

**EMINENT PARLIAMENTARIANS
MONOGRAPH SERIES**

DR. LANKA SUNDARAM

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Preface

As per the decision of the Indian Parliamentary Group to pay homage to eminent parliamentarians and to recall, remember and place on record their contributions to our national and parliamentary life, a new Series, known as the 'Eminent Parliamentarians Monograph Series', was started in March, 1990. The present Monograph—the second in the Series—seeks to recapitulate the invaluable services rendered to the society by the veteran parliamentarian, Dr. Lanka Sundaram. Published in Hindi as well as in English, the Monograph is being released on 6 July, 1990, at a function to celebrate the birth anniversary of this great parliamentarian.

The Monograph consists of two parts. Part I contains a brief profile of Dr. Lanka Sundaram, giving a few glimpses of his early days, his academic achievements, his contributions to tackle the socio-economic problems of the day, his journalistic fervour, his oratorical skills and above all, his distinguished parliamentary life. Though brief, the parliamentary career of Dr. Sundaram was quite outstanding and he left an indelible mark of his performance in the House. Part II of the Monograph contains excerpts from some of the selected speeches of Dr. Sundaram delivered in the Lok Sabha.

On the occasion of his birth anniversary, we pay our respectful tributes to the memory of Dr. Sundaram and hope that this Monograph would be read with interest and found useful.

**New Delhi,
June, 1990**

SUBHASH C. KASHYAP
Secretary-General, Lok Sabha
&
*Secretary-General,
Indian Parliamentary Group*

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PART ONE

His Life



Dr. Lanka Sundaram: A Profile

An eminent parliamentarian, a vavacious and forceful orator, a prolific writer, a noted scholar, a distinguished journalist and an illustrious economist, Dr. Lanka Sundaram, son of Shri Lanka Sitharamiah, was born on 1 July, 1905 at *Masulipatam*, — a port town on the north eastern coast of the then undivided Madras Presidency, known in history for being the place where the British founded their second settlement in 1611.

The beautiful natural surroundings and the continuous flow of the *Kistna* river, coupled with the underdevelopment and the scarcity of resources of the area must have had its impact on the impressionate mind of young Sundaram, who from the early days of his childhood, showed signs of greatness.

A brilliant student from his childhood, Dr. Sundaram received his early education in a private institution, *The Hindu High School*, where he studied up to Tenth Standard. Subsequently, he shifted to the principal educational institution of *Mauslipatam*, *Noble College*, founded by Dr. Rev. Robert Noble. His intellectual curiosity and scientific approach made him a serious and promising student from the days of his early education. At the tender age of 17 years, Sundaram was married to Kamla Devi in 1922. His urge for knowledge, however, remained undaunted.

When he was still in his twenties he had the privilege of meeting his Highness Maharaja Sayaji Rao Gaekwar of Baroda. The Maharaja could see the spark of brilliance in the young man and inspired him to pursue higher studies by awarding him a scholarship for the purpose on behalf of his State. Lanka

Sundaram commenced his legal and political studies when he was almost in his teens. For his higher studies in Law, Politics and International Affairs, he went to London, Geneva and Hague. He obtained his Ph.D. degree from London. He earned the unique honour of being the first Indian to address the Grotius Society, London, a distinguished international body, where he presented his paper on "India's International Status" in March, 1931. Almost a year later, he again achieved the distinction of being the first outside Indian whose paper was accepted by the Royal Institute of International Affairs, London.

Lanka Sundaram could not, however, continue his legal studies abroad as he, like other students in England of his time, was affected by the maelstrom of politics created as a result of the failure of the Second Round Table Conference in 1931. The period was truly eventful in our country's life, with people mounting up their struggle to achieve independence. In the subsequent years, he came to lead a peripatetic life becoming a dedicated public worker, a forceful speaker, a searching journalist, and, above all, an active parliamentarian.

In addition to these, Dr. Sundaram had had the honour at different periods of his life of serving as the Head of the Department of Politics, Economics and History, Andhra University; being a member of the American Academy of Political and Social Sciences, and heading the Institute of the International Affairs as Director.

An Active Parliamentarian

Dr. Lanka Sundaram was elected as an independent member to the First Lok Sabha in 1952. Though short in terms of time span, lasting for the five year term of the First Lok Sabha only, Dr. Lanka Sundaram's parliamentary career was full of activity and he hardly spared an opportunity to make his voice heard and his presence felt in the House. This is amply clear from the fact that he participated, with great zeal and sincerity on more than 450 occasions on the floor of the House.

An able parliamentarian, Dr. Sundaram evinced keen interest on a wide variety of subjects. Whether the issue at discussion was U.S. military aid to Pakistan or President's Address, *Panchsheel* or Public corporations, Suez Canal or criminal code, he always used to strike at the Government with penetrating questions. While at the same time giving his reasoned opinion, he spoke with same force and authority on subjects like unemployment problem, linguistic States, issues relating to Scheduled Castes and Scheduled Tribes, Railways, Preventive Detention Act, Delimitation of Constituencies, etc.... His thoughtful ideas and concrete suggestions were viewed in the House with great respect.

Whether it was a Minister or a member, Dr. Sundaram had the courage to object them on the floor of the House if their facts appeared to him as unrealistic.

While speaking on Motion of Thanks on President's Address in 1956, he pointed out the disproportionate emphasis on Foreign Affairs matters in the President's Address and said:

"I counted the other day that in the speech of the President, 55 per cent of the time taken to deliver it ... was devoted to foreign affairs. As I said at the opening of my speech, the old British tradition is still with us."

Dr. Sundaram strongly objected to some of the observations made by the Prime Minister about the Public Accounts Committee. Moving a motion regarding association of members of the Council of States with the Public Accounts Committee, Prime Minister Pt. Jawaharlal Nehru had, *inter alia*, stated "... The Public Accounts Committee members were completely in the wrong".

Next day, during the debate on the issue, Dr. Sundaram challenged the Prime Minister and said:

"Yesterday, the Prime Minister said and I hope I am quoting him correctly—that the decision of the Public Accounts Committee

* L.S. Deb., 22 Feb., 1956, c. 655.

was wrong. I feel and I say so with a sense of responsibility, that a statement of this character coming from the Leader of the House is rather unfortunate, because the Public Accounts Committee is one of the vital organs of this House, and it has come to a unanimous decision on the subject matter of this motion, and I do hope that members of the Public Accounts Committee who are present here today would stand up and justify the position they have reached".

Later explaining his observations, the Prime Minister, by way of classification, stated:*

I cast no aspersions on the Members of the Public Accounts Committee. As a matter of fact, it was odd to me to say so ... The Public Accounts Committee deals with certain matters of great importance, but I may submit the Public Accounts Committee is not a high authority on constitutional practice. In regard to that matter I felt the Committee was wrong."

As a skillful orator having a deep understanding of the subject, Dr. Sundaram would comment on such vital issues as the association of Members of Council of States with Public Accounts Committee in the following words:**

"....because as you were Chairman of the Rules Committee, you have gone into this question and come to a decision already to particularly examine this aspect of the question." Seven Members from the other House are to be associated with 15 of this House. What happens? Who is to control them? The hon. Leader of the House yesterday said that the report of the Public Accounts Committee of the future would, under the provisions of this particular motion — if it is passed — be placed only on the Table of this House. What about the other House? It can not be placed before the other House, obviously. And secondly, why should any outsider, an outsider other than the chosen representatives of this House, be

* L.S. Deb., 13 May 1953, cc. 6556-57

** L.S. Deb., 13 May 1953, cc. 6565

associated with a Committee to make recommendations? These are points which have got to be looked into."

Speaking on the Industrial Services Commission Resolution on 17 February, 1956, Dr. Sundaram, *inter-alia* said:

"It is the solemn duty of this House to lay down the manner in which the higher managerial personnel of the various undertakings of the Government in the public sector are recruited. I would straightaway say that no man should be appointed to any institution in the public sector without being first, what you call, sent abroad if necessary, and in any case trained adequately to hold that position."

Dr. Sundaram shall be remembered for his well informed, authentic, thought provoking and critical ideas, expressed on various occasions on the floor of the House. His journalistic approach to the subjects under discussion in the House, the laborious and painstaking research which he used to undertake before coming to participate in discussions, his deep penetrating thoughts, his confidence and his straight forwardness, all contributed to make him a distinguished parliamentarian.

An Economist

A noted economist of his days, Dr. Sundaram was well-versed in the travails and problems of the economically weaker sections of our society. Dr. Sundaram believed that the framework of national development could be strengthened by achieving selfsufficiency in food grains and rapid industrialisation, creating a strong financial base of the nation.

Recognising food to be one of the basic necessities of human life, he observed that food problem in India would be a worry for an indefinite number of years:

"Our nourishment from the soil depends on the vagaries of the weather and these vagaries act differently in different parts of India. Unless the food resources are distributed equitably through out India the political and economic equilibrium of the country

will be disturbed.”*

Her further observed:**

“The heart-rending situation facing the *daridranarayan* of this country, which had for millennia stood out as land flowing with milk and honey, and it is now for the citizen and the Government to show that once again, through joint efforts, it is possible for the former to obtain a couple of square meals each day. The elimination of wastage in food consumption, which is perhaps the weakest point in our national programme of the present, must go side by side with the extended maintenance of rationing and augmented food production. The supreme task of the people, however, remains to be, increased agricultural production, now that the ‘Grow More Food’ campaign of the Government of India during the recent war years has miserably failed in its objective.”**

Dr. Sundaram had no doubts that the nation would progress only if the industries were provided sufficient financial resources and given due importance by the Union Government. He was certain that the industrialization of India would have to be controlled by the Union Government. He observed:

“Regionalization and localization were matters of details. If defence is the function of the Centre, industries also ought to come in its sphere, for they were always closely allied.”

Yet another reason for industries to come under the purview

* Dr. Lanka Sundaram: Thoughts on India's Future Constitution, *Commerce and Industry*, New Delhi, 11 December, 1946.

** Dr. Lanka Sundaram: Establishment of Fertilizer Industry for Ensuring Agricultural Self-Sufficiency, *Commerce and Industry*, New Delhi, 8 May, 1946, p. 3.

of the Union was that India for external purposes would be one unit, and she would have to trade with other nations only as one unit. It was, therefore, essential that the Union should be the guardian of the economic interests of India.

Dr. Sundaram was not averse to India receiving foreign aid. Yet he warned against the implicit dangers. He said:

“We have been unsparingly averse to the influence of foreign capital into this country. We have fearlessly pointed out the danger of India or other countries walking into the parlour of Americal domination.... This condemnation does not mean that we should not seek the help of Britain or America in the economic sphere. In fact, we stand in need of their help. What we have to remember is that we need not be ashamed of diverting this help in ways that will not endanger the real economic interests and sovereignty of India. What we have also to remember is that this help will be not only of use to this country but also to those countries from where it comes. Our dislike of foreign capital therefore does not blind use to proposals of participation in Indian industry. Such participation will have the overriding condition that it will not be with a view to strengthen the bonds of our economic slavery.”*

As a skilful investigator, Dr. Lanka Sundaram, conducted an enquiry into the basis of Integration of the Fiscal and Economic Systems of States and Provinces in the Indian Union.

The Statistical Wizard

Dr. Lanka Sundaram had a special love for statistics. Almost in all of his writings and speeches, one finds that statistics and datas had a special place and he used them with perfect craftsmanship.

His contributions on the floor of the House bear an eloquent testimony to the fact that he frequently quoted statistics, either

*Dr. Lanka Sundaram: Future of Indo-Americal Economic Relations, *Commerce & Industry*, New Delhi, 20 November, 1946, p. 3.

compiled by himself or from official reports, to strengthen his argument. To give an illustration, while speaking during the discussion on General Budget, 1954, he argued:

"I would like to have the indulgence of the House for some more statistical matter to be put into this debate. You will see the total amount of advances, etc., given to the States up to the moment since the Plan period. I have worked it out, subject to correction by my hon. friend, perhaps subject to a margin of error of 5 per cent. A sum of Rs. 667 crores has been made available to the States. How does this work out? A sum of Rs. 98.93 crores has been given by way of grants from 1951-52 to 1954-55 inclusive; Rs. 449.78 crores have been given by way of advances to the States; Rs. 119.67 crores have been given as advances from Special Development and other Funds during the same period. I happen to be in your distinguished company in one of the statutory Committees of this House. You will recall that, even in a report which the Estimates Committee made, it was observed that recoveries of advances are not easily possible. In other words, we enter a jungle, a veritable jungle, from which it is difficult for us to deduce any logical conclusion, with the result that I heartily agree with my hon. friend—I am sorry he is not here—Shri Tulsidas that this House must do something immediately to ensure that these Rs. 667 crores, and infinitely more money to be advanced in the next two years under the plan, has to be accounted for by the States.

The Hindustan Standard, commenting on his book '*India in World Politics*' observed "The author's handling of statistics reminds one, of the late Dinshaw Edulji Wacha—The Statistical Wizard."

A Distinguished Writer

Besides being a skilful orator, Dr. Lanka Sundaram made his mark as a prolific writer too. His scholarly works on a wide variety of subjects received acclaims and were read with considerable interest. He wrote with strength, sincerity and

*L.S. Debates, 22 March 1954, CC. 2670-2671.

wisdom. His style was fluent and he presented facts with dramatic vividness.

The year 1944 saw three of his important works hitting the stand each of which is still remembered for its academic brilliance. In his work, *India in World Politics*, which was published in 1944, Dr. Sundaram attempted a close and searching analysis of Indo-British relations; making an impassioned plea for India's freedom. This well-documented and highly informative work, which he produced after painstaking and laborious research, was considered to be a brilliant work of his time. In his other book, *Nationalism and Self-Sufficiency* also published in 1944, Dr. Sundaram made a powerful plea for national economic self-sufficiency. Acclaimed as one of the fine contributions to contemporary political and economic thought, the book was very well received in the country. Another thought provoking work of Dr. Lanka Sundaram brought out in the same year was '*A Secular State for India*'. Tracing the drift towards religion in politics, Dr. Sundaram made a vigorous plea against theocratisation of national politics.

In his '*Indian Armies and their Costs*', published in 1946, Dr. Sundaram discussed in considerable detail, the problems of Indian Army Organisation and Defence Expenditure—a subject on which hardly any literature was available.

In one of his earlier books, *Indians Overseas*, which was published in 1933, Dr. Sundaram made a systematic survey of Indians in overseas countries.

Some of the other notable works of Dr. Lanka Sundaram were *Cow Protection in India* (1927), *Mughal land Revenue System* (1930) and *Union Finances* (1947).

Dr. Sundaram also owned and edited a journal 'Commerce and Industry'—a popular weekly published from New Delhi carrying review of Trade, Industry and Finance of Indian Provinces and Indian States.

Thus, there was hardly any subject of national and interna-

tional importance of his time, which escaped the scrutiny of Dr. Sundaram's pen.

A Trade Union Leader

A close friend and well wisher of the workers, Dr. Sundaram, remained as President of a number of trade unions, noted amongst which were: Harijan and Trade Union Worker, Union of Posts and Telegraph Workers, Vijaywada Provincial Branch, Scindia Shipyard Employees Union, Vishakapatnam District Gandhi Sarvodaya and All India Railway Ministerial Staff Association.

Dr. Sundaram left no opportunity to raise forcefully, on the floor of the House, matter like employment policies, rights of employees, recognition of trade unions, participation of workers in management, strikes by trade union workers, upliftment of down trodden, etc. On all such occasions, he spoke with considerable passion. Employment and labour issues received his particular attention. He appealed* to the government to undertake a review of the manner in which the rights of the workers and their terms and conditions of service were being regulated under various Government Departments and the manner in which recognition was granted or not granted to trade unions

Having been elected by the *Adivasis*, he raised his voice in the House on several occasions for the upliftment of downtrodden. He asked the government, while speaking *during the discussion on Demands for Grants* in the year 1953, to pay favourable attention to the Scheduled Tribes of the Godavari and Visakhapatnam districts. He stated that nearly 600,000 people in this inaccessible hinterland of India, which was the belly of this country, were completely neglected.**

* L.S. Debates, 31 March, 1953, C. 3390

** L.S. Debates, 31 March, 1953, CC 3391-92.

A Reputed International Figure

Dr. Lanka Sundaram's pursuit of knowledge and his keen desire to understand the problems of the fellow human beings, inspired him to travel widely, both in the West and East, at a very young age. As a student, Dr. Sundaram obtained his doctoral degree from London and he also remained Scholar of the Hague Academy of International Law. A well read scholar of legal and international matters, he was chosen as the member of the Indian Delegations to the General Assembly (1946) and the Human Rights Commission (1947) of the United Nations. He was also a Collaborator of League of Nations and left an indelible mark of his work in whatever assignments he undertook.

Dr. Sundaram remained honorary representative in India of a number of Indians Overseas Associations for more than two decades. He visited Ceylon, Malaya, Burma, Siam and Indo-China to study seriously the conditions of Indians overseas. In 1930, Dr. Sundaram submitted a Memorandum on "The International Aspects of Indian Emigration" to the Imperial Conference in London. During his visit to Ceylon in 1931, he systematically reviewed the problems of Indian labour there. As the Secretary of the Ceylon Indian Deputation to the Colonial Office, he got yet another opportunity to understand the problems of the Indian emigrants.

Later, in his memorable work, *Indian Overseas* (1933), Dr. Sundaram systematically analysed and brought to focus the urgent problems faced by Indians in Ceylon, Malaya, West Indies, Fiji, Mauritius, Canada, East Africa and the Union of South Africa.

Dr. Sundaram's deep understanding of the international issues of his time, his close association with a number of international policies, and institutions which he served with his characteristic dedication, and his valuable services to the deprived and downtrodden whose cause he always espoused, made him a well known figure in international circles as well.

Dr. Lanka Sundaram passed away at New Delhi on 8 January, 1967 at the age of 63 after rendering three decades of distinguished services to the society. The nation, however, still remembers the contributions made by this multi-faceted personality in various spheres of public life.

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2. 12 May 1953, cc. 6402-6407.
3. 13 May 1953, cc. 6556-57, 6565.
4. 22 March 1954, cc. 2670-2671.
5. 14 May 1954, cc. 7461-64, 7469.
6. 22 February 1956, c. 655.

P A R T T W O

His Ideas

Planned Economic Growth

Five Year Plan

As I listened to the speech of the Leader of the House, I was struck by one or two very remarkable statements that he made, in introducing this report for discussion by this House. The leader of the House said that there is no pretence that this report is perfect. He also said that it is very easy to pick holes in the report at various points. He also said that what is required in this country is some sort of a crusading spirit, to ensure that the moral and material well-being of the community and also the reconstruction and development of every aspect of our national economy are carried forward. I was rather struck with another statement by the Leader of the House this afternoon, namely, that he would expect this House to devote more of its time to the earlier part of the Report and not to the latter. Since I believe in economy of words, I would like to state categorically that I will have to disoblige the Leader of the House by making reference to one particular chapter of this report which, to my mind, supplies the Achilles' heel to this Plan. I am rather surprised that the gigantic and thorny food policy was only given a treatment not exceeding 14½ pages. It is not the mere bulk of the matter which goes into a chapter which adds importance to its contents. I said advisedly that this treatment of the food problem is going to supply the Achilles' heel to the entire planning and development of this country.

* — From debate on Government Resolution regarding Five Year Plan, Lok Sabha, 15 December 1952, cc. 2389—96.

I may be permitted to say that when the Planning Commission invited some of us, dozens and dozens of us to take counsel with it and to offer our comments on it five or six weeks ago, this particular chapter on food was not made available to us. I am here to say with a sense of responsibility that I am not raising this question in any partisan or party spirit. Why I make reference to this chapter is to disprove the point sought to be made by the Leader of the House that we should concentrate more attention on the objectives and not on the details. Here are a few figures worked out from Chapter XI on Food. From 1946 to 1952, every year there was food deficit of 2.25 million tons, 2.23 million tons, 2.84 million tons, 2.71 million tons, 3.13 million tons, 4.17 million tons and 3.90 million tons, involving a total expenditure of 750 crores within a period of seven years. I would like to be corrected if I am wrong. Are there food import targets for the coming years? I am given to understand that the target of food imports during the coming three years, that is, the remaining years of the first Five Year Plan period, will be of the order of three million tons each year.

* * * *

I am prepared to accept the finance minister's correction because these are figures which are approximates which have not been made very clear in the report. It may be less. May I assume that it will be two million tons? Six million tons in three years, possibly, involving Rs. 300 crores. I hope I will not be far wrong in that estimate.

I would like to say that there is no provision made for this import of whatever quantity, two million tons or two and a half million tons a year, during the coming three years, equal to 300 crores or possibly more in the three years of the first Five Year Plan period. I have made reference to this question for one reason. I am greatly aggrieved that the treatment given to the food problem in the Planning Commission's report as I have said earlier, is cavalier; it is meagre, insufficient and is not calculated to assist this House and the country to have a proper assessment of the entire problem, because I fear that the entire

planning and development schemes of this country might collapse.

I would like to direct the attention of the House to one or two very important points arising out of this particular subject. I find here that there is provision for irrigation, 168 crores, provision for multi-purpose projects, 226 crores, for power, 127 crores. In addition, there is provision for minor irrigation works, 77 crores. In other words, about 800 crores out of the 2068 crores projected, will have been spent on this particular aspect of the question. In particular, I would like to direct the attention of this House to para 42 of Chapter 26 where you will find the following remarkable statement. I quote :

“.....it would not be correct to say of all the projects included in the plan that works were started after detailed technical investigation and careful assessment of the economic aspects.”

I have given the assurance that I am not indulging in any analysis of this question in a carping or hostile spirit. I am here to say that the entire approach to the problem of food, and agriculture, is not particularly properly developed and not particularly properly directed. Only if a little more money was spent on minor irrigation works, our problems would have been solved overnight. I am here to say very freely as I had occasion to say in the last session more than once, that unfortunately, as regards multipurpose projects the highest possible type of group pressure, pressure politics is brought into existence. Why? Only a few days ago, you have read the report placed on the Table of the House about the Krishna-Pannar project. I am not here to bring in any local problem with which I may be quite familiar and make it a national problem. What I am trying to draw the attention of the House to is that the entire scheme of multi-purpose projects will take ten or fifteen years for fruition. If I am not mistaken, on a number of occasions, in this House, serious charges have been levelled against the manner in which these multi-purpose projects have been prused, especially, as regards corruption, nepotism, and so on and so forth,

involving colossal waste of money with the result that if only a greater amount of attention is devoted greater funds are diverted to minor irrigation works, allocating so much for each *taluk* and each district. I am sure the problem on the food front would have been solved overnight. I am most anxious to have results in the next crop season itself. Instead, multi-purpose projects will take decades to come to fruition, and on top of it, we will have to import food, colossal amounts of food, involving perhaps three or four hundred crores of rupees during the remaining three years of the planning period.

There are one or two other small issues also. What are called new multi-purpose schemes have been listed in the Plan, like Kosi, Krishna, Chambal etc., involve an estimated expenditure of Rs. 200 crores, of which financial arrangements have been made in the Plan for only Rs. 40 crores. I had occasion to go through the earlier draft because the Planning commission was good enough to call me for consultation about six weeks ago, and I find that a number of items overlap or run one into the other. There is not much of a precision of approach. In other words, no accurate yardsticks of measurement as regards the amount of finances involved are to be found. In other words, this sort of telescoping of items of expenditure, one into the other, will detract eventually from the value of the Plan as well as the direction of the Plan.

* * * *

I now read Paragraph 10 of Chapter 4 of the Planning commission's report:

"As brought out in the assessment of financial resources for the Plan, the balance of Rs. 655 crores necessary for the public development programme will have to be found from further external resources that may be forthcoming as far as possible and by deficit-financing."

The point is this. To the extent to which every possible projection into the financial resources of the country is possible

it has already been made in the structure of the financial scaffolding.

I am not forgetting what has been written in this Plan about balance of trade, but the maximum amount of financial availability has been prospected and projected into this Plan; with the result, I feel very much concerned about the possible lacunae and financial gaps which might confront us in the implementation of this Plan.

I would like to refer to one other aspect of the question to which I attach the greatest amount of importance. That is in regard to public co-operation, coming in part two of the Plan proper. As I was listening to the Leader of the House. I had the greatest possible amount of mis-giving in my mind as to whether by the dynamic approach which is sought to be presented to the country, public dedication by each individual, a spirit of comradeship and co-operation would become possible, and the method, sought to be adopted, would become national and realised. The Gorwala Report has been copiously quoted in this report. It is perhaps the only report which has been quoted from outside sources. But what has been done?

The Gorwala Report on corruption, improvement of public administration etc. is a magnificent report. The affirmations contained in that report must become, if I am not mistaken, not only part of the regular law of the land, but also of administrative procedure.

But, what are the facts today in the country? There is provision for a National Advisory Committee on Public Co-operation, and since it met on the last day or the day after we dispersed in this House after the last session, till now nothing has been done after that. I had occasion to say more than once publicly that the so-called Bharat Sevak Samaj, its composition, its personnel, its approach to public life, to various sections, especially political sections, of the community and political parties, have been defective. In fact, I feel terribly worried on

this issue. viz., everything would become bureaucratised. The District Magistrate and the Collector, that patient beast of burden will be loaded on with further tasks for which he will not be equipped.

In part 2 of this report, a number of suggestions have been made. Will there be a duplication of administrative machinery? Will there be enough training for all these new cadres of officers to be created for the purpose of ensuring public co-operation? We have seen how planning and development especially in relation to the activities of the Bharat Sevak Samaj has been handled; we have recently seen in this country what has happened to community projects. My heart bleeds when I say this, but I must say it on this occasion. My hon. friends especially on my left are accustomed to only one attitude—hankering for power which has come their way fortuitously,—but let me proceed with that sense of dedication which I would like to apply to this important question. We have seen the manner in which community projects have completely collapsed in this country. Barring what the Leader of the House did in Delhi, what has happened to the road-making business here?

I want to convey to the hon. Leader of the House one important point, that I expect him, of all people in the country, to rally round him the co-operation which is there available from people who do not belong to his party. I am sorry it has not been attempted so far. I would have welcomed if he accepted what we might call some sort of directive control of planning and development instead of even the Presidentship of the Congress. It is a non-party affairs. This country must march forward. Every little that can be done by every individual must be mobilised. I am sorry to say, and I say without fear of contradiction that it is not being attempted. Statements made by the hon. Leader of the House and people of his calibre about dynamism only remain in the official records of the proceedings of this House. I want them to be translated into action. I want to rally every section of the community, irrespective of party

politics, so that the country may march forward. Otherwise, put a man like Cariappa or some other person who can give the necessary drive. It is a wholetime job to see that the Plan's project is carried out. I do not belong to Cariappa's part of the country. We are 1400 miles away from each other. The point that I am driving at is this. I am anxious that this Plan must succeed. But as I see it, I do not find the ingredients of success in it, in the sense that public co-operation will not be available to the extent to which my hon. friend the Leader of the House has projected in his speech this afternoon. I only hope that now that this Plan has been launched, an attempt will be made to retrieve the lost ground, and some sort of consolidated national approach would be possible. Otherwise all these Rs. 2,068 crores will go down the drain and enrich the pockets of certain people who have come, in the wake of freedom and especially after the recent elections, into office or power.

Economic Problems

I

Food Situation

I am glad that this debate is taking place for the reason that already it has the effect of assuaging public apprehensions which have been aroused as a result of a series of remarkable statements made a few weeks ago by the Food Minister.

The debate has been responsible for mitigating the apprehensions held in various quarters of the country as to the present and future position of controls, food controls in particular. In between the statement made by the Food Minister, supplemented by the clarification of the Prime Minister Pt. Jawaharlal Nehru, I think, two or three very important propositions emerge.

In the first place, State Governments are free to buy where they want, whatever food they want. Number two is the problem of continued procurement within the precincts of each State, and, thirdly, there is no change at all about rice or wheat, while as the Prime Minister put it there will be only a slight adjustment of movements of millets.

I am not satisfied that these three propositions arising out of two statements of the Food Minister and the Prime Minister would solve the problem fully, because I believe there is a tremendous need today—and I hope my hon. friend the Food

* — From debate on Government Motion regarding Food Situation—Lok Sabha, 17-18 November 1952, cc. 711, 720, 748—53, 843.

Minister while replying to this debate will clarify the position—for basic factual information on the three aspects of the question. Are we going to import next year, or are we not going to import next year?

If we are, to what extent? Then, what has happened to the declaration made by the Prime Minister some time ago that there would not be any food imports after 1951?

According to the Planning Commission Report, we will be self-sufficient in food after three and a half years. In what way will the level of imports of food, particularly non-wheat food, be regulated, in order that the revised food policy of the Government can be maintained especially in the South of India?

The Food Minister in his statement said that the three objectives the Government of India has on this issue are production of more food, fair distribution and the Government of India coming as a helpful buffer in case there is any difficulty in any particular State. While doing so the Food Minister was anxious to show that the grow-more-food campaign has gone on to the benefit of this country.

I am sorry to say that the figures that he has himself given do not sustain the claim made by him. In the State of Madras it was shown that there was a reduction of acreage under food of as much as ten lakh acres. I had occasion last month to show the Planning Commission the sort of grow-more-food drive which is going on in my part of the country, namely Madras State. I have shown the Planning Commission last month a circular invitation from the Collector of my district asking me, as an *ex officio* member, to be present at the meeting of the District Food Committee which is a statutory committee. And then I also showed them how there was no agenda for that conference! After ten years of activity in this country in regard to the grow-more-food campaign, after the elections, this first meeting did not have an agenda, with the result that I was able to convince myself that as yet in this country we have not come

to a stage where the grow-more-food campaign can be taken as a serious proposition. In fact, this decline in the cultivation of food crops to the extent of ten lakhs of acres in one State only, is a tragic commentary on the manner in which our agricultural economy is getting out of hand.

I am one of those very few people in this country who have been shouting for the past five or six years that something must be done to stop this menace of cash crops. I speak with a sense of responsibility, especially with regard to my own district. During the past two or three years, lands in these deficit areas which were previously areas of food production in that part of the country, have now been replaced by greater and greater increase of cultivation of sugarcane, jute and so many other commodities like tobacco for example—a deficit area going over to non-food crops! In fact I take a very serious view of the position as to the manner in which the Government of India, in the first instance, and the various State Governments in the second instance, are not tackling the menace of cash crops. There is no point in planning for a self-sufficiency in food if this increasing menace of cash crops is not met. I am sure some of my friends on my right would tell me if it is an idea which involves some sort of a political ethic. I am free to confess that there is no particular ethic or ideology behind this statement. It is a factual position, and one of tremendous import to the well-being of this country, that if something is not done immediately to curb the extension of cash crop cultivation in this country I am afraid all the planning and development so far undertaken and projected, will not be of any use to our people at all.

I was rather surprised to listen to my hon. friend the Food Minister this morning when he claimed that after decontrol of foodgrains in Madras in June this year, there was a fall in prices. In fact one or two other friends, Sardar Lal Singh in particular, elaborated on that point. Here are the prices of foodgrains since June which have been circulated to us last night. In Visakapatnam the price of rice per maund was

Rs. 17-4-6. Today the ruling price is Rs. 23. In Eluru (Andhra) from Rs. 16-6-0 it rose to—the latest price was for the last week of October—Rs. 23. I have built up the position barring one or two places, and the prices have gone up. I consider that a comparison of the ruling price of today with the blackmarket price prevailing at this time last year would be most unfortunate in its implications, for the reason that when controls were on, even at the peak prices, there was a minimum guaranteed supply of food to all ration card holders both in the urban and rural areas. I do not deny that people went to the blackmarket for supplementing the rations given. But the basic thing, which was rather missed by my friend this morning was that there was a minimum guaranteed supply of a quantity of food at a controlled price with the result that to say that today the price is only Rs. 23 compared to Rs. 50 last year would not be a fair comparison at all.

I do sincerely believe that unless and until there is rationing properly and adequately maintained, mere price fixation will not solve the problem. After all, there must be a method of control of prices, effective prices, and such control is completely linked up with the question of rationing and enforcement of rationing properly. I assure you that I am not wedded to food control or rationing for the sake of establishing a dogma. I am not unaware of the fact that controls having been badly administered so far have led to abuses and created vested interests and bottlenecks. But it occurs to me that I must make a statement very clear, namely that I have seen with my own eyes, in the rural areas of Andhra, people in the past three years, especially those who are not agricultural landholders, for example agricultural labourers, unable to buy food, whatever the price, and the ruling prices were very heavy, with the result that whether it is statutory rationing or no statutory rationing, or urban or rural area, the problem is acute. A complete minimum, satisfactory minimum of food at a price which the people can afford, must be made available. *I hope that as a result of the so-called*

modifications in the Food Plan as propounded by this morning by my hon. friend the Food Minister and supplemented by the Prime Minister this point would not be overlooked. For, otherwise, I consider the gravest possible injury will be done to the interests of the people at large, in the urban as well as in the rural area.

One other point which I would like to emphasize is this. Is there a shortage of food supply in this country—wheat as well as rice? Is the population growing? Have prices risen or not risen? How are we going to control all these factors? Not by decontrol. In fact I feel very strongly on the point that the greatest amount of psychological damage has been done by the unthinking advocacy of slogans of decontrol.

For my part I consider that there were politics about decontrol. Let there be no mistake. The zonal system was so arranged as to keep the people with territorial interests in view. I will not weary the House further with that proposition. Coming from the north to the south—I come from the north—Srikakulam, Visakapatnam and East Godavari was one zone. The second zone began like this: West Godavari, Krishna—Guntur was removed from there and Nellore was added on—and Madras City was tacked on. And Guntur was added to Rayalaseema. This is the unfortunate and unfair way in which the zonal scheme was done. I know why it was done. It was to take away the surplus grains of Godavari and Krishna belt to Madras City and the South. I have been there in-between the sessions for two months, travelling in these districts, and the way in which rice was being taken away from these areas by hotel-keepers of Madras and South India is something which I cannot express adequately this afternoon. I say politics have entered, and I put in a caveat. Food can never have politics. It is not a party question. I heartily agree with my hon. friend Mr. T. N. Singh that there cannot be any politics in food. It should not be made a play-thing of

party politics, and I do sincerely trust the Government of India will hold the scales even.

Coming from Madras, may I put this question to the hon. the Food Minister: If there has been a reduction of ten lakhs of acres of land under food in Madras State, why does the Government of India agree to continue food supplies. And in what way does it help the Government of India to carry on the food self-sufficiency drive under the Five Year Plan? I think there are a number of important questions involved in this matter, and I am raising them in order to show that it is not unrelated to politics, with the result that there is trouble in this country. I am glad that as a result of the two statements made by my hon. friend the Food Minister and the Prime Minister, the earlier apprehensions will no longer be held.

II

Labour Problems

The country has noted the fact that [my hon. friend] Shri V.V. Giri has come to his high office after thirty years of experience as a trade unionist. The country is also watching the early steps which the hon. Minister of Labour has taken since he assumed office. I remember the days, twenty years ago, when my hon. friend inducted me into one of those railway labour strikes in Andhra Desa. Those were the halcyon days of the Indian national freedom fight, and any strike undertaken or executed according to plan was given a high priority in the estimates of the people. I quite recognize that today in Free India we have got to place a new construction on this particular problem. I have had the privilege of watching very closely, as a junior colleague, the activities of my hon. friend the Labour Minister during the past few years. When he was not entrained by office my hon. friend was eloquent about the enunciation of the rights of workers, and more to the need for protection of those rights. But I have noticed—and I am saying this with great deference to him—that whenever he came to office he has developed a very easy felicity for enunciating certain nostrums.

I think that I am quoting him correctly, and if I am wrong I would ask him to stop me right now. When Shri Giri was Minister of Labour in the Madras Government a few years ago he made one of those famous speeches at Trichinopoly the effect of which—if I do not do him an injustice—was to

* — From the discussion on Demands for Grants for the Ministry of Labour (1952-53), Lok Sabha, 19 June 1952, cc. 2173-80.

circumscribe the right of workers to strike. I hope I am not putting any uncharitable interpretation as to what the reactions were when he made that statement as Labour Minister. I am prepared for the moment to forget this and to come to a more recent statement of my hon. friend the Labour Minister. I am quoting from the Free Press of India and this is the quotation as printed in that paper. This is supposed to be the speech delivered by my hon. friend on the 2nd of June in Bombay while addressing the All India Manufacturers' Organization, "I do not believe much in legislation. I believe more in understanding and conventions between the two, namely the employer and labour". To my mind this is a very dangerous doctrine. If the Labour Minister's speech has been properly reported it constitutes to my mind, as one who has devoted considerable attention to labour legislation in this country during the past twenty-five years, a dangerous departure from the accepted principles of approach of the Government of India towards the problem of the workingman's movement in this country.

Why do I make a reference to this problem? I will illustrate my worry through analysing as briefly as possible certain developments which are taking place in this country all round. In particular, I would refer to the administration of the Industrial Disputes Act.

As a trade unionist myself, I have recently had occasion to appear before an Industrial Tribunal for a long period of eleven months. I need not mention the names of the dispute or the name of the company or the labour union—if it is wanted I am prepared to give them—because I want to conduct the proceedings, as far as I am concerned, with a sense of dignity and responsibility. I quote from paragraph 2 of an order passed by the Industrial Tribunal at Vijaywada on the 17th of January, 1952. I am quoting directly without any—what you call—lifting the reference out of the context.

"The reference was made by the Government on 28th July,

1951, and it was received on 1st August, 1951. Notices for filing statements were issued on the same day. The organisations (namely the labour organisations) filed their statements on 29th August, 1951. The management took three adjournments and filed their reply statement on 19th October 1951—(that is, about three months after the Industrial Tribunal started actually). From that date, time was taken on several occasions for production of accounts, and till now the ledgers of the Company have not been produced.....”

Finally, the Tribunal says—and I quote again the actual words of the order:

“This attitude on the part of the Company has created bitterness in the labour organisations.”

Why do you permit abuse of the workings of Tribunals appointed under the law of the land?

The theory sought to be propounded by the Labour Minister at Bombay will be dangerous in its implications. It has been accepted during the past thirty years, at any rate as far as the regime of the International Labour Organization to which we are parties is concerned, that labour is the weaker partner. Labour has a right to be protected. Otherwise, all these Acts put on the statute book, the Minimum Wages Act, the Employment of Children Act, the Factories Act, the Arbitration Act and so on would have no meaning at all. I would therefore ask my hon. friend the Labour Minister to tell us frankly and fairly whether there is any departure in the policy of the Government of India towards labour. If so, it is better stated right now, now that we are disposing of the Demands for Grants for his Ministry. If there is any departure, I am sure both labour and capital, that is the employer, would readjust their views and their attitude to Government. For I am convinced that if there is a departure, the tripartite machinery set up in this connection, the triangular approach to a solution of the industrial and labour questions, would be destroyed.

Having taken up this question of industrial disputes, I would

like to draw the attention of my hon. friend to section 7 of the Industrial Disputes Act of 1947. The operation of the Tribunals ---as I have said earlier I have personal knowledge of the operation of these Tribunals in more than one case---has been such that there is hardly any possibility for labour to get a quick disposal of the disputes in question. Section 7 of the Industrial Disputes Act makes provision for the appointment of Judges of High Courts to these Tribunals. I have not come across any instance---barring perhaps the Banks Tribunal in Bombay ---where otherwise on an all-India national basis Industrial Tribunals have been given the assistance of Judges of High Courts. I make a reference to this for one reason, namely that my hon. friend the Labour Minister when he was recently in Bombay was presented with a memorandum by certain employers' interests that section 33 of the Act should not be abrogated and that in fact it should be strengthened, namely that the appellate tribunal must be there and so on and so forth: whereas, if I do not misread the position in this country, all responsible labour organisations want to abolish this appellate tribunal jurisdiction, for the reason that the procedure becomes vexatious and costly and would not lead to justice, which the workers are entitled to, as speedily as possible. I do sincerely hope that the hon. Labour Minister would devote his time to an examination of the implications of sections 7 and 33 of the Industrial Disputes Act and arrive at decisions which are not inimical to the interests of labour.

I have recently heard it said that my hon. friend since he assumed office has come to certain conclusions. If I am misinformed I stand corrected one such thing was stated to be his decision not to bring before the House in this session the Trade Unions and Labour Relations Bills. I would like to know what his intentions are. If he is not going to bring these particular Bills in respect of which there has been such a tremendous amount of controversy in the country during the past several months. I am sure every one will be with him.

The other thing I have heard it said is that it is his intention to enforce the Minimum Wage legislation, particularly with reference to agricultural labour. I have before me the Minimum Wages Act of 1948. Part II of the Schedule attached to the Act is a very important instrument of social policy on the part of the Government of India, namely the gradual and progressive application of minimum wage legislation to agricultural labour. I would like to know how exactly the mind of my hon. friend the Minister of Labour has been working in this direction, because, as I have said earlier, he seems to have made up his mind on certain points and he is proposing to take certain action very soon in respect of them.

With your permission, Sir, I would like to analyse certain facts and figures bearing upon this question of industrial and social welfare, because I believe in the need for a complete re-orientation of the policy of the Government of India to the labour problems of this country. According to the *Indian Labour Gazette* of March 1952 there is a progressive decline in the number of workers on strike and in the number of man days lost. I have listed them down:

1930	50 lakhs	of man days lost.
1946	127 lakhs	"
1948	78 lakhs	"
1949	66 lakhs	"
1950	128 lakhs	"
1951	36 lakhs	"

What does this show? To my mind, as a trade unionist it occurs to me, that labour today in this country, after the advent of freedom is more responsible and responsive to the treatment given both by the employer and the State.

Here is a breakdown analysis of absenteeism in figures in this country. I do not wish to weary the House with too many details. They are clubbed together under four heads.

In the iron and steel industry the percentage of absenteeism has dropped in 1948 from 14.3 to 10 per cent in January 1952. In the cement industry from 12.2 per cent. in 1947 it has dropped to 10.2 in January this year. In the matches industry from 12.4 per cent. in 1947 it has come down to 8.4 per cent. in January this year. And, finally in the Ordnance factories from 10.6 per cent. in 1947 it has come down to 7.8 per cent. early this year.

As regards the coal industry and I wish I had time. That supplies another index of responsible Indian labour to get a move on and not to impede the activities of the Government of India in the field of national reconstruction. And finally, I come to the coal industry about which my hon. friend, Mr. Das was good enough to remind me. Here is a paragraph from the *Labour Gazette* of the Government of India for March 1952. It says that Labour productivity in the coal industry has increased from 0.33 in 1950 to 0.34 in 1951. I do not wish to weary the House with further details, apart from making a general observation on these three types of indices. i.e.,....

As regards industrial disputes, absenteeism and labour productivity, they clearly demonstrate that labour in India today is militant and it is alive to its rights and duties and that it is fully conscious of those rights. It is prepared to make compromise with honour and I am only anxious here to invite the attention of my hon. friend the Labour Minister, to the need for a proper handling of the labour situation in this country, is the need of the hour, and I do hope sincerely that the Labour Minister would not drop the expedient of getting the assistance of legislative machinery in order to build up the rights of the workers. Finally, I look

forward to the day when profit-sharing and labour co-partnership become the sheet anchor of State policy, without which we in this country cannot bring about the revolution or evolution that we want in the sphere of industrial and social welfare. I talk with some sense of responsibility. I am not talking to the hustings. I quite realize the seriousness of the occasion, and I sincerely hope that very soon the Government of India would introduce the necessary legislation to bring pressure to bear on these issues. I do hope that my hon. friend, the Labour Minister would devote more attention to this problem than even to the other problems.

During the past 25 years, during the course of which I had the privilege of working as a Trade Unionist, I have come across instances of lack of unity on the part of the Trade Union Organizations which are leading the workingman's movement. In the case of one of the Unions with which I have been connected. I had the privilege of conducting a strike in February 1952 and the shipyard strike was completely successful. I am the President of the Union. As a result of that strike, we got Rs. nine lakhs paid by the Government of India when my hon. friend Mr. Gadgil was in charge. I am only trying to make an appeal to all the Trade Union Members, who happen to be in this House to declare a truce on the Trade Union Front for a period of five years without which to my mind, whatever might be done or might not be done by the Government, there would not be any possibility for us to step up industrial production. In my Unions I have made it a point, a principle which cannot be altered under any circumstances, namely, that there is no place for politics. Political organisations are there. I had lived for a number of years in the Congress. My hon. friend, Mr. Rajabhoj has made much of the character of the I.N.T.U.C. I do not wish to labour that point. I do not want to attack any type of Trade Union Organisation in this country. There are four or five such which are now claiming the honour of being the leaders of the working-man's movement in this

country. I want them to help the worker to march forward, to get the benefits which he is entitled and not to fall a prey to the debacle of the Textile strike which occurred two years ago in Bombay, which was broken not by the might of the employer, not by the guns of the Government of India or the Bombay Government, but by the lack of unity among the Trade Union movement in our country.

Policy Issues

Export—Import Policy and Industrial Policy

The House has listened to a very interesting speech from the Minister for Commerce, Sh. Karmarkar in the course of which he had the dexterity to answer some of the points so far made in the debate. He asked this House and the country to stand back in 1947 and look forward, and having said that he made a series of general propositions. I happen to have noted them down and I hope I am not doing him any injustice. He spoke about the manner in which import promotion was made I wish his fact is correct. It will not be obviously possible for me to answer him on all points. Here are certain facts which I happen to have in front of me published in the *Journal of Industry and Trade* published by his own Ministry for the month of March. At page 415 is a tale of woe relating to the import of machinery of all kinds including belting. There are the figures:—

1948-49	...	Rs. 81.56	Crores
1949-50	...	Rs. 105.51	"
1950-51	...	Rs. 93.00	"
1951-52	...	Rs. 104.31	"
1952-53	...	Rs. 87.87	"
The figure for April-		October, 1953 is	Rs. 42.72 "

* — From the discussion on Demands for Grants for Ministry of Commerce and Industry for the year 1954, Lok Sabha, 14 April 1954, cc. 4739-4750.

I wish the hon. Commerce Minister could have sustained the broad generalisation he has sought to make. I have only gouted one case because I happen to have the figures. This is the manner in which our capital goods or major industries are starved of replacement machinery, and I repeat that these figures are issued in the name of the Ministry. I am only talking of the statement made by the Commerce Minister about promotion of import trade for machinery and this is the record as far as it goes. Opening the debate day before yesterday and I wish to draw your attention formally that the convention of this House, as of many other Houses is, that debates are opened by the Opposition through the medium of cut motions, which only the Opposition gives notice of but I do not grudge my friend a chance—Shri Bansal referred to a cut motion standing in my name and made a complaint of it. According to the Order Paper, to date there are 1329 cut motions given notice of. My cut motion was about lack of an integrated trade policy which has led to an all-round reduction of our overseas trade to which the hon'ble member Mr. Bansal said:

“Therefore instead of congratulating the Government on this achievement of making the country self-sufficient in these very essential materials, which has been the policy of this august House, my friend tables a cut motion.”

A cut motion, I may inform my friend is intended to raise a specific point for discussion and it has necessarily no element of censure. Actually, there are three forms of cut motions. I would rather examine the content of observations of Mr. Bansal. He admitted that there was shrinkage in trade, but there are

several extenuating factors like fall in food imports, imports of raw jute, etc. and that it may be that terms of trade have gone against our country during the course of the year 1954, a point which, my hon. friend the Commerce Minister also made just now. I am here precisely raising the point, and if the Minister considers the point worth while he may reply to it. I am fortified by the report of the Ministry for the year 1953-54, House and it is at page 2 where it mentions of the stability in foreign trade:

"The value of export was lower than before, but it showed a healthy upward trend towards the close of the year. On the whole the deficit in the country's trade balance during 1953 was a very small one and with a favourable balance on the other side, it was possible to meet our requirements of foreign exchange out of current earnings and without drawing upon our sterling reserves."

My point is this: Is it or is it not a function of the Ministry to correct the terms of trade? Why have the terms of trade gone against us? My hon. friend was talking of a seller's market becoming a buyer's market. The country is entitled to know in what manner the terms of trade has gone against this country, and what were the steps taken by the Government in the light of the admissions made by the report quoted by me. Unfortunately the statement of Shri Bansal has not been looked into by the hon. Minister as he belongs to his side.

Here are certain figures which I have got analysed. There is a fall in imports in this country and I have tabulated the results from the *Journal of Industry and Trade*, March 1954 Issue:

Machinery Rs. 104.31 crores in 1951-52, as against Rs. 87.87 crores in 1952-53, and Rs. 42.72 crores for April-October 1953.

Metals Rs. 20.66 crores in 1951-52, as against Rs. 19.30 crores in 1952-53, and Rs. 8.63 crores for April-October 1953.

Chemicals Rs. 19.20 crores in 1951-52, as against Rs. 12.68 crores in 1952-53, and Rs. 7.25 crores for April-October 1953.

Now; I come to exports, and let us see how the trend of trade is. In 1950-51, cloth exports were of the order 1224 million yards, valued at Rs. 112.17 crores. In 1951-52, they became 388 million yards and Rs. 42.95 crores; in 1952-53, they were 565 million yards and Rs. 53.19 crores. So, in these three years, the quantum and value have been almost halved. I have got figures for gunny bags and tea, and the story is the same there also. Mr. Bansal, spoke about index figures for exports and imports. I have got the analysis of the index of imports for 1951-52—quantum 108, price 147. For 1952-53, it is 74 and 128, and for November 1953, it is 48 and 110. As regards the index of exports, the figures for 1951-52 are 89 and 178; for 1952-53, 94 and 116; and for 1953 November, the provisional figures are 106 and 107. Here is a point which I would like the Commerce and Industry Minister to answer. How is it that there is a uniform fall? I think the country is entitled to an answer from the hon. the Commerce and Industry Minister, and I am sorry these points were not made earlier by those who preceded me.

In this debate, something was mentioned about private sector of industry. Mr. Bansal, I thought, with his special position as Secretary of the Federation of Indian Chamber of Commerce would do something in this regard when he spoke, but I am sorry he has not done so. Here is the annual report for 1953-54 and at page 8, there is this important statement:

“As the ownership and management of the industries, which comes within the purview of the Ministry, are in private hands, the role which Government can play in influencing their development and extension is an intricate one.”

Then, it says at page 5:

“No doubt, it has extensive powers of control. As a rule, however, the exercise of such controls is negative in character.

They can prohibit certain acts, but they cannot in the manner in which they are customarily exercised, be expected to achieve positive results."

Here, I have figures worked out as to the manner in which planned finance has been allotted to the public and private sector.

Expansion of industries	Rs. 223 crores
Modernisation and replacement	Rs. 150 crores
Working Capital	Rs. 150 crores
Depreciation, not covered	Rs. 80 crores
	<hr/>
	Total Rs. 613 crores
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The resources are also listed:

Foreign investment	Rs. 100 crores
Corporate Savings	Rs. 200 crores
New Issues	Rs. 90 crores
Assistance from public sector	Rs. 5 crores
Refund from excess profit tax deposits	Rs. 60 crores
Industrial Finance Corporation	Rs. 20 crores
Banks and other resources of	
Short term finance	Rs. 158 crores
Total	Rs. 633 crores

I would ask a question of the hon. Minister of Commerce and Industry, Mr. Krishnamachari. Up to this moment, this House and the country in general has no authoritative account as to the manner in which these targets have been sought to be reached during the preceding three years of the Plan, and also the resources that have been raised or not raised. I think this information is very necessary for this House before it can judge the activities of the Commerce and Industry Ministry, which I am sure, will not continue to be negative in its approach, even as admitted in the annual report, but will be more positive.

There is a lot made about increasing production. I have analysed very carefully the production figures indicated in the appendices of the Annual Report of the Commerce and Industry Ministry for 1953-54, dealing with the calendar years 1952 and 1953. According to my analysis: that is to say in the third year of the Plan period, there is progressive reduction in output of existing units. I have grouped as much as possible, all the information contained in the appendices.

In the Chemicals Group, creosote, pitch, road tar and naphthalene industries have produced less; in the Drugs Group caffeine, strychnine, shark liver oil and gallenicals repeat the same story; in the Soaps Group production of soaps in organised units has fallen precipitately; in the Cosmetics Group, tooth powders, face powders and face creams have been produced less; in the Cigarettes Group there has been a fall of two thousand million numbers in one year; in Paints Group, paints of standard type; in Glass and Glassware Group, bottles, laboratory glassware and lampware; in Pottery, excluding refractories—*asbestos cement sheets, crockery, electrical porcelain and refractories*; in Plastics Group injection moulding and compression moulding; in Leather Group, vegetable tanning of hides and western type footwear; in Ebonite Group there has been less production; in Plywood Group, tea chest quality and commercial quality; in Food Industries Group, biscuits, confectionary, cocoa, chocolates and flour milling.

In all these industries production has fallen in 1953 as compared to 1952. Yet, my friend asks me to believe that everything is all right. I do not belong to that type of people who would like to cut their nose to spite the face. I have nothing to gain by running down my country, or running down my Government. But this is the record in the third year of the Plan. Is it a certificate of health which this House should give to the Ministry of Commerce and Industry? The country is entitled—the House is entitled—to a tabular statement of the

results achieved in the private sector in consequence of the ministrations of the Ministry, to whose care the private sector is entrusted.

I do not wish to take much time but I would like the Minister to reply to the three brief points which I am making. Times out of number, this House, and I have also taken some part in this particular question, has asked for a balance-sheet of the operation of Imperial Preference. My friend has just quoted a book of 1949 dealing with the GATT. We are in the year 1954. I am sure I am not misquoting my hon. friend, Mr. Krishnamachari, when I say that he has given us an assurance on the floor of this House that an examination is under way and a report is being drafted which will be made available. Of course, in the current financial year there is a little dent made in Imperial Preference on account of lowering of preference on certain types of imported motor cars. I also know that a few weeks back the GATT had given permission to this country to negotiate on tariffs with a limited number of countries to which my friend has referred. But that is not the point at issue, the point at issue being a complete analysis of the operation of the import and export schedules with Imperial Preference, so that the country can know exactly as to how it is operating. Very wide, sometimes, extremely wide, statements are made that the balance of payments is not against our country. But that is not the answer which this country is entitled to, and I hope the Minister will make a statement in reply to the debate as to what happened to that enquiry, where that report is and when that report will see the light of day.

My second point is about a report called the Report of the working Party on the Cotton Textile Industry, presided over by Shri Ramaswami Mudaliar. The Committee was appointed on 13 November 1949. The Committee signed its report on 22 April 1952. The report was printed on 28 January 1953. The report runs into 613 pages. It contains 92 Recommendations.

But even before the Report was made Available to the Public, the Government of India have appointed the Kanungo Committee on 29 November 1953. I have before me the terms of reference of both the committees and I make bold to say that there is hardly any material difference in the terms of reference. But what happened to this report? It is priced at Rs. 14-10-0 each. Has the Government considered the recommendations of this Report? If so, what action have they taken? Why should another committee be appointed now in November 1953? And when its report comes what happens to this report? The country is confused about this, and is anxious to know how much of the tax-payer's money it has cost to produce the report. The House will recollect that a similar attempt was made in regard to the Central Tractor Organisation. I deprecate very strongly the tendency on the part of Government to appoint committees light-heartedly and not to say anything about the recommendations. I hold no brief for any committee or its recommendations. But enormous money of the tax-payer is involved in the activities of the enquiry committees and the publication of their reports. I would like to know from the Minister as to what happened.

And finally, I will give you the story of this fountain-pen. It is a pen which is manufactured, hundred per cent, in Rajahmundry in Andhra State. Two years back I had written to my friend the Minister of Commerce and Industry that this firm wanted a licence for Rs. 10,000 worth of material to be imported from Germany. This firm has been in existence for the past thirty years, to my personal knowledge. Mahatma Gandhi visited this factory twenty years ago and gave a most eloquent certificate. The President of the Republic, Dr. Rajendra Prasad, purchased several pens a few months ago for presentation purposes. Two years ago, I wrote to the Minister about this industry. It is a cottage industry; it is an industry which is well known. There are two or three other units. I got a reply from one of his functionaries saying that it is being attended to. I have had no

further reply. I am not cavilling at anybody. I have no interest in this firm. I make a reference to this because there is a lot made in Chapter X of the Annual Report about the assistance given by this Ministry to cottage industries. Here is the letter from this firm—I will not give the name of the firm, because I am not interested in publicising the firm:

"We were granted an import licence No. 999632/53/AU/MDR, dated the 11th June 1953 to import Cellulose Nitrate fountain pen tubes in the period July-December 1953. As the period of validity is small, it was extended to 31-12-53 as desired by the suppliers. Accordingly the suppliers despatched the goods on the last date of the expiry of the renewed licence, leaving a balance of 43 lbs. of fountain pen tubes out of the order of 50 lbs., since rejected by the Examiners of the suppliers. We once again applied to the Deputy Chief Controller of Imports, Madras, for the sanction of a licence to the Balance quantity of 43 lbs."

From pillar to post these industries are going now. This is one of the very important industries in the industrial development under the Five Year Plan. Papers publish reports as to the manner in which licences are given for assembling Waterman's and Parker fountain pens. This fountain-pen industry has been in existence for a number of years on a cottage basis. I shall not read this paper—every hon. Member knows it—which speaks of licences being granted to relatives and friends of people in high offices. I am not here to speak against any officer of Government. But I think the country is entitled to an answer. This is the story of this fountain-pen.

Financial Matters

I

Industrial Finance Corporation

I sincerely regret that the debate on the Industrial Finance Corporation (Amendment) Bill has taken a number of twists and turns which could have been avoided if only my friends on the Treasury Benches did not adopt a cavalier attitude towards the rights and privileges of this House.

Mr. Deputy-Speaker gave a ruling on the first day's debate and demanded the supply of certain information including the names of the firms to the Members of this House. That ruling was flouted by the Government. On top of it, the Prime Minister (Pt. Nehru) took up the position that the Finance Minister has given certain assurances to loanees, that the Finance Minister (Sh. Deshmukh) has been ex-India, and that until he comes nothing can be done about it. I would very much like to know from the Treasury Benches whether the assurances given by the Finance Minister (Sh. Deshmukh) were verbal, secret and not on record; whether, more than anything else, this hon. House, this sovereign Parliament of the country, should wait upon the convenience of a Minister of Government to be in this country, to be present in this House to give this information on a Bill of this character. In order to show that the country is very much exercised about the very unreasonable way in which the Government is attempting to throttle the rights and privileges of this House, I shall, with your permission, read a small extract

— From the discussion on Industrial Finance Corporation (Amendment) Bill, Lok Sabha, 2 December 1952, cc. 1475-1484.

from an editorial written by a paper called *The Hindu*—a paper, which, as you know, is known for its probity and moderation and which is a friend of the Government. This editorial appeared on the 29 November 1952. Here is the quotation:

“There is no reason at all why these particulars should be denied to the public. The analogy of a bank’s relationship to its client does not apply to the I.F.C. because it is a quasi-public institution and those receiving assistance from it stand on a par with institutions receiving aid under the State Aid to Industries Act. In Britain, no secrecy surrounds the operations of the Industrial Finance Corporation.”

In addition, the paper went on and I quote again:

“As any monies that the World Bank may advance to the Industrial Finance Corporation will have to be guaranteed by the Government, the latter should see that no breath of suspicion attaches to any of the activities of the Corporation.”

I had expected that my hon. friend Shri Khandubhai Desai, being a Director of the Industrial Finance Corporation, would have told the House that loans given or accommodation granted by the Industrial Finance Corporation to loaness which must necessarily be public limited companies, are mentioned in the balance-sheets of those particular companies. I do not see any reason why the Government of India, and especially the Finance Ministers in front of me here, refuse to supply information, which can be obtained by us provided there is laborious research. I had expected that my hon. friend Shri Khandubhai Desai would have at least given the names of the firms which were granted loans and whose Directors are connected one way or other with the Industrial Finance Corporation. Shri K.K. Desai, has twisted the entire argument by saying that if information is given about the rejection of loan applications, damage will be done to the loan applicants. That was not the point under debate. If I am not mistaken, the whole country is agitated on a very simple point, viz., whether there

is favouritism, whether there is monopoly, whether there is what you call a group of businessmen utilising the Industrial Finance Corporation to feather their own nests. I am here to freely say, and I ask my hon. friend, the Revenue Minister to contradict me, that at least in the case of three public companies loans have been granted by the Industrial Finance Corporation involving more than Rs. 116 lakhs with which one of the principal functionaries of the Corporation is highly connected either as Chairman or Director; or, his family is connected with them. I can mention the names. I speak in good faith and I have made attempts to get information of this character. I am not given to mentioning names because I do not want to damage any particular company. The point I am making is this: Is it or is it not a fact that from the Chairman downwards, the functionaries of the Corporation have arranged accommodation and loans to be given to themselves, to their friends and to their colleagues in the business blocs which this unfortunate country finds to exist as a disgrace? This House is entitled to information from Government. Rupees Twenty-six lakhs of taxpayers' money has gone towards the guarantee of the dividend so far. It is actually Rs. 26 lakhs and a little more. If you take another aspect, Rs. 50 lakhs is going to be put into a Special Reserve very soon. Rupees two crores of Share Capital from the taxpayers' money and also from the Reserve Bank has gone into this particular Industrial Finance Corporation. The least that can be said is that this House has got privileges and rights which have got to be guaranteed, and I make a reference with great deference to you Mr. Chairman, that the ruling of the Deputy Speaker given on the first day of the debate should not have been flouted with such impunity as my friends opposite have chosen to do.

Having said this, I will be very brief as regards the structure of the Corporation and its implications. I belong to that school of thought that the Industrial Finance Corporation both at the Centre and in the States must come forward towards fulfilling a

vital role as regards economic development and reconstruction of this country especially in the private sector. As such, I was attracted to a statement made by my hon. friend Mr. M.C. Shah while introducing the Bill in which the following passage occurs:

“to supplement capital requirements not available from the money market”.

It is a very important statement, but I am prepared to say with a sense of responsibility that the debate during the past three days, including today, has gone on in such a way as if this tiny little Industrial Finance Corporation as it exists today is going to supply manna from Heaven in order to meet the needs of the private sector in industry. Mr. Bansal has, however, admitted that every year Rs. 100 crores are required by the private sector of industry to carry on its activities. The Planning Commission has laid down Rs. 1,500 crores as being the total capitalisation of the private sector of industry in India today. This means that the resources at the disposal of the Industrial Finance Corporation, even assuming that tomorrow we get Rs. 8 crores from the International Monetary Fund, will not be equal even to perform two per cent. of the total activities. I am making a reference to this for the very simple reason, viz., that we have gone on in this debate with an exaggerated—an unduly exaggerated—importance of the role of the Industrial Finance Corporation, although I am not belittling its existence. I want it to expand. In fact, I very strongly support some of the Clauses—Clauses 11, 12 and 13 of this Bill. Intervening in the debate, some friends on this side suggested that the Industrial Finance Corporation would eventually have a hundred crores of rupees to dispense amongst the favourites of the group which is now at its head. My hon. friend Mr. Shah said ‘No, no.’ I tried to make an attempt to find out the total resources today of the Industrial Finance Corporation. They would not be even Rs. 40 crores, taking the entire five year period; they would not be even Rs. 50 crores, even assuming that the International Monetary Fund and Bank is giving something the day after tomorrow.

Now let us examine this Bill structurally. I am glad I have this opportunity of going about this Bill in as structural a manner as possible, as to the manner in which the affairs of this Corporation have been managed so far. During the first four years of the existence of the

Corporation. The number of applications and the amounts sanctioned are as follows:

	No.	Amount
Loans not exceeding Rs. 10 lakhs	53	Rs. 2.99 crores
Loans exceeding Rs. 10 lakhs but not exceeding Rs. 20 lakhs	21	Rs. 3.21 crores
Loans exceeding Rs. 20 lakhs but not exceeding Rs. 30 lakhs	7	Rs. 1.95 crores
Loans exceeding Rs. 30 lakhs but not exceeding Rs. 40 lakhs	5	Rs. 1.95 crores
Loans exceeding Rs. 40 lakhs but not exceeding Rs. 50 lakhs	8	Rs. 3.93 crores

The point that I am trying to make now—and it has a very vital relationship to clause 13 of the present amending Bill—is that this puny little Industrial Corporation, with less than Rs. 5 crores to give in a year, is now sought to be amended in order that the lendable limit is increased from Rs. 50 lakh to Rs. 1 crore. In other words lesser and lesser number of units in this country will have the opportunity of getting accommodation: in other words, more and more favourites of the people who manage the Corporation will run away with the money, and this is most reprehensible. I have with me an analysis of the figures from the balance sheet of the Corporation for the year 1951-52 viz. I do not wish to weary the House with too many details, but what we find is that paper got Rs. 71 lakhs, textiles about Rs. 43.75 lakhs, and sugar about Rs. 95 lakhs. I ask, for what purpose Rs. 95 lakhs was given last year to the sugar industry; A derelict old thing it is, and in any case sugar is in surplus now to the extent of about 400,000 tons around us, and we have no markets abroad. How do they expect to recoup this amount? I very seriously suggest, with a sense of responsibility and with some knowledge of the operations of the commercial world, that this is all done because there is a ganging up of certain groups of businessmen who are exploiting the substance of this Industrial Finance Corporation for their own private ends. I would rather wish that this country, and especially the industrial Finance Corporation, would adopt the Japanese method of

more and more diversification. I may freely acknowledge that little by little during these four and a half years of its existence, the Industrial Finance Corporation is having a diversified approach to industrial development, but it is neither here nor there, and not even a drop in the ocean. I am not disputing that, but as I said earlier, let us look at it structurally. The point that I am trying to make out is that little by little, this spirit of monopoly, this spirit of cornering and monopolising the funds of the Corporation for the benefit of certain individuals and certain groups of individuals, should be put an end to, and it is high time to do so.

I have an analysis which I worked out on the basis of the data which I was able to lay my hands upon. During the first four years of existence of the Corporation, one-third of the total lendable finance went to big industries, old industries, and some of them derelict industries, accounting for Rs. 3.93 crores out of the Rs. 12.59 crores lent in those four years. On the other hand, if we adopt the Japanese method, then there will be greater opportunities for diversification of industrial development and making finance available, even as my hon. friend Mr. Shah said, to supplement capital requirements not available in the money market, for new needy units. My arguments in this behalf are four in character. Firstly, the development of medium and small scale industries is of even more vital importance than the question of making finance available for certain old types of big industry. Secondly, the big industrial units can look after themselves. I was attracted by a statement made by Mr. Khandubhai Desai about the fact that collateral security was demanded and obtained from loanees before these grants were given. I have got with me an analysis—I am prepared to place the paper on the Table of the House or give it to Mr Tyagi, or to Mr. Shah or to Mr. Nehru. The fact is like this. One particular company with a share capital of Rs. 15 lakhs was given an accommodation of Rs. 50 lakhs. Now, in this case, where is the security? Mr. Shah said in his speech, that the money is lent on

block, on capital assets. *(Interruption)* I am quoting Mr Shah himself from his opening speech, it is on record, and it is now for him to answer the point. The third point is that the Industrial Finance Corporation has not got resources to cater to bigger units, which certainly can look after themselves. Finally, the Planning Commission is there. Questions of mixed economy were raised by certain hon. Members. But it is for the Planning Commission to find big finance. You cannot do it with an Industrial Finance Corporation at the Centre with a capital which is not even, as I have said earlier, one per cent of the total requirements for the country as a whole in the private sector.

I would like to direct the attention of the House on one point which has not been unfortunately touched so far, in regard to the lending rates of the Industrial Finance Corporation. It has been said that 2¼ per cent of dividend is guaranteed by Government and that during the first four years of the existence, the taxpayers' money to the extent of Rs. 26 lakhs has been utilised towards that guarantee being fulfilled. I find that in 1951-52 the earnings of the Corporation have increased compared to what they were in 1950-51. Little by little, the amount payable from the taxpayers' money towards the fulfilment of the guarantee of the dividend is also going down. All the same, let us look at the structure of the problem. The Corporation's lending rate is 5½ per cent, and last year it was raised to 6 per cent., but with an assurance that if there were prompt instalment payments of interest and capital, that extra half per cent. will be waived. I would like to know from Mr. Shah when he replies to the debate, at what rate the Government is going to get the loans from the International Monetary Fund. [My information is that] it is roughly about 4 per cent., and [my hon. friend] Mr. Bansal said that it is about 5 per cent.

I do not know the rate, and it is for the Government to declare it. The question is whether this 5½ per cent, lending rate is at all calculated to ensure the industrial development of the

country. Is it the proper rate. Are you really assisting industries to come forward for accommodation? I am sure [my hon. friend] Mr. Shah will turn round and say 'Which Joint Stock Bank in India, or any scheduled Bank, is prepared to lend money at this rate of $5\frac{1}{2}$ per cent.?' But my question is this. Is there a positive directed policy towards industrial expansion, towards making cheap money available to such of the needy units which cannot raise money in the money market even as the hon. Minister in charge of the Bill said in his opening speech. I raise this question in connection with what I have said earlier, and which I would repeat again namely that it is the Japanese method which we have to adopt in this country and not merely as Mr. Bansal said, purely a commercial approach. I consider that this country will not be able to go forward unless and until there is diversification of industry, and a positive industrial policy plus a cheap lending policy are made available

I shall be very brief. I come to the pivotal clauses of the amending Bill, namely clauses 11 and 12. Under clause 11, borrowing from the Reserve Bank to avoid sale of securities repayable within 90 days of such borrowing, is contemplated. Pending the fluctuation of Corporation bonds and debentures, loans can be raised for 18 months from the Reserve Bank, the maximum sum that can be borrowed thus being limited to Rs. 3 crores. I wish the amount were double of what has been put down in the Bill because I consider that without eventually quadrupling or quintupling the resources of the Industrial Finance Corporation, the tasks expected of it will not be fulfilled.

Again, I welcome Clause 12, even though I must say that I was astonished to be told at the highest possible level that because a loan is imminent, and a number of reminders have come, we have to rush through this without even referring the Bill to the Select Committee, without even fulfilling the need for information being made available to Members of this House, to which under the rules and privileges

of the House you and I are all entitled. But I was told that we have to rush through in a hurry, because we are in a hurry. All the same, I do not take a tragic view of the matter and as Mr. Bansal said, any accommodation granted to India under the International Monetary Fund or the International Bank need not be looked at politically, because I feel that we are very much in the scheme of the United Nations considering the extent to which we ourselves contribute to it. You will recall that the contribution of India is 400 million dollars to the International Monetary Fund and Bank. We have not so far even got one-fourth of the money we are supposed to have paid into it or we are supposed to have an obligation to pay into it. The result is that little by little we are paying more money to the world community in order to assist in world development.

As I have said earlier. I oppose clause 13 [and I hope I will have another opportunity of doing so in detail—raising the lending limit from 50 lakhs to one crore, because the funds are very meagre and as I have said, the risks of a monopoly approach to lendable funds will be greatest, and I do hope [my hon. friends in this] The House will give their serious attention to this possible misuse of this proposed provision of the amending Bill.

Having said this. I would like to end up by making once again an appeal to you, because the rights and privileges of this House have been tampered with by the attitude of the Government of India. This is almost a Finance Bill involving a tremendous amount of money of the taxpayer. This House is entitled to information. In fact the ruling of the Deputy-Speaker was there on the first day. I remember in the last session when the Minister for Information and Broadcasting refused to give information as to some sort of contract placed by All India Radio with somebody else, the Chair gave the ruling that the information be placed on the Table of the House. I hope my colleagues, in this case, irrespective of any party affiliation, would not take a lighthearted view of the manner in which this

House is being straddled, simply because the Government is trying to protect one or two individuals high up in this country. I claim this is a sovereign Parliament. No one can be protected. The country is above all and I hope my appeal will not go all in vain.

■ State Finance Corporations

When last week i.e. in August 1956 I had the honour of moving for the adjournment of this debate, I had hoped that in terms of the unanimously expressed wish of this House Shri Guha would make available, at least a few copies to be placed in the Library of the House, as far as the working results of the State Financial Corporations were concerned. I have to reveal this point [that when I spoke to my hon. friend a little while ago in the lobby, he had to tell me— I am afraid I have to concede his helplessness—] that he could not get hold of the copies of the annual reports of the State Financial Corporations to be placed on the Table of the House. You, Mr. Speaker, would recall that a number of times this House was exercised very seriously about the manner in which public corporations which were set up under the laws passed by Parliament are not amenable to examination by this House. I had the honour to lead at least two debates on parliamentary control on public corporations and on the Industrial Financial Corporation itself. I remember at that time Shri Guha gave me tremendous support to make sure that Caesar's wife was above suspicion, that the activities of the Industrial Finance Corporation were above board. I am glad that since Shri Guha went over to the other side and occupied a place in the Treasury Benches he has done his best to ensure that the Industrial Finance Corporation is put on a fairly sound basis.

I am paying a tribute to my friend [Shri Guha] for the very unobtrusive but steady work he has been doing since he has been elevated to the position of a Minister, but that is a small point.

* — From the discussion on State Financial Corporations (Amendment) Bill, Lok Sabha, 30 August 1956, cc. 4909-4921.

I would like to have your personal attention, Mr. Speaker, on one point..... Every time the same plea has been put forward on behalf of the Government: "Oh, these corporations are autonomous. After all, they are corporations. We cannot possibly interfere in their day to day work" and so on and so forth, but the question is a very important one as far as I see it. This House has been watching this particular proposition for the past 4½ years, if I am not mistaken, namely that laws are passed by this House to enable corporations being set up, and immediately they go behind the ring-fence, they cross the Rubicon and say it is forbidden territory, you cannot look into it, there are people there who discharge their duties and so on and so forth. Whether it is the Damodar Valley Corporation or the Industrial Finance Corporation or Sindri or the Shipyard or the Financial Corporations for which this Bill has been brought forward, the same proposition has come before us times out of number. I request you that, now that this House is going to, almost, come to the end of its life and fresh elections are coming forward, fundamental precedents must be laid down as to the manner in which the rights and privileges of this House in relation to the working of the corporations set up under the laws passed by Parliament are put beyond any shadow of doubt. I am sure that there would not be any point in this House debating the working of these industrial finance corporations of the various States, thirteen in number, without having access to the working results of the corporations. I regret that even in the face of the unanimously expressed wish of the House last week my hon. friend Shri Guha was unable to get access to, and more so make available, the reports of the various financial corporations, and I am sure you, Mr. Speaker, will look into this matter as one of principle...

It is an obligation on the part of the Government, and I am sure you; will enforce it, that Government shall have to circulate the information sufficiently in advance or they must make arrangement for postponing the debate on the matter. The House would agree to deferring the discussion. We have to do the best we can in the present circumstances with such of the incomplete and defective information as has been made available to us or as has been obtained by us on our own.

This is an enabling measure and I welcome it wholeheartedly. It is a measure trying to amend an earlier Act of 1951, but being an enabling measure I feel very strongly on the point that the Government must have the means and the decision to make sure that once this Bill is placed on the statute book, the corporations which are sought to be set up within the ambit of the Bill are run properly, and I am here to say that they are not being run properly, and I would like my friend Shri Guha to give the House evidence to the contrary. In another place in one of the committees of this House in which I had the privilege of working, this question came up last month, and I am now trying to analyse such of the information which we were able to obtain on request in that committee of the House, because I find that this 110-page document, does not give this information in the manner in which it was then sought to be given to us.

I would direct the attention of the House to the capital structure of these corporations. I have got information for eleven corporations, whereas, I find now that there are thirteen in all. So far as Assam is concerned, the authorised capital is Rs. 2 crores, issued capital is Rs. 1 crore, the State Government's share is Rs. 50 lakhs, the Reserve Bank of India's share is Rs. 15 lakhs, and the share of the financial institutions like banks and insurance companies is Rs. 30 lakhs.

This document was given to us a few days ago. In fact, I shall have to quarrel with my hon. friend Shri Bansal regarding the suggestion about the State Bank coming into the picture. I would say that the capital structure of the corporation is based

on a principle, which to my friend is unexceptionable, namely the broad-basing of the capital structure, and the placing of the capital responsibility on various shoulders. That is why I was reading out the capital structure. Now going back to Assam, I find that the share of the other investors—I take it that they are private investors—is Rs. 5 lakhs. In the case of Uttar Pradesh, the authorised capital is Rs. 3 crores, the issued capital is Rs. 50 lakhs, the State's share is Rs. 18 lakhs, the Reserve Bank of India's share is Rs. 7.5 lakhs, the share of the financial institutions is Rs. 19.5 lakhs, and that of the other shareholders, namely the private shareholders is Rs. 5 lakhs. In the case of Bihar, the authorised capital is Rs. 2 crores, the issued capital is Rs. 50 lakhs, the State's share is Rs. 20 Lakhs, the Reserve Bank's share is Rs. 7.5 lakhs, the share of the financial institutions is Rs. 17.5 lakhs, and that of the private shareholders is Rs. 5 lakhs.

There are permutations and combinations, but I would like to draw one principle from the capital structure of the vast majority of the financial corporations that have been sought to be set up since 1953, namely the broad-basing of and responsibility for finding the capital for the various corporations.

I deliberately chose to give the position in the case of Uttar Pradesh and Bihar, because these are some of the big States in our country. But we find here that the share capital is normally about Rs. 2 crores of authorised capital for almost every State Corporation. It varies, according to the figures supplied to me officially, from Rs. 17.5 lakhs to Rs. 54 lakhs, out of Rs. 2 crores, *i.e.* up to four annas in the rupee. I consider, that taking together the contribution made by institutional investors like banks and insurance companies and also by private shareholders, up to five annas in the rupee, if not more, is supplied by institutions and individuals, other than the State Government and the Reserve Bank of India. I consider—and I am sure Shri A. C. Guha will not dispute my position—that this is a very proper and appropriate manner in

which the share capital of any industrial finance corporation has to be raised.

This being the case, we in this House are charged with the duty,— because we are passing the legislation, and we are giving the enabling powers under which the financial corporations are to be set up; of seeing that these institutions are properly managed.

I was very keenly interested in some of the observations made by my hon. friend Shri Bansal, but I shall try to approach this problem from a slightly different angle from what he has chosen to take, in regard to the method of approach to this Bill.

Talking of subventions—this arises because of the guarantee of dividends—I find from the chart circulated to us by Shri A. C. Guha the phrase:

'Subventions as percentage of dividends paid'.

Who paid these? Obviously, the State Government must have paid them; if not the State Governments, qua, they must have been paid at any rate, from a pool into which the funds of the Governments have been put. I shall read out a few figures. These are astounding, as regards the manner in which dividends are sought to be guaranteed by Government for activities which are not there.

I shall try to develop the point in a minute because I find that some of my friends are rather slightly surprised at the way in which I have put it, because I said 'for activities which are not there.'

In the case of Punjab, in the first year, the subvention given worked out to 93.3 per cent of the dividend paid; in the second year, it was 53.7 per cent., and in the third year, that is, the last year, it was 47.7 per cent. In the case of Saurashtra, during the three-year period which I am now examining, the subvention given to the finance corporation by the State varied from 80.1 per cent to 48.6 per cent. In the case of Bombay, it varied from

92 per cent. to 69.4 per cent. and to 54 per cent. and so it goes on. I have got here one example of Madhya Bharat where the subvention given is a hundred per cent.

Having said this. I would like to examine this from a different angle from the adopted by my hon. friend Shri Bansal, as to what he called the expense-ratio.

My hon. friend has given us figures here, and compared them with the figures of overall expense-ratios in U.K. in the first instance, and in the case of the Industrial Finance Corporation, later on.

Here is a statement circulated to us by Shri A. C. Guha, with a certain amount of kindness and — I am going to quote it briefly. These are figures regarding administrative expenses as percentage of the total income. Again, during the three-year period which I was examining, in the case of Punjab, it varied from 72.8 per cent to 31.5 per cent. In the case of Saurashtra, it varied from 41 per cent to 16.3 per cent, while in the case of Bombay, it varied from 63.4 per cent. to 23.5 per cent. I concede the point that it is going down. In the first year or the second year or the third year, the expenditure will be proportionately greater than in the subsequent years. In the case of Travancore-Cochin, which has been posed here as the most ideal example of a State Financial Corporation, it varied from 34.8 per cent. to 12.2 per cent.

And here is an extraordinary example. In the case of Madhya Bharat, it was 133.3 per cent. in the first year of its existence. In other words, whether you take it in terms of the capital structure, or in terms of the dividends, subvention or sub-sidy paid, the working of these institutions—considering the vital principles involved, principles, which I regret to say, have not been properly noticed by any hon. friend Shri Bansal a little while ago; I hope to come to them in a minute—has not been such as to give us confidence in their immediate and near future, with the result that some of us in this House, who have

been rather concerned with the manner in which these corporations are sought to be managed—whether it be the Industrial Finance Corporation or the State Financial Corporations—have been anxious to have access to data; and I express my regret for the last time in this debate that my hon. friend Shri Guha was not able—I do not say, he was unwilling—to help us to get the data to which we are entitled. I hope, in future, as he has promised a little while ago, this default will not be there.

If the House will look into the Statement of Objects and Reasons, it will come across two very important statements. In para. 2, we find the reason why this Bill has been brought forward, namely that it is intended to overcome the difficulty felt by certain States in regard to the establishment of separate financial corporations. That is a very small point. Then, later down in para. 2, we find:

“It is also proposed to amend section 25 of the Act, so that industrial concerns engaged in small-scale and cottage industries, not having sufficient tangible assets, may avail themselves of financial accommodation from State Financial Corporation.”

I ask, and I am prepared to yield ground to my hon. friend if my assumption is wrong, whether or not this is a pivotal point on the basis of which the amending Bill has been brought forward before this House. I shall put it in a positive way. In order to assist cottage and small-scale industries, this bill has now been sponsored, so as to enable the propositions in the States to be processed, whereby every State can have a financial corporation, either in its own right, or in conjunction with neighbouring States. Or, to put it in other words, the paramount obligation undertaken by the Government of India, in terms of the Five Year Plan, and of the Second Five Year Plan in particular, to foster and build up cottage and small-scale industries is intended to be helped by this enabling measure.

If this is the case, then what is the performance of these

State Financial Corporations? How are they placing their loans? What are the terms on which the loans are given? How are the loans serviced? How are they being recovered? These are three or four points which I shall briefly discuss with your permission.

At page 6 of the document which Shri A. C. Guha was kind enough to circulate to some of us we find a tell-tale story.

With your permission, I would like to take this opportunity of pinpointing this very important issue. I am here to say without any compunction at all that, as stated in the Statement of Objects and Reasons, this Bill enabling the State Financial Corporations to be formed and to function within the ambit of the Bill, will not assist cottage and medium scale industries, all because of the fact that the interest rates are unconscionable. I am amazed to know the manner in which interest is sought to be collected by the various State Financial Corporations. I am quoting from the statement given; if there is any adjustment—I say this because there is a note by the Finance Ministry to the effect 'subject to verification'—I am prepared to stand corrected.

I am sure the House will realise that basically these interest rates as given at page 6 of the 110 odd pages of notes supplied by Shri A. C. Guha, will not be disputed as being incorrect. In the case of Punjab, the rate of interest per annum is 6½ per cent... In the case of Saurashtra, it is 6 per cent., Bombay 6 per cent., Travancore-Cochin 6½ per cent., Hyderabad 6 per cent., West Bengal 6 per cent., Assam 6 or 7 per cent., Bihar 6 per cent., U.P. 5½ per cent., Rajasthan 6 per cent., Madhya Bharat 6 per cent. and Andhra 6 per cent.

My first question is this: since this hon. House is passing this legislation, why was not a uniform rate enforced all over the country? Why does not the Finance Ministry, or for that matter, the Reserve Bank of India, use its good offices to make sure that there is one uniform rate of interest for every part of the

country where there is a State Financial Corporation functioning? I think the House is entitled to an answer. I hope the Minister will, while replying to the debate, answer this point.

But this is a small point compared to the bigger issue. Why should the State Financial Corporations try to function as Kabuli moneylenders? What is the bank rate? What is the difference between the bank rate and the rate sought to be collected from the so-called cottage and medium-scale industries, to benefit which the State Financial Corporations are being maintained in this country? Where do the cottage and medium scale industries get the money from to pay these exorbitant rates of interest? I know that in certain other countries like Germany and Japan, there is provision for a higher rate of interest; I am not unaware of that. But I ask, in the peculiar economic and other circumstances of this country, can this schedule of interest rates, ranging from 5½ per cent. to 7 per cent., be considered equitable? Leave aside equity. I ask the Revenue Minister, Shri Guha, can he tell me that on the basis of these interest rates, cottage and medium scale industries can be fostered in this country? And what is the purpose of the Government giving such huge subventions, concerning which I quoted figures a little while ago, if the interest rates are not reasonable and within the means of the average people in the villages? These are questions of vital principle, and these are questions which must be discussed not only within the ambit of the objects and reasons of this Bill as stated by the Minister in the document before us, but also in terms of the implications of the most important clauses of the Bill itself.

I hope, now that this debate is going on Government will make an attempt to ensure that these rates are completely watered down, that these rates will not become unconscionable, that these rates will be reduced to a reasonable level which will enable the applicants for loans from these Financial Corporations to obtain them in a manner which can be serviced by them out of the profits they make. Unless and until this

particular question of interest rates is tackled properly, I regret to say that this Bill will not be helpful as far as the fostering of small scale and cottage industries, in terms of paragraph 2 of the Statement of Objects and Reasons of the Bill and the statement made by Shri A. C. Guha, is concerned.

There is one aspect of the question which I would like my hon. friend, the Minister, to examine and give us information about. Here I would seek your guidance. In the Joint Committee on the States Reorganisation Bill when the question of the division of assets and liabilities of the Bombay State Financial Corporation came up for discussion, some of us raised these issues. We sought information and we found—I do not know how far I can give the House that information which is rather scrappy, and which, in any case, is related to one single Financial Corporation—that the vast proportion of the moneys so far lent have been written off or taken for granted as bad debts. Now, I would ask my hon. friend the Revenue Minister Shri Guha to tell us—because the House would like to be enlightened about it and I am sure he would undertake this obligation—as to what amount of money so far actually lent has been considered as good investment.

According to the information which I was able to collect—outside the scope of the note which Shri A. C. Guha was good enough to supply us—I have figures as follows. For the 11 Corporations, for which I have got information here, the total authorised capital is Rs. 23 crores, the issued capital is about Rs. 10.5 crores, the State Governments' share is Rs. 34.7 lakhs, the Reserve Bank's share is Rs. 1.40 crores, the share of the financial corporations is about Rs. 40 lakhs and that of other investors about Rs. 60 lakhs. You have to take the total amount of money placed in terms of investments. I am sure my hon. friend, Shri A. C. Guha, will not grudge making an investigation right now so that when he replies to the debate, or at any rate, at the time of the third reading of this Bill—there is still time for us to wait for that—the House is enabled to know

how much money has been wrongly invested, has almost been written off as bad debts.

I am here to say with a sense of responsibility based upon my little investigation, both official and non-official, that 50 to 60 per cent. of the total money so far lent can be written off as now irrecoverable. If I am wrong, I would like to be corrected by my hon. friend, Shri A. C. Guha. If this is the position of the State Financial Corporations, what is the duty and obligation of this House in terms of making legal provisions for their functioning in future and for seeing that they are tightened up?

I would not like to make a political speech on this occasion. But I would like to say this. The manner in which applications are processed by the various State Financial Corporations is something which has got to be looked into immediately. I am sure the Government of India, in terms of the fairly enormous powers that they have today under the provisions of this Bill, even as under the provisions of the 1951 Act, can give directives to the States to ensure that there is no case of favouritism—I would not say anything more—in terms of the granting of loans.

I have some experience of my State. Even though it came into existence only in 1953, it was before a part of Madras. Whenever an application is made, that application has been straddled—I use this word deliberately—by so many conditions. So many people come into the picture and so many intermediaries have got to endorse it, with the result that the very object, the *bona fide* object of helping industries which are sought to be set up in the cottage and small sectors, will not be served, however *bona fide* the application may be.

So when this House is passing a Bill of this character, there must be an assurance given to the House by the Minister that the Government of India will not just pass a law and put it on the Statute Book and allow the State Financial Corporations to function as they please. In other words, some sort of

mechanism should be available whereby (a) the Reserve Bank—I know there are provisions to this effect; but, to my mind, they are not adequate—(b) the Government of India—I know there are provisions about it also, but I am prepared to say that they are not adequate—and, more than everything else, (c) this Parliament are able to have access to adequate information as to the manner in which the State Financial Corporations are functioning.

Finally, I say, if it is the objective of the Government of India—I am sure that in regard to this objective there is not going to be one dissenting voice in this entire House—to help small scale industries, for God's sake, make it a proposition which is within their means. Do not become Kabuli moneylenders and let these Financial Corporations charge 5½ per cent. to 7 per cent. interest.

Parliamentary Control of Public Corporations

I am raising this debate on Parliamentary Control of Public Corporations with a sense of tremendous urgency. This is not an academic discussion, nor am I speaking with any sense of levity or only with the desire to score a few debating points*.

I was saying that my intention is to strengthen the hands of the Ministers *vis-a-vis* the departments, and more than this, Sir, to put beyond a shadow of doubt the competence of the House of the People to investigate into the working of the public corporations which have come into existence during the past few years. There is not one single Ministry which is concerned with this debate. I have listed down here as many as 9 Ministries—maybe there are one or two more—which may be concerned with the question under discussion. The Production Ministry, the Defence Ministry, the Irrigation Ministry, the Transport Ministry, the Communications Ministry, the Natural Resources and Scientific Research Ministry, and even the Rehabilitation Ministry are involved in the discussion which is now taking place. To show the tremendous importance of the discussion, I have listed down here, in particular, the corporations and companies for which the Production Ministry is responsible:

Sindri Fertilisers and Chemicals

Penicillin Factory

* — From debate on Parliamentary Control of Public Corporations, Lok Sabha, 10 December 1953, CC. 1901, 1904—19, 1925, 1926, 1969.

D. D. T. Factory

Dry Core Cable Factory

Machine Tools Factory at Jalahalli

Hindustan Shipyard.

It is not my intention, to give the complete list of the corporations and companies which will come within the purview of this discussion. I have only stated these in order to pin-point the great importance of the vast sums of money—of the national resources involved in the operation of these companies.

Ever since India declared for nationalisation and mixed economy, various corporations and companies have come into existence. In the first place, there is a category for which the entire finance is found by the Government, that is the tax-payer's money, e.g. the Damodar Valley Corporation, Hirakud, Sindri Fertiliser, Hindustan Cable, Hindustan Aircraft etc. There is another category, in which there is part Government investment, that is in the sense of being tax-payer's money, and part private investment. I have got two examples for this—the Hindustan Shipyard and the Tata Locomotive and Engineering Co. Finally, Sir, from another angle, there is a third category—that is a category of establishments not incorporated under the Companies Law most times, such as the Chittaranjan Locomotive Works and the ordnance factories of the Defence Ministry, which are entirely departmental institutions without any autonomy at all. I have made an attempt to arrive at the probable investment of public money involved in all these corporations, but I regret to say I could not get any authoritative final figure. I will quote a few figures in respect of a few of these corporations which will illustrate my point:—

Bhakra-Nangal (July 1953)	Rs. 51 crores
Damodar Valley Corpn. (Sept. 1953)	Rs. 47.45 crores

Hirakud (September 1953)

Rs. 25.48 crores

Hindustan Shipyard....Out of Rs. 14 crores of appropriation of Planning Commission, 3 to 4 crores of rupees have been spent.

Sindri Fertilisers & Chemicals

Rs. 27 crores.

There is a steel plant project shortly to come into existence and it is estimated to cost Rs. 80 crores.... In other words, there will be about 400 or 500 crores of public money involved in the capital structure of these institutions.*

There is lack of a common pattern for all these corporations and companies and I am only developing a general approach to the problem, and I quite concede the point that there are what you call Special Boards, several provincial Governments, sometimes the Government of India coming in these projects.

From another angle this question is very fascinating. The Americans have arrived in Damodar Valley Corporation and Bhakra-Nangal; the British for the Telephone Industries Ltd; the Germans for the Steel Plant; the French for the Shipyard; the Swiss for the Ambemath Machine Tools Factory. I would like to point out that the manner in which these corporations and companies are sought to be incorporated first. I will not have

*The figures given by the member were, however, corrected by Minister of Finance, C.D. Deshmukh, who observed "Bhakra-Nangal and Hirakud are not corporations; they are not companies either. The money is spent by the Government concerned. In the case of Bhakra-Nangal, it is spent by the Punjab Government and in the case of Hirakud by the Orissa Government. In the case of Bhakra-Nangal, the financial control and a certain amount of technical and administrative control are through a joint Board of Rajasthan, Punjab and PEPSU plus the Central Government—that is only for administrative purposes. Therefore, those figures will have to be deducted from the total." The corrections made by the Finance Minister were gratefully acknowledged by the member.

the time to go into details, but it is clear that departmental heads, both at the Centre and in other places in India, are entrusted with the preliminary negotiations and the preliminary plans being drafted for these corporations and companies, and it is not my purpose to go into the juicy scandals, which are very well known to the country, as to the manner in which officials of the Government have been going abroad very frequently to bring into existence the preliminary engagements with foreign firms etc., and also in regard to the purchase of foreign equipment even before the corporation is incorporated. The point I am making is this. From the beginning I have noticed that the Ministers do not come into the picture at all—as a general broad proposition, but there are exceptions, Mr. Speaker, and I would only like to pin-point the major issues involved in this discussion. Once these things are incorporated or brought into existence either under the law of the land or by executive action, these officers become absolutely impervious to public control and public criticism, and jobs are given in a manner which, I am sure, this House cannot possibly be happy about. I know the case of one eminent I.C.S. officer of the Food Ministry new building ships. I know the case of another who was recently in charge of Sindri, who then came to the Secretariat and who is now twiddling his thumb as a Member of the Revenue Board of a State Government—all within a period of one year. There is the case of the Secretary-General of the External Affairs Ministry who is the Chairman of the Shipyard Company today.... From the beginning these corporations are run *ad hoc* by the officers of the Government and neither the Ministries nor the House know the correct picture; we also don't know.

These companies and corporations are run without any regard to the principles of commercial management and considerations of economy and efficiency. Vast trading interests of these institutions involve crores of rupees. These corporations and companies are run as so many office files,

with the result that....management of these institutions involving hundreds of crores of rupees becomes a matter of vital interest today. The Public Accounts Committee is there, but it comes into the picture and holds an inquest perhaps one or two years after the money is spent. There is the Estimates Committee of which I have the honour to be a Member for two years, and up to the moment we could not take in hand one single case of a corporation or company which has been incorporated by the Government of India. I am only making a reference to this because there is neither the time nor the opportunity for either the Public Accounts Committee or the Estimates Committee to take a grip of the problems involved here. In parenthesis, I would say that the Public Accounts Committee have made a valuable contribution in this regard and I will quote the recommendations of the Public Accounts Committee very soon. The basic position is that these Committees are already overburdened with work and they have neither the opportunity nor the time to go into these questions fully.

I would like to make a reference to the answer given to a question on 16 November 1953 with reference to Sindri Fertilisers. The question related to Government's reluctance to supply information in connection with the nature of agreements entered into by the Sindri Fertilizers & Chemicals Ltd. Here is the answer:—

“Such a right does not vest absolutely in the shareholders under the law. What is disclosed to the shareholders is dependent upon the discretion of the Directors in accordance with the merits of the case and exercised within the framework of the law of the Company's Articles of Association. An important consideration is that while shareholders should be given information regarding the activities of the Company, there should be no disclosure which is likely to affect the interests of the Company adversely.”

Who are our shareholders of the Sindri Factory? The Rashtrapati is the principal shareholder and only one share is held by the Secretary of the Ministry concerned. This is the

answer given to the House by the hon. Minister of Production when he was questioned on this matter. It was here that the Prime Minister intervened. I am quoting his statement as contained in the debates of this House dated 16 November, 1953:

"Government seeks your guidance in such matters. Autonomous organizations and Government and State organizations, in carrying on their day to day work, enter into contracts and undertakings and normally even Government does not interfere...." On the other side he said,

"this House can always interfere in anything and nobody has challenged the right of this House to interfere. It is a question of the propriety and desirability of such petty matters...."

And what are the matters referred to? I have listed them: the agreement of the Sindri Fertilizers with Messrs. Karl Still for the installation of a coke oven plant involving vast sums of money, and the second one is the agreement with Messrs. Associated Cement Co. Ltd., for the sale of sledge to them involving vast sums of money—in the second case, it is from year to year. Now, at this stage, Mr. Speaker, you intervened, but in this case you were not prepared to give a detailed ruling. I am referring to this because of the relevancy of the debate, procedural, as regards the right and competence and desirability of the House to have some procedure to take, but also of the activities of these corporations.

This was your statement: I am quoting it:

"But my reaction is that the House is entitled to have all information that is reasonably necessary and just to judge whether the administration of a particular corporation, which is autonomous, is being carried on properly or not. But it ought not to enter into the day-to-day details or very minor details so as to interfere with the autonomy of the particular corporation."

I am here to declare very categorically that none is interested in the day-to-day working of these corporations or in any minor details. The question is, accountability,—

accountability not only in the technical accountancy sense but also in the political or constitutional sense. It is a matter of importance.

Let us examine the constitutional position. To my mind, barring a few which were incorporated by law passed by this hon. House and Parliament generally, most of these corporations have come into existence as a result of cabinet decisions. In other words, they have been formed by executive action, by executive action without any reference to parliamentary sanction. And here, Sir, I will refer to the articles of the Constitution which are relevant for our discussion. Article 114 (3) says:

"...no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law passed in accordance with the provisions of this article."

Then, Sir there is article 266(3) which says:

"No moneys out of the Consolidated Fund of India or the Consolidated Fund of a State shall be appropriated except in accordance with law and for the purposes and in the manner provided in this Constitution."

The main burden of my argument today is that these two articles have not been observed in the case of most of these corporations and companies. This is a wide statement, but I am prepared to stand by it.

Now, let us see, Sir, what was the position as regards the investigations of the Estimates Committee and the Public Accounts Committee, I am quoting from the Fifth Report of the Estimates Committee for 1951-52 with reference to the Damodar Valley Corporation. Paragraph 46 of the report says:

"The Committee feel that the present administrative and financial set up of the Corporation is most imperfect, illogical and open to criticism."

Then, in paragraph 105 of the same report, the Committee says:

"The whole position is far from satisfactory. The autonomous character of the D.V.C. has been taken to extreme limits. The D.V.C. has developed strange conceptions of its autonomy and tried to bypass the authority or advice of the Government. The Government in turn failed to keep it within limits, although necessary power is vested in them to do so."

What happened after the Estimates Committee reported? An *ad hoc* committee was appointed by the Ministry concerned, presided over by Mr. P. S. Rau I have got the relevant quotation which appeared in most of the newspapers of the 14th July. The Estimates Committee is one of the principal statutory organs of this House to exercise financial control, and to introduce economy and efficiency. And yet, after the report was presented to this honourable House, a small committee of officials was set up and this is the verdict and the challenge of this *ad hoc* committee. I am quoting:

"Full parliamentary control over statutory corporations in charge of river valley schemes would have the effect of placing them in a position worse than that of Government departments."

Now, Sir, with your permission, I would read three small extracts from the findings of the Public Accounts Committee, which, to my mind, are most important for today's discussion. In paragraph 7 of the report of the Public Accounts Committee for 1950-51, the following occurs. I quote:—

"We feel that there has been a tendency on the part of the Government to start all sort of schemes without adequate planning or even ensuring the initial or regular supply of the requisite technical staff whether on the administrative or on the accounts side and it consequently gave rise to confusion. The lack of proper appraisal of commercial accounting principles made the confusion worse confounded."

In paragraph 8 of the same report, the Public Accounts Committee said, I quote:—

"We share the views held by the Comptroller and Auditor-General that his functions and responsibilities should be defined in

explicit terms in the Statute itself providing for the setting up of a Corporation."

Then, Sir, comes the third report of the Public Accounts Committee for 1952-53. Actually, it is the report of the Sub-Committee presided over by my hon. friend, Acharya Agarawal, and accepted and endorsed by the Chairman of the Public Accounts Committee. This is what they say:

"The Sub-Committee doubt the constitutional propriety of Government converting State Industrial undertakings into private limited companies, of which the President and one or more officers become the share-holders. Such a course not only detracts from Parliamentary Control, but also affects the audit control of the Comptroller and Auditor-General which the Sub-Committee regard as essential on behalf of Parliament."

And finally, Sir, the *coup de grace* of no less a person than the Comptroller and Auditor-General, is here, on the manner in which these corporations and companies are managed. I quote from the statement made by the Comptroller and Auditor-General to this sub-committee of the Public Accounts Committee on 13 December, 1952, and incorporated in the report of the main Public Accounts Committee. The House must bear with me, because this extract is very important, and in fact my whole argument hinges upon this particular extract I quote:

"These 'Private Limited' Companies are, in my opinion, a fraud on the Companies Act and also on the Constitution, because money cannot be taken away from the Consolidated Fund for the establishment and transformation of certain concerns into Private Companies in the name of the President and Secretary to Government. Under the Companies Act, a Company can be formed by a group of persons. The President or the Secretary to Government is not a person. These officers do not have any personal financial interest in the Company, and their joining together cannot constitute a Company in the correct sense of the term. Further to convert a Government concern into a Private Company solely by executive action is unconstitutional. While recognizing that the management of industrial and business concerns differs from normal day-to-day activities of administration and that special

organization and delegation of authority more in accordance with the speedier business practices may be necessary, the Government should have the backing of suitable Parliamentary enactment for the setting up of corporations."

There is another point involved, which is also part of the statement made by the Comptroller and Auditor-General. It reads thus:

"There is another important point involved in this procedure of creating a Private Company. Under the Indian Companies Act, Private Companies are to be audited by Auditors nominated by the Board of Directors. The Comptroller and Auditor-General will not, therefore, have any automatic right to audit such a Company. It is likely to be argued that his audit control is thus ousted."

"It is true that the Company may request him to be the Auditor if necessary by incorporating suitable provisions in its Articles of Association, but this would be...." "but this would be neither proper nor binding as the Comptroller and Auditor-General's duties and functions are prescribed by Parliament, and cannot be regulated by the Articles of Association of a Company. Furthermore, even if he undertakes audit on a 'consent' basis, on payment of fees, he can only submit his Audit Report to the Company, and not to Parliament through the President. Parliament cannot watch through the Public Accounts Committee the regularity of the operations and the financial results of any such Company. These observations also apply to concerns in the form of Private Companies in which Government take substantial share capital or guarantee against losses."

Finally, Sir, the Auditor-General said:

"I regard the entire procedure adopted in these cases as unconstitutional and invalid, and hold that I have a right to exercise audit on the accounts of the Company on the basis that by an improper diversion of funds they should not escape my audit scrutiny."

the diversion being from the Consolidated Fund of India, and he added:

"I may mention that the creation of such Companies through

executive action is expressly prohibited in the U.S.A., and the Congress has specifically to legislate in the matter.”

This, as I said earlier, is the *coup de grace* of the controversy or the position in regard to the management and activities of public corporations and companies in India.

Ever since England was committed to nationalisation,—and even before nationalisation under the Labour Government became a cardinal factor of national policy—the House of Commons accumulated a lot of experience on these matters. It so happened that in December 1951 the House of Commons appointed a Select Committee to investigate into the question of nationalised industries. This Committee submitted two reports. The second report which is most important and relevant for present purposes made the following recommendation, namely, that a permanent Committee of the House of Commons should be constituted charged with the power and duty not only to investigate “both present and past financial probity and stability but future plans and programmes” (that is both into the past as well as into the future) of public corporations in Britain which are managing nationalised industries. Then, Sir, the Select Committee of the House of Commons recommended that “a new Committee of the House of Commons should be set up which would take over from the Public Accounts Committee the work of examining the accounts of these nationalised industries.” It also suggested...that the staff of the proposed Select Committee on nationalised industries should include a person of the status of the Comptroller and Auditor-General and at least one professional accountant. Under the recommendations of the Select Committee, each Corporation should publish annual reports, including “the best estimate it can make of the percentage increase or decrease since the date of its establishment in the average cost to the consumer of its products or services taken as a whole.”

Here is the sum total of the position in the United Kingdom. There is one other point I would like to mention. Each one of

these corporations in India today—whether they belong to the Defence Services, to the Production Ministry or any other Ministry—has become a monopoly, a monopoly without competition. whether it is producing fertilisers at Sindri, or building ships at the shipyard at Visakapatnam, or making telephones at Bangalore, or even making ordnance stores in various ordnance factories. There is absolutely no competition at all, with the result that the consumer angle has been completely forgotten... Each one has become an *imperium in imperio*,—small kingdoms, completely assigned to the overlordship of the officer who happens to be the Managing Director or Chairman. I have no quarrel with anybody, as far as these officers are concerned. But in the national interest something must be done immediately to ensure (a) that the control of the Minister becomes effective—and to know from personal experience what is happening in the shipyard that it is not so, and (b) the authority of this House is maintained.

Before I conclude, I would Sir, with your consent like to refer to an answer which was given by my hon. friend the Production Minister, Shri K. C. Reddy, in reply to a question of mine regarding the shipyard at Visakapatnam. He said that Government do not have the estimates as to the manner in which the French firm is going to reorganise or remodel the yard—costs are not made known, maybe they are to be made known now. This is only one illustration; but this can be multiplied by my hon. colleagues times out of number.

Finally, Sir, I suggest the creation of a parliamentary committee—apart from the Public Accounts Committee and the Estimates Committee—under your direction, to sit all the year round, specifically charged with the task of looking into the affairs of these various categories of corporations, companies and institutions. Some of them, as my hon. friend the Finance Minister pointed out, are not even incorporated under any law at all. This, I am convinced, will strengthen the hands of the Ministers, will affirm and enforce the authority of Parliament and

will give more than everything else. Sir, to the tax payer an assurance that his moneys are property husbanded. I am making this suggestion with the request that Government will look into this matter in the national interest.

In the end, Sir, I should like to say that I have not raised this debate for hitting the headlines, or in a mood of levity. It is not a political problem. It has nothing to do with party politics... This is a matter which has got to be discussed dispassionately, constructively. I, Sir, commend to Government, my suggestion as far as the Parliamentary Committee goes.

Second Chamber of Parliament

The subject-matter of the Resolution under discussion cannot be made a party affair.... I had raised at least on three different occasions in recent months specific issues relating to the powers and functions of the Council of States, particularly in relation to this honourable House of the People, I propose with your permission, Sir to go about this matter dispassionately and as structurally as possible.

I have listed twelve definite defects in the composition, powers and functions of the Council of States. There is rotational membership in the Council of States, for which there is a precedent in the United States of America. But I would like to show how the constitution of the Council of States and the formulation of the powers and functions of the Council of States have almost all the defects of the Upper Houses of most of the legislatures in the world and not many good points as far as the operation of the Upper House in some of the countries of the world is concerned. I mentioned just now rotational representation. Why do we not give functions to the Council of States as those belonging to, the Senate Foreign Relations Committee of the U.S.A. and make it an effective organ of the Constitution? We have not done it... The Council of States is just patchwork. And patchwork cannot yield results. For instance, the Senate Foreign Relations Committee screens diplomatic appointments. Every Ambassador appointed by the

*From debate on Private Members' Resolution on second Chamber at the Centre, Lok Sabha, 2 April, 1954, cc3998—4003, 4013, 4018.

President must be approved by the Senate. I would rather like that the Council of States gets that power. It does not have it.

The second point I would like to develop here is about this rotational system. To my mind, it is extremely bad. Every two years there is rotation in the Council of States, whereas the House of the People continues for five years. In Canada, the position is once a Senator always a Senator, he dies as a Senator. He remains continuously a Senator, free from the snares of political patronage. We do not find it here. We find nothing short of jobbery and vested interests. An analysis of the recent elections to the Council of States shows that the party in power has strengthened its position. Tomorrow it may be another party. The party in power always I know how to manage it. With greater emphasis, I must say that it has become one single story of political jobbery. persons who had been routed in the elections—belonging to all parties—are brought in by the back door. To my mind, this is most reprehensible.

My third point is this, that even in the British House of Lords there are no whip issued by any party. And what is the position here? Even my friends of the Communist Party are subject to a similar whip in the other House. The other day we saw the remarkable spectacle, when I had the House divided on the motion about the Joint Select Committee on Special Marriages Bill, that my friends of the Communist Party voted with the Government because of their party affiliations in both Houses,—and their overall party leadership is from the leadership in the other House and not from the leadership in this House. I say with great regard to all the parties concerned, but the fact remains that party whips are issued, political labels are paraded and Members are controlled in the Upper House by parties, a system which does not obtain in

the House of Lords. This is to my mind is another objectionable feature which has got to be looked into.

As regards the Ministers nowhere in the world there is an example where Ministers from the Upper House have audience and speech in the Lower House. This is our misfortune. There are very eminent people in the other House who occupy the treasury benches. Let us examine carefully as to why they should have right of audience. As my friend Dr. Ram Subhag Singh had put it in a different way, it is to create opportunities for people to get into Government without being chosen by the electorate and without winning the elections. I regret it is a very abnoxious feature and it has got to be stopped.

It is a trifle cheap to expect the Prime Minister of the country, the leader of this House, to run post-haste after he makes a statement here, to read the same statement in the Council of States. What happens to the leader of the Council? What are his functions? why should these speeches be repeated parrot-like in the other House? It is only mere duplication of work, and unnecessary punctiliousness about the dignity of the Council, and sheer waste of public funds.

I would like to draw the attention of the House to the so-called revisory functions of the Council of States... I have drawn up an analysis, and I want to be corrected if I am wrong. Twice during its existence the Upper House—council of States—made amendments to Bills passed by this Hon'ble House. In one case the Uper House added the word "so" in one Bill. In the other case—it entered a provision for certain papers to be placed on the Table of the Council of States. In other words, a sort of a 'self-service' clause was added. These were the only two amendments that were made in six Sessions of the Parliament. The so-called revisory function of the Upper House is nothing but a shame. On the contrary, more powers are sought to be given to the Uper House. The Upper House had this session an occasion to discuss the General Budget even

before this House. The discussion took place in the Upper House first. What for? I would like to have an answer for what purpose the discussion was arranged in the Upper House first?

It is a matter of party interest. Frankly speaking, one gets sick of speeches made in this House being repeated in the other House. I can give an extreme example, and I want my hon. friend Mr. Satya Narayan Sinha to bear with me. Our friend Mr. Nageswar Prasad Sinha introduced a Private Member's Bill on the banning of crosswords in this House, and a few days after that a Member from the other House copied that Bill, word for word, including the printing mistakes, and introduced it in the Council of States, and we got copies of the same Bill circulated to us! This is something for which I cannot find any precedent in the history of Upper and Lower Houses in any part of the world. In other words, a sort of effrontery is going on. On the whole what is happening is a deliberate encroachment on the rights and privileges of this House. The Public Accounts Committee controversy is fresh in our minds and the controversy on Joint Select Committee is before us. But for political reasons, these additional functions would not have been annexed by the other House. I have to blame the party in power for having arranged these functions to be given to the other House.

There is no other Upper House in the world where there is a question-hour similar to our own. It is a duplication and repetition. In the British House of Lords only six questions are permitted, and that too on two days in a week, and on very important issues. Here, day in and day out the tax-payer's money is thrown down the drain by having a question-hour in the Council; for what purpose I do not know.

Sir, I have got here certain precedents. The recent Constitutions of Turkey, Israel and other countries have done away with the Upper House. They do not have Upper Houses at all. What about Norway? There the Lower House is elected on a purely territorial basis, one-fourth of the elected members

being re-elected to another House which functions as a revisory body, with specific duties and functions laid down. I would rather suggest that the Council of States, as it is constituted today, takes hold of specific issues like hydrogen bomb, 'rationalisation', or any other questions of that character and make useful contributions, instead of merely repeating what exactly is heppening here.

Finally, the theory of 'elder statesman' or doctrine of 'elder statesman' does not belong to the Upper House as is at present constituted. I can give you names—but it is unparliamentary—of those who are juniors, just teen-agers who have just left the colleges, in the Upper House. This is something extraordinary. Unless the Upper House is reconstituted on a functional basis, unless 'mad drive' towards equalisation of powers of the Upper and Lower Houses is stopped, unless the Upper House functions within prescribed limits, without question-hour, without wrangles and the Ministers running helter-skelter, abolition would be the only alternative.

Constitution Amendment Bills

Four long decades of Gandhian and Post-Gandhian thinking is at the back of the Constitution (Ninth Amendment) Bill, and I am happy to congratulate the Home Minister for his good fortune in becoming the pilot of this Bill which I am convinced is taking us to the outpost of the long journey we have set for ourselves these many years. In the history of modern India it was the statesmanship of Sardar Vallabhabhai Patel that secured the liquidation of India States by and large, and now Shri Govind Ballabh Pant is carrying forward and fulfilling the task which has been ably discharged by the late Sardar Patel (...) by abolishing the institution of Rajpramukhs. I think when the history of modern times comes to be written, as far as this country is concerned, this point will not be lost sight of.

As one who had the privilege of working on three Joint Committees connected with States Re-organisation, Constitution Amendment Bill and also the Bengal-Bihar Bill, I would like to pay my tribute to the Home Minister for the tremendous amount of patience he has shown in trying to argue with us even at times when some of us, I include myself in that category, have been inveterate—I use the word in its generic sense—in the exposition of certain ideas which are very dear to us. I think, Mr. Speaker, you will permit me to say that apart from what has happened in these long and arduous sittings in the Joint Committees, the Home Minister took care to invite some of us

*From debate on Constitution (Ninth Amendment) Bill, Lok Sabha, 4 September, 1956, c.c. 5522-38.

for repeated private conversations, and all this I put on record for one reason, namely that his health was not good, and actually for a little while he was really ill, and the call of duty alone has enabled him to do what he has done (...) It is the forte of the Home Minister to be always reasonable. Sweet reasonableness is his guiding note, and some of us when we had to clash with him, as we repeatedly clashed with him, have been so thoroughly overpowered by his genuine anxiety to bring conviction to the contestants in the argument, so to speak, that we were unable possibly to carry conviction to him (...)

Further, I would like to say that even today, now that the last stage in the process of States reorganisation is reached, this hon. House will pass this Bill, I have some doubts. I have still some doubts based upon a few years of regular, intimate contact with the problem of linguistic reorganisaion of States, having had the privilege of being for four continuous years the President of the All-India Linguistic States Conference. I do not wish to become a pure doubting Thomas and stop at that, but I hope even from now on before this Bill is passed by this hon. House to carry conviction to the Home Minister by making a set of five propositions briefly.

In the Joint Committees, both on States Reorganisation Bill and Constitution Amendment Bill, most of us, irrespective of party affiliation, have brought in the question of a Boundary Commission. At the time the States Re-organisation Bill was being discussed here, hopes were held out—I do not say by the Home Minister on false pretences, I am not saying so at all—that something might still be done when this Bill was taken up to tackle this question adequately. I would not like to repeat the arguments used on the previous occasion, apart from making only two statements. If the Home Minister sends for the list of amendments on the States Reorganisation Bill and looks through them again—the Order Paper of the House will

speaking—he will come across the largest number of amendments from quite a number of Members, Congressmen also included, demanding or suggesting a Boundary Commission. When this House is disposing of the Constitution Amendment Bill. I wish to point out that a situation of considerable delicacy and also gravity, if I may be permitted to say so, has arisen as between the Andhra and Madras Governments. On the 14th of the last month the most unparalleled thing occurred in the Madras Legislative Assembly when the Leader of the Madras Legislative Assembly castigated the Andhra Government, by bringing in the Andhra Governor for having said something about boundary disputes that subsisted then and still subsist between Madras and Andhra States. Without doing any violence, I would like to put on record two brief quotations, one from Shri Subramaniam, Leader of the Madras Legislative Assembly, and one from Shri Gopala Reddi, Chief Minister of Andhra in reply to the Statement of Shri Subramaniam.

On the 14th August—actually the debate was on the 13th August and I am quoting from the 'Hindu' of the 14th August—Shri Subramaniam said:

"I am not accusing anybody, but still as we have not set up conventions as regards the content of the Governor's address, this would be a great lesson. Particularly, if it is a matter of inter-State dispute, and if it is still in correspondence and being negotiated on to put that as a matter of policy of the Government in the Governor's address, is bound to lead to difficulties."

Shri Subramaniam said that this reference by the Andhra Governor to the particular problem of Andhra-Madras boundary disputes in his Address to the Legislature in Kurnool had crossed the bounds of inter-state propriety. Shri Subramaniam also said, and I quote again:

"The dispute has been pending for three years now."

To this Shri Gopalan Reddi replied on the 17th August in the Andhra legislative Assembly.

"It is only for that reason that we informed the Government of India that it would be desirable for them to formulate uniform principles to settle all such boundary issues."

I am sure the Home Minister will bear me out that the Andhra Government have written to the government of India in terms of his revelation to the Andhra Assembly.

I am putting this on record for one reason. As I have said repeatedly in this House and times out of number also in the Joint Committee, these border disputes are not going to be solved through bilateral discussions. The Andhra Government and the Madras Government tried at various levels, including the highest levels, for three continuous years to solve this problem, and both have confessed their inability to reach an agreement. Both have unanimously demanded the establishment of a commission. Here, in parenthesis, I would say that the Mysore government has also recently asked for a commission.

The Home Minister would tell me, as he has told me several times, there are the zonal councils provided for already in the States Reorganisation Bill. But here is a case of two State Governments belonging to the same political party, let there be no mistake about it, and manned by people who have been colleagues in the Congress movement and in the patriotic movement for the best part of their lives, unable to reach agreement. I ask him: will he invoke article 3 or article 4 of the Constitution and appoint a boundary commission? If he does not, how is it proposed to solve this problem? Will he ask both the governments—and like this I can build up boundary disputes pending between various Governments in India in every part of India—to wait for the zonal councils to come together? Is that the scheme of things?

I think the House has given me this much of leave to quote from record as far as this dispute is concerned only for this reason, I repeat again, that without some sort of a Boundary Commission being appointed statutorily, there cannot be any question of these problems being solved amicably, with all the goodwill in the world, and I am prepared to share my hon. friend the Home Minister's sentiments in this regard, but I regret in regard to this particular point of a Boundary Commission, both the States Reorganisation Bill and this Bill have a big lacuna which has got to be filled up. I am sure none of us is to exacerbate local feelings, to create vitriolic situations or to create

virtual civil war in various parts of this country where there are boundary disputes. The Home Minister will concede that point. But shutting one's eyes to the existence of this problem will not solve the problem, and I hope because there will be no further opportunity of bringing up this question again, he will consider this question and either bring in a last-minute amendment to the Bill before us now, or by invoking articles 3 and 4 of the Constitution appoint a Commission, which the country is entitled to, to settle this problem. I am not saying this as an Andhraite I assure you because the House knows that I have no affiliations of a local or parochial nature, by virtue of my having been the president of the All-India Linguistic States Conference.

To the question of linguistic minorities, I have glanced through the note which the Home Minister laid on the Table of the House. After the very brief examination I was able to make, I am slightly disappointed. I had expected more teeth—I use the word very carefully—into the proposed action of the government of India in enforcing the safeguards for linguistic minorities.

It is a tragic fact, and the Home Minister will not deny me this point, that in various parts of this country, there is not one class of citizenship available to Indian nationals. There is a secondary or subordinate state of citizenship, directly due to the administrative action on the part of the State Governments concerned. Not one single State in this country is free from this responsibility for making the life of minorities insecure. I speak of the Andhra Government's action with respect to Tamil minorities. Very near your own constituency, Mr. Speaker, there are difficulties. I can say the same thing with respect to Orissa also, and I say so with a certain sense of assurance that with respect to the Orissa Government's treatment of Andhra minorities, about a million and a quarter, the same position occurs. Like this, I can go on multiplying instances from every part of the country, where linguistic minorities happen to be there and are subjected to this treatment with the result that of the recommendations of the State Reorganisation Commission, which are now sought to be implemented by the note which the Home Minister was good enough to lay on the Table of the House, much is sought to be accepted.

I am glad that on the previous occasion, the Home Minister accepted my suggestion for a Minorities Commissioner. But without some sort of a directive being given by the Centre, which alone can create a

psychological atmosphere for the minorities to feel secure in their rights, I am afraid the proposed action will be short of what this House has expected from the Home Minister, and of what the country at large has also expected.

It is stated in para 22 of the note just given to us, where the Home Minister quotes one of the paras of the States Reorganisation Commission's Report—I quote the commission's own words—

“...we wish to emphasise that no guarantees can secure a minority against every kind of discriminatory policy of a State Government.”

I consider this a very unfortunate statement by the States Reorganisation commission. I consider that the Home Minister should not have incorporated this particular quotation of the States Reorganisation Commission. In this note which has been circulated, because thereby he is giving a line-clear so to speak to the State Governments. It is psychologically very bad. I am sure that since this note has no statutory validity, as far as this statement goes, because this is not part of the Bill, nor is it a part of the report of the Joint committee, and it is only a statement of intentions, for the time being, of Government, I hope this damage will be repaired. I am not saying anything in a carping spirit, but I wish only to point out that unless these four crores of linguistic minorities in various parts of the country have the assurance that they have a *right to live in this country as class I citizens, and not as class II citizens*, I am sure the problem of States' reorganisation, which we are now finalising through this Constitution (Ninth Amendment) Bill, will not have been solved. There are administrative discriminations against linguistic minorities. If my hon. friends from Orissa will not quarrel with me, I would say that the mothertongue is not allowed in the local courts; the mother-tongue is not allowed as the medium of expression in the schools. Again, as regards employment, there are so many administrative restrictions. There are domiciliary rules. I am glad that the Home Minister has told us in the Joint Committee, with reference to one of the paras.—I believe, it is

para. 16—of the note now laid on the Table, that the Government of India propose to undertake legislation as soon as possible, in order to clarify the position on the lines indicated with reference to domiciliary rights. I know various parts of the country where without a continuous period of twelve years' residence, a person cannot have the right to vote. These are all administrative difficulties. I am sure my hon. friend has followed me now. I do not wish to elaborate the point *ad infinitum*, but I would only say that there are administrative restrictions which have reduced a number of linguistic minorities in all parts of the country to a secondary type of citizenship. I am resisting it.*** I am saying that until the Linguistic Minorities' Commissioner's post is created, and he is enabled and equipped with the necessary means to go round the Country, to send for data, to send for documents, to make a report to the President, which should be placed on the Table of the House, so that the House will debate over it, and final directives are issued by the Government of India in the light of the findings of the House on the report of the minorities' commissioner, I am sure there will not be satisfaction in this country.

I find here from amendment No. 183—that something is sought to be done with reference to article 350B of the Constitution, now sought to be amended. But I am not satisfied with it. I am not, however, dealing with this particular amendment in detail at this stage. So, I shall proceed.

The third point which I have is with reference to Union territories. The Home Minister was very plausibly sincere, I am sure, when he said that he would be guided by the opinion of the people, public opinion, in the Union territories. Some of us have very great difficulties about the final shape of the administrative and legislative modalities which will be made available to the Union Territories—The corporation, the advisers separately drawn from non-official life, but appointed by Government obviously. What will be their rights? What will be their powers and functions? Will they be put in charge of certain

portfolios or departments? Will they have powers of taxation and powers of expenditure? These are all the unmerous problems involved.

Further, not all these Union Territories belong to the same category. Delhi is a vast city. Himachal Pradesh is a cis-montane territory which is sprawling over various districts. Tripura and Manipur are exceptionally strategic in importance. The Andaman and Nicobar Islands, the Minicoy Islands and the Amindive Islands belong to categories of their own. So, there cannot be any uniform pattern.

The Home Minister was good enough to indicate how his mind has been working. He had the opportunity to have a talk with some of us in deputation and privately and also in the Joint Committee. But even today, we are not clear as to the final shape of the exact manner in which popular opinion will be associated with the task of running the administration. I am here to say without any qualms at all that I believe the Home Minister is a democrat. But the assurance that he is a democrat is no guarantee that the Union Territories will have democratic institutions. I know his hands are tied by virtue of the fact that they are declared to be Union Territories. I know there are other countries in the world where there are Centrally administered areas of the type called Union Territories here. Even for that matter, if I am not mistaken, Washington City has a separate type of administration for itself in the USA.

But I think it is high time that the Home Minister, taking counsel—which he is entitled to, and which is available to him—places before this House a concrete picture. Otherwise, there is only one other way of approaching this question, namely that we have to give him a blank cheque, trusing his *bona fides*,—which all of us do—and leaving it to him to do the thing which is possible in the circumstances. In that case, as I find, there seems to be a little gap there, Apparently, on the appointed day, that is, 1 November, assuming that the new States are coming into existence in November, there cannot be

any period left for the Home Minister to provide the Union Territories with the type of government which he wants to give to them. That means that for an interim period, only officials will be in charge of them, including the case of the Delhi city. I hope I have understood him properly. It is to be regretted. I believe that between now and the appointed day, steps can be taken to ensure that some sort of popular association with the government is there, because in this democratic age, in this Republic of India, we cannot have territories deprived of legislative and administrative possibilities based upon the co-operation and assistance of popular representatives.

Now, I come, in terms of importance, according to my analysis of the Bill, to the question of standing regional committees. I had occasion to point out in the Joint Committee with reference to the States Reorganisation Bill also that the original concept of standing committees for a few regions had been altered. The word 'standing' has been removed. I am not a man who is keen on sticking to the words, but the very concept has been changed, first, with reference to Punjab, then with reference to Andhra.

In the case of Punjab, the House will realise that the scheme has been made a part of the Joint Committee's report on this Bill, while in the case of Andhra, I had the good fortune of putting a short notice question to the Minister, and he placed it on the Table of the House. ***

If I have heard the Home Minister aright a few minutes ago, he said that some sort of Regional Committees would be made for all the rural areas of the present Delhi State. That is how I understood him.

I would like to have the permission of the House to go into the question of the Regional Committee for Andhra in some little detail, because I think a tremendous amount of confusion has been created by the so-called Hyderabad House agreement of the 20th February 1956 between certain Congress leaders of Andhra and certain Congress leaders of

Telangana. I do not know how far I can go into this question, because part of it occurred in the Joint Committee and part of it occurred in terms of the statement laid on the Table here by the hon. Home Minister in reply to my short notice question.

My point is very brief. On 20 February, 8 Andhra leaders from Andhra State and Telangana are supposed to have reached agreement in the Hyderabad House in Delhi. I was told—and it was not contradicted in the Committee or outside—that no signatures were appended to this agreement. I was told it was in the handwriting of the Chief Minister of Hyderabad State. These are all small points. It was publicised *in extenso* first in February and later, again a month ago, when this came up before the Joint Committee. Here is paragraph 12 of the so-called agreement:

“The Cabinet will consist of members in proportion of 60:40 per cent for Andhra and Telangana respectively. Out of the 40 per cent, Telangana Ministers, one will be a Muslim from Telangana”***

Now comes the most important part of it, in paragraph 13:

“If the Chief Minister is from Andhra, the Deputy Chief Minister will be from Telangana and *vice versa*. Two out of the following portfolios will be assigned to Ministers from Telangana; namely, Home, Finance, Revenue, Planning and Development and Commerce and industry.”

With the greatest amount of reluctance, I would draw the attention of this House to this document. The Home Minister assured us in the Joint Committee—I hope I am not revealing a secret when I say it—that Government have not accepted this particular document. The Home Minister has seen to it that the so-called agreement between these two sets of Ministers, supposed to have been arrived at in February, has not been incorporated in the note which he was good enough to place on the Table of the House. But my chief grievance is that this particular agreement—so-called—has been telescoped into the statement which the hon. Home Minister has placed on the

Table, with the result that the whole of Andhra Desh and the whole of Telangana believes that this sort of prior allocation of portfolios and division of offices, is going to happen. The House will recall—and you, Mr. Speaker, personally know more than I can tell you—that only five days ago, there was a signature campaign among some Ministers of Andhra State to oust other Ministers in advance of the formation of the new Andhra Pradesh, in order to fit into this scheme of division of spoils. I want an assurance from my hon. friend, the Home Minister. I repeat again, he is a democrat; I have every faith in his democratic approach. But this is not the way in which the eventual formation of Andhra Pradesh is to be made. The dangers of regionalism, in terms of the so-called document, which has not been repudiated by Ministers on either side, of Andhra as well as Telangana, are obvious. All this is now going to happen.....

I believe—I had occasion to say so earlier; I said it in the Joint Committee; I also said it in my Minute of Dissent to the Bill—that you cannot allow, and I am sure this House will not permit it, anything like this to happen, namely, a minor legislature inside a major legislature and a minor Cabinet inside a major Cabinet. Here there is one particular point, to which I would like to draw the attention of the Home Minister. I quote from paragraph 5 of the note he has placed on the Table as I am rather concerned about it. He says:

“The advice tendered by the Regional Committee for Andhra will normally be accepted by the Government and the State legislature.”

I must confess that this escaped my notice when the hon. Minister was good enough to call me into consultation and discussion with the Ministers some time ago on this particular document. How can the legislature of a State become committed in advance to a declaration of intention on the part of the Government of India here? A legislature, Mr. Speaker, cannot be committed to any agreements and any decisions inside a Standing Committee.***

I feel that basically the idea of a Regional Committee is to give what you can by way of adequate and reasonable protection to certain areas which have been clubbed together. I am entirely in agreement with the view that reasonable safeguards should be provided, but what I am concerned with is, the manner in which a so-called agreement is sought to be telescoped into the document placed by the Home Minister on the Table.

I am making this appeal to him with all the sense of responsibility, and in a very sincere manner. This is not a matter of controversy based on a party decision. This is a matter of equal consequence to all so far as the Constitution amendment is concerned. But now when we are discussing this Bill, this has got to be taken into consideration. I hope the Home Minister will not misunderstand my motive.

One other matter I would like to deal with is the question of second chambers. I am an unashamed iconoclast. The House will recall that two or three years ago I brought up the question as regards the rights and functions of this House in relation to the Rajya Sabha. But here I find something rather sad. This is a matter, Mr. Speaker, of principle into which we will have to go.

When the Joint Committee on the States Reorganisation Bill disposed of the Bill, there was no provision for a second chamber for Madhya Pradesh when the House took up consideration of the Bill. There was, I would not like to say, a stampede, created; but certain developments took place in the lobbies; an amendment was brought in and a second chamber was given. I know—and my friends will not deny it—that there was a tremendous amount of pressure brought to bear upon Government, upon the Home Minister himself, to give a second chamber for Andhra. But I consider, in the present context of Indian nationalism, our democracy and the economic situation, that we shall not saddle the new States with second chambers.

I put him a question, as was put, I am sure, in the Joint

Committee. Andhra was a part of Madras. We had then a second chamber. When Andhra became a separate State, Andhra was not given a second chamber. Now a portion of Hyderabad is going to be joined to Andhra to form Andhra Pradesh, and a second chamber may be made possible for it. But I do not see the logic of it. I do not know what purpose a second chamber will serve except—I would not like to use very harsh words—for giving places in public life for people who are rejected at the polls in the general elections. I know that all parties in the Rajya Sabha—here I say with great respect—have accommodated people who have been defeated in the general elections in 1952. This is irrespective of parties. I can mention a dozen names at random.

This should not be the way in which the Constitution of India should be allowed to function. I hope the Home Minister will resist to the last any demand in this connection; I know there is a sectional demand now for a second chamber for Andhra.

Finally, I would like to say that I have not said what I have said in a carping spirit. I have done so with a sense of responsibility. I am fully conscious of the burden which the Home Minister has shouldered all these long and arduous months, especially in the light of the ghastly events of Bombay and Ahmedabad.

So far as Bombay State is concerned, none of us would like to disturb it in terms of the disposal made in the State Reorganisation Bill a few weeks ago. The principle of linguistic reorganisation has been accepted in other respects. May be that in course of time, Maharashtrians will have a separate State of their own and the Gujaratis will have a separate State of their own, once the present emotions are spent, I say with unsullied affirmation that the principle of linguistic reorganisation could not have been avoided, and has been accepted, except in the existing Bombay State. The linguistic basis has been accepted and carried out in regard to the reorganisation of States. And now that we are coming to the final state of this reorganisation,

I once again pay my tribute to the very accommodating way in which the Home Minister has handled all the three Bills.

Motion Re. Kashmir

I generally welcome the statement made by the hon. Prime Minister on the 24th July in respect of the very important and vexed question of Jammu and Kashmir. Having listened to his speech when it was delivered in this House and also having examined the printed text thereof, I gave notice of an amendment which... I am not proposing to move. The reason why I gave notice of that amendment was that in the statement made by the Prime Minister, on the previous occasion, only the domestic aspects of the settlement arrived at between the delegation from Jammu and Kashmir on the one part, and the Government of India on the other, were properly integrated into some sort of a scheme and that the international aspect of the question were not touched upon to the extent to which I had hoped on that occasion. In the light of the statement made by the Leader of the House, I have ventured to withdraw the amendment I gave notice of with respect to the withdrawal of the Kashmir question from the agenda of the United Nations. I have withdrawn the amendment, in order not to embarrass the Prime Minister of India or the Government of India, for I hold the view that no one in this country is prepared to jeopardise our foreign policy or jeopardise our external defence and also internal security on a question on which passions would be really vitriolic.

Having said that I propose briefly to address myself to the

* — From debate on Government Motion regarding Kashmir, Lok Sabha, 7 August 1952, cc. 5793—5800.

subject-matter of the statement made by the hon. the Prime Minister Pt. Nehru on the previous occasion. I said I generally welcomed the agreement reached between the Kashmir delegation on the one part and the Government of India on the other. I am heartened to note and I am glad of the clarification given by the hon. Leader of the House (Pt. Nehru) that the accession was always complete even in October 1947—I know some American papers have been very critical of the position taken up by India in respect of the Kashmir question, and I am sure that the statement of the leader of the House should dispel all doubts on this aspect of the problem.

As regards the elected Head, I, as a democrat, welcome it openheartedly. As regards the Indian Flag and the Kashmir Flag, there has been a long discussion in the House and I am glad to see that the supremacy of the Indian Flag has been accepted by the people and Government of Jammu and Kashmir; the statement made by the Leader of the House on the previous occasion is very clear on that and I am satisfied with it.—As regards the forth important issue referred to in the statement of the Prime Minister on the 24th July, namely, the jurisdiction of the Supreme Court, I have got some misgivings about it, but I am prepared to say as a citizen of India that it may be in view of the extraordinarily delicate position occupied by Kashmir, in our polity, and I think time will be the healer and the question of jurisdiction of the Supreme Court in respect of what is called compensation for properties, will be satisfactorily settled.

Having said this I would like to make one very important observation, and I dare say the Prime Minister would bear with

me. I have seen a disposition on the part of the Government of India during the last two years to treat Kashmir separately. From the international angle I have no quarrel with that proposition, but from the domestic angle I am prepared to say with a sense of responsibility that anything done in respect of Kashmir particularly as regards the elected head and so on and so forth, will have tremendous repercussions on every other State in India, in particular in Hyderabad. On a previous occasion the hon. Leader of the House (Pt. Nehru) took up the position that there could never be the deposition of the Nizam, at any rate as far as the immediate present is concerned. I am here to say that Kashmir cannot be treated separately from the rest of India as far as the position of Rajpramukhs is concerned. I sincerely hope that the Prime Minister (Pt. Nehru) has not made up his mind for ever on this point, and that he would not retard the progress of democratic Government in this country especially as regards the continuance of Rajpramukhs. I sincerely hope that very soon this aspect of the question would be taken in hand and that adequate steps would be taken to see that the institution of Rajpramukhs is completely abolished. I am sure that the Prime Minister (Pt. Nehru) knows that there is today in this country, a tremendous movement being organised from various quarters to secure the abolition of the institution of Rajpramukhs. I do not think we in this country, and especially the Government of India, whatever strength in Parliament and outside it might possess, can go against the measured statements made by the spokesmen of people, including several redoubtable gentlemen who sit in front of me in the House. As regards Hyderabad in particular, I hold very strongly—and the State Congress had always held and even today it is holding—that the Nizam must be deposed, the State must be dis-integrated, and that there must be a readjustment of boundaries in order to ensure that the body-politic of this country would be based upon secure foundations, based upon the will of the people. Therefore, I do sincerely hope and trust that the Prime Minister would re-examine this question, and see

that the question of the abolition of Rajpramukh undertaken in Kashmir would not be permitted to stop there, but would be extended logically, and step by step, to various other parts of the country.

As regards the international aspect of the question, I have made my position clear. Having listened to the statement made by the Prime Minister on the previous occasion and having come to the conclusion that the international aspects of the question were not properly disposed of—because he was explaining a domestic agreement as between the Government of Kashmir on the one side and the Government of India on the other—I gave notice of my amendment. But in the light of the very exhaustive statement made by the Prime Minister, I asked for leave to withdraw my motion however, I would like to say in this connection one or two things which I hope the hon. Leader of the House would not misunderstand or misconstrued. My position is very simple. There is an impression abroad and I also hold it to a certain extent, that we are trying to run with the hare and hunt with the hound. Let us go back a few years in respect of Kashmir and see what has happened. We have totally rejected the McNaughton proposals on demilitarization, and I do not think I am misinterpreting the proposition when I say that the Prime Minister has rejected that particular portion of the Security Council Resolution appointing Dr. Graham. We have agreed to co-operate with Dr. Graham. In fact a delegation is going in a few days' time from India to consult with him in Geneva. I believe in a certain amount of international etiquette, in protocol and so on and so forth, but it occurs to me that our Government could show a little more resistance to international intrigues which are being sought to be imposed upon this country, through this particular strategem of keeping this Kashmir problem alive for more than five years and beating it like a dead horse on every occasion available.

Technically there may not be reasons for the withdrawal of the Kashmir question from the agenda of the Security Council,

but I am convinced we can tell the Security Council forthright, "We have had your dilatory tactics for nearly five years, we have had enough of it. We are running into a *cul-de-sac* from which there is no exit, with the result that we are prepared to make our position completely clear that we will have nothing to do with what the Security Council is going to do." In fact, on two different occasions in the past we have taken up that position. I am glad that the Prime Minister made a reference to the rejection of the proposals about demilitarization. Like that I believe we can tell the Security Council, "We are not any longer going to be a pawn on the international chess board. We will not permit the territory of Kashmir to become the cockpit of international intrigue and sabotage."

I feel very strongly on this point that during the past five years under the various propositions put across to us by the Security Council, so many missions have come here that every inch of our territory is mapped. In fact, I feel very grievous on this point that the security of this country is almost imperilled by the manner in which foreign missions have gone about the place only to distract us and to mangle the proposition out of shape and prevent us from reaching a settlement on this vexed question of Kashmir. What I would urge the Prime Minister to do is to take up this question with a little more grit and straightforwardness—I am not saying he is not straightforward in his approach, what I say is that he should convince the Security Council that we will not put up with this nonsense any longer, because I feel five years of our history have been lost on this Kashmir question.

I am not a sadist to demand war but I am a realist to demand that the interests of this country must be protected.... I am here generally to welcome the settlement with Kashmir, though constitutional *pundits* might tear up this document especially in view of article 370 of the Constitution relating to instruments of accession and so on and so forth. I feel as a citizen of India that every sympathy must be shown to Kashmir in its present

plight, because our fortunes are inextricably bound up with the fortunes of that State, which gives us access to five international frontiers. Anything done to jeopardise the foreign policy of India, anything, done to disrupt the defence system of this country should be deprecated, and I take this opportunity of deprecating it. I may make an appeal especially to the friends on this side of the House that nothing should be said to imperil the security of our country and our defence.

Railways

I

Railway Convention Committee

That for the original resolution*, the following be substituted:

“That this House having examined in the Report of the Committee appointed to review the rate of dividend at present payable by the Railway Undertaking to General Revenues as well as other ancillary matters in connection with the separation of Railway Finance from General Finance, which was presented to Parliament on 30th November, 1954, recommends that a further investigation be made into the manner in which depreciation is sought to be charged by the Railways and also recommends the rationalisation of freights on the principle of one rate for one industry everywhere in the country.”

It is appropriate that this very important debate should have been initiated by my hon. friend, Shri Tulsidas who has worked on this Joint Select Committee on the continuance of the Railway Separation Convention of 1924 and the subsequent provisions thereof. Shri Tulsidas is a hardboiled businessman, and very naturally his attempt, as far as his arguments were concerned, has been to examine whether the financial health of the railways is sound, whether the prospects in the immediate future are bright, and he has given sound answers to these questions. Not being a businessman, I will not be able to

* From debate on Resolution regarding Report of Railway Convention Committee, Lok Sabha, 15 December 1954 cc. 2919-2920, 2929-2940.

pursue that line of argument beyond certain limits. With your permission, I propose to approach this question from a different angle altogether. The distinguished Chairman of this very important Committee consisting of estimable colleagues of this House and also from the other House. As one who has worked with you on a number of committees, Joint Select Committees and statutory committees, I quite realise the able manner, and the alacrity, with which you are able to obtain information by cross-examining witnesses, etc. I am rather pained to make a statement and I hope the House will bear with me on this point. The report of the Committee covers every nook and corner of the railway administration, but not even half a dozen sittings were held by this Committee to dispose of this very important question. I am not trying to cast any aspersion on the ability or integrity of the personnel or on the procedure of the Committee, especially when Mr. Deputy-Speaker, was the Chairman at the Committee and as I said, I have worked with you on a number of committees. But my regret is that the technical competence of this Committee to go into the various ramifications of the Railway Separation convention has not been what it should have been. I would have preferred that instead of a Joint Parliamentary Committee, an expert committee should have gone into this question. As you would recall, when the Railway Separation Convention was made possible in 1924, it was made on the basis of the findings of a prolonged, detailed, technical enquiry into the railway administration and finances. I am thoroughly aware of that position and I am sure you will also disagree with that point. What I am driving at is this: in all certainty, parliamentary procedure has become imperative that a Joint Select Committee of this House and of the other House should go into the question, and to make a recommendation on the basis of which my hon. friend, the Railways Minister, Shri Lal Bahadur Shastri is to bring forward this Resolution which is on the Order Paper this morning. But I feel very strongly on this point, that the manner in which this highly intricate, financial

and administrative question was disposed of even inside half a dozen sittings, is certainly not what this House is entitled to, in terms of the recommendations of the Committee, and much less the country at large.

I will examine textually, some of the observations of the Committee. I regret to say that the Committee had to lean very heavily upon the advice tendered and the facts submitted by the Railway Board. You were a distinguished Member of this House before the Constitution for nearly 25 years, and I remember the contribution you had made towards the elucidation of the problems of the Railway Board. Let there be no mistake: the Railway Board is an *imperium in imperio*. It has become a completely closed preserve. Whatever the attempts and Member of this House wishes to make to go deep into its ramifications or its activities, the results will not be appreciable.

I have to draw attention to paragraph 18 of the report that the Committee has submitted, in this connection. It is on the question of over-capitalisation. The passage reads:

“The element of the over-capitalisation should be precisely assessed by the Railway Board.”

I regret to say that a Joint Select Committee of both Houses of Parliament should not have arrived at this conclusion. It is not for the Railway Board to arrive at a proper assessment whether the railway finances are over-capitalised or not. It is for the Committee and more so for this Parliament to assess whether it is a fact or it is not a fact. I made an apology for having to make this observation, because I am very much worried about the manner in which the recommendations of the Committee have been placed before this House recommendations on the basis of which my hon. friend the Railway Minister has brought forward this Resolution. The language of the Resolution is very clear:

“.....approves the recommendations contained in the Report of the Committee appointed to review the rate of dividend at present

payable by the Railway Undertaking to General Revenues as well as other ancillary matters in connection with the separation of Railway Finance from General Finance.....”

You are personally aware of the numerous implications of every sentence contained in this report, apart from the list of

recommendations of the report itself, the result is that I feel called upon to make this sort of rather unusual approach on my part to the report of the Joint Select Committee of both Houses of Parliament.

I next draw the pointed attention of this House to paragraph 30 of the Report in order to clinch the issue, and in order to indicate the agony which I had gone through while studying the enormous literature in relation to this subject. What does that paragraph say? This sentence is seen at the bottom of page 14 and is continued on page 15:

“After considerable discussion the Committee came to the conclusion that in the event of the Development Fund not being in a position to meet the programme of expenditure chargeable to that Fund, from its own resources, money should be advanced from the General Revenues to the Railways for utilisation of those Projects or Works which are of a developmental nature.”

I feel that a series of permutations and combinations have been gone through to arrive at a position in which the Minister of Railways and Transport has channelled the figures into Depreciation Fund, Reserve Fund, Development Fund, dividend and so on and so forth.* * *

There are innumerable reasons why this particular Resolution should be brought before the House—as a Member of the Business Advisory Committee, I know those reasons. It was rushed at the last stage. I am not able to go into them all. But

* At this stage, Deputy Speaker who was the Chairman of the Committee, observed that he had personal interest in the matter and that there should be no embarrassment.

the fortunes of an undertaking—an undertaking of the order of Rs. 900 crores—are sought to be disposed of in this manner. I repeat that a competent technical and expert enquiry should have been conducted as far as the railway and the general finances are concerned.*

The operative recommendation is *status quo* for another five years. I have tried to draw the attention of the House to this particular recommendation. It would be found in their list of recommendations No. 18 (para. 37). The Ministry of Railways should submit a review of the general working of the railways during these five years to the next Committee for their consideration. In other words, it is a *carte blanche* to the Railway Board to carry on for another full five years as it has been carrying on the administration of the railway system of India all along. I regret that this has been done in the manner in which it has been done. I know that this hon. House has an opportunity to discuss the various administrative and financial questions relating to this great utility undertaking of our country every year at the time when the demands for railways are discussed. This is a question for the experts; this ought not to be disposed of in the manner in which it is sought to be done. Coming to my own amendment, I would like to go on in a more detailed manner. At this stage the Deputy Speaker asked the member to state whether, "the House is to understand that the hon. member wants that before the Convention Committee sits—a Committee of both the Houses of Parliament—and goes into the matter, there should be a detailed investigation by an expert committee so as to enable this Convention Committee to come to an independent judgment apart from the facts placed before it by the Railway Board by way of memoranda, etc.?"

The member (Dr. Sundaram) agree and said "that is the main point. These are complicated and highly difficult questions

* From debate on General Discussion on Railway Budget, Lok Sabha, 5 March 1956, cc. 1621—31.

and the time and the technical skill at the disposal of the Select Committees are not equal to the task. That is the main burden of my argument.**

I have got a statement. If I am wrong in any material respect, my hon. friends, the hon. the Railway Minister and the hon. Deputy Railway Minister will correct me. Let us see the structure of freights. That was the point which my hon friend Shri Tulsidas Kilachand referred to generally. The freight on movement of coal from Asansol to Calcutta—a distance of 125 miles from the Raniganj coalfields—is Rs. 5-7-0; from Dhanbad to Calcutta—a distance of 161 miles—the freight is Rs. 7/— From Adra to the same place, a distance of 177 miles, the freight is Rs. 7-11-0. That is one thing which I would like the hon. Members to remember. Now, I will give you two sets rates, or rather freights—one to Bombay from these three areas, namely, Asansol, Dhanbad and Adra, and the other to Ahmedabad and Baroda from the same places. From Asansol to Bombay the freight is Rs. 18-3-0 and the total mileage is 1,216 miles; from Asanol to Ahmedabad—a distance of 1,197 miles, it is Rs. 20-3-0. From Asansol to Baroda, a distance of 1,192 miles, it is Rs. 20-3-0. In other words, Ahmedabad and Baroda pay a higher rate for lesser mileage than Bombay. Lest it should be stated that I am taking isolated instances, I would like to give two more sets of examples. From Dhanbad to Bombay—a distance of 1,180 miles—the freight is Rs. 18-3-0; from Dhanbad to Baroda—a distance of only 1,155 miles—the freight is Rs. 19-12-0, and from Dhanbad to Ahmedabad—a distance of 1,160 miles—the freight is Rs. 19-14-0. Let me compare the rates as far as Indore is concerned, so that the illustration will be general and apply to the whole country. There is a general impression from the report of the Committee, even though it is not stated specifically as such, that there should be an upward revision of rates and fares.

Now, I refer to paragraph 23. My two main considerations in this regard are: the finances of the railways, as stated even in

this report, are not very encouraging. They are problematic. The suggestion to increase the contribution by Rs. 5 crores certainly involves increase in the rates and fares so that the whole thing may increase from Rs. 30 crores to Rs. 35 crores***

Paragraph 14 on page 7 of the report reads:

"They, however, stated that this would leave no funds to be appropriated to the Development fund for financing development expenditure during the next five years unless the tariff rates were raised generally or the quantum of the dividend liability was substantially reduced by bringing down the rate of dividend."

The whole structure of railway finances is based upon the general health of the economy of the country. The various items concerning this can be brought under two broad categories—fares and freights—which are able to provide the sinews of finance for the Railway Administration.

I am very deeply concerned about the question of rationalisation of freights and fares, particularly freights, which has not been attempted. This very morning my hon. friend, the Deputy Minister of Railways and Transport answered a question relating to the work of the Railway Rates Tribunal. When asked whether there was any reference to that Tribunal on this point, he answered in the negative. When asked further, he said that this question was under contemplation. But, this has been under contemplation for a number of years. Apparently the Railway Board and the Railway Ministry are not able to—I would not say they are unwilling—arrive at a decision on this.

Here are two mechanisms available to the Railway Board. "The Tribunal has not much work", these are the words used by him. Why can they not continuously review the freight structure in terms of the economic, industrial and other conditions? Why should petitions be made to the Tribunal? Why can they not have a continuous process of reviewing having regard to the economic and industrial tempo of the land? The freights structure is thoroughly chaotic. There is no consistency in the rates and fares fixed. That is why I quoted the figures

from station to station, but I do not want to waste the time of the House.

The Railway Rates Tribunal waits for complaints to be made. If my hon. friend the Railway Minister does not want it to deal with the question of rationalisation of freights, let him appoint another body. The Tribunal is a statutory body, and there is an obligation to maintain that unless we amend the Constitution. But what I am urging is the urgent necessity of rationalisation of freights, for without that the tempo of industrialisation will be affected and matters under the Five Year Plan will not be properly handled by the Government in the coming years.

I would like to make two other observations. I am not happy that the Joint Committee was unable to arrive at any—what you call—reasoned conclusion whether the Railways are a commercial undertaking or a public utility undertaking. Because my whole argument is this. I say very seriously and sincerely it is the type of manipulation of accounts—manipulation in the general sense, not in the defalcatory sense—the channeling of all funds into various pockets and their re-grouping; and until and unless you arrive at the conclusion whether they are a public utility concern or a commercial concern you will not be able to lay down policies which will solve the problems.

It is a public utility, pure and simple. Take the other things. Telephones are a public utility Posts are a public utility. If I post a letter to Ghaziabad or to Dhanushkodi there is no difference. I am only drawing a main parallel. These are public utility undertakings, and this House must pronounce itself on the point.***

I am not satisfied with the milk-and-water recommendation or conclusion reached by the Committee, that it is a combination of both. I want to have an opportunity of saying that it is a public utility, and I hope I am given that right.

Secondly, on the question of dividend rate, I think four per cent is too high. I would rather say three per cent is just about

the appropriate rate. I have pointed out paragraph 30 of the Report wherein it is said that in case the railways are unable to pay, the general revenues should be again asked to pay. Why these crossmovements from the railways to the general revenues and from the general revenues to the Railways?

I think the House is entitled to express its very clear opinion on this matter, but the amendment is only for raising a discussion. I will not be willing to force a division on this point, because I have always understood that amendments are for focussing attention on any vital issue involved as the particular Member who puts down the amendments wants them to be understood.

Pay Structure of Railwaymen

I am certain that my hon. friend, the Railway Minister, who has watched the progress of the debate today will be convinced, if he has not been convinced so far, that in this number one public utility of the country, the most urgent and pressing problem is the problem of the employment policy of the Railway Board. Normally I would have attempted to deal with the railway budget with reference to all its component parts, but today I have a special responsibility about this. Having served the notice of pay satyagraha on the Railway Board as President of the All India Railway Ministerial Staff Association, I crave the indulgence of the House to permit me to devote my speech exclusively to the problem of the employment policy of the railway administration.

The Railway Minister, Shri Lal Bahadur Shastri, must have noticed the complete unanimity of opinion ranging from my esteemed and hon. friend Shri V.V. Giri who opened the debate to my friends Shri Asoka Mehta and Shri Gopalan on the question that the time has come when a final settlement is made to the satisfaction of the one million—ten lakhs—of employees which the railway system employs today in this land. In para 48 of his budget speech, the Railway Minister says:

"The relations between the National Federation of Indian Railwaymen and the Railway Board throughout the year have been cordial....It is my firm conviction that differences of opinion can best be solved by discussion across the table and I trust that a meeting for this purpose will be soon arranged between the Federation and the Railway Board."

From debate on General discussion on Railway Budget, Lok Sabha, 5 March 1956, cc. 1621-31.

I am the President of the All India Railway Ministerial Staff Association and I do not know whom the Railway Minister is going to consult today, if only for the reason that by the policy pursued by the Railway Board in settling one section against the other all are now ridden with political faction. I say that the two wings of the National Federation of Railwaymen are now fighting out in terms of competition as to who should control it. I have long experience and I can talk with a sense of responsibility and authority, which I am sure, my hon. friend the Railway Minister would not attempt to contradict. My experience is this : the partiality shown by the Railway administration to one wing has been responsible for all the troubles, as far as the working personnel of the railway system in relation to the employer is concerned. I do not know whom the Railway Minister is going to call into conference tomorrow or the day after.

My hon. friend, Shri Giri, was absolutely right in what he said about the Bezwada Convention being recognised and the non-Bezwada section's views being put in cold storage. I would ask my hon. friend, the Railway Minister, for whom I have the greatest personal regard, to see that this sort of factious political consideration is not allowed to continue on the railway system and that he will not abet any particular section to continue in a particular manner.

I can go into greater details, but I do not propose to weary this House with what you may call internal squabbles of various sections of railwaymen. Further, in para 48, the Minister has said:

"The load of work and responsibility of railwaymen is increasing simultaneously with the complexity of the problems they have to deal with. There will be a further increase in this direction during the coming years."

Later on, he has said:

"The fact that a larger number of employees at the lower levels of the Class III services now shoulder heavier responsibility can be recognised by a redistribution of posts in the lower grades so as to effect an appreciable reduction in the posts in the lowest grade with a corresponding increase in the numbers in the higher grades for categories like office clerks, train clerks and others and by appropriate adjustment in the case of station masters."

I want the hon. Railway Minister to explain what exactly are the implications of this formula, which is for the first time figuring in the budget statement on the railways. I am here to say, with the experience and authority which I claim to speak on behalf of the railway clerks for whose benefit this formula is intended, that the railway clerks have studied this particular formula and are not satisfied with it. If only the Railway Minister were in town on Saturday evening, he would have seen the remarkable manifestation of the feelings of the railway clerks. In my experience of 30 years, I could not have possibly dreamt of the sort of demonstration which took place before the Parliament House, and later at his own house. If only the Railway Minister was in his own residence, he would have seen it.... If the Railway Minister was in his residence, he would have seen the railway clerks demonstrating—the very same *Babus*, who have permitted themselves to be exploited by political parties. I am very sorry to make the statement, but I say it with all the responsibility that I can command after my experience with the various railway unions. I would say, for the benefit of the House, that today is the last day of the five-day pay satyagraha of the railwaymen on a national basis. I would request my hon. friend the Railway Minister to contradict my figures, if they are incorrect. I have received the figures from almost all the important stations.

In the Delhi area, out of 6463 Class III employees, 6003 have offered pay satyagraha and have not taken their pay. Out of 2727 Class III employees at Kharagpur, Moradabad, Udaipur, Khurda Road and Waltair, 2597 have refused to take their pay.

Out of 6249 Class III employees at Ajmer, Asansol, Jhansi, Ahmedabad, Kanpur etc. 6180 have refused to take their pay. At Jamalpur out of 756 Class III employees 756 refused to take their pay. The total number is about 50,000 at Waltair, there was only one black leg, perhaps to gladden the heart of the Railway Minister. I can go on multiplying instances like this. But let me make this point. As one connected with the railway clerks for four years, it was one of my privileges to restrain them from taking recourse to direct action. None of us want to inconvenience the railway administration or to paralyse it. Let me explain the demands of the railway clerks. I will divide them into two categories.

The first item is with reference to the implementation of the Central Pay Commission's recommendations regarding the scale Rs. 80—Rs. 220 to 96 per cent of the Disposal Clerks. The Central Pay Commission has laid down this grade for this responsible type of work on the plea that mostly they are recruited for these posts. The advisory committee also accepted this fact. The Railway Minister will certainly have to answer this point. Why is it that the scale of Rs. 80—Rs. 220 recommended by the Central Pay Commission has been divided into two different scales, namely, Rs. 80—Rs. 160 and Rs. 160—Rs. 200? The vast majority of the railway employees, the clerical staff by and large, are feeling strongly about this matter. I have the most cordial relations with the Members of the Railway Board, I have nothing to say against the individuals, but I have certainly a lot to say against the railway system. The Railway Board has become too wooden, too iron and too antediluvian, to quote Montagu. It has become a closed corporation which has no vision or imagination. I personally give this assurance once again that I have nothing to say against the individual officers of the Railway Board. But it is the whole approach that is bad. I ask my hon. friend the Railway Minister to make sure that this sort of thing does not continue for long. The first step, namely the five-day pay satyagraha is over this

evening and tomorrow I am sure there will be the most personal and happy relations, after the demonstration portion is over. Now that the demonstration portion is over, I want my friend the Railway Minister to tell me whether up to the moment, in these five days, there was any slow-down or pen-down strike by these people. There was nothing of that sort. In fact, I declare with the greatest amount of pleasure, that every railway *Babu* has worked harder in these five days than ever before, because those were the instructions given to them on a national basis, namely that they should make sure that they indulge only in the carrying out of a symbolic protest; and for the first time we find that they have come together. I earnestly request my friend Shri Lal Bahadur Shastri not to provoke them further, but to make the earliest possible effort to see that their just and legitimate grievances are redressed

I have got here case after case. My hon. friend, the Railway Minister talks of cordial relations with the railway employees. And in para 49 of his speech, he said something about the partnership of the railwaymen in the management of railways. Very fine ideas! All of us are behind him in his effort to push forward copartnership, between the employers and the employees. But what are these cases? I have got with me so many case files on a national basis, and I shall try to pass them on to my hon. friend separately but with a memorandum accompanying the demands made. I could perhaps list here four or five cases, which I am sure will indicate to the House that everything is not all right with the problem of the railway employees.

Then come the demands of the stores and the Assistant Station Masters. What is their position? They want the scale of Rs. 150—250, adequate channels of promotion, the application of uniform rules, the relaxation of the so-called vision tests, and the making available to them of the gazetted holidays which are available for the others. Are these unreasonable demands? It is for the House and the country to judge.

Then, take the question of pay clerks. These poor fellows have to pay a security deposit of Rs. 2,000. But what is their scale of pay? They are perhaps in the most unenviable position. As one who has been on the railway system, in the north, east and west, I would say that their case deserves special attention.

I am not going into all those matters because the time at my disposal is short. But I have got here the whole case file with me; and I am not merely briefed for the speech today, and I happen to be the principal executive of this union, and therefore, I hope the House would give its support to my claim that I know what I have got to say today in this debate.

Then, there are the shroffs and cashiers. They do not even get railway passes, though they have been taken over from the contract system to the other system. There is also the question of the instructors of the Railway Training School at Ajmer and those in other parts of India. There also, the same position continues. Then, there is the problem of the ex-combatant clerks. I wonder whether my hon. friend the Railway Minister, Shri Lal Bahadur Shastri has ever looked into this question and seen what their position is.

Then come the demands of the stores accounts clerks. As regards what we might call the post-1945 service recruitment position, there are about 200 such persons on the Western Railway and several hundreds on the other railway. What about their position? I have got with me any number of cases where nepotism is stated to be running rampant. I have got any number of case files here. A man selected for a post was superseded, because a mistake was supposed to have been committed about his selection. I can pass on any number of these cases to my hon. friend the Railway Minister.

The case of the graduates perhaps is the most miserable on the railway system. They are clubbed together with matriculates. And what is their scale of pay? It is Rs. 50—130.

There is also the case of the dispensers. There are about 4,000 dispensers in the railway hospital dispensaries. They demand only a pay-scale of Rs. 80—220 and a selection grade of Rs. 160—450. You will be surprised to know that this category of employees is one which does eighteen different types of duties. Yet, nothing is said about them at all. Like this, I can go on building up my case, section by section, in regard to the grievances of various categories of railway employees.

I am here only to plead for a proper, adequate and rational approach to their problems, to make sure that these ten lakhs of railway employees give efficient and loyal service to the country. My hon. friend Shri V.V. Giri said that he had 35 years of experience on the railways. I have not got so much experience, but I have got very nearly something like 27 to 28 years of experience, and I could say this with confidence that our railwaymen are patriotic; and they are certainly willing to do things properly, provided their demands are attended to. We have been bringing forward these demands to the notice of the House times without number, and it has become something like a hardy annual. I would say that the time has now come when the Railway Ministry should take note of the direct action step by them. I repeat, that the strike ballot has been withheld repeatedly on the advice of people like us and because of people like us, for we did not want to imperil the railway system in India at present, at a time when the Second Five-Year Plan is going to be launched.

After all, the railways have made an enormous surplus this year. Can there be any doubt about the efficiency and loyalty of these railway employees in the face of this? Surely, you cannot expect them to be satisfied with this curious formula in the framing of which I am sure my hon. friend [Shri Lal Bahadur Shastri] has obtained the most ingenious advice imaginable from the Railway Board. Let him explain to the House what he proposes to do with his formula, and how soon he is going to implement it. I am not personally convinced that the suggestion

made by Shri V.V. Giri for the setting up of another pay commission is a proposition to be taken up today. What has happened to the implementation of the Central Pay Commission's recommendations? Even though so many years have passed yet their recommendations have not been fulfilled adequately. If another pay commission is to be appointed, it will take. God knows, how many years... In case there are talks of some interim relief, I want my friend the Minister to tell me how the formula is to be worked out in terms of interim relief.

Finally, I hope my hon. friend the Railway Minister will not misunderstand me, if I recall one incident in regard to the railway *babus* whom I sought to take him, for even to receive these railway *babus* was for him a problem formerly. I have got any number of precedents, and I have brought them to his notice times out of number. And what are these precedents?

There is the Stenographers' Association here, then there is the class II Officers' Association of the railway system itself, besides the North-Eastern Mazdoor Union, the North-Eastern Railway Employees' Union and so many other sectional associations. My association has made repeated request to my hon. friend, the Railway Minister, but my hon. friend finds that he cannot talk to the railway *babus*. The result is that they are driven from pillar to post. And I repeat what I said at the outset that both wings of the railway union, a national organisation, are fighting it out with a writ petition in the High Court; then, where is the relief for these people?

I am prepared to concede, but I think my hon. friend has not understood the point I was exactly trying to demonstrate. There is a railway union, and there are some sectional associations,—I have given the names of four of them and I could give other instances also—but these sectional associations have not been recognised by Government, such as for instance, the All-India Railway Ministerial Staff Association, who do not want to be swamped mostly by the class IV employees. I could give any number of instances to

show that the Railway Administration is partial towards one wing—the national organisation of the railwaymen's movement in India. That is my main point.

I quite concede the point made by my hon. friend [Shri Lal Bahadur Shastri]. He was in Ajmer the other day, and I have also been there recently; in fact, I was there only last Sunday; and my hon. friend received thousands of people in deputation, at Ajmer; I am not disputing that point at all. In fact, he received a charter of demands a little while ago at his own residence from the railway *babus*. ...

The House will have patience with me. In fact, we are going between circles now on this point. The All-India Railway Ministerial Staff Association is an association by itself; its name itself is an association. But I am not trying to belabour that point here. The point I am trying to make is this. Why can you not receive them formally? What is the difficulty? Why should you feel *infra dig* when a registered body like this comes to you and says 'Mr. Minister, these are our problems'? When it comes to a question of submission of memoranda to the Railway Board, they do not even get acknowledgment. I can list any number of cases. They do not even get any acknowledgment from the Railway Board. Why should my hon. friend stand on prestige at all? That is the question that I would like to pose before him. I am not here to create a problem for him. I am here to let him know that that body has been constantly knocking at his door, at the Railway Board's door, only to submit representations. He does not give them a chance. I repeat that the railway *babus*—the white-collar

*When the Railway Minister intervened to say that no sectional Union was recognised, the member stated that this was exactly his complaint. This fact was contradicted by the Railway Minister who said that, "Perhaps my hon. friend does not know that I met a thousand clerks and other employees of the same category; I met them, discussed with them and spoke to them for about an hour and a half..." "That will continue. I am very sorry the hon. Member is absolutely wrong in saying that, for recognition is one thing, and meeting the workers and talking to them is quite another."

men—are those whose propensity for what you call running way-ward—as I said earlier—is well known all over the world. They have for trade union purposes, for the first time, come in on what you call one single line. I have got telegraphic evidence from other people. Let me drive home this particular point of view. I am not putting the Minister under duress. I am only appealing to him so that it might provoke him into further action. Let the Railway Board and the Ministry sit together and say: "This is my intention, and this, what I am prepared to do for you, but I am going to do it immediately." For three years I have been waiting. If it were not so, they would have taken a strike ballot. My hon. friend Shri Lal Bahadur Shastri knows about it. A satyagraha is not a strike. The point is, things have come to such a pass now, to a crisis now, that the matter has to be settled. If tomorrow, the Minister is going to pay, well and good. It is after all a pay *Satyagraha*. I hope the hon. Minister is making arrangements to pay them tomorrow. It is only a symbolic gesture, a token, by 50,000 railway *babus* in the name of the Father of the Nation and according to the *Siddhanta* or creed of the Father of the Nation. I make a personal appeal to Shri Lal Bahadur Shastri. Let him not misunderstand what I have said. I am not here to raise a debating point. I am only prodding him into further action on the matter. I have had enough days of going from pillar to post and meeting the men on the Railway Board. I do hope that in terms of the formula set out in section 48 of the railway budget, he will come down to brass tacks, so that those people who are the most intelligent, educated and volatile section of the ten lakhs of railway men, will not, at the beginning of the Second Five-Year Plan get out of hand. That is all my plea.

Role of Press

I rise to oppose the Press (Objectionable Matter) Amendment Bill. I had sat through 12½ hours of discussion not wishing to get involved in constitutional and legal arguments. The House will bear with me if I may say so, that I am now speaking as a working journalist which I had been during the past twenty-five years and which I happen to be even today. I had the privilege of seeing from that gallery over there, for a period of ten continuous years, the battles royal fought between the late Bhulabhai Desai, late Satyamurthy, the late Jinnah against Craik, Maxwell and Mudie. I remember the historic occasion—in 1937, I believe—when standing from this bench, Mr. Satyamurthy, speaking for seven hours continuously. I think on the repeal of repressive laws. I say this because I have had the privilege of working in the gallery and as newspaper editor and proprietor.

My objections are five in number and before I read them—I will give them briefly. I must confess my profound sense of sorrow that such an elder statesman as my hon. friend, Dr. Katju, has no value for assurances given and promises made. I have no desire to waste the time of the House, but you will recall that at the time when the Constitutional Amendment Bill was under discussion, and also at the time when Mr. Rajagopalachari spoke in 1951, specific assurances were given—and I have got them recorded here—to the effect that this will not be a permanent measure. I regret to say that it is

— From the discussion on Press (Objectionable Matter) Amendment Bill, Lok Sabha Debate, 13 March, 1954, cc. 2125—2129.

becoming a permanent measure; two years were never necessary for this. I am sorry that my hon. friend, the Home Minister does not believe or remember these assurances. If he is not prepared to respect the assurances given by his predecessor, God help this country.

Having said this, I will proceed to catalogue my objections to this Bill in as short a manner as possible. I consider this Bill to be a punitive measure. It is a measure which has put the Fourth Estate under duress. It is one continuous process of coming from behind, and not letting the quarry know when it will be pounced upon by the long arm of law. I am speaking from my experience of twenty-five years, not as a politician but as a journalist. Nobody objects to your swooping down on papers which make scurrilous attacks or which indulge in character-stabbing. I am completely in agreement that my hon. friend, the Home Minister may proceed against them as he wishes to. But there is the ordinary law, the Indian Penal Code, to deal with this matter.

I have made an attempt to note down certain journals, at random, which have been proceeded against. Here they are: *Ujala* in Hindi, *Unmad* and *Masti* in Marathi, *Kalai-Nasan* in Tamil and *Mulukola* in Telugu. I can go on listing them. I have no objection to Government proceeding against those papers that make scurrilous personal attacks or indulge in character-assassination. But that is not a reason why a Bill should be brought forward by which the entire Forth Estate, the entire newspaper profession, is sought to be penalised. I consider that the newspaper profession in this country has had a most glorious record of public work. I happen to have lived abroad for about ten years and I know something about the functioning of the Press in other countries. I can say with a sense of pride that we can still trust the Press in this country, and the various professional associations which are setting up a high code of conduct and morality, for newspapers and even publications.

I will give my objections to the Bill. I regret to say that the

competent authority is going to be the district judge and jury. It is part of a very sly process by which Government is trying to introduce what the Frenchmen would call *droit administratif*, that is administrative justice. I have seen the manner in which *ad hoc* tribunals for labour and corruption cases, and advisory councils on preventive detention cases are being operated. Little by little, the law of the land is being nibbled at, and special procedures and tribunals are being created. The provisions relating to the judge and jury business, against which my hon. friend Pandit Thakur Das Bhargava spoke so vehemently, and to mind so convincingly, are not necessary.

The second objection is this. And I want the Hon. House to bear with me for a few seconds. We have declared ourselves to be a Welfare State. Unfortunately it is fast becoming a Bureaucratic State. Neither Parliament, nor the State Legislatures, nor Ministers at the Centre or in the States are able to run the administration. Little by little every aspect of administration is being vested in the hands of bureaucrats. If I am not mistaken, as one having some experience of prosecutions in these newspapers, some small minion in the secretariat somewhere would decide that some action should be taken against such and such paper; and the whole machinery is geared up and finally prosecutions are launched. My hon. friend Shri Chatterjee has pointed out a case in Delhi where for three thousand rupees, thirty thousand was sought to be extracted as fine or security, whatever it was. I also know something about this case personally, because I have been a resident of Delhi for about twenty years. The mistake of a small man in office led to this debacle.

The third objection is this. I would have expected, my hon. friend Shri Chatterjee to go hammer-and-tongs against the press barons, the tycoons who are managing the newspapers in India. I know, and my friends know, that sons and sons-in-law of people in high places are being employed to screen the activities of these press barons. The case happens to be this.

Thousands and thousands of small papers are really the beacon-holders and torch bearers of liberty in this country. This Bill will be utilised, as it has been said, against these small and independent papers which are now sought to be mazzled. This Bill in particular reminds me—Mr. Deputy-Speaker, you were a very prominent Member in the old Central Assembly—this Bill reminds me of something like the Princes Protection Bill, seeking to protect bureaucracy and certain political parties.

My fourth objection is this, and I want the House rather to be generous in following this argument. The vast majority of the weekly papers are printed on a job-printing basis in printing presses. As my hon. friend Pandit Thakur Das Bhargava said a little while ago—and also my hon. friend Shri Valltharas—these are ordinary job works given to newspapers or keepers of the press. Now a vicarious punishment is sought to be made. I know a number of cases. I have been a publisher myself of newspapers and books, and I can tell you this. You are making these printers also responsible for the matter given to them for composition, which they cannot understand, about which, in any case, they cannot possibly do anything to control or determine. This I consider is most objectionable. I am sorry that the presses are being penalised under this law.

This is my last point and I am done. In England, United States of America, Iran, South Africa, Jordan, and other parts of the world, there is no provision for pulling up any newspaper for supposed criticism of the head of a friendly States. They are proceeded against under the common law of the land. I do not see any reason why we should have this law and bring this question under the purview of this law.

I again repeat that the country is entirely with the Government for the removal of scurrilous literature, but is not in sympathy with the other provisions. When the counter-attack by

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some of the points on which the Commission made very positive recommendations. But I regret to say that my hon. friend, the Minister of Information and Broadcasting did not feel called upon to include these as some of the duties for which the Registrar is to be maintained at the tax-payer's expense.

The more important point, as far as the Commission's recommendations go, which unfortunately the Bill does not make any reference to, is with regard to the applicability of this Bill to news agencies also. I regret to say that to the extent to which the Indian news agencies are not brought within the purview of this Bill, to that extent the Bill will become a dead letter, in the sense that it excludes a wide sector of newspaper activity in this land. I sincerely hope that even at this late stage, the Minister would consider ways and means, even though what we call consequential amendments to the Bill as drafted, to bring in the news agencies within the ambit of this measure. I believe that the whole country and the entire newspaper profession will be behind this particular suggestion of mine, because I have reasons to know that this lacuna or omission (on the part of the hon. Minister has not been appreciated at all. In fact, there was a tremendous amount of protest regarding the manner in which the news agency business has been kept out of the scope of this Bill. Here, with your permission and the permission of the House, I would like to draw attention to a letter written by Shri Nirmal Ghosh, President of the Indian and Eastern Newspapers Society to the hon. Minister in which instead of co-operating with the Government, as announced from house tops, they have saddled the Minister with certain doubts, difficulties and impediments. I wish I had time to go through all the points made in this letter and, I am sure, the Minister would not repudiate the existence of this letter. It says: "The definition of working journalist is loosely worded and will create problems in administration The claims of discipline in any well ordered units of industry must be recognised here also." Then it says that everything must be done to ensure that

only newspapers with a turnover of Rs. 5 lakhs and over should be brought within the ambit of the Bill. I only wanted to say that there is resistance on the part of the newspaper world, particularly the monopolist section of it, to any action taken by Government, and I am prepared to suggest very seriously that my hon. friend, the Minister was, perhaps, slightly hesitant to bring in this category of information—the recommendations on which from the Press Commission I have already quoted—because of this opposition from the newspaper world.

I think the House is entitled to know one point, namely, that apart from this Registrar, there is what is called the Press Council which has got to function. The Press Council cannot function without adequate information and if this type of information, samples of which I have read out, which the Press Commission said must be brought within the scope of this Bill is not made available to them, they cannot function properly. This is one additional reason why I make bold to say that the Minister, even at this stage, should agree to what is being incorporated within the provisions of this Bill, the recommendations which I have read out in particular from the Press Commission so that the register of information will be adequate and comprehensive and will be useful to the Press Council. I am sure the Minister would not deny that the Press Council must be enabled to function properly—and further it must have access to information, and this is what I feel must be done at this stage.

For example, I am prepared to make a few suggestions—and I am sure the Minister might still be in a position at this late hour to accept them—that the Registrar should be made responsible for the collection of information on points like these:

- (a) Copies of the audited profit and loss account and balance sheet with such details and in such form as may be prescribed by the Government.

- (I concede that the Government can prescribe the manner in which this should be obtained.)
- (b) List of subscribers in the form which may be prescribed again by the Government.
 - (c) List of employees, their classification, their pay scales, leave rules etc. as on the last day of each year.
 - (d) The number of employees dismissed, resigned or left service, the amount paid etc.

This information is very vital in order to see that when eventually the other recommendations of the Commission are implemented the workers in the newspaper profession are also properly dealt with.

I must be very emphatic on one point, namely, that the monopolist section of the press as constituted is a danger not only to the newspaper profession but also to the public at large in this country. Nobody, least of all myself, would be anxious to see that the goose that lays the golden eggs should be killed. In India, today, the newspaper industry, especially a major section of it, is worked on a chain basis on a monopoly basis. I am not here for the destruction of the press. I am here for its improvement and, I am sure, the Minister would not disagree with me on this point. Improve it by all means, and for that information of the type I have mentioned just now is absolutely necessary, and it can only be made available if suitable amendments are accepted even at this late hour within the ambit of this Bill, and I do hope that the Minister would cease to mock at them.