

[Mr. Chairman]

India in the Ministry of Commerce and Industry, No. S.R.O. 332, dated the 5th February, 1955, by which an export duty of Rs. 230 per ton of 2,240 lbs. on groundnut oilcake and an export duty of Rs. 175 per ton of 2,240 lbs. on de-oiled groundnut meal (solvent extracted variety containing less than  $\frac{1}{2}$  per cent oil) were levied with effect from the date of the said notification."

*The motion was adopted.*

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

"In pursuance of sub-section (2) of section 4A of the Indian Tariff Act 1934 (XXXII of 1934), Lok Sabha hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry, No. S.R.O. 386, dated the 15th February, 1955 by which—

- (i) an export duty of Rs. 100 per ton of 2,240 lbs. on decorticated cotton seed oil cake and an export duty of Rs. 50 per ton of 2,240 lbs. on all oil cakes, other than the following namely, groundnut, copra, mowha, tobacco seed, neem seed and decorticated cotton seed oil cakes were levied, and
- (ii) the export duty levied on de-oiled groundnut meal (solvent extracted variety containing less than  $\frac{1}{2}$  per cent oil) was made applicable to de-oiled groundnut meal (solvent extracted variety containing less than 1 per cent oil)

with effect from the date of the publication of said notification in the Gazette of India."

*The motion was adopted.*

**\*DEMANDS FOR SUPPLEMENTARY GRANTS, 1954-55**

**Mr. Chairman:** Now we take up item 3 of the agenda, namely, submission to the vote of the House of the Supple-

mentary Demands for Grants for expenditure of the Central Government (excluding Railways), and I hope the House will agree if we proceed one Demand after another, that is, taking the Demands one by one.

Now I shall place Demand No. 1 before the House and there are certain cut motions to it—Nos. 4, 9, 10 and 5. This Demand and the four cut motions are before the House now.

**Shri Bansal (Jhajjar-Rewari):** May I know the total time allotted for this Demand?

**Mr. Chairman:** We have three hours for the whole of the Supplementary Demands and if the hon. Member desires that we should have a break-up, I have no objection.

**Shri Bansal:** I suggest that we have one hour for the Commerce and Industry Ministry's Demand and two hours for the rest.

**The Minister of Commerce (Shri Karmarkar):** Commerce and Industry is a simple one and will not require so much.

**Mr. Chairman:** I think that as the debate proceeds, we might see whether there is a necessity for having a break-up.

**Shri T. K. Chaudhuri (Berhampore):** With regard to cut motion No. 5 in list No. 2.....

**Mr. Chairman:** I have stated that No. 5 is included there.

**DEMAND NO. 1.—MINISTRY OF COMMERCE AND INDUSTRY**

**Mr. Chairman:** Motion is:

"That a supplementary sum not exceeding Rs. 10,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Ministry of Commerce and Industry'."

*Creation of new posts for National Industrial Development Corporation and development of small scale industries.*

\*Moved with the recommendation of the President.

**Shri T. K. Chaudhuri:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 10,00,000 in respect of 'Ministry of Commerce and Industry' be reduced by Rs. 100."

*Failure to effect savings by reorganisation of Foreign Trade Control Establishments on recommendations of Special Reorganisation Unit.*

**Shri T. K. Chaudhuri:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 10,00,000 in respect of 'Ministry of Commerce and Industry' be reduced by Rs. 100."

*Creation of posts of Officers in connection with National Industrial Development Corporation.*

**Shrimati Renu Chakravartty (Basirhat):** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 10,00,000 in respect of 'Ministry of Commerce and Industry' be reduced by Rs. 100."

*Working of the National Industrial Development Corporation.*

**Shri Tulsidas (Mehsana West):** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 10,00,000 in respect of 'Ministry of Commerce and Industry' be reduced by Rs. 100."

**Mr. Chairman:** All these cut motions are now before the House. About 4, I would like to be enlightened whether it is in order. What does the hon. Member expressly mean when he says: 'Policy with regard to exhibitions, trade fairs and show rooms in foreign countries.'

**Shri T. K. Chaudhuri:** That is No. 7, with regard to Demand No. 4. That I do not want to press.

**Shri M. S. Gurupadaswamy (Mysore):** May I suggest that all the demands may be taken up and all the cut

motions may be deemed to have been moved.

**Mr. Chairman:** I am afraid that it might cause confusion. We will proceed one by one. We shall first take up Demand No. 1.

**Shri Tulsidas:** I have moved my cut motion No. 10 which is only meant for discussion of the working of the National Industrial Development Corporation. I find that this Demand is mainly for organising this Corporation and of appointing officers for this Corporation. This Corporation has been established four months back. I remember that during the last session we had certain demands for floating this Corporation and we were then told about the functions of the Corporation. I also see from the Finance Minister's speech yesterday that this Corporation has been established mainly to serve as an instrument for securing a harmonious development of industries in both the public and private sectors. The Finance Minister also said that the Corporation would not undertake financing of industries except in so far as it was incidental to the development of industries. I would only like to know from the hon. Minister whether any beginning has been made. I do not find anywhere whether any action has been taken under the new Corporation which had come to create the harmonious development in both the public and private sectors. I want to know whether any beginning has been made. That is the only point which I have to submit.

**Shri T. K. Chaudhuri:** Sir, I rise to speak on my cut motion Nos. 4 and 5. While doing so, I must at the outset emphatically protest against the manner in which Government brought into being these corporations for all sorts of purposes without first taking the Parliament into confidence. I might remind the House that in the case of the Industrial Credit and Investment Corporation also to which we made a grant of Rs. 17 crores in the Supple-



[Shri T. K. Chaudhuri]  
 mentary Grants in the last session no proper opportunity was given to this House to discuss the policy behind it. Then comes the National Industrial Development Corporation. Posts are going to be created in the Government Department or the Ministry itself for the proper conduct of this Corporation I do not know what it means but I lay a very definite charge against the Government that this Corporation is being floated in a very objectionable manner and it has been brought into being in a manner which is highly objectionable. Government was never frank with regard to the purpose with which this Corporation, was brought into being. I would refer you to this matter as being of some importance and so I want to take a few minutes on this.

I find that on August 6th last year, Mr. T. T. Krishnamachari, the Minister of Commerce and Industry, held a meeting with top-ranking industrialists in Bombay on the establishment of the Industrial Development Corporation—this is a report published in the *Journal of Industry and Trade*—for promoting industrial development. Look at the names of those who attended the meeting. They are: Shri J. R. D. Tata, a favourite of the Government, Sir A. Ramaswamy Mudaliar, Lala Shri Ram, Shri K. C. Mahindra, Shri Kasturbhai Lalbhai—for whom, the Government provided in the last supplementary Budget for a payment of Rs. 3 crores for the Atul Products Ltd., with which he is connected—Shri V. N. Chandavarkar and Shri S. P. Jain. Apart from these there were a number of officials of the different Ministries, the Governor of the Reserve Bank, etc. Shri Krishnamachari first outlined the purpose for which this Corporation was brought into existence. He said that the essential idea was to secure the co-operation—this is a Government report and no newspaper report—of the leaders of private enterprise for the building up of industries in the country. Let us forget about the socialistic pattern of society and the Avadi resolution and all that bunkum. We

can however legitimately refer to the Finance Minister's Budget speech which we heard last evening. He said that the setting up of the Government owned National Industrial Development Corporation was an important step in the direction of promoting industrialisation. It was, he said, conceived mainly for securing harmonious development of industries in both the public and private sectors. I do not understand how this statement of the hon. Finance Minister could be fitted in or squared up or reconciled with the statement of Shri Krishnamachari. I might also refer to a note in the supplementary budget which we passed last session. It reads: "in order to quicken the pace of industrial development, it has been decided to set up a special organisation called the Industrial Development Corporation. The Corporation would be set up entirely with Government capital....." and so on and so forth. All directors would be nominees of the Government and non-officials would be serving in their individual capacity whatever that might mean. The supplementary budget was passed by us on December 17th or 16th of last year and then it was said that in order to bring that Corporation into existence certain grants were asked for. Here, in the memorandum of association of the National Industrial Development Corporation and the articles of association which is a very revealing document, we find that even before the grant was obtained by leave of the Parliament in December the Corporation was already brought into existence on the 20th of October with the President of India as a subscriber of 9,998 shares, and two officials of the Ministry with one share each. The position is that this Corporation has been registered under the Indian Companies Act. Now, Government is perfectly entitled or anybody is perfectly entitled to incorporate a company under that Act. The functions and the objectives are already laid down in the memorandum of association. I do not understand why fresh posts should be created in the Ministry itself for run-

ning this organisation. It passes my comprehension. This is going to be an autonomous Corporation. Government has already some representatives on it. So, why have new posts, new Secretaries and other officers for running this organisation? New posts are being created—a Special Secretary, Joint Secretary, Deputy Secretary, Under Secretary, etc. Whenever you appoint a secretary, he must have a Joint Secretary and a Deputy Secretary and Under Secretaries under him.

**Shri M. S. Gurupadaswamy:** To keep up the dignity.

**Shri T. K. Chaudhuri:** Whatever it is, this is an absolute waste of public money. I lay specific charges against the Government. Number one is: the Government has been dishonest in floating this Corporation.

**The Deputy Minister of Commerce and Industry (Shri Kanungo):** How?

**The Minister of Defence Organisation (Shri Tyagi):** Is the word 'dishonest' parliamentary?

**Mr. Chairman:** If the word is hard, of course, it may be avoided, but I do not say that it is unparliamentary.

**Babu Ramnarayan Singh (Hazari-bagh West):** It is true.

**Shri S. S. More (Sholapur):** This has become quite parliamentary now!

**Shri T. K. Chaudhuri:** The hon. Minister of Commerce and Industry, Shri T. T. Krishnamachari—we hope he will be soon back again here in New Delhi—said that the essential idea was the development of the private sector or private industries and so on. Then, Government comes forward with a Supplementary Demand for Grants, gets the same grants, and even before the grants are made, they float a Corporation, and then something happens at Avadi, and the hon. Finance Minister comes out with the statement that Government conceives this thing mainly as an instrument for securing the harmonious development of industries, both in the public and private sectors. So, this sort of thing should be put a stop to. Of course, with regard to the other bigger Corporation, the Industrial

Credit and Investment Corporation, the Government has been frank, because, as I understand, the objective was frankly one of helping the private sector of industries in getting the necessary finances. Government is of course free to do that. Only, I do not see how it can be reconciled with a socialistic pattern of society, but anyway, Government has been open and frank about it. But my main objection against all these things is that Government has not taken the Parliament into confidence. Please do not smuggle in these things, after indulging in tall talks about the socialistic pattern of society; you are smuggling in these things by way of Supplementary Demands for Grants, giving us no adequate time to discuss the policies behind all these things. The same observation would apply with equal force to the small Industries Corporation.

**Mr. Chairman:** We are confining ourselves to Demand No. 1.

**Shrimati Renu Chakravarty:** It mentions the development of small-scale industries also. It is all lumped together.

**Shri T. K. Chaudhuri:** In foot-note (a), there is mention of the development of small-scale industries. I am making a short reference to the small-scale Industries Corporation. I do not object to its purpose. I think that now Mr. Kanungo is there, we are entitled to hope that something tangible will be done in order to improve matters.

**Shri S. S. More:** Why this partiality?

**Shri T. K. Chaudhuri:** Because I know Shri Kanungo; I know something about his work.

**Shri M. S. Gurupadaswamy:** Divide and rule!

**Shri T. K. Chaudhuri:** Some day we hope to rule and we also hope to have all good men in.

**Mr. Chairman:** The hon. Member will address the Chair before ruling!

**Shri T. K. Chaudhuri:** Here again, the trouble is that this has been done by way of a Supplementary Demand

[Shri T. K. Chaudhuri]

for Grants under the budget, and the Government does not think it proper to come forward with an open policy statement with regard to the small-scale industries. Small-scale industries stand in a different category than cottage industries. As everybody knows, we invited the Ford Foundation Team—a team of experts—and they have given us a report. But the way that this thing is being done leaves many doubts to be removed. When I move the cut motion with regard to the Small Scale Industries Corporation, I will take the opportunity of dealing with it and with the objection that I take to the way in which that Corporation has been floated. But before I sit down, I hope that the Government would not treat this House so lightly.

I shall take one minute more, because what I want to say relates to this demand. There is one other thing which I forgot to mention earlier. At page 5, item No. (f) (i) says:

“A saving of Rs. 3,48,000 was anticipated on reorganisation on the basis of the recommendations of the Special Reorganisation Unit but, due to practical difficulties the recommendations could not be implemented with the result that the savings anticipated have not been realised.”

I thought that the Finance Ministry, which is the custodian of our finances would have noted that there are certain difficulties and that these things could not be implemented. Economies were suggested, Government accepted the recommendations, but somehow or other, there were other practical difficulties. Today, this very morning, there was a question—No. 360 in the list of Starred Questions. In that connection, I asked whether a Special Reorganisation Unit was appointed to suggest economies in the various departments by various measures of reorganisation, and whether it was a fact that most of the recommendations of this body which were accepted by the Government could not be given effect to due to practical difficulties. But the hon. Minister of Revenue

and Civil Expenditure, Shri M. C. Shah, said that it is not so, and that the details of the economies have been suggested and with the acceptance of the recommendations, there would be a saving of Rs. 54 lakhs. Now, what will happen to the rest of the suggestions of Special Reorganisation Unit?

Shri Bansal: I rise to support Demand No. 1 relating to the Ministry of Commerce and Industry. I would also like to refer to the same subject to which my friend referred in much greater detail, namely, the Industrial Development Corporation. I understand that this Corporation came into being about four or five months back. I do not remember the exact date. I should have thought that when Government came before this House for such a huge sum to be sanctioned for this Corporation, they would have at least taken the House into confidence as to what has been done so far by this Corporation. I do not agree with Mr. T. K. Chaudhuri that the formation of this Corporation has been smuggled in by a back-door method. It is not at all so. This Corporation has been heralded quite loudly, and there were references to it off and on. And as he himself is reading from published documents I wonder how he can make the charge that it has been smuggled in by a back-door method.

Shri T. K. Chaudhuri: May I say a word by way of explanation? I said, ‘Smuggled in’ so far as Parliament was concerned. I know the hon. the Minister for Commerce and Industry is in the habit of taking the press, and the country, into confidence. But here there is a depressed body known as Parliament, which is not taken into confidence.

Shri Bansal: The point is this. I am not justifying what the Commerce and Industry Minister did, because he is present here, and I am sure he will take the House into confidence. But what I would like to know from the hon. Minister is as to what the Corporation has done during all these four or five months, because I know that even before this Corporation was

[Shri Bansal.]

launched some exploratory work was already going on in the Ministry. So it will not do for the Minister to say that the Corporation is even now doing exploratory work in connection with some of the industries that have to be developed or that have to be assisted under the aegis of this National Industrial Development Corporation. Therefore I would like to make a specific reference about the concrete work that has been done by the Corporation so far.

Then I would like to answer a small point made by Mr. T. K. Chaudhuri. He seems to think that all these posts that have been created, and to which a reference is made on page 4, namely Special Secretary, Joint Secretary, Deputy Secretary, Under Secretary, (Shri S. S. More: All variations of Secretary!) Officer on Special Duty and Research Officer belong to the Corporation. It is not so. If he read only the foot-note there he will find that mention is made that these posts are not only for the Development Corporation but they are also in connection with the work of the small-scale industries as well as for the planning team and survey of coffee area in the South with a view to bring more coffee under cultivation. So these posts are for all these things and not merely for the National Development Corporation.

After that I have only one remark to make in connection with another item of expense of Rs. 62,000 under the heading GATT Conference. I know that India is a member of the GATT for a large number of years and just now, as I am speaking here, the Conference is going on in Geneva. The leader of our delegation, Mr. L. K. Jha, is doing a very nice job of the representation of our country in that Conference. But I would make a suggestion and would like the Minister to make a statement if he is agreeable to that suggestion. So far, although we have been committing ourselves to the various provisions of this very important international charter—it is of course revised from year to year—Parliament has not been taken into

confidence as to what these commitments are. I would therefore very humbly suggest that if a full dress debate takes place in the House as soon as the GATT Conference is over, we can know what are our commitments and in what manner India stands to gain or lose by our commitments in that Conference.

**Mr. Chairman:** Mr. More. I would request hon. Members to restrict their remarks to the points.

**Shri S. S. More:** I will ask some questions. Mr. T. K. Chaudhuri has already referred to the creation of additional posts. I find that their total number is twelve. May I remind you, Sir, that the Estimates Committee, in a good many of its reports, did complain that there is an incurable tendency on the part of Government to create high posts carrying fat salaries when the work for them is not there. I would like to know whether, when these twelve posts were created, Government have taken every precaution to see that they are absolutely necessary and their creation cannot be postponed or avoided.

Then you will find that for pay of officers Rs. 1,24,000 have been demanded, while for pay of establishment Rs. 16,000 have been demanded. And no details are given regarding the scales. Only the cryptic remark is "on the usual scales of pay." I have tried to study the budget proposals on different occasions, and I find that in different Departments different scales prevail. Take for instance the Public Service Commission. A pay prevails which is not the pay given to a Member serving on the Railway Service Commission. So merely saying "on the usual scales of pay" is not enough. We shall be obliged to Government when they create any new posts....

**Mr. Chairman:** Are not these Secretaries, Joint Secretaries, Under Secretaries etc. in the Secretariat getting a uniform scale?

**Shri S. S. More:** I speak subject to correction, but as far as my knowledge

is concerned I am not prepared to accept that sort of proposition. And Government can assume that we, Members here, are not so up-to-date in our knowledge, especially when the knowledge is scattered in thousands of publications coming from Government. If they want this House to approve of any particular demand, all the break-up necessary for that demand must be given to us when all the explanation is being given to us. And it looks to me very strange that for officers Rs. 1,24,000 are being spent, while for establishment for all these officers only Rs. 16,000 are spent. Why this great disparity? It is a point on which we would like to seek some information.

Then you will find that Rs. 2,27,000 are demanded for the purpose of lump provision for delegations abroad. In the foot-note (e) some particulars of the delegations have been given: cost of the delegation sent from India to attend the Review Conference on GATT Rs. 62,000; expenditure on the delegation to the U. S. S. R. and Poland to study the development of industry and agriculture Rs. 80,000; cost of delegation to tour Middle East countries etc. Rs. 60,000. May I know from the Government who were the members of these delegations, whether the delegations submitted any report describing the results of their inspection or tours undertaken by them at the cost of this Government, so that we may be in a position to know what useful purpose these delegations are serving, or are they places for certain favourites in order to allow them to have a trip to a foreign country at public cost? Because you know—I am not suggesting it as a sort of accusation—but rumours are thick floating all over the country that Government is trying to seek out a man here and a man there, even on occasions trying to use them as a means of corrupting some public workers, and giving them a chance, whether they are qualified for the delegation or not, a life's chance to go to foreign countries at our cost. In order to set at rest such sinister rumours I would say that it is for Government to come out with an

explanatory statement that "this delegation which went to the GATT Conference was composed of so many individuals, this was the allowance given to them, and this is the report which they have submitted" so that we can see whether the amount has been usefully spent.

**Shri Kasiwal** (Kotah-Jhalawar):  
And the benefit derived therefrom.

**Shri S. S. More:** As I understand, so many delegations have been going to Russia. I know a delegation composed of industrialists and other persons went; and then a cultural delegation; so many delegations are going. Therefore I should like to know what useful purpose was served by this delegation, the composition of the delegation, the period, the emoluments or allowances received by them and the final report submitted—they must have submitted some report to Government—so that we shall be in a position to know, when we are sanctioning the particular grant, that the money has been spent for a proper purpose. We have to arrive at a mental satisfaction. It is not a question of discipline here. We have to render accounts to the constituency and see that every pie of the poor taxpayer's money has been properly utilised and we as Members have played our part of very careful watch-dogs.

2 P.M.

That is our mission.

Then, under (f) "Payment of leave salary, arrears of pay on refixation and creation of the following posts on usual scales of pay."

Three officers posts were created under some other demand. I do not know under what demand. Could they not visualise at that time that leave salary will have to be paid to them? For the creation of these posts no sanction is sought now. They are only coming now for payment of leave salary, arrears of pay, etc. You know the principles of the Supplementary Budget. If a particular thing was done under one demand, all the things necessary for that grant should have

[Shri S. S. More]

been anticipated and put in that grant so that we may have a complete picture. That is my grievance. I submit that Government should be pleased to give us all the necessary materials to enable us to arrive at proper conclusions as far as these grants are concerned.

**Shrimati Renu Chakravartty:** I want to join issue with Shri T. K. Chaudhuri on the way in which the National Industrial Development Corporation has been brought in over here.

**Some Hon. Members:** Join issue?

**Shrimati Renu Chakravartty:** Add my voice. I am sorry.

The point is the way in which these Development Corporations are coming in one after the other. One hardly knows what will be the functions of one and what will be the functions of the other. We also know that there is the Industrial Credit and Investment Corporation and also this Industrial Development Corporation.

[SHRI BARMAN *in the Chair*]

When the Industrial Development Corporation was formulated, we were not very clear about it and I think even the industrialists are not clear; although I must say that they have been taken much more into confidence than the Members of this House, they are not clear exactly as to how much of the cake they will be able to eat. There are people like the Tatas, Shri Shri Ram, Shri Ramaswami Mudaliar, Shri Kasturibhai Lalbhai, and Mahendras who have been invited by the Commerce Minister to have a discussion on these matters. But, we do not know what exactly is going to be the outcome of this whole thing. Specially, there is a feeling and it is also widely talked about that in order to create "confidence" in the minds of the industrialists, we must pay from the public exchequer large amounts of money; otherwise, the industrialists are so "shy" that they are not prepared to go into such avenues of industries which are considered basic to our needs. Here again we

hear that once the liabilities are taken over by the public exchequer, by the people and they are set on a firm footing these industries will at that point of time be handed over again to private enterprise, for private profit. This is a point which is worrying us "Commerce" on the 14th August, after paying a great tribute to Shri T. T. Krishnamachari for his farsightedness in giving all this public money for the benefit of industrialists whom he had invited. I suppose, says that the point however is that it is not very clear whether the Government will make over to private management the industries started by the Government with the aid of the Corporation soon after they are able to stand on their own feet."

This has been the history of certain other important State ventures. They are on a smaller scale. We heard in Faridabad that certain small industries which had been taken over—the Diesel factory, etc. by Government—have been given over now to private industrialists. We do not know what is going to happen to the Housing factory. We also do not know what is going to happen to the Sodepore Glass factory, which had taken large loans from the Industrial Finance Corporation and when it failed Government stepped in. We hear that it will now be given over to private industry. Why should the Government take over all the liabilities at a stage when actually one does not know whether that venture is going to succeed or not and then once it succeeds, it is going to be given over to private industry? That is another big point about which we remain in the dark. We do not know exactly for what we are voting. What is it that we are going to achieve out of this? If this is the type of socialism that the Avadi resolution envisages, we take strong objection to that, to vote the money, for a thing about which we have not debated, about which we do not know anything.

Not only that. I would like to point out that in this small foot-note,

here is a jumble of the National Industrial Development Corporation, development of small-scale industries on the lines recommended by the Ford Foundation International Planning Team and survey of coffee areas in the South with a view to bring more areas under coffee cultivation. We do not know what we are voting for. We want a clear statement from the Minister telling us exactly what it is that this National Industrial Development Corporation seeks to do with this additional grant, whether the liabilities undertaken by the Government are going to be made over for the benefit of private industrialists at the time when the units start functioning, successfully and also what is it that this grant envisages on the question of the development of small-scale industries. I shall deal with the small-scale industries under demand No. 2. There is the question of credit and how to cheapen production, etc. We do not know what the small-scale industries on the lines recommended by the Ford Foundation International Planning Team are and what they have to do with this particular grant.

The third point that I want to make is this. We take stronger objection to the general policy which is being followed by the Government of setting up a top-heavy administrative machinery. This is something to be stopped. Just imagine we are asked to vote for about 12 officers: Special Secretary, Joint Secretary, Deputy Secretary, Under Secretary, Officer on Special Duty, Research Officer, Section officer, Private Secretary to the Deputy Minister, Private Secretary to Special Secretary. After that you come to note (c). We are told: "Transfer of some officers to the Ministry from abroad—Rs. 15,000;

Increased expenditure on Travelling allowances of officers and non-official Members of Committees—Rs. 28,000;" etc.

All these big amounts are going for the pay, honoraria and allowances of these officers. We take very strong objection to this too. While on the one hand we see the creation of temporary posts on the usual scales of pay

in the case of stenographers, in the case of the lower grade clerks etc.,—today the fashion in the Central Government is to carry on almost all the posts, if not almost all, but a large percentage, from year to year on a temporary basis—in the case of officers, they are put there permanently and we have got to vote for them lakhs of rupees. That is something to which we are definitely opposed. Then further down we come to note (f). We are asked to vote for leave salary, arrears of pay of the additional posts of Deputy Chief Controller of Imports and Exports, etc. That is why I have in my cut motion specifically stated that we are against this creation of a top-heavy administration, while actually we find that the lower categories are left high and dry without much security of service. We would like to have from the Minister a categorical statement as to what actually is the position of the National Industrial Development Corporation, whether we are going to make over State finances for the benefit of private industrialists or are we really going to manage them ourselves and utilise any profits that may accrue for the development of other industries, and what is the connection between that and small-scale industries about which we have been told.

**Shri Kanungo:** I will not go into the very provocative words with which my hon. friend Shri T. K. Chaudhuri started.

**An hon. Member:** He said that he was your friend.

**Shri Kanungo:** He is my friend no doubt, and a very old friend too.

**Shri N. C. Chatterjee** (Hooghly): Real friend.

**Shri Tyagi:** He has gone astray of late.

**Shri Kanungo:** He will come back.

I suppose the confusion arises because the debates in the House have not been remembered. This Demand is confined to the limited purpose of providing staff for this Corporation and other services. Whenever you want to do any work, you require

[Shri Kanungo]

hands for that. Whether the hands are adequate or not is all that you have to discuss here.

We are launching upon an entirely new idea of a Development Corporation, which, as has been mentioned by some hon. Members in the course of their speeches, is going to fill up the lacunae in the balanced industrial development of the country.

**Shrimati Renu Chakravarty:** How?

**Shri Kanungo:** We know that up till now any industrial enterprise was left to the adventure and capacity of the private industrialist. But the State, after the enunciation of its policy of 1948, has decided upon going into certain specified categories of industries which will be the special preserve of the State, while the other categories the State will not touch for the time being. If balanced development does not take place, then the industrial and economic structure will be lop-sided. Take the case of the coal tar industry, for example. If coal tar industry is not started, and the intermediates and primaries are not produced here, then the ultimate products like dyestuffs, aromatics and colours, etc. will not be available here, and we shall have to depend upon imported intermediates and primaries for these purposes. It is true also at the present moment that our needs are such that in the basic industries like metals, steel, etc. our hands will be full; and private industry may not venture to go into the production of materials, the prospects of which are not very bright. What will happen in that case? It is exactly for that purpose, as the hon. Finance Minister has mentioned already, that this Corporation has been started, so that it will explore the possibilities of setting up such industries which no one ventures into at the moment, and prove their worthwhileness and their profitability. Then, according to the desires of Parliament, it may be passed on to private enterprise on payment of all the expenses that have been incurred, or it might be run by the State, if the State feels like running it. Personally, I feel that the

State need not go into all these things which are necessary; the State need step in only for strategic materials, strategic in the sense of industrial production. I shall give an example in this regard. Take the case of machine tools, for instance. The consumption of machine tools is not such that any private enterprise will undertake a large-scale investment in the production of all the types of machine tools which are necessary. I conceive that a Corporation like this may go into that type of production, so that the demand for it can be nursed. Each item, as it comes, will be publicised, and it will be for the House to pull up Government whenever it likes, for after all the President of India is the only shareholder of this Corporation, and therefore, the House will have ample opportunity to pull up Government as and when it pleases.

The purpose of the present Grant is confined only to the staff which is necessary for the Secretariat. Some doubts have been expressed in this regard, and questions have been asked: What is the use of this staff? It is a Corporation, and the Corporation will run its own business, and what is the use of Government employing staff for that purpose. But the fact remains that the Corporation has been incorporated as a public limited company.

**Shri T. K. Chaudhuri:** It is a private limited company.

**Shri Kanungo:** It is a public company, but it is private limited because the President is the sole shareholder, so to say.

The proposals emanating from the Corporation have got to be examined by Government. Besides, its current working has also got to be watched, and Government will have to take decisions on the proposals which are submitted by the Corporation. For that, we require staff. The point is whether it is excessive or not. As you will find, we are having only one special secretary for that purpose.

**Shrimati Renu Chakravarty:** Who are the directors? Are they Government directors?



**Shri Kanungo:** Coming to the board of directors, all the directors are nominated by Government. I have not got the names just now, because I did not think that all these questions would come up. But the whole thing has been published already, and there is no question of any "smuggling" or "coming in by the back-door" or anything like that every bit of it has been published in the Gazette of India, together with the Resolutions of Government on the subject; and I remember myself that in the Delhi Press it has been published. The first meeting of the Board of Directors has taken place only recently.

Regarding my hon. friend Shri Bansal's argument as to what has happened in the meantime, and how far it has progressed, I must confess that the progress has been very little, simply because in these undertakings, the largest part, the largest time and the largest caution have to be taken in collecting the right staff. For example, if you want a consultant for the chemical industry, you have got to cast your eye wide and choose the right type of man, because on his advice, you are going to sink crores of rupees. Therefore, I believe that during the short period that has elapsed since the first meeting of the board of directors they have directed the Corporation to look for a certain consulting staff, and also to go into the economics of certain industries which they want to go in for.

**Dr. Suresh Chandra (Aurangabad):** Why do you require so much staff?

**Shri Kanungo:** The staff for which the sanction is required is for the Ministry, and I have explained it already that the proposals coming in from the Corporation have got to be examined by Government.

**Shri Bansal:** He was outside at that time.

**Dr. Suresh Chandra:** No, I have been inside, and I have been listening to the debate very carefully, and I think the hon. Minister has not been able to reply to this point.

**Shri Kanungo:** I am sorry if I have not been able to satisfy my hon. friend Dr. Suresh Chandra, but I hope I have been able to satisfy my hon. friend on the other side. After all, if you want to have a dinner, you must have a cook, and you must pay the cook.

**Shrimati Renu Chakravartty:** But too many cooks spoil the broth.

**Dr. Suresh Chandra:** And there should not be any crooks.

**Shri Kanungo:** I hope my hon. friend will be more discreet in his language.

**Dr. Suresh Chandra:** I did not mean the Minister; but I said that there should not be any crooks in the Ministry.

**Mr. Chairman:** Order, order. Let the hon. Minister proceed.

**Shri Kanungo:** I can assure my hon. friend Shrimati Renu Chakravartty that there is absolutely no question of having too many cooks. There is just one cook, and I am afraid that unless you provide the cook with the right tools, you would not have your dinner. And when you have a cook, you must have a dishwasher also. We are having here, therefore, only a secretary and the usual staff. Some of the hon. Members of the Opposition have asked, why do you not specify the pay of each officer, and so on.

I suppose the budget is there, the big volumes are there. They give the break-up of all types of services and anybody looking into it can find it. As the time of the House is limited, as the hon. Chair has decided, we did not think it proper to burden these demands with all these details which can be referred to at any time.

In this demand, the question has been raised about the delegations, and a suggestion has been made as if the delegations are just junketing round the world. With all respect to the Member who made that suggestion, I say that it is rather insulting.....

**An hon. Member:** To whom?

**Shri Kanungo:** To the members, to the men, who accept the invitation of the Government, and in spite of their engagements spare their time energy and their money. Mind you, most of the gentlemen who are invited and accept the invitation of the Government, do so at considerable loss to themselves. It is only the spirit of public service which prompts them to accept the invitations. Therefore, I submit that the House, along with the Government, should be grateful to the gentlemen who accede to the invitation of the Government and spare their time and energy for serving in the delegations.

As for the purpose and results of the delegations, the publications of the Government do publish assessments, and in the course of debates and in the course of motions, effects or otherwise of our delegations are also brought out. But as the suggestion has been made, Government will certainly consider submitting specific reports about specific delegations like the GATT and all that for the knowledge of the House.

I need not go into the question of the small Industries Corporation as that is coming under another item. I can only assure the House, and particularly Members of the Opposition, that there is nothing like that—of public funds being put into private pockets. It cannot be done, and it is not the purpose of the Government to do so. Reports of the working of the Corporations will be placed before the House. I can assure the House that the purpose is the balanced development of industry in the country and there is no sinister or any other purpose. I would suggest that friends who have any doubts exercise vigilance and they will be amply rewarded.

**Shri Bansal:** As far as the GATT is concerned, my suggestion was not that a report should be placed on the Table of the House, but that a full-dress discussion should take place on the commitments that we enter into in that conference; because it is my definite knowledge that a debate takes place in the House of Commons and in the U. S. Con-

gress on the commitments that those respective governments enter into in the GATT conference. Therefore, my suggestion is that as far as the GATT is concerned, whatever commitments we enter into must be ratified by this House.

**Shri Kanungo:** Obviously. That will be borne in mind.

**Mr. Chairman:** Now, four cut motions have been moved to Demand No. 1. They are cut motions Nos. 4, 9, 10 and 5.

**Shri Tulidas:** I beg leave of the House to withdraw cut motion No. 10.

*The cut motion was, by leave withdrawn.*

**Mr. Chairman:** I shall now put cut motions Nos. 4, 9 and 5 to the vote of the House relating to Demand No. 1.

*The cut motions were negatived.*

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

“That a supplementary sum not exceeding Rs. 10,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of ‘Ministry of Commerce and Industry’.”

*The motion was adopted.*

**Mr. Chairman:** Now, we proceed with Demand No. 2.

**Shri M. S. Gutupadaswamy:** For one Demand, we have taken nearly one hour. There are so many other Demands.

**Mr. Chairman:** That is for the House to decide.

**Shri Tulidas:** Demands Nos. 2 and 4 may be taken together.

**Shri Bansal:** That will be better.

**Mr. Chairman:** Yes.

**Shri Kanungo:** May I suggest that all the cut motions may be moved together.

**Mr. Chairman:** I shall place the Demands before the House.

**DEMAND NO. 2—INDUSTRIES**

**Mr. Chairman:** Motion is:

"That a supplementary sum not exceeding Rs. 1,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Industries'."

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

**Mr. Chairman:** Motion is.

"That a supplementary sum not exceeding Rs. 7,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry'."

*National Small Industries Corporation.*

**Shri T. K. Chaudhuri:** I beg to move:

"That the demand for supplementary grant of a sum not exceeding Rs. 1,000 in respect of 'Industries' be reduced by Rs. 100."

*Functions of National Small Industries Corporation.*

**Shri Tulsidas:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 1,000 in respect of 'Industries' be reduced by Rs. 100."

*Plantation Enquiry Commission*

**Shrimati Renu Chakravartty:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 7,00,000 in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry' be reduced by Rs. 100."

**Mr. Chairman:** Demands Nos. 2 and 4 and these three cut motions are now before the House for discussion.

Now any hon. Member who speaks will speak to all the three cut motions.

**Shri T. K. Chaudhuri:** I will confine my observations to the small Industries Corporation. I think that we should welcome this Corporation. My only objection is that there should have been no full-dress discussion of small industries which are in a separate category from cottage industries. We are often apt to confuse between the two. The small industries are a class by themselves and Government did well in proceeding on the basis of the recommendations of the Ford Foundation. I might mention here that very recently the Government of West Bengal also appointed a Committee to go into the condition of small industries round about the Calcutta zone and they have also brought out a useful report and made certain valuable recommendations. My other objection is that the indications given in the foot-note on page 6 which deal with the objects of this Corporation are not only perfunctory but they are very narrow in scope and there is some difference from the recommendations made by the Ford Foundation. The Ford Foundation recommenced that the Small Industries Corporation should be organised with five functions. Firstly, there should be a procurement division with power to pre-empt at least 25 per cent. of government indents; secondly, a contracting division which would in turn subcontract to the Small Industries Corporation the indents it has taken. That seems to have been done in the declared objectives of the Corporation. Then, thirdly, there should be an engineering division, and then the Inspection committee, and the most important of all, the special financing body, within the Corporation's structure, with power to direct loans to the Small Industries. This is very important because we all know that the main difficulty which stultifies the small industries is the lack of finance.

[Shri T. K. Chaudhuri]

The main purpose should have the provision of adequate finance. Somehow or other, it also seems to me that this provision of Rs. 10 lakhs which has been made here—and that also out of savings from some other department—is too niggardly to solve adequately the purposes which the Government and the Ford Foundation have in view. I hope that Mr. Kanungo will be able to persuade the Government to come forward with more adequate help. With these words, I commend my cut motion.

**Shri Tulsidas:** I have a cut motion with regard to understanding the working of this Small Industries Corporation. I see the objectives which have been mentioned in the foot-note. I welcome this measure of the Government for forming the Small Industries Corporation, as my hon. friend just now said, according to the recommendations of the Ford Foundation Team. What I would like to know is this. It is mentioned in the foot-note that—

“The funds required by the Corporation in the initial stages will have to be provided entirely by the Government but it is hoped that ultimately the Corporation will be self-supporting so far as its working, expenses are concerned.”

Now, this Corporation has been formed particularly to see and help in the functioning of the small scale industries and I do not know how this Corporation will be able to earn that much to meet the expenses of this Corporation. I do not understand how they will be able to do that because in the initial stages, whenever some small-scale industry has to be helped, the Corporation will have to find the money, instead of getting something from that small industry. I really do not understand how this Corporation will be able to remain self-supporting for its working expenses. As I just pointed out, this body has a number of functions to perform.

675 LSD.

As I have already stated before, with regard to the small-scale industries, it is also necessary that these industries function as supplementary to the bigger industries as well as to produce original products. The Corporation will be able to market the products of these small industries. I find from the statement that in a number of exhibitions in different parts of the world we have a sort of display of our products and I am sure the benefit will be derived by these industries.

I feel that what the small industries require is the marketing side much more than anything else. According to the objective which is mentioned here, the idea is that they will accept government contracts and sub-contract them to suitable small-scale units. Here, I would also like to draw the attention of the hon. Minister that if these contracts have to be taken from the Government and if the Corporation is to sub-contract them, and if the Corporation is going to get a margin between the two, then, I am afraid, it would not be really helping the development of the small industries. Generally, government are given to the lowest tenderers and, in this case, if the Corporation is going to get a margin, then the small industries will not be able to get the necessary help.

There is another point which I want to know. In (b), it is said, to provide with loans and technical assistance. I hope the Corporation will not demand a larger margin between the orders received and the sub-contract given to the small-scale industries. Then the purpose for which this Corporation is formed will be defeated and I am afraid it will not give the assistance which is required.

It should also be the function of this Corporation to see that the original type of products are produced in these small industries. We do not think it will be possible for these small industries to compete with large-scale industries and we do not want that competition. After all, competition cannot be there. If there is competition

they will not be able to continue. Therefore, the question of competition does not arise. What is necessary in the situation in this country is more and more industries. Small-scale industries have their place and can function without competing with large-scale industries and their products. They should be supplementing the large-scale industries and producing original products which are not produced by the large-scale industries, like the cottage and handloom industries. As you all know, in different countries like Japan and Germany these products are produced by the small-scale industries. I hope this Corporation will keep in view these particular problems and help the small-scale industries.

**Shrimati Renu Chakravarty:** Mr. Chairman, I would like to welcome this Small Industries Corporation which has been asking for some allotments of money. But, I am also rather in a quandary to understand how the small industries, many of which are today facing keen competition from large industrial establishments, will be able to survive in the competitive market. For instance, coming from West Bengal, I can say that all round Calcutta we have in Howrah and other areas a large number of belting units who are producing belts. But, today they are facing a tremendous crisis even though they have been doing this business for a number of years, because Good Year, Dunlop and others are producing large-scale beltings and these establishments have the finances of the big industry and they are outbeating these small units.

Then coming to such things as tins and kegs. These are also today the monopoly of Metal Box. These used to be manufactured by small units which really employ or use to employ large numbers of people. Obviously, there may be certain other types of industries which could be helped by the Small Industries Corporation by getting large contracts from Government

and by trying to co-relate the demands of the large-scale industries in the form of ancillaries, components and other articles. If we look at the National Income Committee's Report, we find that the value of the net output of these small enterprises are to the value of something like 910 crores. Of course, this includes, I think, the cottage industries also. Comparing that with the value of the net output of factory establishment, it is only Rs. 550 crores. When you come to the total employment potential, the Small Industries employed about 11.55 million people in 1950-51 while the factory at present has only 3 million. **If we deduct a substantial amount for cottage industry workers, even then it will be quite a substantial number that will be engaged in the small industries. The amount involved here in this grant is Rs. 10,00,000. On going through the Ford Foundation recommendations, one point that will strike anybody is their inability to understand the role of the money-lenders. They say in the report that they do not know how far the money-lenders actually play their part, but we, of course, know that unless we are able to give quite a good and regular amount of credit finance to these small industries, it will be impossible to really help them, either to cheapen production or to be able to subsist. Therefore, I feel that we should be told exactly how far this Rs. 10,00,000 will be sufficient to be able to cover not only the setting up of new plants, etc., but also the fact, how far this credit, which is absolutely essential, will also be met by the Rs. 10,00,000, because according to the Shroff Committee recommendations we find that they have suggested the consortium and other things, but I think small-scale industries will not be allowed to take benefit from them. This is a very important point and I feel also that the loans and the finance, which should form a very important part of the scheme, have not been properly budgeted according to the needs, and there is also the other point whether**

[Shrimati Renu Chakravartty]

this Rs. 10,00,000 will be sufficient to be able to provide the raw materials which must be cheap, because after all Government cannot go on eternally buying up stuff which will not be competitive. These are some of the points which we want to raise in order to be sure that the Small Industries Corporation, about which we have got very vague idea as to how it is going to function, will achieve its object. We hear technological institutions and marketing institutions are going to be opened, but what about the credit needs of the small industrialists credit? We do not know how this is going to function and whether there is any possibility of its functioning immediately.

On Demand No. 4, I have given notice of a cut motion regarding the Plantation Enquiry Commission. I welcome the setting up of this Commission and we would prefer this to the Tea Export Committee which it is supposed to substitute. It is very important that besides going the whole question of capital structure of tea production and ascertaining what is foreign capitalisation and what is Indian capitalisation, the whole question of the cost structure especially with regard to the wage structure including both the wages of higher categories as well as the workers should be gone into. This is absolutely important and imperative because of the terribly distressing conditions which prevail in the tea gardens. Among the tea garden workers, there has been growing discontent and there have been strikes and shootings in the usual way. We should know whether the Plantation Enquiry Commission will take this question up. Besides going into the question of financing, marketing, etc., the most important point about which we are waiting with expectancy is that for the first time we may go into the whole question of cost structure and about raising the very low level of wages which today

prevails among tea garden workers especially. While supporting and welcoming the formation of the Plantation Enquiry Commission, we should like to stress that this Commission should bring forward its recommendations at as early a date as possible.

**Shri Kanungo:** My task is very easy and very heartening because the purpose of the Government in the matter of small-scale industries corporation has the full support of the House. I must confess that the present Demand, which is put before the House, is only for a very limited purpose. This has been explained in the sense that the Corporation will confine itself in the initial stages to the operation of handling Government contracts. As members of the House may know, it is impossible for a small man who produces, say, 10 dozen shoes or 20 gross pipe fittings, to go in, get the tenders, submit tenders, wait for acceptance, supply goods and book orders. Therefore, the purpose of this organisation will be to enter into contracts with the Governments, both Central and State, and then give them on sub-contract to other manufacturers and lend its services in supply and getting the goods. As Shri Tulsidas has said; the expenses are not likely to be met initially out of profits. The profits, as such, will not be in the operation of trading; it will be in fact on a 'no profit, no loss' basis. The expenses are supposed to be met by the margin between the borrowing and lending. At present it is anticipated that it will be borrowing somewhere at 3 to 3½ per cent. and lending at about 5 per cent. Therefore, when the operations of the Corporation become large enough, it will be able to cover its expenses. Till then, the Government will have to find out the money for its working. The Rs. 10 lakhs which is asked for is merely the authorised capital. For the loan operations, as and when necessary, money will have to be obtained from the Government. In spite of my taking time, I might say

that the difficulty in these matters is not the availability of money—the necessity is tremendous—but it is to find out procedures, standards, norms, for assessing the requirements of credit for a particular purpose, for a particular operation, etc. We have no knowledge of that. That means that trained personnel to handle these procedures are not available today simply because no institution for this credit has been organised for years up till now here. The credit, as my friend read out from the report, which is available to these people is unconscionable and in fact, in some places people have to borrow at the rate of 72 per cent. This sort of thing happens because no attempt has been made so far for institutions of credit of the proper type. Government, with the concurrence of the House, will be prepared to extend its operations, but personally I think we should be very cautious about it till we gain the necessary experience of handling procedures, standards, etc. I am, therefore, very much obliged to the Members who have participated in this debate and have supported the Government.

Regarding the Plantation Committee's enquiry, as Mrs. Chakravartty had mentioned, the terms of reference are very wide and I think that the Committee who have been given wide powers to go into the relevant questions by the law of the land will go into these questions. When their report becomes available, it will be the first of its kind in the country and it will enable the Government and the House to decide upon the policy to be followed in that connection. With these words, I submit that the Demands may be passed.

**Mr. Chairman:** There are two cut motions Nos. 6 and 11.

**Shri Tulsidas:** I do not press.

**Shri T. K. Chaudhuri:** I do not press.

**Mr. Chairman:** There is no cut motion now before the House as it is taken that these cut motions are not

moved.

**Shri Kanungo:** May I submit that they have already been moved and they will have to be formally withdrawn.

**Mr. Chairman:** I shall ask leave of the House. Have the hon. Members leave of the House to withdraw the cut motions Nos. 6 and 11 which they had moved earlier?

**Several Hon. Members:** Yes.

*The cut motions were, by leave, withdrawn.*

**Mr. Chairman:** What I would suggest in future is that when hon. Members are not very serious about their cut motions they may simply say at the time when they are asked whether they will move or not that they do not want to move it but want to speak on it; that will remove the difficulty.

**Shri S. S. More:** Unless it is properly moved, one cannot even be competent to raise a discussion; the cut motions must be moved for raising a discussion.

**Mr. Chairman:** Anyhow it is a matter of procedure. Now, the question is:

“That a supplementary sum not exceeding Rs. 1,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of ‘Industries.’”

*The motion was adopted.*

**Shrimati Renu Chakravartty:** I do not want to press my cut motion No. 12.

**Mr. Chairman:** Shall I take it that it is not moved at all?

**Shri S. S. More:** When it is not pressed, only leave of the House will have to be granted.

**Mr. Chairman:** Has the hon. Member leave of the House to withdraw the cut motion that she had moved?

**Several Hon. Members:** Yes.

*The cut motion was, by leave, withdrawn.*

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

"That a supplementary sum not exceeding Rs. 7,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry'."

*The motion was adopted.*

DEMAND No. 11—MINISTRY OF  
DEFENCE

**Mr. Chairman:** Motion is:

"That a supplementary sum not exceeding Rs. 55,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Ministry of Defence'."

There is one cut motion No. 13.

*Creation of additional posts*

**Shrimati Renu Chakravartty:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 55,000 in respect of 'Ministry of Defence' be reduced by Rs. 100."

There is just one point which I would like to know. It says here that this additional sum is needed for the creation of an additional post of Deputy Secretary, one Under Secretary, one Private Secretary to the new Defence Ministry, one Section Officer plus extra furniture, etc. What I want to know is this. We have always had at different periods of time different people but we have always had a Defence Minister. I could not understand the provision for a Private Secretary now. Not only have we had a Defence Minister but we have also had a Defence Organisation Minister; there are two Deputy Ministers. What actually happened to the various other people who were actually functioning as the deputies etc. of the Defence Minister? Why is it that we are again asked to sanction additional

sums of money for the new Defence Minister, new furniture, new typewriters, etc. We should like to know the reason for this.

**Shri S. S. More:** They have become a casualty!

**Shri Gidwani (Thana):** When the present incumbent, Dr. Katju—it is so difficult to distinguish because there are two Ministers now and so I thought it would be better to mention the name—was appointed as Defence Minister, it was thought that my friend Shri Tyagi will be relieved and displaced.....

**An Hon. Member:** It is very unkind of you to suggest like that.

**Shri T. B. Vittal Rao (Khammam):** Social Welfare Ministry is to be created.

**Shri Gidwani:** Subsequently it came in the papers that he will not be displaced but provided another ministerial job called the Social Welfare Ministry. So, I want to know whether both the Ministers are to be retained as Defence Ministers. If it is considered necessary—as it has been considered necessary—to appoint Dr. Katju as Defence Minister, Mr. Tyagi who was active should be given more work; otherwise it means unnecessary multiplication.....

**Mr. Chairman:** I think the suggestions of the hon. Member will properly come under the head 'Cabinet' and not under the Ministry of Defence. The hon. Member can speak about the particular expenditure to which he objects.

**Shri Gidwani:** I simply say that there is more expenditure and it is not necessary.

**Shri S. S. More:** We can contend that there are two occupants to the ministerial *gadi*. I do not know how they can occupy one chair together. The additional expenditure is required for that purpose. There is sufficient duplication in the different departments and I believe that is why they are also seeking permission to pur-



chase some duplicators. They also want to purchase some additional Hindi and English typewriters and duplicators. Duplicators are expected to deal with the duplication that is going on and which is very rampant in the department. They say that so many posts are being created on the usual scales of pay. When I spoke on grants.....

**Shri Kanungo:** This point was replied to when you were not in your seat.

**Shri S. S. More:** I am sorry then; I have no claim to seek further explanation; I will be very frank. If the Minister can oblige me again by adding to my knowledge, I should like him to give us why this 'usual scales of pay' is much better than the actual scales on which the jobs are to be created.

**The Minister of Defence (Dr. Katju):** Mr. Chairman, so far as I am concerned, as Defence Minister, I am only responsible for the post of one Private Secretary. Before my appointment, this office was held by the hon. the Prime Minister and he had a Private Secretary of his own. When I got this assignment, there was no Private Secretary available for the Defence Minister. So, one has been appointed.

So far as other Deputy Secretaries and Under Secretaries are concerned, that has nothing to do with the office of the Defence Minister at all. These were appointed for other purposes. This office of Deputy Secretary was created for four months and a Deputy Secretary was appointed as an Officer on Special Duty for the purpose of examining, simplifying and reorganising the work of the Director of Military Lands and Cantonments and implementing the policy of the Government of India in regard to the cantonments and for generally improving the administration of military lands and cantonments. This office was created on the 11th of May 1954 and lasted up to the 12th November 1954 when the Director retired and the Officer on special Duty ceased to function. So far as the office of the Under Secre-

tary and others were concerned, there was an enormous quantity of work which had been created in the Ministry owing to the expansion of the Indian Navy. The Indian Navy has 23 Directors and five Staff Officers and they complained that, owing to shortage of officers in the Ministry, their work was held up. This complaint was found to be justified and an Under Secretary and a Superintendent and a Section Officer were appointed.

3 P.M.

So far as the question of other small charges is concerned, the practice is when one Minister goes to take up another work,—well, what shall I say—the Ministry of which he was in charge takes away the tables and the other Ministry has got the duty of supplying tables. So, my table was carried away, and the Defence Ministry had to get some small furniture...

**Shri S. S. More:** Does the Minister mean what he says?

**Shri M. S. Gurupadaswamy:** There is no turning the table?

**Dr. Katju:** ...and an extra telephone. That is how these things come to. My hon. friend, the Minister of Defence Organisation is in his old job. Please remember this: the Defence Ministry does not come very much into the light in this House except of course through the Question Hour. But it is a very expandable Ministry. It has got to deal with a lot of work, and while Shri Tyagi was functioning as Minister of Defence Organisation, the Prime Minister was the Minister of Defence. Of course, it is a matter for the Prime Minister to decide whether there should be any further adjustment. That is a different matter. But so far as this small supplementary charge is concerned, these charges are essential, and I hope that the House will approve this.

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** The hon. Member, Shri Gidwani, referred to all kinds of Press speculations. Well, he does not expect me—and I should advise him not to pay too much attention to this constant speculation in the Press

[Shri Jawaharlal Nehru]

about who is to be the Minister, what is to be his portfolio, the department which he is to take charge, etc.

Coming to the Defence Ministry, as my colleague, Dr. Katju, has just now said, the extent of the work of the Defence Ministry is probably not fully realised by many Members of this House: some undoubtedly do it. It is a tremendous organisation. As the House knows, a very large sum of money, nearly 40 per cent. of the budget, is spent on defence. Vast and growing industries, especially in the last few years, large numbers of new factories—very big ones, defence industries and the like—have been started. While certainly we should not waste money on any additional staff which is not necessary, as a matter of fact, saving money and wasting money in the Defence Ministry has little to do with a few persons but rather with the way in which it is managed. For instance, a false step or a slackness somewhere, may make us lose a few lakhs of rupees in a big concern somewhere, and a right method may save it. My colleague, Shri Tyagi, in the course of the last year or two, I believe,—I cannot place exact figures—saved us, in a sense, by a close scrutiny, something like a crore of rupees.

**Shri Tyagi:** Rs. 6 crores.

**Shri Jawaharlal Nehru:** He says Rs. 6 crores. Well, there are two ways of saving: one is by doing something which might result in saving; the other is doing the thing well and in a more economical way. The point is that all these things require a tremendous check and scrutiny. While I do not wish to make any invidious comparisons, so far as our Defence services are concerned, they are competent; they are efficient; they are able. There are senior officers, middle-ranking officers and junior officers, and they can stand up to anybody in any other country. They do their work efficiently and the Defence Ministry is, if I may say so, a competent Ministry. That does not mean nothing

wrong can occur, in a huge organisation, and there is always a tendency in big organisations to become static. It is for all of us to see that it does not become static. We have to deal with the labour problems on a big scale as it is a big employing Ministry, and so on. Therefore, I felt, and more especially in regard to these great industries that are rising up in the defence establishments, that Shri Tyagi's services could be extraordinarily useful to us. His experience and, if I may say so, his way of dealing with the human element, that is, with those people who are working in those establishments,—all that will be of great help, and therefore, I requested him more especially to deal with these establishments and other matters. We are making fairly big purchases. We hope, of course, to make these things ourselves very soon and not to go abroad for anything—whether it is aircraft or anything else. All these things require very much looking into. Wise men and wise step save us lakhs of rupees although we may spend a very small sum of money on that particular person.

**Mr. Chairman:** Has the hon. Member the leave of the House to withdraw the cut motion No. 13?

**Several Hon. Members:** Yes, yes.

*The cut motion was, by leave, withdrawn.*

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

“That a supplementary sum not exceeding Rs. 55,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of ‘Ministry of Defence’.”

*The motion was adopted.*

**DEMAND NO. 23—EXTERNAL AFFAIRS**

**Mr. Chairman:** Motion is:

“That a supplementary sum not exceeding Rs. 30,87,000 be granted

to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'External Affairs'."

*Policy behind decision to open new missions in Indo-China, Sudan and Spain*

**Shri T. K. Chaudhuri:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 30,67,000 in respect of 'External Affairs' be reduced by Rs. 100."

*Appointments of persons to legations*

**Shri M. S. Gurupadaswamy:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 30,67,000 in respect of 'External Affairs' be reduced by Rs. 100."

*Necessity of continuing organisation for recovery of abducted women and children*

**Shri M. S. Gurupadaswamy:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 30,67,000 in respect of 'External Affairs' be reduced by Rs. 100."

**Mr. Chairman:** Demand No. 23 and these three cut motions are now before the House for discussion.

**Shri T. K. Chaudhuri:** I have sought to move cut motion No. 8 in order to raise a small question which has some big implications. Our Government have decided to open missions in Hanoi, that is, Vietnam, Phnom Penh (Cambodia), Vientiane (Laos) and Madrid (Spain). So far as Khartoum and Muscat are concerned, I have no questions to ask. But so far as the three other missions are concerned, those in Indo-China, and also the mission in Madrid is concerned, I want to ask a straight question

whether the opening of missions are a prelude the formal diplomatic recognition. With regard to the missions that we are going to open in Cambodia and Laos, I have to mention that since the Geneva Agreement, there has been some confusion in the public mind as to the international status of these two States.

With regard to the two Viet-Nam States, that is North Viet-Nam which is dominated by the Viet-Minh organisation and South Viet-Nam, of course the position is a bit uncertain. But so far as Laos and Cambodia are concerned, they are parts of the Associated States of Indo-China which, under the French Constitution, form part of the French Union. And as far as I remember, even when Mr. Mendes-France was the Prime Minister of France, he also said that the Geneva Agreement has not altered in any manner the status of these associated States and their relation with metropolitan France. And there is also the other fact that all these three Associated States, which are parts of the French Union, have been accorded diplomatic recognition by the United States, the United Kingdom and many other member-States of the United Nations. Yet these are not independent States and I do not know what their status might be in terms of international law, but that confusion remains. There is also simultaneously a move, since the Geneva Conference, to get these States recognised, particularly by the Colombo Powers, and specially by India. The demand has been raised by the head of the State of Laos and by King Narodom Sinhanonk of Cambodia as well, that they want India's help, India's recognition and all that. So we want the Prime Minister to make it clear what our policy is going to be. It is no use saying, as has been indicated in the foot-note to this supplementary budget paper that "the decision to open new Missions in Indo-China was taken on account of the fluid political situation in that country and the need for establishing closer association of India with those developments". It seems that if

[Shri T. K. Chaudhuri]

the situation is fluid, then there have been no precise developments. And the question naturally arises whether we are not pursuing a policy of drift and waiting for some specific developments to take place, and then only we would decide our policy. We want a categorical statement as to what sort of liaison our Government is to maintain, particularly with these three States.

And the same question may be asked with regard to the Mission that we are going to open in Spain. About Spain and world opinion about the present government of Spain I do not want to deal. But the opening of this Mission seems to be rather—what shall I say, I do not find the right word.....

**Shri M. S. Gurupadaswamy:** Unnecessary.

**Shri T. K. Chaudhuri:** Not unnecessary. It seems to be a bit portentous. I would be happy if at least the opening of this Mission is not a prelude to recognition of the Franco Government of Spain.

**Shri M. S. Gurupadaswamy:** I am participating in the debate at this stage to criticise the policy of the Government in opening new Missions abroad and, secondly, to criticise the whole manner of appointments of Ambassadors and Ministers in foreign countries (*An hon. Member:* Is it a Budget speech?) It is not a General Budget speech.

The appointments of the heads of Missions abroad have all along been the close preserve of the Prime Minister or the Minister of Foreign Affairs. The appointments have been made in his absolute discretion. This House is not aware whether any code has been evolved whether there is any basis on which the appointments of Ambassadors and other Ministers are made. Let me point out.....

**Mr. Chairman:** I think this is a general question which is a proper subject for discussion at the time of the General Budget, not at the time of discussion of the supplementary grants. If the hon. Member has anything to say regarding particular appointments in the present case, he can very well do so, but not about the general policy of these appointments.

**Shri M. S. Gurupadaswamy:** I am referring to this particular question of opening new Missions in places like Indo-China, Sudan, Madrid, and my general proposition fits in with the criticisms that I am going to make against opening Missions in these countries.

My friend just now said that it is rather premature to open any office in the three States of Indo-China, because the conditions in Indo-China are in a state of flux.

**Shri T. K. Chaudhuri:** On a point of personal explanation. I did not say it is premature to open these Missions. I want these Missions to be there. I only wanted to know whether the opening of these Missions would be a prelude to recognition, at least so far as Laos, Cambodia and Spain are concerned. So far as North Viet Nam is concerned, I do want that our Government should recognise it.

**Shri M. S. Gurupadaswamy:** I do not want to enter into a controversy with what he has said, but his entire trend of discussion was whether it would be desirable at this stage to open Missions in those places. So I am just supporting his view-point. (*Shri S. S. More:* But he does not realise it). I am saying that the affairs of Indo-China are in a very fluid condition and there are vital questions of recognition involved. That is why it would be, I say, premature to open Missions in these three constituent States of Indo-China.

Then again, with regard to Khartoum (Sudan) the explanatory note states that "the Liaison Officer is being stationed at Khartoum as a result of the constitutional changes

now taking place in that country and the desire to establish closer relations between India and Sudan". We take it that the constitutional changes are still being made; there is no constitutional settlement as yet in Sudan; we do not know the future status of Sudan. When the conditions are in such a fluid state, I do not see why we are opening a new Mission there. We do not know whether Sudan will form part and parcel of Egypt or whether this country will remain independent. I consider that the opening of a Mission in Sudan is rather premature.

About the opening of a Mission in Spain, the reason given in the Explanatory Memorandum is, that India should have some sort of representation in the Iberian Peninsula and so the Government has decided to establish a Consulate in Spain. The previous speaker referred to the dubious nature of the administration in Spain. I know that the world opinion about the political set up in Spain is not very favourable and I agree with my hon. friend that the head of the State in Spain is a dictator. By our opening a Mission there, it will not in any way mean that we are favouring the idea of dictatorship or that we are welcoming that. But, in this particular context of the word, it will not be good for us to set up any sort of Mission in that country. Therefore, I beg of the Prime Minister not to open any Mission in that country.

I refer to the question of appointments in these various Missions. I have got here figures to show that the appointments are usually made by the Prime Minister in his absolute discretion and most of the places are filled by the Indian Foreign Service officers and a few by others. I feel that no adequate representation is given to people who are in public life.

**Mr. Chairman:** I have already ruled that out.

**Shri M. S. Gurupadaswamy:** That is all right. I am making a point here. Whatever may be the Missions that are today or are opened hereafter,

the Prime Minister is making appointments to those places, without taking anybody from the public life.

**Mr. Chairman:** You are again on the same point. Order, order.

**Shri M. S. Gurupadaswamy:** I do not want to pursue the matter further. There is another cut motion also.

**Mr. Chairman:** If you mean by this 'Appointment of persons to legations' general policy, I shall have to disallow this cut motion No. 1. If you want to say anything about a particular appointment, I shall allow it: not otherwise.

**Shri M. S. Gurupadaswamy:** You can take it as a policy matter or not a policy matter as you think fit. I am coming to the next cut motion: I mean the organisation for the recovery of abducted women. This has been with us for the last 8 or 9 years.

**Shri V. G. Deshpande (Guna):** Against continuance: that is all right.

**Shri M. S. Gurupadaswamy:** I am referring to the Central Recovery Organisation. I feel that the expenditure that is proposed is rather unreasonable. The explanation that has been given to us in the Explanatory Memorandum is not sufficient to show what are the items for which such an expenditure is necessary. It is very regrettable that the Minister has not given us sufficient data for this particular demand.

Lastly, I say that there has been too much of bloating of expenditure in the administration. I feel that if enough care is taken by the Minister, he can bring about a lot of economy in expenditure.

**Shri V. G. Deshpande:** May I speak for a minute or two, Sir? I want to make brief observations only on two points. There is one item in this demand No. 23, Entertainment charges Rs. 5,10,000. The explanation given is that additional provision is required to meet the expenditure on the visits of the Prime Minister of China and the President of Yugoslavia to India. I have no objection to some expendi-

[Shri V. G. Deshpande]

ture being made on the entertainment of the Prime Minister of China or the President of Yugoslavia. But, I feel that the expenditure is out of all proportion and is rather too much. When Marshal Tito came to India, we did want that some fraternisation should be made. We never wanted that there should be such a long procession of receptions at every place making it so expensive. (Some Hon. Members: Why not?) That is one objection that I wanted to raise.

The second objection of mine is regarding the point which Shri M. S. Gurupadaswamy referred to: about the continuance of the special expenditure in connection with the recovery of abducted women and children. The explanation given is to meet the expenditure on the extension of the life of the Central Recovery Organisation for which provision was originally made for a part of the current year. I would like to express the opinion of a large section of this House when I say that we are not satisfied with the working of this organisation. Therefore, we are opposed to the continuance of this organisation. Recently, cases have come to our notice where not only justice is not being done, but very inhuman sufferings are inflicted on Indian women. Just now, an instance has come to my notice where a lady from India was sent to Pakistan forcibly. There, her husband whom she had divorced in 1942, refused to take her back. That lady with three or four children came to India. Then, she was again forcibly taken back to Pakistan. We made representations to the Government of India in the Home Ministry. That woman made statements before magistrates, I do not want to go back. Nobody is prepared to take me there. Her husband is here; her children are there. Such inhuman instances are coming to our notice. We are informed that the same person who was not liked by many persons has been again appointed in charge of this Recovery Organisation. In view of this state of affairs, I appeal to the Prime Minister of India

that the continuance of this organisation should not be taken up and that this organisation should be discontinued.

**Shri Jawaharlal Nehru:** I may take the last point first. The hon. Member who has just spoken referred to the Abducted Women's Recovery Organisation, and to a particular instance. I know nothing about this incident. I should be very grateful if he could supply me the particulars of that incident so that I can enquire because it is our definitely proclaimed policy that no woman should be sent across the border except with her consent.

**Shri V. G. Deshpande:** I think Shri Datar knows this. Shri U. M. Trivedi has brought it to his notice.

**Shri Jawaharlal Nehru:** I do not know anything about it. This is our definite policy. If any mistake has been made or an error has been committed, I am prepared to correct it.

With regard to the larger question of the entire organisation, the question of expenditure involved which the hon. Member raised is not, if I may say so, very pertinent. That is to say, if we have an organisation, we have to spend money on it. If we decide on grounds of policy that it is no longer necessary to have the organisation, that is another matter. Whether we should continue it or not is a matter which, no doubt, we will have to consider in the future. But if we continue it, we have to continue it more or less effectively and efficiently.

**Shri S. S. More:** When the original budget was submitted, you had decided to continue it only for part of the year; that is why you are coming again for a supplementary grant.

**Shri Jawaharlal Nehru:** Quite so.

**Shri S. S. More:** Why did you revise that decision?

**Shri Jawaharlal Nehru:** Because we have thought it desirable to continue it, because in fact it is doing, and it has done even lately extraordinarily good work, and certain remarkable recoveries of these unfortunate women.

have taken place as a result of some years' labour, if I may say so.

**Shri V. G. Deshpande:** From India to Pakistan or from Pakistan to India?

**Shri Jawaharlal Nehru:** From both. As a matter of fact, the recoveries in Pakistan were speeded up a little, some months back.

But as I said, this question of policy is a larger question. Let us consider it. We have to consider it anyhow, because the present Act I believe, ends in about three or four months' time perhaps; so, we shall have to consider it as to whether it should be continued or not. But so long as it is there, naturally we have to spend some money. We cannot unilaterally put an end to our organisation.

Coming to the question of appointments, although you, Sir, did not allow the larger question of appointments to be raised, yet may I with your permission, say one or two sentences in regard to that? Appointments to foreign services, obviously and largely, take place from the Foreign Service. What is the Foreign Service for? Here is a specially trained band of people. When we recruit them by public examination, we are supposed to give them two and half years' special training, after they have been recruited by public examination which is competitive; we give them two and a half years' training, part in India and part of it abroad, including the learning of languages and other special studies required for their service. Here, we build up this Service specially for this purpose of diplomatic and consular representation abroad. The hon. Member wants me not to use that Service, and he says, appoint public men. Then, the Service is not really necessary, and we can appoint all persons to it. As a matter of fact, quite a fair number of public men have been appointed and are appointed from time to time; and more or less some of them might be considered to have become members of the Foreign Service in the sense that they continue there, that is to say they are not formally members of the

Foreign Service, but they continue from one post to another, although they came from the public. The House would realise that there has to be continuity of experience in all that. If a public man goes there, he goes there for some time, not for a holiday, not for a year's holiday,—for that will be absurd. He has to make a choice really that he will continue there, so long as everything suits him and suits the work that he does. Therefore, we have a number of these persons who are in our Service, who are public men, i.e. who were engaged in public activities but who were appointed to this service, and who have served in one post or another elsewhere one after the other. Normally speaking, except for a few topmost Embassies, for important posts abroad, for which we prefer to appoint public men rather than Service men, the others normally go to our Service men who are specially trained for that purpose. I hope the House realises that this business of diplomatic representation has become quite extraordinarily technical and requires specialised knowledge, not the broad knowledge that a public man no doubt possesses of public affairs, but a highly technical knowledge of the way things are done, apart from the knowledge of foreign languages. I do not say all our people abroad know foreign languages, but most of them know some other foreign language. If you go to China, you will find some of our people knowing and speaking Chinese fairly fluently. If you go to Moscow, you will find one or two of our young men speaking Russian fluently. We cannot have public men suddenly, who can speak foreign languages so fluently or even badly. So, there are all these considerations to be borne in mind.

As for appointments being made at the sole discretion of the Prime Minister or the Foreign Minister, appointments, if they are made from the services, that is to say, if they are transfers or promotions, etc. are, normally speaking, made by what is called a Foreign Service Board. It is an official Board,

[Shri Jawaharlal Nehru]

and those appointments come up to the Minister in charge for confirmation or for such advice as he may give. These are normal transfers from one place to another. Of course, appointment to an important Mission has to be considered separately. But for the other smaller Missions, Consular Offices, etc. the Minister has hardly anything to do with it, except to glance through the report of the Foreign Service Board. But important appointments are considered by the Foreign Affairs Committee of the Cabinet. They consider it; the Foreign Minister brings it before them, discusses it with them formally and informally, and then important appointments are made. This is the procedure followed.

Now, I would come to the Missions in Indo-China and Spain. Take up Spain first. The proposal is to appoint a Consul-General in Spain. That does not involve what is called normal recognition of the Government. That is so, and there is no present proposal before us for any such recognition of the Government of Spain, although in view of what the hon. Member opposite said, I might point out that in regard to the recognition of other Governments, we have often taken up the stand that recognition should have nothing to do with liking or disliking a government; in other cases, we have taken up this stand, and we still take it up. That is to say, if a government is a functioning government, we should deal with it as such, and not lay any stress on our liking its political or economic structure or not. So, there is that point. Nevertheless, the fact is that for the present, we are having a Consul-General in Spain to look after certain commercial and other interests; and there is no other proposal before us.

In regard to Indo-China, hon. Members have referred to the fluid situation there; they have referred also to Sudan. Now, I should have thought that where there was fluid situation there was all the more the necessity for us to be represented there. In Indo-China

of course, we have got a very special interest because of these Commissions. Our people are functioning in the Commissions there, and functioning well. But it was not right and proper for us to ask the chairman of the Commission to represent us on the political plane. He is occupying for the moment an international position; he is the chairman of an international Commission; and he could not deal with the government there as our agent directly. And it was very necessary that we should have representation there, because problems are arising daily. It is quite essential to have representation there, from the practical point of view.

In giving formal recognition to these governments, there is always a difficulty, because many of these cases are what might be called border-line cases. It is difficult to say whether in law they are hundred per cent independent or ninety per cent independent. Sometimes, they are going towards hundred per cent independence. Take Sudan; it is not hundred per cent independent today, but it is going towards independence undoubtedly. And we are deeply interested in Sudan and other countries of Asia. We have now appointed a person whom we call a Commissioner in Sudan; a kind of Consul-General he is really, more or less functioning under our Embassy at the present moment in Cairo. But it may very well be thought of after a year or so, when we shall have an entirely different representation and status in Sudan. Many of these countries in Africa are emerging into independence, and many of them look up to India for all kinds of advice, support, etc. And it is far more convenient for us to be represented there to deal with them, to help them, and to advise them, than to wait till some future contingency, when they can be said to be hundred per cent independent.

In regard to Indo-China, the general principle we wanted to follow was that we should treat all these States in Indo-China in the same way. There may be a difference there, but we cannot



differentiate in this way. They are all going through a certain period of transition. In North and South Viet Nam, it has been agreed to have the elections next year, before June, and we can hardly, before that election takes place, come to a decision that we will recognise North Viet Nam and not South Viet Nam or South Viet Nam and not North Viet Nam. It produces confusion. Therefore, we cannot in that official sense recognise them. But in effect, without any official recognition, there is practical recognition all the time. We are dealing with them day to day; we have to. Not only through the International Commissions, but otherwise we are dealing with them all the time. When I went there, I paid a visit to all the four States; you may call it an official visit. One does not pay an official visit unless one recognises that country. I went to Hanoi, I went to Laos, Cambodia and South Viet Nam—all the four places. So we are appointing Consuls-General there in three of the States—Laos, North Viet Nam and South Viet Nam. In Cambodia, conditions are somewhat different, that is, in theory and in law; there is no French influence left, no French army left. Whatever other influences can be exercised, is a different matter. So it has a rather special position compared to, say, Laos. Therefore, we have sent there a special commissioner. His position is not quite determined according to the status of diplomatic representation that is, the Special Commissioner will represent us till a formal decision is made as to the nature of our representation there. Perhaps hon. Members know that the King of Cambodia is coming here in about a fortnight's time. That itself is official recognition. We shall receive him officially. If any other Head of a State or Prime Minister of any of the States.....

**Shri T. K. Chaudhri:** Is it the contention of the Prime Minister that the formal relation between Cambodia and the French Union has been dissolved under articles 60 of the French Constitution?

**Shri Jawaharlal Nehru:** I cannot answer that question precisely and definitely. But the French army has de-

parted from there, the French officers have departed and all that. Certain things, I believe, still remain to be decided and settled. How far they have gone towards settling them, I do not know; may be that something remains. But, again, all these things are rather vague. Even the Head of the State of North Viet Nam has openly proclaimed—no doubt, he claims to be fully independent—that he is prepared to be in the French Union as an independent member, and not in a subordinate sense. He has proclaimed that too.

So that, we are passing through a certain transitional and difficult stage in Indo-China, and it is desirable and necessary from our point of view to have close contacts with these States to know what is happening there. We have got a responsibility there, and therefore, we decided to appoint these Consuls-General. May be, of course, at a later stage we may appoint some other type of representative, but for the moment we have Consuls-General.

**Mr. Chairman:** Now, I shall put out motions Nos. 1, 2 and 8 relating to Demand No. 23 to the vote of the House.

*The cut motions were negatived*

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

“That a supplementary sum not exceeding Rs. 30,67,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of ‘External Affairs’.”

*The motion was adopted.*

DEMAND No. 24A—FRENCH ESTABLISHMENTS IN INDIA

**Mr. Chairman:** Motion is:

“That a supplementary sum not exceeding Rs. 18,96,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of ‘French Establishments in India’.”

*Additional expenditure following de facto transfer*

**Shrimati Renu Chakravartty:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 18,96,000 in respect of 'French Establishments in India' be reduced by Rs. 100."

I just have two points to make. One is that there is an expenditure to be voted upon for the office of the Chief Controller of Exports and Imports. Now, we have been wanting that there should be full integration between Pondicherry and the rest of India and as such, we hope that in the very near future this question of exports and imports will not be there. We would like to know very much from the Ministry what actually is the position with regard to this integration.

The second point is that we are glad to see that the various items of expenditure have, to a certain extent, been incurred due to changing over from French rules to Indian rules, for instance, payments to unemployed mill workers according to Indian rules, and again, payments of pensions out of the Pension Fund according to Indian rules. We hear that in a few months' time, there will be full elections and we hope that Pondicherry will become fully integrated with India.

Now, while we are voting sums which will be adding to the integration and while we are changing over from the French customs and rules to Indian rules, we should also like to again raise this question of the general administration, which is in the hands of the Municipal Commissions. I remember that the Prime Minister during the last discussion had stated that nothing could be done because of the terms of the Indo-French agreement, and that certain people, very undesirable, according to some of us, people who certainly have not got a very patriotic past—some of them even people who have been accused of corruption—were still in the Municipal Commissions because they were there in the former French communes. In view of the fact that more and more we shall be integrating the

former French possessions with India, we should specifically like to stress that these Municipal Commissions should not be allowed to function at the time of the elections which, we think, will not be fair and free unless they are removed and Government directly take over—in order to see that there are free and fair elections.

**Mr. Chairman:** Demand no 24A and the cut motion are now before the House for discussion.

**Shri Nambiar (Mayuram):** I have already pointed out to the External Affairs Ministry earlier that these Municipal Commissions are not functioning properly in the sense that these Commissioners or rather the Chairman—that is the term used—were nominated by the present Government. These Chairmen were previously helping the French Government to continue there, and these people are corrupt also. The point we have to submit here is that we are voting such a large amount for the expenses connected with Pondicherry. So we have got also to see whether these amounts go into proper hands. What we suggest is that these Commissions as such may be dissolved and the entire government taken over by the Commissioners appointed by the Central Government. The elections under him will be much better than under the Municipal Chairmen. When we speak of Municipal Commissions Municipalities in Pondicherry, it does not mean that they are like our municipalities. Here our municipalities are local boards with limited powers whereas these Municipal Chairmen have executive powers and they are governmental heads, so to say. Therefore, I submit that this thing has got to be changed and rectified before we go on with the elections. I submit the whole matter must be considered at very high level before we proceed further.

**Shri T. S. A. Chettiar (Tiripur):** Sir, this matter of the French possessions is in a fluid state. They have created a separate State of Pondicherry but sooner or later this will have to be merged with the Madras State (*Inter-ruption*). There are certain questions about which the people of Pondicherry

are disturbed. They have been having a certain state of affairs. Education had been completely free. Some of them have been educated and are still being educated in certain French Universities. They are worried as to whether that state of affairs will continue or not because the state of affairs prevailing in the Madras State or the neighbouring States—whatever they are—not exactly the same and do not provide free education up to the college standards. I understand that an assurance has been given by the Prime Minister that the concessions that they are now having will be continued. It is a matter of concern as to how long that will be continued. It is a matter of time as to when they will be integrated with the bigger units that are now existing. When they are integrated, which I think will be sooner rather than later, will these concessions continue? These are some of the things that are troubling the minds of the people of the erstwhile French possessions, which have now been conceded to India. I hope that they would like to have a definite idea about the assurance which has been given by the Prime Minister about these matters.

**The Deputy Minister of External Affairs (Shri Anil K. Chanda):** Mr. Chairman, I first take up the question of the Municipal Commissioners. Before the 18th March, there were Municipal Commissions which were functioning and they passed a resolution asking for merger with India. As a result of that, during the last days of the French rule, they re-nominated the Municipal Commissions excluding those members who had voted for merger with India. We have just re-nominated all those members who were there before 18th March, 1954. This is a very temporary arrangement because it is our earnest desire to have the elections as early as possible. The Election Commissioner of India has recently been to Pondicherry and the registration of voters is taking place and going on still. We expect to have the elections by June positively.

**Shrimati Renu Chakravartty:** Who will be the administrative and executive head during the elections?

**Shri Anil K. Chanda:** There is the Chief Commissioner of the State of Pondicherry as in any other State.

**Shrimati Renu Chakravartty:** The Municipal Commissioners have the executive authority. Therefore, I want to know whether they will continue in office at the time when the actual elections are taking place.

**Shri Anil K. Chanda:** The Ministers in the Government of India have the executive authority and they still remain in authority when the elections take place. Why should we assume that the elections will not be free and fair only because the Commissioners are there? These were the persons who were elected to the Municipal Commissions before the 18th March and these are the people who voted for merger with India.

**Shri Nambiar:** They were elected when the French were there and the franchise then was restricted. When the change came they were removed and now you have put them back.

**Shri Anil K. Chanda:** I am sorry that the persons who generally speak so eloquently about democracy are questioning the authority of the Municipal Commissions there. The whole matter is receiving our consideration and all views will certainly be considered. What is going on in the State of Pondicherry is a very temporary phase because it is only *de facto* transfer that has been effected and *de jure* transfer has not yet taken place. I am sure every consideration will be paid to Mrs. Chakravartty's suggestions.

**Shri T. S. A. Chettiar:** What about the other one?

**Shri Anil K. Chanda:** No change has been brought about. I can assure Mr. Chettiar.

**Shri T. S. A. Chettiar:** May I know for how many years they will be continued?

**Shri Anil K. Chanda:** I am not aware of any such specific assurance.

**Mr. Chairman:** Now I will put cut motion No. 14 to the vote of the House. The question is:

"That the demand for a supplementary grant of a sum not exceeding Rs. 18,96,000 in respect of 'French Establishments in India' be reduced by Rs. 100."

*The motion was negatived.*

**Mr. Chairman:** Now, I will put the Demand to the vote of the House.

The question is:

"That a supplementary sum not exceeding Rs. 18,96,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'French Establishments in India'."

*The motion was adopted.*

DEMAND NO. 53—CABINET

**Mr. Chairman:** Motion is:

"That a sum not exceeding Rs. 2,07,000 be granted to the President to defray charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Cabinet'."

*Appointment of 1 Cabinet Minister and 5 Ministers of State.*

**Shrimati Renu Chakravartty:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 2,07,000 in respect of 'Cabinet' be reduced by Rs. 100."

I have brought this cut motion because I feel it is rather necessary to pin-point certain feeling in the country that we are going in for larger and larger Ministries and Ministers of State etc. at a time when the ordinary persons in the country are bearing the whole brunt of economic hardship. There is a growing feeling in the country that the administration is growing heavy on the Cabinet side and in the

State Cabinets. In my State, we have got a huge number of Ministers, Deputy Ministers and so on. We find here that we have in the appointment of Dr. Katju as—Defence Minister another addition to the Cabinet and we have also the appointment of five additional Ministers of State. Actually, I do not want to say exactly to what degree Mr. Tyagi has helped us in being a "wise man" and in saving a large sum of public money. But, there is a feeling in the country that while the expenditure for the Defence Budget has not amounted larger and larger number of Ministers and Deputy Ministers are needed to administer sums which being handled formerly by people like the late Gopalaswamy Ayyangar and just one or two Deputy Ministers. We find that a larger and larger number of Deputy Ministers and others are coming into the picture. Actually, this psychological aspect of the problem should be taken into consideration at a time when people are really bearing the brunt of economic hardship. We go on increasing the sumptuary allowance—the amount may not be very much, it may be Rs. 3,000 but even that....

**The Deputy Minister of Food and Agriculture (Shri M. V. Krishnappa):** In Russia there are 212 Ministers.

**Shrimati Renu Chakravartty:** I am very glad that you are now quoting Russia. I have been to Russia but I have not seen 212 Ministers.

**Shri M. V. Krishnappa:** There the Agriculture Ministry has got six Deputy Ministers, 48 Parliamentary Secretaries and they have got 15 Vice-Premiers and all that.

**Shrimati Renu Chakravartty:** I hope you do not compare ourselves with the Soviet Union which has no unemployment and which has rising standards of living (*Interruptions*). Take China where the standards are different. How many Deputy Ministers are there in China? What are the standards of salaries? What is the difference between the highest and lowest salaries? It is very little, not even more than four or five times. Try to find that out and compare ourselves with that.

Do not compare ourselves with a country which has no unemployment. Try to reflect the feelings of the people in the country. You want the people to tighten their belts but when you go up higher you increase the sumptuary allowance and you have more Ministers. It is said that because we have some "wise" men, they are to be catered for and they are to be put in certain posts as Ministers of Defence Organisation etc. This is my only point. I think the Government must consider this point and that too at this time when we are supposed to be having "socialistic pattern of society". When we are talking of such things we must also get ready for further sacrifices (*Interruptions*). This is a thing which I want to pin-point. It is not right for us to go on increasing the sumptuary allowance and the number of Ministers and Ministers of State.

4 P.M.

**Shri M. S. Gurupadaswamy:** Just now there was an interruption from the other side that the Soviet Union has got a large army of Ministers. The remark was irrelevant on this occasion because here we are concerned with our own affairs as to what we ought to do, what is right, what is wrong etc. We are not in any way concerned with what other countries are doing in the matter. Every day, in the morning or evening, we are hearing nothing but the rumour of this man coming into the Cabinet or that man going out of the Cabinet.

**Shri M. V. Krishnappa:** Perhaps it is his information about their Cabinet.

**Shri Algu Rai Shastri (Azamgarh Distt.—East cum Ballia Distt.—West):** In every democratic country, that is the case.

**Shri M. S. Gurupadaswamy:** The papers also have nothing else to talk about except the continuous changes made in the Ministry. The entire news world of India today is about Ministers.

**Dr. Suresh Chandra:** You are contributing to it.

**Shri M. S. Gurupadaswamy:** Our Press has also fallen a victim to only discussing things which relate to the changes in the Ministry and Ministers.

**Shri Nambiar:** That is a news item for them.

**Shri M. S. Gurupadaswamy:** Other issues like economic and political issues are brushed aside as unimportant. Today we are seeing a large army of Ministers in front of us.

**Shri Nambiar:** But they never sit here.

**Shri M. S. Gurupadaswamy:** It is just like a miscellany of all sorts of people. The criteria for selection are not whether they know the subject or they understand the things they have to deal with. The important consideration is whether this man has got wire-pulling power or that man has.

**Sardar A. S. Saigal (Bilaspur):** That is incorrect.

**Shri M. S. Gurupadaswamy:** I want to ask the Prime Minister whether this conglomeration of Ministers is not unusually large and whether there is sufficient work for all of them

**Shri Algu Rai Shastri:** Surely there must be.

**Shri M. S. Gurupadaswamy:** I know on good authority and I have discussed matters with so many Deputy Ministers and many of them have told me that they have not enough work and the Ministers of State or the Cabinet Ministers do not give them work.

**The Deputy Minister of Communications (Shri Raj Bahadur):** Question.

**Shri M. S. Gurupadaswamy:** I am telling you the truth.

**Shri Algu Rai Shastri:** This is your information.

**Shri M. S. Gurupadaswamy:** I have come to know from many people that the Deputy Ministers have no work to do at all. (*Interruptions*). The hon. Member knows much better than myself.

**Mr. Chairman:** Let there be a little more seriousness.

**Shri M. S. Gurupadaswamy:** I am very serious, but they are interrupting me. I am just telling that there is not sufficient work for such a large army of Ministers.

**Shri Raj Bahadur:** Question.

**Shri M. S. Gurupadaswamy:** Most of the people are being taken in the Ministry just with a view to provide them with some sort of employment.

**An Hon. Member:** No, no.

**Shri M. S. Gurupadaswamy:** The inefficiency that is seen in the functioning of the Ministry is largely due to the incompetence of these persons and it is due to the fact that they are not the proper men to be Ministers. I am of the opinion that Ministers should not be taken *ad nauseam* without any regard to the necessity being there.

**Shri M. V. Krishnappa:** The hon. Member is perhaps one of the disappointed Ministers.

**Shri M. S. Gurupadaswamy:** I was never a claimant to the Ministry; I do not hope to be a Minister and I do not want to be one among those whom I am criticising.

**Shri Nambiar:** He would not like to be anywhere near Ministers.

**Shri M. S. Gurupadaswamy:** Lastly, I say that not a day passes without rumours that this man or that man in the Congress Party is stepping into the Ministry, and every time the work of the Parliament has suffered and the work of the Congress Party also has suffered considerably. Many of the younger Members here do not speak out their minds lest they may spoil their chances for the Ministry. The Prime Minister—a very clever man that he is—always dangles before them one place or the other in the Ministry in every session. Many of the upright or very frank young men in the Congress Party do not come and speak out their minds freely and frankly. They are afraid that they may fall out from the grace

of the Prime Minister. It is not a good or healthy sign at all. Most of the people in the Congress have been doing nothing but thinking of Ministry now-a-days. I sincerely believe that some people in the present Ministry may be conveniently dropped. I am suggesting that thereby we will not only be achieving more efficiency but also there will be adequate work for all the Ministers. Now, there is a premium on inefficiency, and hard work is at a discount. There is no proper division of work between the Ministers because there are too many Ministers. The whole Ministry should, in my opinion, be rationalised in the sense that some Members must be dropped out and that proper men must man the Ministry, and adequate care should be given to work and efficiency.

About sumptuary allowances, I wish to say this. They are unnecessary and they have been tolerated too long and I feel that the Ministers should be able to carry out their work without sumptuary allowances.

**The Minister of Home Affairs (Pandit G. B. Pant):** I do not think that Shrimati Chakravartty was really very serious.....

**Shri A. M. Thomas (Ernakulam):** Nor was Shri Gurupadaswamy.

**Shrimati Renu Chakravartty:** I made it in all seriousness.

**Pandit G. B. Pant:** If you made it in all seriousness, then I might confess that the hon. Member means that the Government and the Cabinet are both functioning so efficiently and so well that even if the number is reduced, there will be no harm: for, if she were really dissatisfied with the work of the Ministry and the Cabinet, her suggestion would naturally have been for an increase in numbers. The proposal that she had made about a reduction in numbers indicates that she has no grievance against the method of work or the achievements of this Ministry. If that is conceded.....

**Shrimati Renu Chakravartty:** Of course I do not concede that.

**Pandit G. B. Pant:** To be more serious, is it really contended that, for a country like ours with 360 million people and with so much of work to be done, not only with regard to the present everyday affairs but also in order to make up for the accumulated arrears of centuries of foreign rule, the strength of the Cabinet is excessive. Can any one possibly argue that the affairs of a country as huge as ours and with so many and so varied questions to be tackled and so many regional prejudices or tendernesses.....

**Shrimati Renu Chakravarty:** There are 300 State Ministers too.

**Pandit G. B. Pant:** Is it in any way possible for even the best of men and women to satisfy the elementary needs and demands of such a huge population with a smaller number? It may be that we are not fully able to carry out what is expected of us; but that can be an argument for having fresh talent in the Ministry and not for cutting out anybody.

I think she referred to China. I wonder if there is any information available as to the number of Ministers in China.

**Shri Asoka Mehta (Bhandara):** There is.

**Pandit G. B. Pant:** It is, I think, a huge figure.

**Shrimati Renu Chakravarty:** What is the difference between the lowest and the highest?

**Pandit G. B. Pant:** I cannot say.

**Shrimati Renu Chakravarty:** What is the difference between the lowest and the highest payments; that is a big point?

**Pandit G. B. Pant:** The two questions are different. One is: whether the number is adequate, excessive or inadequate. So far as that is concerned, I think it is conceded that the number is less than it is in China.....(*Interruptions*). If we were to copy China,

we would have to employ more Ministers. China is only, I think, a recent addition but if you go back to the parent or grand parent, Russia, then, we find that there the number of Ministers is much more: 48, I am told.

**Shrimati Renu Chakravarty:** What is the figure of unemployment, may we know?

**Pandit G. B. Pant:** Well, I think people are employed as Ministers so that they may be under employment.

**An Hon. Member:** The number of Ministers is more than 200.

**Shrimati Renu Chakravarty:** Will you follow that here?

**Pandit G. B. Pant:** At least you would like us to follow: whether we will, or not, is a different matter.

**An Hon. Member:** Socialistic pattern or policy is followed.

**Shrimati Renu Chakravarty:** So far as the Ministers are concerned.

**Pandit G. B. Pant:** I do not know whether it is a question worth being raised on the floor of this Parliament.

It is really a marvellous thing how much a huge country is being managed by a Ministry the total bill of which falls short of Rs. 9 lakhs. I have before me the figures of the salaries and allowances paid to Cabinet Ministers, Ministers of State, and Deputy Ministers and the aggregate total comes to Rs. 8.8 lakhs.

**Shri Nambiar:** What about the State Ministers? For every State, there are Ministers.

**Pandit G. B. Pant:** The State Ministers, I think, are treated with greater tenderness by the Members of the Opposition.

**Shri Nambiar:** Not so much allowance there.

**Pandit G. B. Pant:** I think, if they are not receiving any sumptuary allowance, they would do better to

[Pandit G. B. Pant]

receive so that they keep all the Members of the House in good humour. I think at least we require a Minister to stand as a standby and so I am here as the latest addition.

As to the expenditure itself, the comparison with the salaries of the persons at the bottom is hardly relevant at this stage. There are many working in the Government who are receiving more than double the salary that the Prime Minister gets. So, to suggest in any way that it is the salary which attracts people to the discharge of the duty, is not very generous; there may be other considerations but it is not the salary and allowances. This substantial difference between the rates at the bottom and the top is a question which is worth considering. I do not leave it out completely. But, so far as this particular matter is concerned, it is hardly relevant. The proposals that were made yesterday by the hon. Finance Minister would, to some extent I think, take off something from what the Ministers are getting. To that extent at least, Members opposite will find some relief. I think it will not affect the allowances of the Members. If the proposals do, I, on my part, would try to intervene to see that they do not.....

**Shri Nambiar:** We want a reduction for Members; their pay must be reduced.

**Pandit G. B. Pant:** You can do so. Apart from that, even if the law remains as it is, it is open to everyone to surrender what he gets.....(*Interruptions.*)

**An Hon. Member:** It will not affect the entire House.

**Pandit G. B. Pant:** I think Shrimati Chakravartty will be good enough to withdraw her cut motion.

**Shrimati Renu Chakravartty:** I press my cut motion.

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

"That the demand for a supplementary grant of a sum not exceeding Rs. 2,07,000 in respect of 'Cabinet' be reduced by Rs. 100."

*The motion was negatived.*

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

"That a supplementary sum not exceeding Rs. 2,07,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Cabinet'."

*The motion was adopted.*

**DEMAND NO. 113—OTHER CAPITAL  
OUTLAY OF THE MINISTRY OF COM-  
MUNICATIONS.**

**Mr. Chairman:** The motion is:

"That a supplementary sum not exceeding Rs. 96,80,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Other Capital Outlay of the Ministry of Communications'."

*Cash Compensation and purchase of  
new aircraft.*

**Shrimati Renu Chakravartty:** I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 96,80,000 in respect of Other Capital Outlay of the Ministry of Communications' be reduced by Rs. 100."

**Mr. Chairman:** Cut motion No. 17 is not moved. So, cut motion No. 16 is before the House.

**Shri D. C. Sharma (Hoshiarpur):** What about other Demands? Are they not going to be considered?

**Mr. Chairman:** They will come later on.



**Shri D. C. Sharma:** I think there are only ten minutes left. I want to speak on the other Demands also.

**Mr. Chairman:** The guillotine will be at 4-30 P.M.

**Shri D. C. Sharma:** It is already there so far as we are concerned.

**Shrimati Renu Chakravarty:** This cut motion—No. 16—of mine is with regard to the cash compensation and purchase of new aircraft. Actually, I remember that when we were discussing the Airlines Nationalisation Bill, we pointed out that we will have to be very careful as to the computation of the compensation, because, as we pointed out by very specific examples as to how the accounts have been inflated. We had also pointed out that the aircrafts and their spare-parts had been really bought at a very low rate from Military disposals and therefore we are really rather surprised to see that a further provision of Rs. 731.65 lakhs is now estimated against the provision of Rs. 609.37 lakhs made earlier. The total has now come to Rs. 731.65 lakhs. This is quite a big amount which has increased, and we are rather anxious about it. May be the Ministry has actually acceded to the demands of certain private companies which had really, from the very beginning, opposed nationalisation and finally when it became a *fait accompli* the companies put the screw on and tried to get as much compensation as possible. The Government said that the forms are complicated and Shri Raj Bahadur said that they had to fill up 38 forms and that therefore they could not use the money last year. It may be so, but we would like to know why, when we were already having deep-seated fears that the amount of compensation would not be computed on the actual cost, the amount has now gone up to Rs. 731.65 lakhs. That is a case about which we are anxious.

Secondly, with regard to the question of new aircraft. Actually, I remember at the time when we had raised this question of Dakotas and

various other old aircraft being taken over—at that time when they were taken over—we stressed that because they were rather old, the taking over of those old aircraft should not lead us again to further expenditure for replacing the aircraft. Again, however, we are to incur large amounts of money for replacement. We would like to know exactly why there has been increased expenditure on the escalation and delivery charges on the new aircraft and what is the reason for this particular item. These are the two points which I would like the Minister to clarify.

**Shri Nambiar:** I very strongly support the cut motion moved by my hon. friend who has just now spoken. I have to say that this is most surprising. I was one of those in the Select Committee which dealt with the nationalisation of the airline corporations. While we discussed the matter there, we were made to understand that they were given maximum compensation that were asked for or were allowable. So, there was no ground at all for them to demand more compensation. Here the increase is to the extent of Rs. 731 lakhs odd and it is a very serious matter. Whatever material we procured then or were transferred to our account from those companies were not of cash value at all and we took them over from the book value. Further, many of the materials were practically useless. I can say this about the Dakotas themselves. We knew that many Dakotas which we took over—which we purchased from them—were already scrap or had already crashed. Not a pie has come out of them. They went off with a few lives along with them. They went off in the crash. That was the sort of Dakotas which we purchased. Now, for all this scrap materials, so to say, are we to pay more? This is charging us very high and the public should not be made to bear the brunt of paying these companies. Therefore, I very strongly object to this method and I request that the case must be reviewed before any more grant is made.

**Shri Raj Bahadur:** Three minutes are there before the guillotine is to be applied to the rest of the Demands. In these three minutes I cannot say which. However, I would like to say a few words, first to assure the hon. Members opposite,—and I think they could also know it if they read the list of Supplementary Demands carefully—that what we are asking for is for the capital requirements of the two Corporations and not merely for the cash payment of compensation as such. We have already given an indication on the floor of the House that whatever we estimated at the time when the Air Corporations Bill was passed, to be the amount of compensation to be paid to the air companies, that estimate would not be exceeded. Some provision was made last year in the Supplementary Demands for the payment of compensation but that could not be paid. Assessment of compensation could not be completed and therefore, payment was not made. So, it had to be brought up this year. Because we hope that compensation is about to be paid now. So we have come forth with this Supplementary Demand.

In regard to the purchase of aircraft, certain expenses known as "escalation charges" have accumulated in regard to the purchase of the five super constellation planes that we have purchased. Two of these were of the type 1049-C. These "escalation charges" reflect the rise in the cost of labour and material during the time of manufacture. These come to Rs. 20·63 lakhs in respect of the two 1049-Cs. For the remaining three other aircrafts—which are of the model 1049-E, the rise is Rs. 30·00 lakhs. Then, for delivery charges on these three super constellation aircrafts, the charges are Rs. 2·00 lakhs. The total escalation charges amount to Rs. 52·61 lakhs. Thus there has been some increase on this account. That has to be paid. Much of the price of these aircrafts has been paid and the remainder has to be paid. Provision is being made for that purpose. These advances to the Corporation will be for capital expenditure. This has to be

provided to the Corporations, on such terms and conditions under Section 10 of the Air Corporations Act as the Government may decide. Therefore, there is nothing out of the way. It is an extra expenditure in the normal course that has to be incurred for the purpose of the normal functioning of these air corporations. I may once again repeat that the amount of compensation that we may have to pay, as already estimated, will not be exceeded.

**Shrimati Renu Chakravarty:** This is a question of increase of the capital requirements. This capital requirement does not include the compensation. What exactly is the reason for this increase?

**Shri Raj Bahadur:** We had provided that we shall advance to the Air Corporation necessary amount for the payment of compensation. That compensation was not paid during last year because the compensation could not be calculated. There was some time taken, not due to any fault on our part but because the companies furnished, their returns, which we wanted them to furnish very late. We also came before this hon. House for amendment of the Air Corporations Act for the extension of the various statutory time-limits provided in sections 22, 23, 24 and 25 of that Act. We came before the House for extension because these companies could not furnish in time all the information we required. Payments could not be made last year and therefore we have to make them now. We hope to make the payments before the end of the current year.

**Shri Velayudhan (Quilon cum Mavelikkara—Reserved—Sch. Castes):** May I ask whether the officers who were engaged in the assessment were the same who were taken when the Corporation was started?

**Shri Raj Bahadur:** They were drawn from various sources. We got them from the Aeronautical Inspection Wing of the Civil Aviation Directorate, from

the Inspectorate were of the Hindustan Aircraft Limited, from former employees of the air lines who came to the Corporation and from the retired officers of the Income-tax Department.

**Mr. Chairman:** I will now put to the House cut motion No. 16 which has been moved by Shrimati Renu Chakravarty.

The question is:

"That the demand for a supplementary grant of a sum not exceeding Rs. 96,80,000 in respect of 'Other Capital Outlay of the Ministry of Communications' be reduced by Rs. 100."

*The motion was negatived.*

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

"That a supplementary sum not exceeding Rs. 96,80,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Other Capital Outlay of the Ministry of Communications'."

*The motion was adopted.*

**Mr. Chairman:** All the rest of the Demands are guillotined. I will put them all together.

The question is:

"That the separate supplementary sums not exceeding the sums shown in the third column of the Order Paper be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of the following Demands entered in the second column thereof Demands Nos. 32, 35, 37, 38, 40, 47, 48, 55, 60, 71, 82, 89, 125 and 133."

*The motion was adopted.*

*The motions for Demands for Supplementary Grants which were adopted by the Lok Sabha are reproduced below.—Ed. of P.P.*

**DEMAND No. 32—PAYMENTS TO OTHER GOVERNMENTS, DEPARTMENTS ETC. ON ACCOUNT OF THE ADMINISTRATION OF AGENCY SUBJECTS AND MANAGEMENT OF TREASURIES.**

"That a supplementary sum not exceeding Rs. 11,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Payments to other Governments, Departments etc. on account of the Administration of Agency subjects and Management of Treasuries'."

**DEMAND No. 35—MINT.**

"That a supplementary sum not exceeding Rs. 2,75,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Mint.'"

**DEMAND No. 37—SUPERANNUATION ALLOWANCES AND PENSIONS.**

"That a supplementary sum not exceeding Rs. 23,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Superannuation Allowances and Pensions'."

**DEMAND No. 38—MISCELLANEOUS DEPARTMENTS AND EXPENDITURE UNDER THE MINISTRY OF FINANCE.**

"That a supplementary sum not exceeding Rs. 1,06,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Finance'."

**DEMAND No. 40—MISCELLANEOUS ADJUSTMENTS BETWEEN THE UNION AND STATE GOVERNMENTS.**

"That a supplementary sum not exceeding Rs. 1,26,000 be granted

to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Miscellaneous Adjustments between the Union and State Governments.'

**DEMAND NO. 47—MISCELLANEOUS DEPARTMENTS AND EXPENDITURE UNDER THE MINISTRY OF FOOD AND AGRICULTURE.**

"That a supplementary sum not exceeding Rs. 12,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Food and Agriculture.'

**DEMAND NO. 48—MINISTRY OF HEALTH.**

"That a supplementary sum not exceeding Rs. 53,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Ministry of Health'."

**DEMAND NO. 55—POLICE**

"That a supplementary sum not exceeding Rs. 51,21,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Police'."

**DEMAND NO. 60—BROADCASTING**

"That a supplementary sum not exceeding Rs. 9,00,060 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Broadcasting'."

**DEMAND NO. 71—ADMINISTRATION OF JUSTICE.**

"That a supplementary sum not exceeding Rs. 27,000 be granted

to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Administration of Justice.'

**DEMAND NO. 82—SALT**

"That a supplementary sum not exceeding Rs. 8,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Salt'."

**DEMAND NO. 89—PRIVY PURSES AND ALLOWANCES OF INDIAN RULERS.**

"That a supplementary sum not exceeding Rs. 10,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Privy Purses and Allowances of Indian Rulers'."

**DEMAND NO. 125—CAPITAL OUTLAY OF THE MINISTRY OF HEALTH.**

"That a supplementary sum not exceeding Rs. 76,20,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Capital Outlay of the Ministry of Health'."

**DEMAND NO. 133—CAPITAL OUTLAY OF THE MINISTRY OF REHABILITATION.**

"That a supplementary sum not exceeding Rs. 5,00,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Capital Outlay of the Ministry of Rehabilitation'."

**APPROPRIATION BILL**

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** I beg to move for leave to introduce a Bill