

15607 Report of Prime Minister VAISAKHA 17, 1881 (SAKA) Cost and 15608
on the Allegations made against Works Accountants Bill
against Shri M. V. Maitha

General's remarks, along with the note by the hon the Prime Minister. I shall circulate it. He said:

"I had previously stated that I would either submit the Cabinet Secretary's report or my own report to you. I am, therefore, writing to you now on this subject and enclosing a note prepared by me based on the Cabinet Secretary's report. In this note the Cabinet Secretary's comments and findings have been briefly given"

I shall get both the letter and this one circulated. Afterwards, hon. Members may do what they think is proper.

Shrimati Bena Chakravartty: That means Shri Vishnu Sahay's report is available now?

Mr. Speaker: No. The hon the Minister of Parliamentary Affairs is here. Whatever takes place in the House he will communicate to the Prime Minister.

Shri Ranga (Tenali): May I suggest that in fairness to the Prime Minister himself it would be proper on behalf of Parliament to request the Prime Minister to see that Shri Vishnu Sahay's report is also placed on the Table of the House? Otherwise it might be possible for some people to say things which may not be quite so satisfactory or proper as to how the Prime Minister has considered that particular report.

Shri N. E. Munsamy (Vellore): We cannot have a fuller understanding of the whole situation.

Mr. Speaker: I will circulate this. The hon the Prime Minister says:

"It is not usual for departmental enquiries to be given publicity. The present report was not even a departmental enquiry; it was in

the nature of an investigation to establish the facts".

That is what he says regarding Shri Vishnu Sahay's report. I will circulate this to hon. Members.

Shrimati Bena Chakravartty: We do not know what were the terms of reference of this Investigation or Enquiry Committee. That itself we do not know. None of the charges etc. that have been made here, none of them have been called. We do not know whether he had the right of oral evidence, whether verification was made. So we would like to have a clarification on these points and also have the report itself. Through you we ask and we would be very pleased, Sir, if you pass on this request to the Prime Minister that we want copies of this report.

Shri S. M. Banerjee: There is an advantage. There is a question which is coming up tomorrow in the name of 26 Members on the same subject.

Mr. Speaker: The hon Minister of Parliamentary Affairs may communicate this to the Prime Minister.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): Certainly I will do that.

13:10 hrs.

COST AND WORKS ACCOUNTANTS
BILL—contd.

Shri Narasimhan: The accountancy profession like all other professions and callings has developed along various special lines. My suggestion is that it should be divided into three or four parts and there should be separate organisations for dealing with each matter. Basic accountancy should be in charge of an institution. Audit should be in charge of another institution. Cost accountancy should be in

charge of another institution. Managerial functions should be in the hands of another institution. That is how we can function in these days when specialisation is the order of the day. Knowingly or unknowingly the Government have done the same thing. They have divided accountancy into ordinary accountancy and audit on the one hand and cost accountancy on the other. In this way, they have adjusted themselves to the developments.

The Bill went before the Joint Committee. There was a thorough discussion of every matter. The statement of objects and reasons accepted a certain amount of autonomous functioning. But, actually, the provisions have become stringent. As the Bill stands and as it is likely to be accepted by the House, though the object is to have some autonomy, actually the provisions are somewhat less in that direction and therefore it will be the duty of the Government not to stand on the letter of the law, but to use the provisions generously and see that there is autonomous functioning. That is what the Government should keep before itself when administering the measure.

As the history of the Chartered Accountants Institute has shown, there have been apprehensions and the demeanour and attitude of the Government members in that Institute were not liked by the profession. That also should be remembered when administering this particular institution that we are creating. I would like, in this connection, on behalf of the Government an assurance to be given that they will direct their own nominees of the official section in this institution to see that autonomous growth is allowed and will also see that they do not unduly interfere in the internal affairs of the institution. In this respect, I hope the Government will give a categorical assurance before the House. Because, while the provisions are accepting autonomy, the measures are stringent and there is fear of the Government losing control and allow-

ing the officials to function, and it is but proper and natural for the House to expect a categorical assurance here that no such thing will take place.

It is all right under this statute to create an institution. But, it will only be waste of effort if one more step is not taken. The Chartered Accountants Institute created the body of chartered accountants. The Companies Act provided that they should be utilised by the companies. That obligation was in the Companies Act. Unless a similar obligation is cast upon all undertakings to engage cost accountants to certify their costs, this measure will be a waste of effort. Merely to produce a kind of profession, a law is not needed. A law is needed to bring them under discipline and utilise them in a particular manner. Therefore, I hope the Government will take steps towards that also. They could have, even in this measure, made a provision to that effect. They thought that it should be left to the Companies Act. To the Companies Act also, the Minister of Commerce and Industry brought an amendment. We discussed it yesterday and referred it to a Joint Committee. It would be quite fitting if the Government considered the advisability of bringing a provision to this effect while deliberating on the amendment to the Companies Act before the Joint Committee. I hope that by the time that Bill comes out, it will contain a provision to the effect that cost accountants should be compulsorily utilised for certifying the cost in all public undertakings. I know it is not easy to start like that when we have a limited number of cost accountants. We must produce more cost accountants and then only cast an obligation on undertakings to utilise them. Still, a provision authorising the Government to compel undertakings on a given date, to have their costing certified should be there. They may exercise the power at a suitable time. It may not be necessary to start with it at once. Let them have the power to compel the undertakings on a given date or

given period to have their cost certified. A permissive provision in the Companies Act to this effect will have a very salutary effect on the developments that are taking place. The cost accountants who are going to join the profession should also know that they are going to be responsible and they are going to be useful. Therefore, I hope that this aspect of the matter will be remembered by the Government.

Shri N. R. Munisamy (Vellore): Mr. Speaker, at the very outset I have to accept my inability to appreciate the reason behind this Cost and Works Accountants Bill. Before 1932, the cost accountants and other accountants happened to be regulated by the Ministry of Commerce under the Audit Certificate Rules. They found some difficulty. The Government, the public and the profession itself wanted to have their own affairs controlled by their own Institute and they also wanted that it should be given autonomy. To some extent, the Government also has its own control over this Institute and they were able to regulate the profession of cost accounts and accountants.

In 1949 the Act was passed having several provisions with regard to registering the names of persons and at the same time, regarding training, fees, and other aspects. I appreciate, the division of functions into two categories, one with regard to audit and the other with regard to cost and works accountancy. In the developing economy of our country, we are having several industries in the public sector and the private sector. We must have cost accountants and works accountants. With a view to have a separate audit as regards the production of particular commodities, it is better to have a separate set of people to go into the cost accounting of the articles produced by a particular industry. I quite appreciate this Bill from that angle of vision. But I have got another doubt which arises in this way; for instance, the lawyers have got their own law examinations, and

after passing the examinations, they have got their own apprentice course, and thereafter, they get themselves enrolled as advocates. But they have got their own choice to practise either on the criminal side or on the civil side; according to their liking or disliking of the particular aspect, they can practise in the court. It also depends on the work that the particular lawyer gets. Supposing he gets only criminal cases, naturally, he gives more thought to the criminal aspect and studies criminology and then he becomes an efficient man, and, thereafter, he is called an expert criminal lawyer; so also, on the civil side. Even on the civil side, as you are aware, one may be good in the original side, while another may be good at the appellate side. But so far as the imparting of the education in law is concerned, it is the same. It is the university which gives the title. But, thereafter, the practice happens to be on two different lines, either on this side or on the other side. Similarly, when we have got the institutes for the cost accountants and the main auditors or the chartered accountants, they have got their own method of spending their time and offering their services for the benefit of the industry; and they have got knowledge of both the aspects. So, to have a separate cost and works accountant would mean effecting a similar separation among the lawyers also, by giving a diploma for criminal cases separately and a diploma for civil cases separately. I do not think any cogent reasons have been advanced either in the Statement of Objects and Reasons or by the hon. Minister. But I do not wish to go into the principles of this Bill now, because it is too late in the day to go into the principles; since we have accepted the principles of the Bill already, we have only to speak on the Bill as it is before us today.

Taking the Bill as it is, I can only say that this will have far-reaching effects on the autonomy of the institute, the scope of its functions as well as the rights and liabilities of the

[Shri N. E. Munisamy]

members. I may say this that the members of this institute may have their own trouble later on while actually practising on the audit side.

You are aware that when a particular article, say, a hat is produced by an industry, the hat has got several ingredients in it, such as the cardboard, cloth, pin, needles, yarn etc. When the costing aspect is being looked into, the man on the spot must not only go into the question of the cost of every article that goes into the production of the particular hat, but he must also see the economy behind it and also its justifiability. Another industry might possibly produce this hat for Rs. 4, while this industry may produce it for Rs. 4-8-0. I am only giving this by way of an illustration. The difference of eight annas has to be accounted for. If the Cost and Works Accountant simply takes into account the market value of every item that goes into the production of a particular article but does not go into the economy or the justifiability of it, then I would say that the cost and works accountant is not doing his job properly. Therefore, I would say that he should not only take care of the costing aspect but also take care of the economic aspect and compare its cost with that of articles produced by other industries and other factories. In the entire framework of this Bill I do not find any such provision as regards the functions of the cost and works accountant.

As regards the functions of the council, I find that rules and regulations are to be framed under this Act. Ordinarily, in all the Bills that we have passed, we used to have a provision whereby the rules and regulations would be placed on the Table of the House for thirty days or forty days or so, and thereafter, chances are given to Members either to approve of them or to make any changes in them. A similar provision is lacking in this Bill. I only wish that the hon. Minister would see that such a provision is made in this Bill so that opportunity

will be given to Members of Parliament to make suitable changes in those rules and regulations.

Another thing which I find here as regards the functions of the council is that the council may prescribe the qualifications for entry in the register as a member of the institute. While prescribing the qualification, power is given only to the council; it does not have to get the approval of the Central Government. While prescribing the qualifications, it is quite possible that they will take into account the existing principles and other qualifications which are necessary for any auditor or cost accountant. But I would submit that while prescribing the qualifications for entry in the register, they should also be guided by the present state of affairs. There are innumerable persons in this country today who are practising not only on the cost and works accounting side but also on the audit side. The doors are wide open now for them to get themselves registered as either auditors or chartered accountants or as cost and works accountants. Freedom is given to the existing members of the institute to choose between these two. I only want the hon. Minister to consider this aspect, namely that they should also be given the option after some time to change over from the one to the other. For, there are two separate compartments now; one is the audit side and the other is the cost and works accounting side. Now, when people are registered on the cost and works accounting side, they will, of course, have their own register; but though they are registered as members of the Institute of Cost and Works Accountants, still they have got the knowledge as regards the chartered accountancy side. So, would it be possible for them to change over to the chartered accountancy side? I only wish that the hon. Minister would examine this aspect and see whether there is any scope for them to change over from the one to the other.

So far as foreign countries are concerned, where this training in cost and

works accounting is given, they have reached such extreme proficiency that they have got their own agency and institute to impart knowledge in cost and works accounting. We are all aware of it. But still, it is being designated as simply costing. A separate status is given to those persons, but I would say that though a separate status is given, still they do not have a separate Act as we are now seeking to enact. In the foreign countries, they do not have a separate Act. Though knowledge is being imparted in some countries in cost accounting as such, yet the two categories are being clubbed together. It is true that in order to have similar proficiency in this aspect, we must think of having a separate agency and separate institute as is being contemplated in this Bill, but still, I would suggest that instead of having two water-tight compartments where one cannot change over, we must consider the question of allowing option to these people to change over to the chartered accountancy side. I do not want that there should be any water-tight compartments.

Previous to 1949, when the Chartered Accountants Act was passed, Government had complete control over the members of the institute under the Audit Certificate Rules. So, in those days, their powers were curtailed, and they did not have as much autonomy as they are now having. Originally, it was thought by Government, the public, as well as the profession that one day or the other, it should get its own autonomy, and it must improve its efficiency, proficiency and integrity etc. That was the object with which the Chartered Accountants Act was passed. To achieve a similar object, we are now trying to create a separate category of cost and works accountants. So far so good, because since our country is now having industrial development and is trying to produce various articles and commodities, we must have a separate set of cost accountants, so that we can understand the cost position properly

But, recently, I had occasion to visit one of the ordnance factories, where I saw a camp stool with only two bars and a piece of leather put in between them, which cost about Rs. 35. Ordinarily, the cost accountant would simply calculate the value of the stool, by taking into account the value of the two iron bars and the piece of leather in between them; and he would thus arrive at a figure of Rs. 7 or 8. But since the persons concerned do not have proper cost accounting knowledge, they put the overheads also in the cost of the particular article, and thus the price came to Rs. 35.

It is good that we are having this Bill so that we can have a proper idea of the actual cost of an article. But then when there is cost accounting, the element of marginal profit is also included in it. When a particular article is produced by an industry, and the cost accountant says that the price of that article will be so much, it means that the marginal profit is also supposed to have been included in the costing. Therefore, the fact whether it includes marginal profit or is pure and simple cost accounting should also be taken into consideration.

If we want to have a high standard and utilise the proficiency of the members of the Institute, they must be given fuller scope; they should not be controlled or supervised by anybody, they should have as much freedom as the Comptroller and Auditor-General enjoys. We are all aware that the Comptroller and Auditor-General enjoys a special status under the Constitution. Nobody can question his impartiality, and he has a dignity of his own. The cost and works accountants must have similar dignity and status, and in the long run, they will also have the support of the public.

The main object of the Bill is to keep the two aspects of the profession separate, since it is much better to have one set of accountants dealing only with cost and works accounting. On the whole I appreciate the reason behind this.

[Shri N. R. Munisamy]

Coming to the disciplinary aspect, I would say that even in the earlier days Government used to be represented in the disciplinary committee and the highest standard of discipline as well as proficiency and efficiency was being enforced. We have got a separate disciplinary committee here which I am sure will accept the fact that they should maintain high standards as in foreign countries.

As regards the examinations, I think it is better to have a curriculum which is on an equal footing with foreign countries. The examination fees, courses etc., must be on the same lines as in foreign countries, so that our cost and works accountants may not lag behind their counterparts in foreign countries.

The examinations may be held by the universities instead by the Council or the Institute. Universities may introduce this as a subject in B.A. or Intermediate, and have the teaching imparted through efficient and qualified auditors, so that along with graduation, students may be able to pass this technical examination and qualify themselves for conducting audit in this country.

Shri Naushir Bharucha (East Khandesh): Basically, this Bill must be welcomed because it proceeds on sound lines in the matter of laying down a firm foundation for developing the profession of cost and works accountants. It is a very desirable piece of legislation.

13.36 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

Whenever any profession is in its infancy and requires development, the first thing to be done is to create a machinery which will look after the development and expansion of that profession on proper lines. The best way to do it is to create a perpetual body, an institute, and grant it autonomy so that those who know best the business of that profession will manage its affairs and lay down the prin-

ciples and criteria on which such a profession should develop.

I am not prepared to say that this Bill as it stands will not require amendment in future, but in all such cases, undoubtedly we have got to proceed on the basis of trial and error, and in the light of the experience gained in the working of this measure, perhaps we may have to come again for some changes.

Basically, the draft of the Bill is sound. The scheme is, in the first place, to create an Institute and to invest that Institute with perpetual succession, so that continuity in the management of the profession is maintained. The governing body is, of course, the Council, and it has been given fairly wide powers as shown in clause 15 of the Bill. These powers include powers of examination of candidates, registration and training of students, recognition of foreign qualifications presumably on a reciprocal basis, granting or refusal of certificate of practice, levy and collection of fees, removal of names from the register, maintenance of standards of professional qualifications and discipline, to which I shall presently come. This Council, which is the governing body, will work through certain committees—the executive committee, the disciplinary committee, the examinations committee and the committee for training and educational facilities. I shall refer to these also presently.

Naturally provision has been made as to the qualification for membership, and opinion may differ here and there whether a certain set of people should be included in it since the profession of cost and works accountants is absolutely new to our country, new in the sense that we have not got an adequate number of persons in this line. Our expanding economy demands a large number of cost and works accountants for they would really understand the economies of particular projects thoroughly.

In view of the fact that this is a new profession, it is conceivable that to begin with we might stumble, but by and large it should be possible for us to create a profession with definite traditions and certain high standards.

Anyway, the Bill also provides for registration of members, for admission of names to the register and for removal of names. It also lays down what amounts to professional misconduct to which I shall presently come.

Then, of course, provision is made for regional councils, I presume on territorial basis, so that the administrative work of the Council may be carried on more effectively, and the usual provision for penalties etc. follows.

One thing I have not been able to understand. Why is it that companies have been debarred from taking up the profession of cost and work accountants whereas partnerships firms have not been debarred? I have really not been able to follow the reason for companies being debarred and firms not being debarred. I am of opinion that in its infant stage this profession requires to be encouraged in every way. It is possible that in future companies in India may provide talent in the shape of cost and works accountants if they are encouraged to enrol as members of the profession, but for some reason or other, provision has been made that the companies are not eligible for membership though partnership firms are permitted.

Then I come to an important point, and that is in connection with the finances of the Institute. I have noticed during the last seven years invariably that whenever any such Bill is brought in, there is always a provision naturally, as there should be, for the finances of the Council, but if we look into it, there is nothing much by way of finances. It is true that this Institute may have certain fees and other donations which it will receive. But the Gov-

ernment scrupulously refrain from mentioning their share of liability for contributing towards the finances by grant-in-aid or any other form of aid. Yet any amount of duties and liabilities will be imposed on such an institution as this. It is supposed to carry on research work. As I said, there is going to be a special committee on training and educational facilities. What educational facilities can be given if the finances are barely those that will be received as fees. I doubt whether there is any other source of revenue.

If we turn to clause 18, it will be seen:

"There shall be established a fund under the management and control of the Council into which shall be paid all the moneys received by the Council...."

What are all the moneys except the fees and such other levies that might be made? I want to ask Government, specially in view of the fact that this new profession is of enormous importance, because unless you know what a particular object of manufacture costs, it is useless to go in for a particular project—it may save several lakhs of rupees if we estimate the cost of the project in terms of the cost of the commodity proposed to be produced—and also in view of the fact that we have got too very few cost and works accountants in this country and many more are required, whether they do not accept any liability of making any contribution so that this institution is placed on a sound financial basis. It will not do merely to say that it must carry on research in accountancy, which in itself involves creating an institution for research, having staff, encouraging students to carry on research; all these things cannot be done out of the mere fees that may be collected. Government cannot say after all "We have created an institution; it is for the institution to look after the profession". No. There is a liability on the part of the Gov-

[Shri Naushir Bharucha]

erament and that liability, I am afraid, Government have failed to discharge in this Bill.

There is one more aspect to which I would like to draw attention. If we turn to the First Schedule, we find that a code of professional etiquette laid down. The Schedule recounts what can be construed as professional misconduct. Generally, these are the criteria by which most of the professions are regulated. There may be nothing new in it. But one or two points require clarification. Item (7) says:

"advertises his professional attainments or services or uses any designation or expression other than cost accountant on professional documents, visiting cards, letter-heads or sign boards, unless it be a degree of a University established by law in India or recognised by the Central Government or a title indicating membership....."

So that even if a cost accountant happens to be an MP or MLA, if he puts 'MP' or 'MLA', it becomes an advertisement, if it is strictly construed. This requires careful consideration, because it seems to be rather ridiculous. Surely, even in the case of lawyers, from whom a high degree of standard is expected, this is never followed. The words here are very clear "unless it be a degree of a University..... or membership of the Institute..... or any other institution recognised by the Central Government" Nothing less.

Similarly:

"engages in any business or occupation other than the profession of cost accountant unless permitted by the Council so to engage".

That means a person who is a cost accountant cannot be a member of a Legislature. Perhaps it may be that the Council may regulate these things, but prohibitions to this degree ought

not to be there. This matter requires to be more carefully looked into. I think very probably in the light of experience gained we might have to revise the Act.

There is another point. A cost accountant cannot accept a position as cost accountant previously held by some other cost accountant in practice in such conditions as to constitute under-cutting. Surely I cannot understand this. "Under-cutting" has nowhere been defined in the Bill and it is very difficult to determine whether acceptance of a particular contract amounts to under-cutting or not. I ask whether a provision like that should be there at all, because after all, under-cutting would involve consideration of relative merits of the various cost accountants. Also it will involve consideration of the circumstances under which a person has refused a contract. If a person accepts less remuneration, it may be in the public interest. I do not know why this open competition should be discouraged. It is like saying 'I have refused a brief. You cannot accept it on lesser terms than what I have told the client'. This seems to be a strange thing to incorporate and say that it is professional misconduct. Because the words are very clear. It is professional misconduct if a cost accountant 'accepts a position as cost accountant previously held by some other cost accountant in practice in such conditions as to constitute under-cutting'. Surely that means that if various industrial units or individuals desire to requisition the services of a person who is a cost accountant on cheaper terms, they must not have the freedom to do it. If a cost accountant accepts it, disciplinary action can be taken against him.

All these things require careful consideration. I hope Government will give thought to this matter. I certainly welcome the Bill, because basically it is sound. In order to develop this new profession and in-

view of the very great requirement of the expanding economy, a measure like this is overdue and I think the House should accept it.

Shri Subiman Ghose (Burdwan): At the outset, I welcome the Bill, though I do not agree with some of its provisions. From the bibliography supplied to us, we find that this Institute of Cost and works Accountants was established as far back as in 1944. From the same, we find that Government have now felt the necessity to start a separate institution of cost and works accountants as distinct from that of the chartered accountants.

To appreciate this, a little bit of history is necessary. In this connection, I shall have to refer to three persons who are, to all intents and purposes, the founders of this institution. From the proceedings I find that the hon. Deputy Minister has got an abounding love for these founders. One of them is a highly qualified man, passing the necessary examination of the English Institute as far back as 1927. Perhaps, if I mistake not, he is the oldest member of the profession in India. He held very high office in his life. He is still living. His name is Shri Narendra Nath Sarcar. Another very highly qualified man, who is a founder, is a Fellow of the English Institute. He retired as Assistant Financial Adviser to the Government of India. After retirement, his services were requisitioned and he acted as Financial Adviser of the Durgapur Project. He is Shri Jitendranath Bose. The third is also a very highly qualified person but not now in India. He is acting as the Finance Minister of Pakistan. So far as my information goes, when this institution was started, Mr. Shuaib was Controller of Military Accounts and Shri Bose was Deputy Controller.

Mr. Shuaib is in Pakistan. Shri Sarcar and, Shri Bose did not depose before the Joint Committee. If I remember aright, they could not come to depose, and the President of the

institution came before the Joint Committee. He is also a very important person. He is now Sheriff of Calcutta. I have nothing to say against him, but I will only refer to his evidence on page 39 of the Evidence.

His evidence is: 'The promoters, all of them, have, more or less gone and three of them have become Presidents'. I submit, with due respect to this gentleman, that this is not correct. Although he said that three of them have become Presidents, so far as I know, Mr. J. N. Bose never became President. 'I have become President, more or less out of courtesy, because I was not a qualified cost accountant'. That is what was said by the person who deposed on behalf of the Institute. He himself says that he is not a qualified cost accountant; but, he has been in the profession of chartered accountants. He is a chartered accountant for 34 years.

In the absence of evidence from Shri Bose and Shri Sarcar, I submit that there has been staging of *Hamlet* without the King of Denmark. In fact, the Select Committee did not get that amount of substantial food which could have enabled it to come out with a healthy Bill. The result has been that there has been production of a Bill like a child deformed and maimed.

Matters went on and the question arose as to whether persons qualifying themselves in the English Institute will be recognised by this Institute. There was talk of a compromise. The English Institute went so far as to say that persons passing the Intermediate Examination of that Institute should be allowed to sit for the Final Examination of this Indian Institute. But that was not considered to be fit by this Institute and that proposal was turned down by the Indian Institute and the controversy was set at rest once for all.

But, unfortunately, in this Bill the same controversy has been raked up. What is the life-line of this Bill? So

[Shri Subiman Ghose]

far as I understand it, it is the definition—who are the cost and works accountants. If we read the Bill as it is, we find that the persons who will qualify themselves by passing the examination of the English Institute will automatically become members of the Indian Institute. The result will be that this Indian Institute will be by-passed by persons intending to become cost accountants. They will get double facilities. Without passing an examination of this Institute they become qualified so far as this Institute is concerned. And, in the profession, naturally, they will be liked—at least they will be given preference—by the foreign companies or by the organisations controlled by the foreigners.

Moreover, whatever the little amount might be, there is every chance of the loss of some amount of foreign exchange because the English Institute will take money from these persons and some foreign exchange will be lost. When we have an Institute of the same standard here, why should we create this one-way traffic? The English Institute has not recognised, and we do not think it will recognise, this Institute. Therefore, we are creating a one-way traffic. I request the hon. Deputy Minister to consider this aspect.

Secondly, the Bill as it stands, to my mind, looks as if a person without passing any of the examinations, either of the English Institute or of the Indian Institute, can be designated as cost accountant, if he is selected by the Council. I fail to understand the principle behind this.

A quack might be a very expert doctor but shall he be given the status of a doctor, a graduate of a medical college, or shall he be a member of the Medical Council? Shall I say this. In law courts we have seen touts who are sometimes great expert in certain branches of law, perhaps, better than some junior lawyers. Shall we give recognition to these touts and by one stroke of the pen make them members of the Bar?

I would respectfully ask the Deputy Minister to consider this.

Shri Satish Chandra: I am not able to understand the hon. Member. Does the hon. Member mean that a man who is a Bar-at-law is not entitled to become a member of the Bar Council in India? Is that his contention?

Shri Subiman Ghose: That is not my contention. My contention is that without passing any law examination shall he become a member of the Bar Council? That is the principle involved in this Bill (*Interruption*). Even a Mukhtiar has to pass some examination. But, here, in this Bill, we find that without passing any examination, either of the English Institute or of the Indian Institute, he becomes a cost accountant. That is what I ask the hon. Deputy Minister to consider.

Then, I come to the formation of the Council, and the Standing Committees and the election of the President and the Vice-President. The *sine qua non* for the office of the President is that he should be a qualified cost and works accountant, not just as the President who deposed without being qualified. He himself admitted that. He represented the Institute and the persons who are responsible for the growing up of this institution have been left out. The result is that we have locked the stable keeping the horse outside. The President must be a qualified cost and works accountant. Otherwise, it will do more harm than good to the Institute.

I will give one example. In 1952, in London there was an International Conference of Accountants. There was another conference in Manila in 1957. If it had been reported correctly, the one man who was elected or selected to represent India at both these conferences was not a qualified cost accountant. The result was that when the chance came to attend the conference, he did not go due to many preoccupations, and India remained unrepresented. The cost accountants

might very well say that he had some sense of diffidence which prevented him from attending the conference. That will be the consequence if a qualified cost and works accountant is not made the President or Vice-President of the Institute.

14 hrs.

If it is accepted that only qualified cost and works accountants shall be members and on the basis of that the President and Vice-President will be elected, nobody can object. Then the cost and works accountants have nothing to grudge. But so far as the number is concerned, I submit that the number should be raised to 16, because, here, the Government only by giving recognition is sending four persons. So far as we understand, the Government will send persons who are not cost and works accountants. So, the Government should make it a point and a principle that out of four persons at least two must be qualified cost and works accountants. Otherwise, there will be some difficulty. That is, there will be some manipulation, because one non-cost and works accountant nominated by the Government may be there. Persons sent by the Government will certainly command much more influence than anybody there. Although in this democratic set-up we say day in and day out that there should not be any representation as such, even if there be representation. I submit that Government should send at least two qualified cost and works accountants. Otherwise, we will do harm to the institution. As the president of the Institute has said, out of courtesy he has been made president. We know that words have different meanings, in different contexts. We understand the meaning of 'invitation'. But if it is an invitation by the King, it is not an invitation but a command. If some big person uses the word 'courtesy' I am afraid it is not courtesy. It will in that context imply that it is either manipulation or compulsion. That should be prevented. If you are to have a growing Institute, genuine, pure and simple and un-

alloyed, then you must see that a qualified cost and works accountant becomes the president or the vice-president.

Another thing to which I should like to draw the attention of the Government is that there have been several standing committees—examination committee, disciplinary, this and that. By this Bill, it has been made that in each committee the elected president will preside. That will be too much of a burden on the president. Why not a committee member be elected as the chairman of that committee as is done in corporations or in the municipalities. We find the public works committees, finance committees, this and that, in the local bodies. We know that in the public Accounts Committee of Parliament, no Minister is chairman. Some Member of the Committee—a Member of the hon. House—is chairman. Therefore, to lessen the burden on the president, the Government should frame the Bill in such a way that there should be a separate chairman for the standing committee.

Another thing to which I want to draw the attention of the Government is this. I refer to clause 4(1) (i) which says:

"any person who was an associate or a fellow of the dissolved company (other than an honorary associate or honorary fellow there) immediately before the commencement of this Act, except any such person who is not a permanent resident of India and is not at such commencement practising as a cost accountant in India;"

Towards the end, I have got objection to this clause. This emanates from a sense of inferiority complex. Mohammed Shoaib has gone to Pakistan. If such people remain in our Institute, what is the harm? Such things will add to the stature of our Institute. Take for example Visva Bharati which Rabindranath Tagore started, and to which place students from all corners of the globe

[Shri Subiman Ghose]

come. Many take degree from there. They take sometimes a post-graduate degree and they go away. They are not citizens of India at all. They go away. Then, does it mean that their degrees should be snatched away because they are not citizens of India and they are not taking up practice here as teachers, lawyers or medical men or anything of that sort? I think this disability should be removed. If we are to give an international status to our Institute, this disability should not remain there. It somewhat smacks of parochialism or we suffer from an inferiority complex.

My suggestion is this. So far as the cost and works accountants are concerned, the question is, who will be the cost and works accountants? I do not want that those who are members of the Institute up till now should be thrown out. In the Bill, it has been mentioned as members of the dissolved company. I say that those who have passed examinations of our Institute will be members. Those persons who will be recognised by the Council after passing some examinations and who will qualify themselves as cost and works accountants will be cost and works accountants and nobody else. Any experience gathered by means in the profession will not automatically entitle them for recognition. That should not be done.

Then again, I do not know why the Government have felt some diffidence regarding the general meetings of the cost and works accountants. If you take all the institutions, medical, legal or educational, you will find that the lawyers, doctors and teachers meet annually and they discuss matters. That is much to the advantage of the profession to which they belong. Here, I do not know why general meetings have been prohibited.

Shri Satish Chandra: I have not heard of the advocates having annual general meetings in this country.

Shri Subiman Ghose: Because he is

not an advocate he does not know it. I know.

Shri Satish Chandra: I would like to know whether that is so.

Shri Subiman Ghose: I know the advocates and lawyers in India meet annually and discuss things. There is an attempt to create an all India Bar. If that is not known to the hon. Deputy Minister—

Shri Narayanankutty Menon (Mukandapuram): The hon. Deputy Minister can read the rules of the Bar Councils Act.

Shri Satish Chandra: They may have their conferences annually. But I do not know whether there are general body meetings of the Bar in any State.

Shri Subiman Ghose: Again perhaps the hon. Deputy Minister is making a mistake. I know that lawyers meet annually. The West Bengal lawyers meet annually.

Mr. Deputy-Speaker: He is making a distinction. He means the general meeting of lawyers.

Shri Satish Chandra: Of the Bar Association of a State?

Shri Subiman Ghose: My submission is this. An all-India Bar has not yet been created. But regional-wise, West Bengal, Madras or Bombay lawyers meet annually, just as an all-India could do. Lawyers in each State meet annually. The medical profession also has annual meetings. The teachers meet annually. So, why not such a thing be allowed in the case of this profession. Why is Government afraid of the meeting of the cost and works accountants annually? The cost and works accountants will talk of improvement of the Institute; they will talk of the growth of the Institute. Certainly they will not talk anything against the Government or about the atmospheric conditions in Kamaskatka or Honolulu and then disperse. They will not do it. They will take note of the growth of the Institute and talk about it and think out as to how they could take a step forward every year. I do not know why this right should

be denied to them and why they should be deprived of this. I submit that Government should give serious consideration to this aspect. As I have already stated, it is the production of a child or the birth of a child—deformed and maimed. We found that in the framing of this law. The next day they will come with amendments. The Companies Act has been passed, but we find it is being amended with all the paraphernalia of a Joint Committee. From the Joint Committee, it will be again coming to the House. That does not speak well of an institution to which I have the honour to belong. We find the Criminal Procedure Code has been amended. What profit have we derived from it? It is a retrograde step. So, I submit that when Government is giving statutory recognition to this institution, Government must give serious consideration to this, so that after passing this Bill Government might not have to come in the next session with amendments. They should take good care about it. That is my submission.

श्री० रणबीर सिङ्ग (रोहतक) : उपाध्यक्ष महोदय, मैं इस विधेयक का समर्थन करने के लिए खड़ा हुआ हूँ। मैं समझता हूँ कि आज देश की जरूरत ने हम को मजबूर किया कि यह विधेयक लायें। चाहे सरकारी हिसाब से देखिये जो आज सरकार खर्चा करती है और जो पहले आडिटिंग का सिस्टम था वह आज के लिए कुछ ठीक नहीं है। चूँकि खर्चा जो पहले सरकार का हुआ करता था वह ग्राम तौर पर तनस्वाह या बड़होत्री तनस्वाह के मामले में उनके सामने जाते थे या खुट्टी के बारे में कितनी तनस्वाह मिलनी चाहिये, यह सवाल ग्राम तौर पर जाते थे। कुछ थोड़ा बहुत मकान बनाने का जो खर्चा होता था वह सवाल भी उनके पास जाता था लेकिन वह खर्च का जो हिस्सा होता था वह बहुत कम होता था और ज्यादा सादा जो खर्चों की भी वह उस खर्चों की भी जो कि तनस्वाह की श्रृंखला में पड़ता था। इस लिए उसकी आडिटिंग का या चार्टर्ड एकाउन्टेन्ट्स का काम कोई बहुत मुश्किल नहीं था।

112 (A) L.S.D.—6.

आज देश में कोई ४६१ के करीब सरकारी कम्पनियाँ सरकार ने चालू की हैं और इसी तरीके से रेल के मुहकमे के ऊपर कोई १४०० करोड़ रुपये का खर्चा हुआ और १६०० करोड़ के करीब रियासतों को देश की केन्द्रीय सरकार ने कर्ज दिया है और वह इस लिये दिया गया ताकि देश के अन्दर कुछ तरक्की हो और कुछ काम बने और यह कुदरती बात है कि सरकारी हिसाब किताब रखने का जो ढंग है उसे बदलना चाहिये और बदलने की जरूरत पड़ी है। इसके मुकाबले प्राइवेट सैक्टर में देखा जाय जिनका कि हिसाब किताब ग्राम तौर पर चार्टर्ड एकाउन्टेन्ट्स करते थे वहा पर भी आज जितनी तेजी से देश के अन्दर तरक्की हो रही है और जो खर्च होता है वह सही तौर पर होता है या नहीं और काम चलाने का तरीका सही है या नहीं इसके लिए निहायत जरूरी था कि इस किसम की कोई सस्था, कौन्सिल एकाउन्टेन्ट की कोई सस्था कायम हो और जब देश को कौन्सिल एकाउन्टेन्ट की बहुत ज्यादा आवश्यकता है तो कुदरती बात है कि उस सस्था को चलाने के लिए कुछ नियम भी चाहियें और कुछ कानून भी चाहियें और इसी को दृष्टि में रखते हुए यह विधेयक प्राया है।

मैं यह मान सकता हूँ कि हो सकता है कि इस में कुछ खामिया रह गयी हो लेकिन एक बात सही है कि आज हमारा देश प्रागे बढ़ रहा है तो कुदरती बात है कि आज से ५ साल पहले जो हमारे सोचने के तरीके और कायदे कानून थे वे आज ५ साल के बाद पुराने और बोशीदा मालूम देते हैं और उन में तबदीली करने की आवश्यकता मालूम होती है और इसी कारण सशोधन करने के लिये विधेयक लाये जाते हैं।

मेरे से पूर्व बक्ता ने इस बात पर अफ़सोस जाहिर किया कि यहा कानून बदलने के लिए बार बार हमें क्यों आवश्यकता पड़ती है? मैं ने उस बक्ता भी कहा था कि यह तो इस सदन के जीवन की निशानी है कि सदन देश के अन्दर बदलते हुए हालात और उनकी जरूरियात की तरफ कितना सतर्क है।

[श्री० रमधीर सिंह]

यह माने लेता हूँ और मुझे इसके मानने में कोई आपत्ति नहीं है कि यह जो विधेयक अब कानून बनने जा रहा है उसमें तबदीली करने के लिये जल्दी या देर में कोई और सशो-चन विधेयक लाना ही होगा।

यहूँ पर बकालत के पेशे की बड़ी बात की गई है। अब बकालत का ही पैदा ले लीजिये। पहले इस देश के अन्दर मुह्तार होते थे और उन मुह्तारों के जो तरीके और कायदे थे वह बैरिस्टर और वकीलों के नहीं थे।

कुछ दोस्तों ने आपत्ति की और मेरे से पूर्व बक्ता ने कहा कि ग्राम काँसिल की मीटिंग क्यों न बुलायें? मुझे इस विधेयक में तो कोई ऐसी बात नहीं दिखाई देती जिस के द्वारा कोई इसमें अडचन पड़ती हो। जिस तरीके से उन्होंने वेस्ट बंगाल बार एसोसियेशन की मीटिंग की बात की तो उसी किस्म की मीटिंग अगर कौस्ट एकाउंटेंट की कोई एसोसियेशन भाल इडिया लेजिल पर या स्टेट लेजिल पर बनाये तो उसकी मीटिंग बुलाने में सरकार को क्या आपत्ति हो सकती है और सरकार उस के बीच में कहाँ घाती है? हाँ, सरकार के ऊपर एक जिम्मेदारी लानी है कि सरकार वह मीटिंग बुलाये तो वह तो दूसरी चीज है मैं समझता हूँ कि मेरे साथी शायद सरकार के ऊपर यह जिम्मेदारी डालना चाहते हैं। मैं समझता हूँ कि इस के लिए सही तौर पर हमारे डिप्टी मिनिस्टर साहब से ऐतराज किया कि जब सरकार के वकीलों की सस्था की सरकारी तौर पर सारे देश की कोई मीटिंग बुलाने की जिम्मेदारी नहीं ली है तो यह तो फिर एक नई चीज है। एक नई चीज बनने जा रही है और कुदरती बात है कि इसमें कुछ खामिया रह गई हों और उन को प्रागे चल कर हमको दुरुस्त करना होगा।

अब श्री नौशीर अरूबा ने खदसात जाहिर किये हैं तो वह कोई नैर मामूली बात नहीं है क्योंकि वे तो वकील हैं और वकील कई दफे आप जानते हैं कि ऐसी बख्तें सोचते

हैं और देखते हैं जो कि ग्रामतीर पर बहा होती नहीं है। उन के दिमाग में जो खदसात होते हैं उनको वह सामने रखते हैं और कई बक्ते जो वह उनमें छतरात देखते हैं तो कई दफे वह सही ही साबित हो जाया करते हैं। अब मुझे तो इसमें कोई ऐसी बात मालूम नहीं दी कि कानून ने कोई ऐसी पाबन्दी लगाई हो कि कोई कौस्ट एकाउंटेंट अगर पालियामेंट का मेम्बर बन जायेगा तो वह अपने प्रागे एम० पी० नहीं लिख सकता, ऐसा तो हम कोई कानून बनाने जा नहीं रहे हैं। कौन जानता है कि उन में से कोई एम० पी० भी बनेगा या नहीं? अब इस तरीके से अगर हम सोचने लगे और खदसात को सामने रखते तो उस के तो कई तरीके हो सकते हैं। जो भाई दूसरी तरह देखते हैं। वह ऐसा सोच सकते हैं कि शायद पालियामेंट मेम्बरस कौस्ट एकाउंटेंट बनेगे दूसरे सोच सकते हैं कि शायद न बने।

अभी कहा गया है कि काँसिल के प्रधान कहते हैं कि मैं कौस्ट एकाउंटेंसी जानता नहीं। मैं उन से कहता हूँ कि इस देश के बास्ते स्कीम्स बनाने की सब से बड़ी जिम्मेदारी प्लानिंग कमिशन के ऊपर है तो अब प्लानिंग कमिशन के प्रधान हमारे देश के प्रधान मंत्री महोदय हैं और बिलकुल टेकनीकली देखा जाय तो हमारे प्रधान मंत्री महोदय को उन स्कीम्स और चीजों को बनाने का क्या प्रैक्टिकल इल्म है? यह तो ठीक है कि वे एक महान व्यक्ति हैं और उन के अन्दर असीम शक्ति और साहस देश को प्रगति पथ पर चलाने का है लेकिन जहा तक टेकनीकल नो हाऊ का सवाल है उसका तो उन्हें इल्म है नहीं लेकिन तो भी देश की जनता न उन को यह कार्य भार सौंपा है और वह इसको बड़ी योग्यता से चला रहे हैं।

इसी तरह इरिगेशन एंड पावर के मन्त्रालय के जो सेक्रेटरी हैं वह कौन से इंजीनियर हैं? बल्कि देखने में तो यह भाया है और रिपारतों के तजुबों से यह मालूम हुआ है कि

धरर इस तरह के संगठन के काम विशेषज्ञों के हाथ में छोड़ दिये जाते हैं तो उन में कितनी ही पेचीदगियां धीर नई नई मुश्किलों उठ खड़ी होती हैं क्योंकि इन विशेषज्ञों का जो सोचने का तरीका होता है, वह एक खुला हुआ तरीका नहीं होता उनका दिमाग खुला हुआ नहीं होता धीर एक खास टुक की तरह उनका दिमाग चलता है धीर उसी पर वे आ सकते हैं। इस में तो कुछ आपत्ति हो भी सकती है धरर कोई ऐसे भाई प्रधान बनें जो कि बिलायत की असोसियेशन की रेकगनाइज्ड डिप्टी लिये हो धीर वह शायद यह सोचने लग जाय कि हिन्दुस्तान वाली जो असोसियेशन बनी है धीर जो सर्टिफिड देती है तो यह सही नहीं है। या इनकी कीमत कम होनी चाहिए, बिलायत वालों की उबादा होनी चाहिये। हमने देखा है कि हिन्दुस्तान के जो डाक्टर हैं एम० बी० बी० एस० वगैरह, जो कि मीडिकल सरविसेज के डाइरेक्ट नियुक्त होते हैं वे किसी बैच को चाहे वह कितना ही अच्छा हो नहीं मानते धीर यह नहीं स्वीकार करते कि वह बैच कुछ जानता है। वे यही मानते हैं कि यह तो विशेषज्ञ हो ही नहीं सकता। तो यह बात धाम तौर पर देखी गई है मेरा यह मशा नहीं है कि उसका बहा प्रधान रहना लाजिमी है, लेकिन मैं यह मानता हू कि यह भी कोई जरूरी नहीं है कि वह कास्ट एकाइजेंट ही हो, धीर कौन सा अच्छा काम करेगा यह तो तजुर्बा ही बता सकता है।

मेरे भाई ने कहा कि वह पाकिस्तान के एक भाई को काउंसिल का मेम्बर बनाना चाहते हैं इसलिये कि हमारी काउंसिल की बुनिया में बड़ी इज्जत होगी। हो सकता है कि उन को यह बहुत अच्छी बात मालूम देती हो। लेकिन यहाँ रीजाना यह सवाल किये जाते हैं कि साहब भलाई बनता है उसके अन्दर विदेशी कितने भादमी टैकनिसियन काम करते हैं, कुरकेला बनता है उस में कितने विदेशी भादमी काम कर रहे हैं, भाखरा पर कितने अमरीकन हैं। तो रीजाना इस तरह के

सवाल होते हैं धीर कौशिश यह होती है कि विदेशी भादमी हमारे बहा कम से कम हों। मेरे पूर्व बक्ता शायद यह समझते हैं कि विदेशियों का ज्यादा तादाद में बहा रहना इज्जत की बात है। यह उनका अपना बिचार हो सकता है। लेकिन मेरी समझ में तो उनका यह तर्क नहीं प्राया। हो सकता है कि पाकिस्तान के जो भाई हैं वह बहुत लायक हों धीर हमको कोई ऐसी चीज से मदद दे सकें धीर सरकार उन को थोड़े दिन के लिये नीकर रखना चाहे तो रख ले जैसे कि वह धीर दूसरे देश वालों को, रूसियों को, अमरीकनों को, विशेषज्ञ के रूप में रखती है। धरर सरकार इन पाकिस्तान के भाई को विशेषज्ञ के तौर पर कुछ दिनों के लिए रख ले तो उस में कोई आपत्ति की बात नहीं है। लेकिन एक भाई पाकिस्तान में रहे धीर हमारी काउंसिल की देखभाल करे यह मुझे सही नहीं लगता।

मुझे मालूम नहीं क्योंकि उस का उतना मुझे ज्ञान नहीं है। मैं ने बिल भी पढ़ा पर मेरी समझ में नहीं प्राया कि जो क्वालीफिकेशन, होगी कास्ट एकाउंटेंट की वह क्या होगी। मैं तो हवाई उठान करता हू धीर उठान करते हुए सोचता हू कि धरर सिर्फ हिसाब किताब रखने वाली बात है तो चार्टर्ड एकाउंटेंट भी रख सकता है कुछ दिन की ट्रेनिंग के बाद। लेकिन असल बात यह है कि कास्ट एकाउंटेंट को फिसले करने पडते हैं। एक मकान का एस्टीमेट आता है, एक स्कीम का एस्टीमेट आता है या बनने के बाद खर्चा उसके सामने पेश होता है, तो वह तै कर सके कि इस के अन्दर यह खामिया है धीर यह एस्टीमेट गलत है, या इस के अन्दर इस तरह से एकानमी हो सकती है, तभी वह कोई फायदे मन्द चीज साबित हो सकती है, वरना धरर उस के आते अलाहिदा रखने का ही मशा है, तो यह कोई बड़ी चीज नहीं है। जो काम उसको करना होगा उस के लिए मैं समझता हू कि उसको सिविल इंजिनियरिंग का कुछ न कुछ ज्ञान होना चाहिए, धीर कुछ भादमियों को

[श्री० रमवीर सिंह]

मिर्कनिकल इंजिनियरिंग का ज्ञान होना चाहिए क्योंकि देश के भन्वर सारे बंग की सायंस तरक्की कर रही है। कहीं एटम की तरफ तरक्की हो रही है, कहीं पानी से बिजली बनाने की तरफ तरक्की हो रही है, कहीं समुद्री जहाज की तरक्की हो रही है, कहीं हवाई जहाज की तरक्की हो रही है। उन के प्रोजेक्ट धाते हैं पबलिक सेक्टर में, प्राइवेट सेक्टर में। कुछ भार्ड इम्पोर्ट के लिए पैसा मांगते हैं, यह जानना जरूरी है कि इस के भन्वर इतना खपया लगेगा या नहीं। तो जो एडमिनिस्ट्रेटर बैठा है उस को सलाह देने के लिए ऐसे प्राइवटी, ऐसी मशिनरी होनी चाहिए जिस पर कि वह यकीन कर सके।

मैं भरूचा साहब से सहमत हूँ कुछ हद तक, इस बात में कि हम यह सोचें कि उनकी फीस कितनी हो और फीस कम करने की इजाजत न हो। कई दफा बहुत ज्यादा यह चीज सही नहीं होती है, कई दफा वह फायद-मन्द भी रहती है। अगर सरकार उन के खाते का ठीक तरह से हिसाब देखती है। आप जानते हैं कि ट्रास्टोर्ट की बिजनेस है। मोटर वाले जब पहले प्रब्लर बिड करते थे तो न उनकी हालत अच्छी थी और न ट्रास्टोर्ट की हालत अच्छी थी। जब से कम्पनिया बनी हैं और सिलसिले से काम चला है तब से लोगो को भी आराम मिला है और जो लोग कम्पनिया चला रहे हैं उनकी आमदनी और स्टेटस में इजाफा हुआ है।

तो मैं चाहूंगा कि इसमें कोई तबदीली न करें तो एक बात का खास तौर पर खयाल रखें। वह कि जैसा कि हर राजनीतिक, सामाजिक या आर्थिक संगठन में हो जाता है। इसमें बासिज्म न आने दें। कई दफा प्राइवटी किसी न किसी बहाने से नाजायज फायदा उठाना चाहता है। इसकी देखभाल प्रबन्ध की जाये।

Shri Narayanankutty Menon: Mr. Deputy-Speaker, Sir, this Bill generally is to be welcomed, is supposed to be the least controversial as far as the previous speakers are concerned and I also agree with that because of the very fact that the Government has brought forward a Bill, at least accepting the principle that the cost accountants should have a corporate body of their own with an independent status which would control them and also put them under its own discipline. But certain fundamental principles of these autonomous professional bodies which ought to be taken into consideration before these bodies are formed are either entirely forgotten by the Government or there is, to a certain extent, deliberate doing of certain deeds which might in the distant future act to the detriment not only of the cost accountants but of the country as a whole.

Primarily the cost accountant in an industrially and commercially advanced country occupies one of the most important public posts, more important than that of the doctor or the lawyer, because on the one side the chartered accountants' institution acts as the guardian of the shareholders' money and public money on the other side the cost accountant acts as the further guardian of what is going on both in the public limited companies and in the private limited companies. So far in the absence of an autonomous body of the cost accountants, there was a sort of anarchy as far as cost accounting was concerned in the country as a result of which and because of certain amount of lacunane in the Companies Act also, the real state of affairs as far as public limited companies are concerned were unknown both to the shareholders and to the public. The point which I have stressed yesterday, when the Company Law amendment was being discussed, that many public and private limited companies are able to inflate their capital to the detriment of the Exchequer and to the detriment of the shareholder is because of the fact that cost accoun-

tancy, as it ought to be, is not exercising as much amount of control, as far as costing is concerned, regarding the assets of private and public limited companies. There is a provision in the Companies Act that the balance sheet of a company should be certified by a competent chartered accountant. What happens is that the figures shown in the balance-sheet will be sent corrected by the Chartered Accountant. But who makes the figures? The person in charge of valuation as far as public limited companies are concerned is the company executive. He values the material and if he gives a certain amount of value, ten times or twenty times inflated and shows them as the assets of the company, the Chartered Accountant is powerless in that sphere. He will have to certify that according to the valuation made by the company's executive the assets are correct.

But the danger is supreme in that respect, because it does not give a real picture of the assets of the company at that time. The public, especially the contributing shareholders are made to misunderstand; also a certain amount of danger is inherent in it. Because of the absence of such an institute, a recognised autonomous body which controls the conduct and discipline of the cost accountants, there is a lot of trouble, and I am glad that now at least Government have come forward with this Bill. To that extent it is to be welcomed. But when the Bill has been brought what is the real state of affairs of the autonomous body?

We have got many autonomous professional bodies, like the Bar Council in respective States. A misapprehension was raised that in the corresponding body for the lawyers in the country, the Bar Council, there is no provision for the Bar Council to meet in an annual general body. Primarily it is because of that fact that an all-India Bar is still in the offing, even though the Central Legislation, the All India Bar Councils Act is there which is applied to the States and there are elected Bar Councils in the States.

The hon. Minister should know that these Bar Councils are the custodians of the rights and privileges of the lawyers and are elected and only a very small minority of them are nominated and that too not by the Government, but by the Chief Justice of that particular State. Therefore, that body is completely autonomous. And what are the powers of the Bar Council? That body has got absolute power to prescribe qualifications as far as practising lawyers are concerned. As far as their code of conduct is concerned, the Bar Council has absolute authority, particularly in all disciplinary matters. The members of the Bar Council are completely elected with the exception of the nomination by the Chief Justice and that too of a qualified lawyer. That authority can act freely, independently of external influences and of Government and therefore the conduct of the profession can be safeguarded.

The same is the case as far as doctors are concerned. But when we come to the case of cost accountants, the right of nomination to the Institute is retained by Government. If Government can give cogent reasons why there should be this right of nomination we can understand. Even if they want to retain the right of nomination why should a qualification not be prescribed for Government nominees? Is it an attempt to adulterate the otherwise supreme body which controls the entire cost accounting. This has become all the more important in the present state of affairs, because the public sector is growing and when the public corporations are growing the entire finance and capital of the country is going to be invested in the public sector and Government would control almost the majority of shares in all these public corporations. And when valuation of the assets of these public corporations are made cost accountants are appointed and these cost accountants are responsible only to this Institute. Certainly the real state of affairs of the Corporations can be seen if the cost accountants are really independent.

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In this case the Government wants to control and also to throttle to a certain extent the freedom of the cost accountant by adulterating the entire institute; they do not want any independence to be given to that body to control their code of conduct.

I submit that the position that a cost accountant of the future would occupy in the present state of affairs of the country is that of custodian and guarantor of the public property in the corporations. He should be given complete liberty to act in a free way uninfluenced by the Government domination and Government control. The only way in which we can guarantee it is through a completely autonomous institution which has absolute powers either to decide or not to decide a point, or take disciplinary action. Unless we can guarantee that much of freedom to the cost accountant, we cannot expect the cost accountant to act independently unaffected by the lures from his professional work that he is going to get from the public corporations.

A classical instance has been quoted by one of the previous speakers about the Chairman of the present Cost Accountants Institute. I do not wish to make any reference to personalities. But so far the Government's indulgence in the fact that this gentleman has been allowed to continue as the Chairman of the Institute of Cost Accountants and at the same time as the Chairman of the Institute of Chartered Accountants is certainly not good to Government's own conduct. I also understand that this gentleman is a member of the National Chamber of Commerce of Calcutta. The contradiction is very supreme in that respect, because the cost accountant in his profession is influenced only by the Institute. He is supposed to go into the details of the costing done in the balance sheet of each and every member of the Chamber of Commerce. If this gentleman who is the Chairman of the Institute of Chartered Accountants and Cost Accountants is a Member of the Chamber of Commerce

those people who are to inspect the accounts and certify them cannot be expected to act with freedom expected of them.

Secondly, reference has been made to his qualifications. A very interesting feature is that when the Government was going to introduce this Bill this gentleman presiding over the meeting of the Institute of Chartered Accountants opposed the formation of a statutory body called the Institute of Cost and Works Accountants. Two or three days later on this gentleman presiding over the meeting of the Institute of Cost and Works Accountants welcomed the formation of this body and introduction of this particular piece of legislation. He said in evidence before the Select Committee that he was a bit embarrassed when he was invited to become the Chairman of the Institute of Cost and Works Accountants, not because he was the Chairman of the Institute of Chartered Accountants, but because he was a bit unqualified in cost accountancy. That a man who is not qualified in cost accountancy can become the Chairman of the Institute of Cost and Works Accountants is a very ridiculous position as far as this body is concerned.

We expected when the new legislation was brought and it was proposed to constitute a statutory body, that sufficient safeguards would be provided to see that only a qualified cost accountant would become the Chairman of this all-India body.

There were two international conferences. This gentleman wrote to the organisations of these Conferences that he would be representing India; as representative of the Indian Cost and Works Accountants, his photograph appeared in the Souvenir of the Conference as the only and sole delegate from India. And when the time came for this gentleman to leave because of some reasons that he was not a qualified cost accountant, he did not attend and India went unrepresented at this international conference. I congratulate that gentleman for not going. It is far better that he did not

go to an international conference and say as the Chairman of the Institute of Cost Accountants of India that he was an unqualified cost accountant.

There is another fact which this House should note at this juncture. Not only does Government want such people to dominate these autonomous institutes, but in the face of the admission that this gentleman is an unqualified cost and works accountant, he is the auditor for a series of public sector concerns, like the Hindustan Steel, the Life Insurance Corporation and the recently acquired Jessops. And now, Sir, when an autonomous body whose members should be the guardians of costing in these public limited concerns is controlled by a Chairman, who is unqualified and the very same Chairman is lured into public corporations, what is the amount of freedom we can expect of cost accountants who cost the Hindustan Steel and who verify the stock of Hindustan Steel and its machinery? It has been a deprecable state of affairs. It was because there was no statutory body. When we have decided today that there should be a statutory body, the profession of the Cost Accountant should be respected, his independence and status should be guaranteed. Why not we give this guarantee that a qualified man should control the Institute and preside over the functions of the Institute in order to give respect to the Institute, and that that man should not have the liberty to go to the government concerns, so that he will not act in two capacities?

In this connection I would like to refer to one remark made by my hon. friend Shri Naushir Bharucha. Shri Bharucha as a lawyer is well aware that both canvassing, competition and underselling are debarred under the Indian Legal Practitioners Act. It when another lawyer is offered a not accept a brief for a lesser amount when another lawyer is offered a bigger amount for taking that brief? Normally there is no danger, but as far as the profession is concerned

there is one danger. If cost accountants who are supposed to give a correct valuation of the machinery and assets of a particular company compete to get appointment as cost accountants of these companies, and if one begins to undersell and compete with the other and go and beg for the favours of that particular company, automatically the instinct and freedom of that cost accountant will be surrendered for the benefits that he would get from the company. That should not be the position for those who have to safeguard public moral, public property and public money. I am entirely opposed to the provisions placed before the House by Shri Naushir Bharucha that competition should be allowed. If competition is allowed the danger that I have submitted will be there. In order to safeguard the integrity and freedom of the profession, in order that the future cost accountant shall be the real guardian of the public properties, certainly that man should not be allowed to compete and in any way to beg for favours from any public or private limited company. Therefore, it is right that competition should be debarred so far as the code of conduct is concerned.

One more point and I will finish, and that is about Government control over this Institute. Even at this stage I make an earnest appeal to the hon. Minister to consider whether it is necessary in this state of affairs that Government should retain so much of control over this Institute. If there is any lacuna or drawback as far as the lawyers' profession is concerned—I am not for a moment saying so, but I am mentioning it because the Minister points out that it is so with regard to the lawyers' profession—if there is anything wrong there, let the Government of India come forward with an amendment or a fresh statute and make matters all right. But it is no excuse to point out that as far as some other professional body is concerned this is the practice and therefore this is incorporated here. We are in the beginning. There are certain pieces

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of legislation which require correction, which require amendment, and in certain other spheres we are coming with fresh legislation. Under the circumstances it will not be proper for him to say that in the profession of lawyers there are so many drawbacks and we are repeating them here and therefore that is proper. I make an earnest appeal once again to him to reconsider at this stage that Government should retain only the least amount of right of interference as far as this Institute is concerned, because there cannot be any conceivable, cogent argument on behalf of Government to say that "we will have to retain the right of controlling these Institutes." If in the statute today the Government retain this right to control the working of this Institute, the very purpose of this right will be defeated, because, if you give room to a particular gentleman or a body to act in a wrong way, certainly that room will be utilised, because the tendency will be always to do both right and wrong.

It is for the hon. Minister to reconsider the position and also to accept some of the amendments tabled as far as this particular provision is concerned and to see that this Institute will be really free and the members' integrity will be completely safeguarded. I am closing my few remarks on this point.

I also like to make an earnest appeal to the members of this profession. This House is passing the Bill no doubt with all restrictions, with all the rights of the Government to interfere, with all the rights of the Government to impose a Chairman who is an unqualified person. The cost accountant is given a new status when this legislation becomes law after a few days. When this Bill is passed through Parliament I wish to appeal to the members of this profession to realise the very great responsibilities which both this Parliament and the people of this country are bestowing

upon them. Today, apart from the profession of lawyers or any other profession in India, in order to achieve the economic way that we are thinking of, in order to safeguard public finances and public undertakings, and also the entire industrial sector of our country, these gentlemen are our guardians, are the guardians of public property. If by the constitution of this Institute and by giving a particular status of the highest importance in the country to these gentlemen they become aware of their own responsibilities to the public, certainly, they can occupy one of the greatest positions in the country. I hope that, not as in the past when unguarded by any coercive forces behind any rules of discipline statutorily formed, they will open a new chapter of the Institute itself and also the members of the profession, and that they will certainly pave the way for an amendment of this Act and prove to the public and this Parliament that it is time that they should be given complete independence, completely uncontrolled by the Government, and that they would justify all that we have said in this House about their status in the future making of our country.

Shri Balasaheb Patil (Miraj) In Chapter VIII of this Bill there are some provisions about the dissolution of the Institute of Cost and Works Accountants registered under the Companies Act, 1956. And in clauses 30 and 31 there is also provision about the transfer of the assets and liabilities of the dissolved company to the Institute.

Yesterday, when the Deputy Minister said a few words in his opening remarks, I was expecting that he would say something about the assets, the capital and the liabilities and the debt of this Cost and Works Accountants Institute registered under the Companies Act. Because, under clause 31 the whole of the assets and liabilities are to be transferred to the

new institution. And in other provisions it has given power to the Council to borrow amounts on these assets from the scheduled banks and from the Government.

It is also stated in some of the provisions of this Bill that the assets and the funds can be deposited in government securities. Just now there was a question about the finances of this institution and the further amount that is to be given by the Government to this institution, because this institution is going to perform certain duties towards the students and towards its members. If we read some of the evidence that was led before the Joint Committee we find that there was an institution previously which is to be dissolved. It seems from the balance sheet of the Cost and Works Accountants Institute as on 31st December, 1987, that nearly Rs. 2,80,000 is there. And how this amount has been gathered is also given there. The income from the examination fees is nearly Rs. 89,000; the income from membership is Rs. 48,000. There is also one Prize Fund and one Books Fund which is nearly Rs. 20,000 or something like that. Again, there are some buildings at certain places, like Calcutta, Bombay and Madras, which are owned by this institution that is to be dissolved and that is now to be formed under this Institute. My submission to the Minister is this. He should at least give some account of the amount that is held by this Institute which has to be dissolved. This is necessary. In clause 15, we see the functions of the Council. First, registration and training of students. Further, there is one duty: that is the carrying out, by financial assistance to persons other than members of the Council or in any other manner, of research in accountancy; the maintenance of libraries and publication of books and periodicals relating to cost accountancy and allied subjects. These will require large amounts. As we are going to have fulfilled autonomous

body to function in the case of cost accountancy we will have to see financially how it is to be managed. They have not given some clearcut idea. So far as the Bill is concerned, there are some ways and means by which this Institute or Council is going to get money. First of all, there is the entrance fee. Secondly, there is a fee of Rs. 300 for a person who is an associate to be turned into a fellow. There is a fee for Certificate of practice. One strange thing about this is, every year, on the first day of April, he has to make an application to this Council for a Certificate of practice and a fee has to be paid.

It has been stated in clause 15 that this Council has to maintain the dignity and highest standards of professional qualifications of Members of the Institute. At the same time, in clause 5 we find that every year a member has to make an application to get a certificate and he has to pay a fee. Just as there is an auction in public firms to sell some commodity or for selling some articles in the trains or somewhere else, persons with high standards have to make an application every year. So far as this Council is concerned, we do not know at this stage where the head office of this Council is going to be situated, whether it is to be in Bombay or Calcutta or Madras. The members staying far away have to make applications. Whether the applications will be disposed of within six or seven days or whether it will take six months, we do not know. It may take six months or more. Within that period, it is made penal to practise without certificate.

Further, there is a membership fee. That means, at every stage, even though one may be an associate member of a fellow, he has to pay every year four types of fees. There is an examination fee, and a training fee. My submission to the Minister is, instead of having so many fees at every stage and at every step, he should make some arrangement, at

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least from the point of view of the Government, to see that the fee is paid once. That is, there will be the entrance fee; no fee is to be paid further. If some provision is made to that effect, there will not be difficulty for the Members to have these certificates and other things. There is no necessity for this provision for a certificate every year. If they once become members, if their names are registered in the Register, unless and until a name is removed or they themselves resign, they are to be taken under this Bill to be practising Members. That provision must be there

There are two types of members: associate members and Fellows. It seems that experience of five years is required for an associate member to become a fellow member. The experience is to be judged by the Council. That is not sufficient. At least, at this stage when we are having this Bill and when this Bill is going to become an Act, all the members should be termed as fellows. Thereafter, if certain qualifications prescribed by the Council are possessed by a member, then, he automatically should become a fellow. There should not be a further qualification of five years experience. Experience might differ from body to body, person to person and from type of work to type of work. There is no standard for experience. After all, that would be an arbitrary decision of the Council that he has gained experience. It should not be left to the Council to examine the experience of one person. Then, he should pay a fee of Rs. 300 and become a fellow. If he is not a fellow, as an associate member, he has no right of voting. He cannot become a member of the Council. If he cannot become a member of the Council, he has no right of control over the Institute.

The next point is, it seems that the Government wants to make this body autonomous. But, I see that this is neither autonomous nor an independ-

ent body; but, it seems to be part and parcel of a department of the Government of India. I am saying this because, first of all, out of the Members of this Council, four will be nominated by the Government. We do not know their qualifications; we do not know their standing. We do not know whether those persons will be persons of an independent nature or other sort of persons. It will be the sweet choice of the Government to appoint them. Further, out of the four members, there is just the possibility of one becoming the President and another the Vice-President. At least there should be some restriction that a nominated member of the Government should not become the President or Vice-President. In all the three bodies of the Council, the Executive Committee, the Disciplinary Committee and the Examination Committee, the President or Vice-President becomes *ex-officio* member. That means, he has a large power in his hands to control the affairs or even destinies of members. There should be at least a restriction that the nominated members should not become the President or Vice-President.

In most important Committee, the Disciplinary Committee, one member is to be elected out of the Council, the other is the President and the third is a person nominated by the Government. Supposing, the President is a Government nominee, naturally, the Government will have a high hand, that is, a majority in this Committee. Not only that. It automatically decreases the independence and autonomy that is given to this Council.

There is clause 35 in which it is stated that all the regulations that are to be carried out by this Council must be with Government sanction. This is a very wide and sweeping power taken by the Government. All the

activities of the Council come under that wide power. It is said in this clause:

"The Central Government may from time to time issue such directions to the Council as in the opinion of the Central Government are conducive to the fulfilment of the objects of this Act and in the discharge of its functions, the Council shall be bound to carry out any such directions."

15 hrs.

That means that the residuary power is taken by Government. Suppose the council takes some decision by a majority vote, in respect of training, in respect of membership or in respect of the cancellation of the name of a member from the register or in respect of certain basic principles relating to the council or the institution; Government can by one stroke of the pen prevent this institution from carrying out that decision. So, this is a very wide power which is sought to be taken by Government. At least this clause should be deleted so that the council and the institution may feel that they have some independence and some autonomy left to them.

It is not only this, but when the institution frames certain rules and regulations, even then Government can come into the picture; if there are regulations made by the council in respect of the working, in respect of its relation with the members, in respect of the disciplinary action to be taken against the members, and so on, they have to be made with the sanction of Government. So, even at this stage, Government step in.

In view of all these things, I feel that this is not an autonomous body out of a department of Government, just having a show of autonomy. If Government want that this body should function very well on regular lines and with prosperity, then they should

give some sort of autonomy to it, if not full autonomy. If we look into the Acts under which universities have been formed or other educational institutions have been formed, we find that they have full autonomy. The court of the university has full power to control its affairs. So also, in this case too, there should be some autonomy given to this council.

My next submission would be this. From the evidence tendered by the institution that is to be dissolved now, it seems that they have a large amount at their disposal. Government should put some restrictions on them. Out of 1,100 students that appeared for the examination, it seems that only 78 could pass. That means, that either they are not going to pass more students, or the standard of training given to the students is so low that they cannot pass the examinations. Government should put some restrictions on the Council so far as the future training and education of the students is concerned, so that a high standard will be maintained, and a greater number of students will come out successful and serve the country.

Shri Satish Chandra: I have listened with great attention to the speeches delivered by the various hon. Members. I have been pleased by the fact that almost every speaker today has supported the object of the Bill, and everybody realises the importance of having a good profession of cost accountants being organised on sound lines. All the same, I have been pained by some of the criticisms that have been levelled, not so much against the Bill, but against certain individuals, against certain personalities who have helped to build up the private institution of cost and works accountants in the past, and even against some of the officers, or at least one officer who has done his best to give a push to this idea of the Institute of Cost and Works Accountants.

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being properly organised and put on a statutory basis.

I do not wish to go much into these personal attacks. Sometimes, when I was listening to the hon. Member opposite, I had a feeling whether it had not something to do with some politics in Calcutta, because the person concerned in the Institute of Cost and Works Accountants also happens to be the sheriff of that city and a distinguished citizen. Many personal things were said against him. I am pained, as I said, because while everybody welcomes the Bill, and everybody speaks highly of the objectives for which this Institute is being created, yet, perhaps not so much based on personal knowledge but on the basis of information supplied to some hon. Members, maybe by some interested persons or by some junior members of the Institute, they come out in the House with personal remarks against those who are not present in the House.

Shri Prabhat Kar also referred to some private letter. He did not disclose who wrote that letter and to whom it was written. He read out a private letter from some party to another party in which he had said something about one of the officers of the Company Law Administration. In the course of his speech, he also mentioned the fact that a party was organised in Calcutta, and a gift was given to that officer. I have personal knowledge of that matter. There is an officer in the Company Law Administration—I might clarify the facts here, because I do not wish to hide them, since they have been mentioned on the floor of the House. The officer went to Calcutta; he was invited to a party, and in that party, a gift, some coffee set or something like that, was presented to him. According to the rules, when he came back to Delhi, he immediately reported the matter in writing to the Secretary of the Department Company Law Administration in the Commerce and

Industry Ministry, and it was mentioned to the Minister of Commerce and Industry. There are certain rules and regulations according to which these gifts are dealt with. Gifts of trifling value are sometimes allowed to be retained by the officers; if they are costly goods, they are asked to deposit them in the Government Toshakhana. These are the ordinary rules. This officer who has completed his fixed tenure in the Department of Company Law Administration, and who may leave this Department if his tenure is not extended by Government for a further period—which is under consideration—was called by some friends for a farewell party, because they knew that he was leaving the Department; and in that farewell function, this small gift was presented to him. I gave this small explanation because the thing has been mentioned in the House, though it has very little to do with the Bill or the amendments to the Bill before the House.

Several hon. Members have said something about the unqualified members being the members of the present Institute and also proposed to be made the member of the institute in the future. I have spoken about this matter in the past, and I wish to repeat it now that the number of these persons who are at present the fellows or associates of the Institute of Costs and Works Accountants is only a very small fraction of the total membership of the institute. These are all the persons who pioneered the setting up of this Institution, and have been associated with it for a period of about fifteen years now. When there was no Institute or no organisation for the training of cost and works accountants, some of the senior Chartered Accountants of our country started this company in order to make facilities available to some of the accountants to specialise in the costing work. Those people were either co-opted by the Council or were originally the promoters of this Institute.

Their number is about 59 out of a total membership of 400 at present, out of which 24 are Fellows and 35 are Associates. Most of these people are qualified Chartered Accountants. Many of them, a great many of them, have been working as cost accountants also up till now. They have been carrying on practice in costing also along with their work as Chartered Accountants.

Those people are there, but to say that they dominate the Institute at present and will continue to dominate it in future clearly shows that the hon. Members opposite have very little confidence in the ability of the cost and works accountants. The 400 cost accountants elect their governing body, they elect their President and Vice-President. If it is said that these few people who are there, who have set up this Institute, can be so powerful as to completely hypnotise the vast majority of the cost and works accountants who have to elect their Council and their President, that shows a complete lack of confidence in the capacity of the cost and works accountants to look after their own interests and welfare.

Shri Subiman Ghose: What is the present state?

Shri Satish Chandra: I do not know. It appears the hon. Members are perhaps more enthusiastic about something which the cost and works accountants do not want themselves. Maybe, there might be one or two or three individuals who are aggrieved on certain things and carry tales, but the vast majority of the people of the Institute elect these people by ballot, or in a free manner, and put them in the governing body of the Council, or elect their President.

Shri Prabhat Kar: It is not a question of individuals, it is a question of the principle that we have placed. It is not a question of a particular man or group of persons. Is it judicious that we should allow these persons who are not qualified to be there?

Shri Satish Chandra: In my opinion, the persons who have built up this Institute, who first introduced the idea of cost and works accountancy in this country and have laboured for it, and who are the pioneers have certainly a right to continue as members of the Institute. That they are popular, that they are respected by the cost and works accountants and that they are still considered useful by the majority of the members of the Institute is clear from the fact that they are elected year after year as President and Vice-President of that Institute.

Shri Narayanankutty Menon: Does the hon. Minister say that this Institute will live only so long as the pioneers live?

Shri Satish Chandra: The hon. Member may exercise his influence with the electorate not to elect the person who is there as the President instead of trying to debar him through legislation here, because, in fact, he is himself responsible for the setting up of this Institute, for bringing it to its present stage and for convincing the Government of the utility of giving statutory recognition to this Institute.

Shri Subiman Ghose: That is not absolutely correct. I have given the names of the founders. They are cost accountants.

Shri Satish Chandra: The founders or the promoters of the Institute are many, and some continue to be associated with it.

Shri Subiman Ghose: But the cost accountants are the founders.

Shri Satish Chandra: It has been said that the foreign qualified persons should not become eligible for membership of this Institute.

Shri Prabhat Kar: Automatically.

Shri Satish Chandra: In this connection, I wish to draw the attention of the hon. Members to the fact that this Institute will perform two func-

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tions One will be that of an examining body. It will give training in cost accountancy, conduct examinations and award diplomas. There is another and equally important, if not more important function, that is to regulate the profession, to exercise disciplinary control on the members and to see that the professional standards are maintained in the country

Firstly, there are many Indian students who are undergoing training in foreign countries I do not think that it is the intention of the hon. Members that persons who have qualified in the past in foreign countries when proper facilities did not exist here, or that Indian students who are receiving training in Britain at present—most of them are in Britain—on their return to India should be debarred from practising as cost and works accountants

Shri Prabhat Kar: No, no I have made it quite clear.

Shri Satish Chandra: I understand, I am coming to the next

Some hon. Members feel that they may be allowed to practise as cost accountants, but they should not become members of the Institute The effect of such a proposal will be that they will practise as cost accountants without being under the disciplinary control of any organisation If they are not admitted as members of the Institute, the Institute will not be able to exercise any disciplinary control over them in spite of the fact that they will be practising as cost and works accountants

Shri Prabhat Kar: My point is that you can have three types of membership Associate, Fellow, and a group of persons for whom you issue licence for practising The licence issuing authority will be the Council or the Institute, and having issued the licence, it will have full control over the working of those cost ac-

countants They will not automatically become Associates or Fellows, but will be controlled by the Institute That is what we want.

Shri Satish Chandra: I think then the discussion becomes very academic If I understand him correctly, the man who is getting training in U.K., on return to India, can practise as a cost accountant, and he will also be under the disciplinary control of the Institute That means he will be a member of the Institute

Shri Prabhat Kar: Those four words.

Shri Satish Chandra: Those four words are not diplomas or degrees, they only indicate the membership of the Institute, they only indicate that such a person is under the disciplinary control of such and such Institute

Shri Narasimhan: It indicates obligation

Shri Satish Chandra: That is why the Institute has got two functions to perform, and while one function is given undue importance, the other and the major function of the Institute is lost sight of when this argument is put forward

Shri Subiman Ghose: If the persons returning from England get automatic membership of the Institute, everybody will by-pass it

Shri Satish Chandra: The object of training, and of membership of the Institute, is to see that the man is properly qualified, that he has undergone training in the work of cost accounting and is entitled to do that work If a man has received training equivalent to the training given by the Institute here or a higher training in foreign countries and he comes back here, what is the harm if, without taking the Indian Institute training, he becomes a member of the Indian Institute, though as the Institute grows and the training facilities go, probably less and less number will go out of India for training

Shri Prabhat Kar: Is there any reciprocal arrangement?

Shri Satish Chandra: There is no reciprocity as far as Indian nationals are concerned. If the hon. Member will look into the relevant clause, he will know that there is reciprocity as far as foreign nationals are concerned. If, say, a citizen of another country, who is qualified in his own country, comes to India, his case will be governed by reciprocity, and it is provided for in the Bill. But if an Indian national has taken his training in a foreign country which is considered equivalent to our training here, he will automatically be a member of this Institute.

Shri Prabhat Kar: Whereas the training in our Institute will not be recognised by the British Institute

Shri Satish Chandra: It is for them to consider that. We are saying this as far as our nationals are concerned. If the British Institute does not recognise our training, we will not allow a British citizen to become a member of the Indian Institute. I understand reciprocity in that manner. That has been provided for in the Bill.

Shri Prabhat Kar: If I am trained here in India and go to England, will I be allowed to be a member of the British Institute? I have got the training and associateship of the Institute here. Will it be recognised by the British Institute?

Shri Satish Chandra: It will not be, and similarly we are not recognising it.

Shri Prabhat Kar: We are

Shri Satish Chandra: We are not.

Mr. Deputy-Speaker: We are giving it to our own citizens.

Shri Satish Chandra: Our own citizens, not the British citizens.

Mr. Deputy-Speaker: Why should the British allow an Indian citizen who gets the training in their Institute? If any Britisher gets training here and then goes there, then that question arises.

Shri Satish Chandra: There is complete reciprocity as far as foreign nationals are concerned. This arrangement is made for Indian nationals only and reciprocity is provided for in clause 38.

'(1) Where any country, specified by the Central Government in this behalf by notification in the official Gazette, prevents persons of Indian domicile from becoming members of any institution similar to the Institute established under this Act or from practising the profession of cost accountancy or subjects them to unfair discrimination in that country no subject of any such country shall be entitled to become a member of the Institute or practise the profession of cost accountancy in India.

'(2) Subject to the provisions of sub-section (1), the Council may prescribe the conditions, if any subject to which foreign qualifications relating to cost accountancy shall be recognised for the purposes of entry in the Register.'

So this reciprocity has been clearly provided for in another clause, and the arrangement for the Indian citizens is being confused with the general question of reciprocity for the citizens of another country in India vis-a-vis our citizens in some other countries.

Shri Subiman Ghose: May I seek a clarification? An Indian student passing the examination of the British Institute becomes a member of that Institute and also automatically becomes a member of the Indian Institute. For that he has not to go to England; he can very well sit for the examination.

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here. In that case, there is a chance of bypassing our Institute. Every Indian will appear for the examination of the British Institute and will care very little for the Indian Institute. He has not to go to England.

Shri Prabhat Kar: Examinations are held here in India.

Shri Satish Chandra: The hon. Member knows that there is a provision to the effect that after the passing of this Act no other body will be able to take examinations here. There might be some people who are undergoing training and who may be permitted to complete it during a prescribed period. But, normally, this Institute will be the sole body to take examinations in India in future (*Interruption*). I think there is some confusion still

Shri Narasimhan: There is a proviso in page 3—

“Provided further that the person passes the examination and completes his training within five years from the commencement of this Act.”

Shri Satish Chandra: That is provided for.

Mr. Deputy-Speaker: The difference of opinion so far as the position of hon. Members on the Opposition side seems to be this. They want reciprocity so far as recognition of tests is concerned. When the British do not recognise the tests held here, why should we recognise tests held in England? The hon. Minister is providing for reciprocity so far as our citizens are concerned, namely, that when they are Indian citizens and are qualified—they may be here or in England—we will allow them to become members of this Institute, even though England might not recognise qualified men from our Institute. That is the point.

Shri Satish Chandra: I have understood that position and I submitted that the fact is—let us be realists—that no British students come to India for training in cost and works accountancy, while a lot of Indians go to England for training in chartered accountancy and cost and works accountancy. Therefore, we have provided for Indian nationals who have taken their examinations there and who are at present there; when they return, they automatically become members of the Indian Institute.

Mr. Deputy-Speaker: There might be some psychological satisfaction; now when we are free, why should there be a feeling of inferiority that their qualifications are superior to ours? Our men must go there and get qualified there, though they need not come here. Why should that position obtain?

Shri Satish Chandra: That should not be, and I am quite sure, it will not be. When this Institute is established on a sound basis, boys who are going there at present will perhaps not go in future. They had been going there because proper facilities did not exist here.

Shri Prabhat Kar: Another defect is this. The examination of the British Institute takes place in India. The difficulty will be that students will prefer to sit at the British Institute examination in India and the fellowship or associateship and this will automatically enable them to get the associateship of the Indian Institute also.

Mr. Deputy-Speaker: Why should he prefer to sit at the British Institute examination? Is it easier to get through?

Shri Prabhat Kar: He will have two sets of letters attached to his name A.I.C.W.A. and A.C.W.A.

Mr. Deputy-Speaker: If he is to serve in India, then the qualifications

of the Indian Institute will perhaps be as good, if not better. Whether there are four letters or 8, what does it matter?

Shri Prabhat Kar: But the framers of the Bill dispute it.

Shri Satish Chandra: I do not see any other point in it.

As far as nominations of Government are concerned, there again there appears to be some serious misunderstanding about the correct position. The Bill has provided for 12 elected members and 4 nominated members. It has been said that 4 is too big a number and that Government want to dominate the Governing Body or the Council of the Institute. That is not a correct position. Out of the 4 nominations—I can tell you how we propose to nominate the persons—one person will be a representative of the Federation of Indian Chambers of Commerce and Industry. He will be a non-official. He will be a qualified person.

Industry has to work in close collaboration with the Cost and Works Accountants Institute; it is interested in the progress of the Institute and in the proper training of cost and works accountants. So, the Federation is being given a seat. Similarly, another seat may go to another Chamber of Commerce in the country. So, two seats will go to the representatives of the Chambers of Commerce and Industry who will be non-officials. Two Federations are represented in the Institute of Chartered Accountants at present. Those two are chartered accountants and they represent the Associated Chambers of Commerce and the Federation of Indian Chambers of Commerce and Industry. Similarly, two persons who will be nominated to this Institute will represent the two representative Chambers of Commerce and Industry.

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Out of the remaining, what we propose to do is to nominate the Chief Cost Accountant of the Ministry of Finance, who is himself a qualified person, to do the job. He looks after cost accounting as and when required by Government in various industries and so on. He is being nominated. There would be one representative of the Department of Company Law Administration, which is directly concerned in this matter, as a representative of the Government. The other three come as experts from various fields. The Chief Cost Accounts Officer, you may say, represents the public sector of the industry just as the two Federation representatives will represent the private sector. One officer of the Company Law Department will be the only link between the Ministry of Commerce and Industry and the Company Law Administration and this Institute. So, the general idea is not to dominate this Institute. It is not correct to say that we are trying to dominate this Institute.

Shri Prabhat Kar has spoken at length about the need to ensure that all the 12 men are elected.

Shri Prabhat Kar: I have said about the proportion. I want to know whether you are going to maintain the proportion or not. You say not more than 12. It can be 4 to 8, or 4 to 9, or 4 to 10.

Shri Satish Chandra: As I said, it is 4 to 8 or 4 to 10. It may be 1 to 12 or 1 to 10 because the representative of the Department is only 1 and, unfortunately, he cannot be divided.

Shri Prabhat Kar: I agree. But my point is not about the representative of the Department. My point is whether you are going to have the proportion between nomination and election and whether you are going to have it as 1:3.

Shri Satish Chandra: Nomination of councillors is a technical phrase. A nominated member is not really nominated. As I said, we ask the Federation to nominate one person and they send one name.

Shri Prabhat Kar: But, it is here.

Shri Satish Chandra: It is here because his name is notified as a nomination. That man is elected by the Federation of Indian Chambers of Commerce or by some other Chamber of Commerce and he comes in. The notification is issued by Government. It may technically be a nomination; but, in fact, it is not a nomination. There is only one member from the Department who goes there.....

Shri Prabhat Kar: But you say they are nominated.

Mr Deputy-Speaker: He has explained why he calls them nominated.

Shri Satish Chandra: Because they are not members of the Institute they have to be nominated.

Shri Narasimhan: What Shri Prabhat Kar is saying is this. It is said here that the number will be not more than 12. He is afraid that Government may take advantage of that and may have only 10. Supposing it is 4; then the total will be 8 and the proportion will be half and half. That is the danger which he is saying.....

Shri Prabhat Kar: It is a small point. Whether it is 12:4 or 3:1, the question is whether that proportion will be maintained or not (*Interruption*).

Shri Satish Chandra: We shall try our best to maintain the same proportion. The difficulty is that the membership of the Institute is small. The total membership is less than 400. It is expected that the Institute will grow in 2, 3 or 4 years. More and more members will come in. It shall be our attempt to have as many members as possible. It has also been pro-

vided that the elected members will be elected from different regions. So, all the regions will be represented (*Interruption*). I think it is properly a matter for the governing body to decide. We are making provision that 12 will be elected—not more than 12 will be elected.

The hon. Member is rather zealous for the autonomy of the Institute. After all, these members of the Council will be elected by the members of the Institute. Let the governing body decide. (*Interruption*).

Shri Prabhat Kar: I do not say that you will keep off the elections. But I want an assurance that the proportion will be maintained.

Shri Satish Chandra: Election is in the hands of the governing body of the autonomous Institute. After the Bill is passed, we would have no objection from our side if the Institute wants to elect all the people

My hon. friend Shri Narasimhan is very anxious that the autonomy of the Institute should not be infringed in any way except for very special reasons or in real emergencies. I agree with him completely. Government fully agree with that and it is with that object mainly that this Bill has been brought forward before this House. It would not have been necessary if the Government itself was not anxious to confer the status of a full-grown profession capable of managing its own affairs to these cost accountants. It is quite obvious that we do not propose to interfere with the working of the Institute.

Many hon. Members have said that some provision should be made in the Companies (Amendment) Bill, which will be before the Joint Committee now, for obligatory checking of the cost accounts. The number of cost accountants is so small today that it would, perhaps, be difficult to make it obligatory on industries or sets of in-

dustries to do that. It is not just physically possible for about 400 cost accountants to check up the cost accounts of all the industries in the country. It will be examined, and, perhaps, it may be easy to make a start in the case of the public sector companies and also, perhaps, in the protected industries. But the matter requires detailed consideration and we cannot off-hand commit ourselves to anything at present. But the object is good and the Government will try and consider it in due course.

Shri Prabhat Kar: One particular set of industry can be taken; you may even take such of those industries with a turn-over of just more than a few crores of rupees. Thus, you can make a start. There are about 4 000 students who will be coming.

Shri Satish Chandra: But the present number is only 388 including those whom you call unqualified.

Shri Narasimhan: What is requested is that you can take a general power and start applying it on a feasible date.

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): He says he will consider it.

Shri Satish Chandra: That is a matter outside the scope of this Bill. In any case, the Companies (Amendment) Bill is before the Joint Committee, and this matter may be considered there.

Mr. Deputy-Speaker: Everything that could be said about that Bill could be said later on.

Shri Satish Chandra: This has been referred to by many Members.

Now, my hon. friend Shri Naushir Bharucha thinks that by the way this Bill is worded, a chartered accountant or a cost accountant will not be able to write the letters M.P. after his name if he is elected as a Member of

Parliament. The provision in this Bill is exactly copied from the Chartered Accountants Act. I know there are Members who are chartered accountants and who are Members in both the Houses of Parliament for a long time. There are one or two Members in the other House who are or who have been chartered accountants. So this difficulty has never been experienced. I feel it is only a hypothetical objection.

As regards the finances of the Institute and the Government's liability, I have not to say much. I do not know of any professional Bills or Acts in which all these details are discussed. A Bill for creating an Institute is not a balance-sheet of a particular company. But these things are discussed outside the Bill or the Act. The present Cost and Works Accountants Institute is a limited company and it is a solvent organisation. I can assure the hon. Members that the Institute, have got assets, a building of their own and also cash money which they have collected during the last few years by their own contributions or from realisation as examination fees. When necessary they can always approach for ad hoc grants to be given by the Government. That is done in the Institute of Chartered Accountants, and the same will be done here.

I do not wish to say much now except that many Members have very strongly felt about the need for an annual general meeting. At present there are 388 people. The number may increase later on to several thousands and spread over the whole country from Kashmir to Cape Comorin and from the east to the west.

Shri Narasimhan: Even outside the country.

Shri Satish Chandra: It is not just possible for all these people to gather at one place and have annual general meeting. In fact, it always turns out to be a small gathering of the

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local people at a place where the meeting is held. There have been instances where such an annual meeting was provided in old companies. There have been instances when 20 people gather in Calcutta and pass resolutions. My friend Shri Prabhat Kar also referred to it today as if that was the opinion of the general body. When a matter was referred to by a referendum to all the members, it turned out to be an exactly opposite thing to what had been said by these 20 people sitting together in a room in the city of Calcutta. The general meeting is not a practical proposition in a matter like this. If this Institute is responsible for the discipline and good conduct and good behaviour and professional ethics and standards of a profession, it should be left to the Council of the Institute to manage these affairs. Otherwise, it will defeat the object for which the Institute has been created.

Shri Subiman Ghose: It might be held in different parts of India, like the Congress, every year.

Shri Satish Chandra: It could be held if the members collect at one place, but it is just not possible.

Shri Subiman Ghose: Why not?

Shri Satish Chandra: If the members are paid allowances, it will become too expensive a business. Otherwise, the experience has been that 15 to 20 people collect. It has been shown. The experience is there, 20 people collect and pass some resolutions in the name of the entire profession which is spread all over the country.

Sir, I have done.

Mr. Deputy-Speaker: The question is:

"That the Bill to make provision for the regulation of the profession of cost and works accountants, as passed by Rajya Sabha, be taken into consideration".

The motion was adopted.

Clause 2—(Definitions and interpretation)

Shri Subiman Ghose: I beg to move:

Page 1, for lines 13 and 14, substitute—

'(b) "cost accountant" means a person who is a member of the dissolved company or a person as contemplated in clause (ii) of sub-section (1) of section 4 or a person who is a member of any other Institute of Cost and Works Accountants recognised by the Council;'

I do not want to inflict a speech now. I want to know from the hon. Minister why there should be an objection to having such an amendment. Let this definition be so clarified.

Mr. Deputy-Speaker: Yes. The hon. Minister.

Shri Satish Chandra: The hon. Member has proposed another amendment—amendment No. 10 which refers to the deletion of sub-clauses (iii) to (v) of clause 4(1). The effect of that amendment is to make the members of a foreign institute of cost accountants recognised by the Institute and make them eligible for the designation "cost accountant" but not for the membership of the Institute. The council of the Institute will have no disciplinary jurisdiction over such cost accountants unless they are members of the Institute. The amendment is connected with the other amendment—amendment No. 10. For the reasons stated by me, I am sorry this amendment cannot be accepted.

Mr. Deputy-Speaker: Shri Prabhat Kar has an amendment.

Shri Prabhat Kar: It is the same thing as Shri Subiman Ghose's amendment.

Mr. Deputy-Speaker: Should I put the amendment to the vote?

Shri Subiman Ghose: Let it be put.

Mr. Deputy-Speaker: The question is:

Page 1, for lines 13 and 14, substitute—

“(b) “cost accountant” means a person who is a member of the dissolved company or a person as contemplated in clause (ii) of sub-section (1), of section 4 or a person who is a member of any other Institute of Cost and Works Accountants recognised by the Council.”.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

“That clause 2 stand part of the Bill”.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clause 4.—(Entry of names in the Register)

Shri Subiman Ghose: I beg to move:

“Page 3, lines 11 to 13, omit—

“except any such person who is not a permanent resident of India and is not at such commencement practising as a cost accountant in India”.

I have given the example of Visva Bharati. If this disparity stands, it will never rise to the international stature. That is my objection. I request the hon. Minister to accept this amendment.

Shri Prabhat Kar: While supporting this amendment, I would like the hon. Minister to consider one point. Today in India we are providing some technical education to many students com-

ing from outside, say, South East Asia or other under-developed countries. There is a possibility that many of the students who will come over here to India may want to study cost accounting in this Institute. After getting instruction and after completing their studies and passing the examination they go back to their own country and they can, with the associateship of this Institute, practise in their countries. So, to debar them simply because they will not be here in India is to debar them from becoming members here especially when they passed the examinations here. I think we should consider this aspect situated as we are in India today. We should give scope to those students who come from outside, who appear at the examinations and who pass them and go back to their own country. That will be a service which we will be doing to the various countries which are proud of our country, India, and of whom we can also be proud.

That is why I support the amendment.

Shri Satish Chandra: The effect of the amendment is that persons who are not permanently residing in India and who are not practising as cost accountants in India will become eligible for membership of the Institute. I do not accept the amendment. It is not necessary to make a provision for those who are neither living in India nor practising in India; I do not see why they should be allowed to become members.

Mr. Deputy-Speaker: Those who come here for training, get their training and pass the examination. Then they go away to their country. Why debar them from continuing as members?

Shri Satish Chandra: As I explained earlier, the major function of the Institute is to exercise disciplinary control over its members. When these persons are not residing in this country, they cannot be under the control

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of the Institute and it is no use keeping them as members of the Institute. They will have the diploma of the Institute, but they will not members.

Shri Subiman Ghose: An Indian member of the English Bar can practise in India. If he goes back to England, he can also practise there. His name is not removed, because he comes away from England. What is the harm?

Shri Prabhat Kar: Cost Accountants of the British Institute are practising here; they are not debarred.

Mr. Deputy-Speaker: Quite a good argument, but the hon. Deputy Minister is not prepared to agree.

The question is:

"Page 3, lines 11 to 13, omit—

"except any such person who is not a permanent resident of India and is not at such commencement practising as a cost accountant in India"."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 4 stand part of the Bill".

The motion was adopted.

Clause 4 was added to the Bill.

Clauses 5 to 8 were added to the Bill.

Clause 9.—(Constitution of the Council of the Institute)

Shri Prabhat Kar: I am prepared even to withdraw my amendment provided the hon. Minister gives an assurance that the proportion 3 : 1 will be maintained.

Mr. Deputy-Speaker: That he has given already and the hon. Member was satisfied when he spoke. Why should he want it again?

Shri Tangamani (Madurai): He is not moving his amendment.

Mr. Deputy-Speaker: I understood like that, that the words of the hon. Deputy Minister satisfied the hon. Member. They have the same value as they had previously.

The question is:

"That clause 9 stand part of the Bill".

The motion was adopted.

Clause 9 was added to the Bill.

Clauses 10 to 17 were added to the Bill.

Mr. Deputy-Speaker: Is the hon. Member moving his amendment for a new clause 17A?

Shri Subiman Ghose: No.

Mr. Deputy-Speaker: The question is:

"That clauses 18 to 39 stand part of the Bill".

The motion was adopted.

Clauses 18 to 39 were added to the Bill.

First Schedule, Second Schedule, Clause 1, the Enacting Formula and the Title were added to the Bill.

Shri Satish Chandra: I beg to move:

"That the Bill be passed."

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.