself.

The first letter he wrote to me does not refer to his resignation and is dated the 10th August, 1951. It reads:

New Delhi,
10th August, 1951.

My dear Prime Minister,

My health is causing a great deal of anxiety to me and to my doctors. They have been pressing that I must allow them a longer period of about a month for continuous treatment and that such treatment cannot now be postponed without giving rise to further complications. I am most anxious that the Hindu Code Bill should be disposed of before I put myself in the hands of my doctors. I would, therefore, like to give the Hindu Code Bill a higher priority by taking it up on the 16th of August and finish it by the 1st of September if opponents do not practice obstructive tactics. You know I attach the greatest importance to this measure and would be prepared to undergo any strain on my health to get the Bill through. But if the strain could be avoided by getting through the Bill earlier I am sure you will have no objection. In proposing 16th August, I am allowing priority to all urgent Bills such as those relating to the Punjab, the Ordinances and Shri Gopaldaswami Ayyangar's Bill relating to Part C States.

I write this because I heard that in the last Party meeting you are reported to have said that the Bill may be taken up in the first week of September. I am sure that that was merely your suggestion. It was not your decision.

With kind regards.

Yours sincerely,

Sd/- B. R. Ambedkar.

I wrote to him the same day:

10th August, 1951.

My dear Ambedkar,

I wrote to you yesterday about the Hindu Code Bill. Today I got your letter of the 10th.

I am sorry that your health is causing anxiety. I suggest that you take things a little easy.

About the Hindu Code Bill, you know that we have a good deal of opposition not only inside the House but outside. With the best will in the world, we cannot brush aside this opposition and get things done quickly. They have it in their power to delay a great deal. We must therefore proceed with some tact and with a view to achieve results. I am anxious that the Bill should be passed in this Session.

The Cabinet decision was, and I think it was recorded in the minutes, that the Bill should be taken up at the beginning of September. I mentioned that at the Party Meeting and they agreed. For us to try to hasten it and bring it earlier would needlessly give a handle to our opponents and create trouble. Also it would be far more advantageous to have it early in September, after we have finished with some of the important Bills—the Ordinances, the Part C States Bill, the Industry Bill. If we try to have the Hindu Code Bill before any of these, again that will create a furor and give a handle to others. I think that, taking everything into consideration, it is far better to stick to the dates we have announced and then go ahead with it. We shall be able to do so then with greater vigour and somewhat less opposition. Parliament is going to sit till at least the 1st week of October. So there is plenty of time.

Yours sincerely,

Sd/- Jawaharlal Nehru.

On the 27th September I received the following letter of resignation:

"For a long time I have been thinking of resigning my seat from the Cabinet. The only thing that had held me back from giving effect to my intention was the hope that it would be possible to give effect to the Hindu Code Bill before the life of the present Parliament came to an end. I even agreed to break up the Bill and restrict it to marriage and divorce in the fond hope that at least this much of our labour may bear fruit. But even this part of the Bill has been killed. I see no purpose in my continuing to be a member of your Cabinet.

I would like my resignation to take effect immediately. The only possible consideration that may come in the way of your accepting my resignation is the fact that there are certain Bills and Motions standing in my name and which have not yet been finished. But I feel that my absence may not be felt because these Bills and Motions can be put through by any other Minister of your Cabinet. However, if you wish that I should put them through before my resignation takes effect, I shall be prepared to stay on till they are finished but only till then. For I do not wish to deny the civility I owe to you and the Cabinet. In that event I would request that the Bills and Motions standing in my name should be given priority over others."

My reply dated the same day, that is the 27th September:—

"I have your letter of the 27th September. Two days ago news of your resignation appeared in the press and I was rather mystified. At the beginning of the session you spoke to me about your ill-health and I know of course that you have not been keeping well.

In view of your ill-health and your desire to resign from the Cabinet, I cannot press you to stay on. I should like to express, however, my appreciation of our comradeship during these years since we have worked together in the Cabinet. We have differed sometimes, but that has not affected my appreciation of the good work that you had done. I am sorry indeed that you will be going away.

I can quite understand your great disappointment at the fact that the Hindu Code Bill could not be passed in this session and that even the Marriage and Divorce part of it had ultimately to be postponed. I know

very well how hard you have laboured at it and how keenly you have felt about it. Although I have not been intimately connected with this Bill, I have been long convinced of its necessity and I was anxious that it should be passed. I tried my utmost, but the fates and the rules of Parliament were against us. It seemed clear to me that nothing that we could do could get it through during this session. Personally, I shall not give up this fight because I think it is intimately connected with any progress on any front that we desire to make.

You say that you would like your resignation to take effect immediately. But you are good enough to suggest that you might stay on till some of the Bills and Motions standing in your name are dealt with. I shall look into this matter. In any event this session is going to last only till the 6th of October, that is a little more than a week from today. There is not much room left for priorities during a few days. We shall try to push in your Bills and Motions as soon as possible. I hope therefore that you will stay on till the end of the session.

With all good wishes to you".

To that he sent an answer on the 1st October:—

"I am in receipt of your letter dated the 28th September 1951, in which you have informed me of the acceptance of my resignation. Since you desire me to continue in office till the end of this session, which I understand will terminate on the 6th instant, I am prepared to fall in line with your wishes in this behalf.

I also like to inform you that on the 6th October 1951 I propose to make a statement in Parliament which a retiring Minister usually does."

My reply dated 3rd October was.—

"You can certainly make a statement in the House on the last day of the session. I do not know yet when the last day will be. It seems most unlikely that it would be the 6th October.

It is possible that I might also like to make some statement following yours. I should be grateful, therefore, if you could send me a copy of the statement you intend to make."

[Shri Jawaharlal Nehru]

Dr. Ambedkar's letter of 4th October:

"I am in receipt of your letter No.... dated October 3, 1951.

You have said that I should make a statement in the House on the last day of the Session. Does this mean that I should not make my statement on the 6th, if the 6th does not happen to be the last day of the Session? I should like to have a clear idea about the day on which I am to make my statement. For I have to inform the Deputy-Speaker.

I observe that you wish to make a statement following mine. It is not customary to make a statement such as the one you propose to do. You are free to exercise any right which the Rules of Business give you. Personally I will raise no objection to your making a statement following mine. Regarding your request for an advance copy of my statement, as you know, I am not in the habit of writing out my speeches or my statement. So far I have not written out the text of my statement. If I find time to write out my statement in time, I shall be glad to send you an advance copy thereof. How far in advance I am of course unable to say."

My letter to Dr. Ambedkar, dated 4th October:

"Your letter of the 4th October. It is clear to me that the session will last at least till October 11th. I informed the House so. If it suits you, you can make a statement on that day.

As regards my making a statement. I have not definitely decided to do so. But I thought perhaps I might like to say a few words on that occasion."

Dr. Ambedkar's letter, also dated the 4th October:-

"As suggested in your letter No. 3373 -PM dated 4th October, I am agreeable to your proposal and will make my statement in the Parliament on the 11th October. I have spoken to the Deputy-Speaker and he has agreed to allow me to make my statement on that date after the business standing in my name, namely the Delimitation Order, is finished."

That was the last letter, Sir.

INDUSTRIES (DEVELOPMENT AND CONTROL) BILL—Contd.

The Minister of Planning (Shri Nanda): May I make a few observations on some aspects and provisions of the Bill under discussion. I hope, it will not be out of place if at the

outset and before entering on the subject I give expression to a feeling which is uppermost in my mind at the moment. It is a personal event. Sir; this is my first participation in the proceedings of this House. I regard it as a very great privilege; I feel that I am being admitted to the exercise of a really great privilege. My association with this House, Sir, commences at a stage of its business which has a very direct and a very important bearing on the proposals of the Planning Commission, on the First Five Year Plan, which I hope will be discussed by the House, as it has been presented in a draft outline form. This fact adds very greatly to the significance of the occasion for me. The Planning Commission gave a great deal of thought to the questions of industrial policy and of the industrial development of the country. Naturally it applied its mind to the Industries (Development and Control) Bill. It came to certain conclusions and made certain recommendations to the Government; I am glad to say those recommendations were found acceptable, and the Bill which is now before the House embodies, as a result of the deliberations of the Select Committee, all those recommendations made by the Planning Commission. The Planning Commission regarded this Bill as possessing very great potentialities for assisting in the development and regeneration of the industries of this country. It found in it a very great and powerful lever for placing our industrial system on a sound basis. Among the modifications introduced in the Bill as a result of the recommendations of the Planning Commission, we attach very great importance to one feature. That is the institution of Development Councils. I should urge that the due importance of this institution be realised. I bring up this subject because having studied the reactions of various hon. Members I find that there is an amount of distress, doubt and apprehension about the working of the Development Councils which should be removed. It is necessary that the importance is realised because thereon will depend how the Development Councils will function, will grow and will give the results which are expected of them. It has been said that the Development Councils are going to be just another link in the long and interminable chain of bureaucratic arrangements. It is not so. Development Councils are not going to be just another set of committees added to the apparatus of administration. The aim of the Development Councils is to realise what

the aim is. I would here refer to the approach of the Planning Commission to the whole question of economic organisation. I need not have done that if it had not been for the fact that various hon. Members questioned that approach and wanted some more enlightenment regarding that in relation to the provisions which are under discussion.

The approach of the Planning Commission is based on a certain understanding of the economic situation and needs of this country—a very poor country where most of the people have to go without the very minimum of the essentials of existence; where there are not enough amenities; and social services in the shape of health, education etc. have to be withheld from large numbers; and at the same time, a free country, a democracy in which the people are now being gradually more and more politically awakened and make demands and clamour for their rights, and ask for welfare, ask for social justice, which cannot be delayed or denied for very long. On the other hand, the situation is that our needs are growing; the population is growing. We have also our resources, ample resources in a way, but not so ample considering the demand that we have to face. We cannot fritter those resources away. This is in respect of not only natural resources but also in respect of other types of resources. We have not got an overabundance of skill and technical knowledge. Our equipment for long years is in a worn out condition and we are not able to procure equipment for various reasons. Everything taken into consideration, they call on us to make the best of whatever we have, to utilise those resources in the best possible manner, so that we may be able to give a lot more satisfaction to the people in respect of their essential requirements.

In this connection, the question arises as to the duty of the Government, its responsibility. It is on account of this constant and continuous interest in the way industries are being run that it cannot shake off that responsibility, simply because some people have some proprietary rights and interests in the running of those industries. With regard to the question of intervention which is at the basis of this legislation and also the whole provision regarding the Development Councils, I will have to explain it a little further. In this House today and outside for months and years the type of criticism that we meet with in regard to the attitude to this

question of intervention can be divided into three or four heads. There are in the first place people—I hope there are not many of them here—who would like to maintain the *status quo*. Their view is that the State should not enter the sphere of industry except where private enterprise is not able to function and is not able to play its part. This position cannot be accepted by any Government in the present day, because if private enterprise had been really so good and so powerful and so capable of rendering service to the community, then things would not have been as they are now. The second type of attitude is like this: "Yes, the State might also, if it had the resources, start industries. But let it define the spheres and so far as the private sphere is concerned, let it not interfere. Let it allow it to carry on in its own way." On the other extreme there is this attitude that there is no scope for private enterprise and the sooner we abolish it, the better it will be for us, and there should be only nationalised industry. This last attitude is not acceptable for this reason that it simply proceeds on certain assumptions as by the word nationalisation everything that is good, everything that is desirable, is covered. People who hold this view also object to intervention on the part of Government for this reason that they say: "What is the good of this intervention? The private industrialists will not allow you to play an effective role. Therefore, the only course for you is to stop all this kind of tinkering and get on properly and face the situation and have nationalisation". After giving full thought to the situation, the conditions, the possibilities, the risk and everything in the country, we have come to a certain conclusion—I am speaking with reference to the Planning Commission—that we are not bound to follow some particular course of action which has been found good or has been rejected in other places. We can evolve our own ways of dealing with the situation. We can develop our own form of economic progress suited to our conditions and the needs of this country.

The objection is to mixed economy. It is said that this mixed economy is a kind of half-way house, which is neither here nor there and it is not going to serve any useful purpose. Therefore, mixed economy is an untenable proposition. Their view of mixed economy is—and it is the view of mixed economy of those people who are running private enterprise and who would like

[Shri Nanda]

the State to keep itself off from intervention—their view of mixed economy is this. You have a sector; we have a sector and let us see how far we each fare. This is not our view of mixed economy. Mixed economy does not mean juxtaposition of private enterprise and public enterprise and both going their own way. Our view of mixed economy is not simply a mechanical mixture. It is going to be a blend. It is going to be a different thing altogether from what we think of private enterprise and public enterprise in their alternative existence. Private enterprise has to change even as it is. Private enterprise has to be transformed. It has to become national in outlook. It has to become a little different. The intervention that is sought now is not simply harassment, not simply making things difficult for them, not simply sending lots of petty officers in order to make their life very difficult and hamper industry. That is not the view. On both sides the view is that a trust has to be discharged and that Government has to associate itself with industry in order to help it and encourage it and make its way smooth.

Mr. Deputy-Speaker: How long will he take?

Shri G. L. Nanda: I will take some time, but if you say so I shall finish in a few minutes.

Mr. Deputy-Speaker: I do not want to curtail his speech. If he wants, say, half an hour, it is better that we adjourn now and he may continue tomorrow.

Shri Syamnandan Sahaya: The Minister in Charge can reply to the points raised during the debate, when the different clauses come up. This is the hon. Minister for Planning's first speech and we would like to know the reaction of the Planning Commission to the future of industry. If he gives us a fuller picture, so far as we are concerned, we shall be happy about it.

Mr. Deputy-Speaker: The hon. Minister may then continue his speech tomorrow. The House will now stand adjourned till 9 o'clock tomorrow.

The House then adjourned till Nine of the Clock on Friday, the 12th October, 1951.