

Saturday, 24th March, 1951



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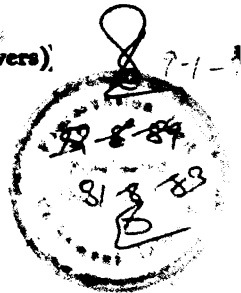
सत्यमेव जयते

# PARLIAMENTARY DEBATES

(Part I—Questions and Answers)

OFFICIAL REPORT

VOLUME VI, 1951



(5th February to 31st March, 1951)

Third Session (Second Part)

of the

PARLIAMENT OF INDIA

1951

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

2485

2486

**PARLIAMENT OF INDIA**

*Saturday, 24th March, 1951.*

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

[MR. SPEAKER in the Chair]

**ORAL ANSWERS TO QUESTIONS**

**ALL INDIA LOCAL BODIES CONFERENCE**

\*2450. **Shri Sidhva:** (a) Will the Minister of Health be pleased to state whether Government are aware of the resolutions passed by the All India Local Bodies Conference held in Delhi on the 15th, 16th and 17th December 1950?

(b) If so, what action has been taken by Government in the matter?

**The Minister of Communications (Shri Kidwai):** (a) Yes.

(b) Most of the resolutions are for the consideration of the State Governments. There are three resolutions which directly concern the Central Government and on account of the present financial stringency it is not proposed to take any action on two of them. As regards the third, the matter will be considered in the light of the recommendations contained in the Report of the Local Finance Enquiry Committee, which will be published shortly.

**Shri Sidhva:** In the areas where the Central Government are concerned with the administration, have Government any scheme to overhaul the administrative system to fit in with the new setup after Independence?

**Shri Kidwai:** So far as this Conference is concerned only three recommendations concern the Centrally Administered Areas. Two of the resolutions cannot be given effect to on account of financial reasons and the third is under consideration. It will

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be given effect to as soon as a decision is taken on it.

**Shri Sidhva:** I was talking of the administrative system in those areas, whether there is any scheme to fit it with the new setup, namely decentralisation of the administration.

**Mr. Speaker:** He has already replied that financial conditions would not permit them to give effect to two of the resolutions and that the third is under consideration.

**Shri Sidhva:** I wanted to know whether Government propose any measures in the direction of decentralisation of the administration in those areas.

**Shri Kidwai:** The question was about the recommendations of the All-India Local Bodies Conference. I have already said in reply that two of the resolutions could not be given effect to on account of financial difficulties and that the third is under consideration and will probably be accepted.

**Shri Sidhva:** May I know whether local bodies in the Centrally Administered Areas have any nominated Presidents and nominated Chief officers?

**Shri Kidwai:** The hon. Member knows that at some places there are nominated Chairmen and at others elected Chairmen.

**Shri R. K. Chaudhuri:** Who presided over this conference?

**Mr. Speaker:** Order, order. That is immaterial.

**BOUNDARY COMMISSION**

\*2451. **Dr. Ram Subhag Singh:** Will the Minister of Home Affairs be pleased to refer to the answer to Starred Question No. 111 asked on the 2nd August 1950 and state:

(a) whether the Boundary Commission for settling the boundary between the districts of Shahabad (Bihar) and Ballia (Uttar Pradesh)

has now been appointed by Government; and

(b) If so, what stage has been reached in the settlement of the boundary dispute between those two districts?

**The Minister of Home Affairs (Shri Rajagopalachari):** The attention of the hon. Member is invited to the reply given to Shri Syamnandan Sahaya's Starred Question No. 2337 on the 19th March 1951.

**Dr. Ram Subhag Singh:** May I know the terms of reference of the Commission—whether it has been specifically set up to settle the boundary dispute between Shahabad and Ballia or has it been authorised to settle all the boundary disputes between Bihar and Uttar Pradesh?

**Shri Rajagopalachari:** No Commission has yet been set up. The Governments of the two States have started preliminary investigations as to the possibility of resolution of differences by direct negotiations and agreed conclusions. A conference of Ministers concerned is expected to be held shortly. On the result of that the commission will have to be appointed, if necessary. The dispute is between these districts—the district of Shahabad and Saran on the one hand and the district of Ballia on the other. The Commission is intended only for this dispute not for all disputes where difficulties have arisen on account of the shifting of the rivers.

**Dr. Ram Subhag Singh:** Is it a fact that after the investigation started the district authorities of Ballia put forward a claim for over 15,000 acres of land in Saran and because of that several lives have been lost?

**Shri Rajagopalachari:** It is true that on account of the shifting of the river many claims and counter-claims have been made and that is the reason why it was decided to have a commission to have a fixed boundary instead of a river boundary. This was held up by this proposal to have certain negotiations, which may avoid a lengthy enquiry about a fixed boundary.

**Dr. Ram Subhag Singh:** May I know whether the Government have taken any steps to settle the villagers who have been totally uprooted because of this boundary dispute?

**Shri Rajagopalachari:** I have described the position. It is the responsibility of the State Governments to look after people put in difficulties by reason of the shifting of the river beds.

**Shri Chattopadhyay:** May I know whether any negotiation is going on

between the State of Bihar and the State of West Bengal regarding the adjustment of the boundary between the two States?

**Shri Rajagopalachari:** What I have dealt with is the dispute between the State of Bihar and the State of Uttar Pradesh.

#### NATIONAL SAVINGS

**\*2452. Dr. Ram Subhag Singh:** Will the Minister of Finance be pleased to state the National Savings collection for the year 1950?

**The Minister of Finance (Shri C. D. Deshmukh):** The attention of the hon. Member is invited to the reply to part (b) of Starred Question No. 1625 for 21st February, 1951.

**Dr. Ram Subhag Singh:** May I know whether it is a fact that efforts are being made to double the collection figure for the coming year?

**Shri C. D. Deshmukh:** We have provided for Rs. 9 crores more than in the previous year.

**Dr. Ram Subhag Singh:** Has there been any increase in the collection figure of 1950 as compared with the figure of 1949?

**Shri C. D. Deshmukh:** I have figures here for financial years, whereas the question specifically relates to the calendar years. The figure for 1948-49 is 2270 and the discharges were 685. The figure for 1949-50 was 2379 and the discharges were 836. In 1950-51 from April to December the figure is 1737 and the discharges were 477. On the whole the figure will be about the same as in the previous two years but next year we hope for a noticeable increase in collection.

#### TOURS OF MINISTER OF INFORMATION AND BROADCASTING

**\*2453. Shri Sidhva:** Will the Minister of Information and Broadcasting be pleased to lay on the Table of the House a statement showing:

(a) the various places in India visited by him during 1949 and 1950; and

(b) the expenses incurred on the said tours?

**The Minister of State for Information and Broadcasting (Shri Diwakar):** (a) and (b). A statement is laid on the Table of the House. [See Appendix XIX, annexure No. 1].

**Shri Sidhva:** What is the object of these visits for which this expenditure has been incurred?

**Shri Diwakar:** To carry out the duties and obligations of the Ministry which is in my charge.

**Shri Sidhva:** Could the hon. Minister mention any specific duties?

**Shri Diwakar:** They are the specific duties arising out of the departments which I am running, such as the Press Information Bureau, All India Radio, the D.P.D. Advertising Consultant and so on.

**Shri Sidhva:** I wanted to know whether the Minister visits places particularly when such visits are necessary.

**Mr. Speaker:** It is no use going into those details.

**Shri Diwakar:** Unless it was necessary the Minister would not have visited the places.

#### INTEREST ON STERLING BALANCES

\*2454. **Shri Goenka:** (a) Will the Minister of Finance be pleased to state whether the question of Sterling Balances was ever discussed by him in his conference with the Ministers of the United Kingdom during his last visit to London?

(b) If so, was the question of increase in the interest on Sterling Balances ever raised by him or alternatively was the question of free investment of Sterling Balances in the London market raised by him, with the Government of the United Kingdom?

**The Minister of Finance (Shri C. D. Deshmukh):** (a) and (b). I would refer the hon. Member to the replies I gave on 19th March 1951 to his Starred Question No. 2298 and the connected supplementary questions.

**Shri Goenka:** In view of the fact that the yield from India's sterling balances is only about .8 per cent. and in view of the fact that practically all her blocked balances are invested in  $\frac{1}{2}$  per cent. Treasury Bills and in view of the fact that if we invest those balances in medium-dated securities it would give us an annual additional income of about 12 to 15 crores and in view of the fact that our agreement on sterling balances expires on the 30th June 1951, for which period only we are obliged by our agreement to keep our funds in the present agreed form of investment and since our latest agreement is only provisional and has not yet been finalised and since the question of investment has not yet been raised, will the Finance Minister give an assurance that he will immediately take up this important matter and insist upon freedom to invest our balances as we like?

**Shri C. D. Deshmukh:** This is a resolution, Sir, this is not a supplementary question.

I shall first deal with the rate of interest which we could earn on these balances. Under section 33, sub-section (6)(c), of our own Act, we can only invest, for the Issue Department, in foreign securities maturing within five years. Now, that means that the securities are such as would not yield a very large rate of interest. In regard to the Banking Department, it is usual not to invest in anything but short-term securities because the purpose of balances in the Banking Department is to serve the current banking needs. That is in accordance with the usual banking practices. Therefore, even if we had entered into another agreement, I don't think that in our own interest we should have invested the balances in the manner which is contemplated in the questions put by the hon. Member.

As regards the revision of this agreement, if we seek to revise only this aspect of the agreement then there are various other parts of the agreement which will also fall due for revision, whereas, as I explained in answer to supplementaries the other day, the scheme adopted by us was that we dealt with only the rate of reliefs leaving various other ancillary parts of the agreement as they were. It is obvious that if we sought only for a change in respect of the interest, the other party would have a right to ask for a change in various other respects. On the whole we are satisfied that the agreement is fair to both the parties. Therefore, Government is not able to give the assurance that has been asked for by the hon. Member.

**Shri Goenka:** Is it not a fact that  $2\frac{1}{2}$  per cent. securities maturing within five years, and as provided for under section 33 of the Reserve Bank Act, will yield us above 2 per cent. while we are only getting 0.8 per cent. now?

**Mr. Speaker:** Order, order. He is now entering into an argument.

**Shri Goenka:** May I ask another question then? When negotiating a new agreement after the expiry of the old one is it not open to us to raise the question of interest apart from the question of releasing the balances?

**Shri C. D. Deshmukh:** As I explained anything is open, we could have raised various other questions, but my answer is that this is the third agreement and that in the second agreement also the question of the rate of interest was not raised. As I said, the pattern accepted by both sides was considered as fair,

and principally now the matter that fell to be decided was the rate of relief.

#### TREASURY BILLS

\*2455. **Shri Goenka:** (a) Will the Minister of Finance be pleased to state whether during the nine months ending with 31st December 1950, the Government of India tendered for Treasury Bills from the public?

(b) If so, how many times did they do so and what was the nature of the response and the rate of interest at which the offer was made?

**The Minister of Finance (Shri C. D. Deshmukh):** (a) No, Sir.

(b) Does not arise.

#### TAKING OVER OF Viswabharati

\*2457. **Dr. M. M. Das:** Will the Minister of Education be pleased to state:

(a) whether it is a fact that negotiations are going on between the Union Government and the authorities of Viswabharati of Tagore regarding financial commitments involved in the scheme of taking over;

(b) if so, the approximate date when negotiations will end in decision; and

(c) whether there is any plan or proposal before Government to run Viswabharati as a separate University run by the Union Government?

منسٹر آف ایجوکیشن (مولانا

آزاد): انڈریبل ممبر جواب دیکھ لیں

جو سات مارچ سنہ ۱۹۳۵ء نمبر ۱۹۳۵ء کا

دیا جا چکا ہے۔ یہ سوال شدی ایس۔

این۔ مشرا نے کیا تھا۔

[**The Minister of Education (Maulana Azad):** (a) to (c). The attention of the hon. Member is invited to the reply given on the 7th March, 1951, to the Starred Question No. 1935 asked by Shri S. N. Mishra.]

**Dr. M. M. Das:** In part (a) of my question I have asked about the financial commitments of the Government of India. May I know the exact nature of these financial commitments on behalf of the Government of India so far as the scheme of taking over this institution is concerned?

مولانا آزاد: ایہی قریب قریب

تیرہ لاکھ روپیہ سالانہ اس انسٹیٹیوشن

کو سینٹرل گورنمنٹ دے رہی ہے اگر یہ یونیورسٹی ہو گیا اور اس کا بل ہاؤس نے منظور کر دیا تو قریب قریب ساٹھ چار لاکھ روپیہ سالانہ سینٹرل گورنمنٹ دے گی۔

[**Maulana Azad:** At present the Central Government is giving an annual grant of one and a half lacs of rupees to this institution. In case it becomes a University and the Bill to that effect gets through this House, the Central Government will give an annual grant of four and a half lacs of rupees.]

**Dr. M. M. Das:** I understand that those amounts have been paid to the Institution as recurring grants for running the institution. By 'financial commitments' I mean any compensation to be given or the cost of maintaining a certain standard of the institution.

مولانا آزاد: اس ساٹھ چار لاکھ روپیہ

میں دراصل اس طرح کا تمام خرچہ

ہے۔

[**Maulana Azad:** In fact this amount of four and a half lacs of rupees includes expenditure in respect of all such items.]

**Dr. M. M. Das:** May I know whether it is a fact that the Government intends to bring forward a Bill declaring this an institution of national importance, and, if so, may I know when that Bill will be introduced and what will be the main provisions of that Bill?

مولانا آزاد: گورنمنٹ اس بل پر

غور کر رہی ہے۔ کوشش ہماری یہ ہے

کہ جلد سے جلد ہاؤس کے سامنے اسے

رکھیں۔

[**Maulana Azad:** The Bill is at present under the consideration of the Government and we propose to place it before the House at the earliest.]

**Dr. M. M. Das:** I wanted to know the main provisions of that Bill.

مولانا آزاد: بہت مشکل ہے کہ

میں اس بارے میں ایہی کچھ کہہ

سکوں۔

[**Maulana Azad:** It is very difficult for me to state anything in this connection at this stage.]



**Dr. M. M. Das:** In view of the fact that the copyrights of the works of Tagore were granted to this institution, may I know whether those copyrights will still remain with this institution?

**Mr. Speaker:** It is too early to say—let us have the Bill before us.

श्री चट्टोपाध्याय : मैं पूछना चाहता हूँ कि विश्वभास्ती में कालिज सेक्सन में आर्ट्स और साइन्स में कितने लड़के पढ़ते हैं ?

[**Shri Chattopadhyay:** I want to ascertain the number of arts and science students respectively studying in the college section of *Visvabharati*?]

مولانا آزاد : اس کا جواب میں ابھی نہیں دے سکتا -

[**Maulana Azad:** Just now I am not in a position to reply to this question.]

#### ILMENITE

\*2459. **Shri Sidhva:** (a) Will the Minister of Natural Resources and Scientific Research be pleased to state whether it is a fact that a mineral known as Ilmenite is found in one of the places in Bombay State?

(b) If so, has licence been given to any person in the years 1949 and 1950?

(c) Have any raw materials been removed from this place and shipped to foreign countries during the above period and if so, what are the details?

**The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa):** (a) Yes, Sir.

(b) Presuming that the hon. Member refers to prospecting licence, the answer is in the negative.

(c) No, Sir.

**Shri Sidhva:** What kind of a licence has been granted if it is not a prospecting one?

**Shri Sri Prakasa:** No sort of licence has been granted—unless the hon. Member refers to an export licence that was granted; but that export did not materialise.

**Shri Sidhva:** I wanted to know whether any quantity has been exported and, if not, what has happened to that licence?

**Shri Sri Prakasa:** A licence was granted for the export of 1500 tons to Japan, out of which about 323 tons of this sand has reached Bombay. But

it was brought to our notice that the sand that has been so brought to Bombay did contain monozite above the prescribed proportion. That is why export has been prohibited pending further examination.

**Shri Sidhva:** May I know whether the price of the quantity to be exported had been paid by the party concerned and also may I know when it was known that the sand was removed from the source?

**Shri Sri Prakasa:** As I said, the sand was not actually exported. A licence was granted for the export of 1500 tons to Japan but as we learnt that the sands contained a larger proportion of monozite than is permitted for export, we have stopped the export altogether and are examining the contents of this sand.

**Shri Sidhva:** Am I correct in understanding that no sand has been removed, or, if removed, it has been stopped at the Bombay port?

**Shri Sri Prakasa:** That is so. A quantity of 323 tons was brought to Bombay but it has been stopped in Bombay.

#### अणुशक्ति आयोग

\* २४६३. श्री जांगड़े : क्या प्राकृतिक संसाधन तथा वैज्ञानिक अनुसन्धान मंत्री यह बतलाने की कृपा करेंगे कि :

(ए) अभी तक अणुशक्ति आयोग द्वारा क्या कार्य किया गया है ; तथा  
(बी) किन किन स्थानों पर इस कार्य के केन्द्र स्थापित किये गये हैं ?

#### ATOMIC ENERGY COMMISSION

[\*2463. **Shri Jangde:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) the work so far done by the Atomic Energy Commission; and

(b) the places where centres of work have been established?]

प्राकृतिक संसाधन तथा वैज्ञानिक अनुसन्धान मंत्री (श्री श्री प्रकाश) : (ए) और (बी) अनुसन्धान आयोग द्वारा जो कार्य अभी तक किया गया है, उस सम्बन्ध में पूरा बतलाने और साथ ही किन किन स्थानों में इस कार्य के केन्द्र हैं, उनकी सूची संसद के पटल पर उपस्थिति कर दी गई है।

[See Appendix XLX, annexure No. 2.]

[**The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa):** (a) and (b). A statement

showing the work done by the Atomic Energy Commission and the places where centres of work have been established is laid on the Table of the House. [See Appendix XIX, annexure No. 2.]

**श्री जांगड़े :** क्या माननीय प्राकृतिक संसाधन तथा वैज्ञानिक अनुसन्धान मंत्री यह बताने की कृपा करेंगे कि विवरण के मौलिक आदेश और अनुसन्धान के (ग) खंड के दूसरे भाग में बताये गये विभिन्न वैज्ञानिक अनुसन्धान करने वाली संस्थाओं को कितना अनुदान दिया जा रहा है ?

[**Shri Jangde:** Will the hon. Minister of Natural Resources and Scientific Research please state the amounts of grants that are being given to the various research institutions mentioned in (ii) of part (b) under the 'Fundamental Instruction And Research' head of the Statement?]

**श्री श्री प्रकाश :** पार साल इन अनुसंधानों के लिये ३१ लाख रुपया दिया गया था, जिस में से २७ लाख व्यय हुआ था और बाकी सरकार को वापिस दिया जा रहा है। आगे के साल के लिये ३६ लाख दिया गया है।

[**Shri Sri Prakasa:** Last year a total grant amounting to 31 lacs of rupees was sanctioned towards these researches out of which 27 lacs of rupees have actually been spent, the balance is being returned to the Government. For the coming year a sum of rupees 36 lacs has been sanctioned.]

**श्री जांगड़े :** क्या माननीय प्राकृतिक संसाधन तथा वैज्ञानिक अनुसन्धान मंत्री यह बतलायेंगे कि भारत के किसी निश्चित स्थान में थोरियम और बेरिल खनिज पदार्थ कहां पाये जाते हैं और यदि नहीं तो कौन से विदेशी राज्यों से आयात किये जाते हैं ?

[**Shri Jangde:** Will the hon. Minister please state whether thorium and beryl minerals are found in any part of India and if so, where? If not, then from which foreign countries they are being imported?]

**श्री श्री प्रकाश :** यदि माननीय सदस्य वक्तव्य को पढ़ेंगे तो जो कुछ आप के प्रश्न हैं, उन सबका उत्तर मिल जायेगा।

[**Shri Sri Prakasa:** If the hon. Member were to go through the statement carefully he will find the reply to all his questions.]

**Shri Chaliha:** May I know whether a French Company to which Rs. 32 lakhs have been paid have brought the plant and installed it near about Mysore?

**Shri Sri Prakasa:** This question was replied to by the hon. the Prime Minister some time ago in this House and the answer that he then gave contained all the information that the hon. Member wants.

**Shri Chaliha:** My question is whether the plant has been brought and is going to be installed.

**Shri Sri Prakasa:** For fuller information I should like to have notice, but my information is that the plant is to be established in Alwaye in Travancore.

**श्री जांगड़े :** जैसा वक्तव्य में बताया गया है, 'The Commission is acquiring all the existing stocks of beryl in this country'. मैं यह जानना चाहता हूँ कि भारत के कौन से हिस्से में बेरिल और थोरियम पाया जाता है और अगर नहीं पाया जाता है तो किन विदेशी राज्यों से मंगाया जाता है ?

[**Shri Jangde:** In view of the remarks that 'the Commission is acquiring all the existing stocks of beryl in this country', I want to know in what parts of the country thorium and beryl minerals are found and in case they are not found anywhere in India, then the names of foreign countries from which they are imported?]

**श्री श्री प्रकाश :** मुझे दुःख है कि इन सब प्रश्नों का उत्तर मैं एकाएक नहीं दे सकता। यदि एक दूसरे प्रश्न द्वारा माननीय सदस्य सूचना देंगे तो मैं उन को पूरा उत्तर देने का प्रयत्न करूँगा।

[**Shri Sri Prakasa:** I am sorry I am unable to reply all these questions off-hand. If the hon. Member would give

notice of a separate question, I will try to give him the necessary information.]

**Shri Sidhva:** Is it the intention of Government to manufacture the atombomb through this Atomic Energy Commission?

**Shri Sri Prakasa:** The production of weapons for mass destruction is not one of the aims of our Atomic Energy Commission.

**Shri Sidhva:** Good.

### आधुनिक ग्राम

\*२४६८. श्री जांगड़े : (ए) स्वास्थ्य मंत्री यह बतलाने की कृपा करेंगी कि सरकार ने केन्द्रीय प्रशासित क्षेत्रों में किन किन स्थानों पर आदर्श ग्राम बसाये हैं; तथा

(बी) इस प्रकार के आदर्श ग्रामों के निर्माण में विभिन्न विकास सम्बन्धी योजनाओं की किन किन रूपरेखाओं को ध्यान में रखा गया है ?

### MODEL VILLAGES

[\*2464. **Shri Jangde:** (a) Will the Minister of Health be pleased to state the places in the Centrally Administered Areas, where Government have established model villages; and

(b) What aspects of the various developmental schemes have been incorporated in the lay out of such model villages?]

**The Minister of Communications (Shri Kidwai):** (a) None so far. Some steps are being taken to develop Nangloi Jat in the Delhi State as a model village.

(b) A generating plant with a capacity of 55 kilowatts is being set up in the village. Half of the power will be utilised for agricultural purposes and the rest for street lighting and for providing electricity to public buildings such as hospital, panchayat ghars, etc. Tube wells are also to be constructed to provide adequate supply of water for cultivation purposes.

**Shri Sonavane:** In these model villages, is there any proposal to segregate the houses of the scheduled castes?

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

### OPIUM

\*2465. **Shri J. N. Hazarika:** Will the Minister of Finance be pleased to state:

(a) the quantity of smuggled opium seized or confiscated by the Government of Assam and deposited with the Government of India since the prohibition in the State; and

(b) what was the annual quota of opium supplied to the Government of Assam for selling to the consumers before the commencement of prohibition?

**The Minister of State for Finance (Shri Tyagi):** (a) and (b). Two statements are laid on the Table of the House. [See Appendix XIX, annexure No. 3].

**Shri J. N. Hazarika:** May I know whether any amount has been paid to the State Government in return for the opium deposited by it?

**Shri Tyagi:** The State of Assam has prohibited the use of opium within its territory. I do not know how the question of paying any compensation to it arises.

**Shri J. N. Hazarika:** Has the Government any intention to introduce a policy of opium prohibition throughout the Union?

**Shri Tyagi:** With regard to opium prohibition, it was in 1939 that the Assam Government stopped opium consumption in two Sub-Divisions and later on in 1942 they extended it to Excluded and Partially Excluded Areas. In 1948 they passed a law whereby they prohibited the use of opium in the whole of the State. So, it is the Assam Government themselves who prohibited the use of opium.

**An Hon. Member:** Very good of them.

**Shri Saprawnga:** Is it a fact that since the prohibition of opium the smuggling of opium has increased?

**Shri Tyagi:** As I have already stated, I have laid two statements on the Table. The total smuggling of opium since 1940-41 and up to 1950-51 has been 78 maunds and 33 seers.

**Dr. M. M. Das:** May I know whether it is the policy of Government to impose prohibition of opium all over India?

**Shri Tyagi:** The policy of Government as I have said in one of my previous answers is that of reducing the internal consumption for non-medical and quasi-medical purposes

gradually by 10 per cent. every year so as to put a full stop to the use of opium for these purposes by 31st March 1959. As regards opium which is manufactured here for purposes of export to other countries, that will continue as far as opium for medical purposes is concerned.

**Shri R. K. Chaudhuri rose.**—

**Mr. Speaker:** Next question.

**Shri R. K. Chaudhuri:** The Members from Assam have a large number of questions to put.

**Mr. Speaker:** The hon. Member was absent in this House when this question was pursued. He may read the proceedings and then table further questions.

#### NATIONAL SAVINGS SCHEME

\*2466. **Shri Krishnanand Rai:** Will the Minister of Finance be pleased to state:

(a) what is the net capital accumulated at present under the National Savings Scheme; and

(b) from which State the largest amount has been collected in 1950?

**The Minister of Finance (Shri C. D. Deshmukh):** (a) The net sales of National Savings Certificates up to the end of December 1950 amounted roughly to Rs. 128 crores.

(b) Bombay.

**Shri Krishnanand Rai:** May I know what was the amount that various States Savings Organisations had made when the Central Government took over charge of this scheme from them?

**Shri C. D. Deshmukh:** I understand the hon. Member's question to be: "What was the amount collected by the various organisations when the work was taken over?" I am afraid I must ask for notice of the question, but I doubt if figures of this character will be available.

**Shri Krishnanand Rai:** May I know whether Government is considering the appointment of paid agents to popularise this scheme in the various States?

**Shri C. D. Deshmukh:** Authorised agents have been appointed in the three States of Bombay, Madras and West Bengal as an experimental measure for a period of 15 months.

**श्री ऐम० ऐल० वर्मा :** क्या माननीय मंत्री जी यह बतलाने की कृपा करेंगे कि यह कलेक्शन देहातों से कितना हुआ है ?

[**Shri M. L. Varma:** Will the hon. Minister please state the amount of such collections made from the rural areas?]

**श्री सी० डी० देशमुख :** अभी तक तो देहातों से बहुत नहीं हुआ है लेकिन कोशिश की जा रही है ।

[**Shri C. D. Deshmukh:** So far the collections from the rural areas are concerned they are not much, but efforts are being made to this effect.]

**Shri A. C. Guha:** May I know the amount collected in 1950 in the different States?

**Shri C. D. Deshmukh:** It would be possible to separate the figures by States and it is on that that the answer is based that the largest collections were in Bombay.

**Shri A. C. Guha:** What are the collections from the other States?

**Shri C. D. Deshmukh:** I am afraid I have not got the figures here.

**Lala Achint Ram:** Will the hon. Minister be pleased to state whether Government have considered any proposal of floating a Rehabilitation Savings Scheme in the interests of displaced persons to mobilise sympathy for D.Ps. on constructive lines?

**Shri C. D. Deshmukh:** No special collections have been made for displaced persons, if that is the question.

**Lala Achint Ram:** Has any attempt been made to mobilise public sympathy with a view to collecting funds for the rehabilitation of displaced persons?

**Mr. Speaker:** Order, order. That is a suggestion for action.

**Shri R. C. Upadhyaya:** Has the Government any intention of extending the paid agency system to other provinces also?

**Shri C. D. Deshmukh:** I said this has been undertaken as an experimental measure. If the experiment succeeds, it will certainly be extended; if it does not succeed, it will not be extended.

#### HEALTH ORGANISATIONS

\*2467. **Shri S. C. Samanta:** Will the Minister of Health be pleased to state:

(a) whether any practitioners of Ayurvedic or Unani or Homoeopathic systems of Medicine have been absorbed into State Health Organisations or in Centrally Administered Health Organisations as envisaged by the National Planning Committee and corroborated at the Health Ministers'



श्री बी० एस० आर्च : क्या सरकार को मालूम है कि महात्मा गांधी और सरदार पटेल की मृत्यु के समय किला बन्द नहीं किया गया जैसे कि दूसरे विभाग बन्द रहे ?

[Shri B. S. Arya: Are the Government aware of the fact that the Fort was not closed like all other Government Departments on the days Mahatma Gandhi and Sardar Patel died?]

مولانا آزاد : میں اس بارے میں ابھی کچھ نہیں کہہ سکتا - میری معلومات میں یہ بات نہیں آئی ہے -

[Maulana Azad: I am unable to state anything offhand. It has not come to my knowledge.]

#### PRESS CONFERENCES

\*2470. Shri Jagannath Das: Will the Minister of Information and Broadcasting be pleased to state the number of press conferences held by the Press Information Bureau on behalf of various Ministries in the years 1946, 1947, 1948, 1949 and 1950?

The Minister of State for Information and Broadcasting (Shri Diwakar): A statement is laid on the Table of the House.

#### STATEMENT

Number of Press Conferences arranged by Press Information Bureau on behalf of various Ministries.

Year	No.
1946	37
1947	30
1948	26
1949	30
1950	35

Shri Jagannath Das: May I know what was the expenditure involved?

Shri Diwakar: There was no special expenditure involved.

Shri Jagannath Das: May I know what steps were taken to provide the background material to these conferences?

Shri Diwakar: Each Ministry or the Minister concerned who holds these press conferences gives necessary material as well as replies to questions arising out of it.

Shri R. Velayudhan: May I know whether any expenditure was incurred over entertainment for the Press?

Shri Diwakar: That does not arise out of this question.

#### GRANTS TO MUSEUMS AND HISTORICAL RESEARCH SOCIETIES

\*2475. Maulvi Wajed Ali: (a) Will the Minister of Education be pleased to state the names of the Museums, Historical Research Societies and cultural or Linguistic Societies, with amounts received by them as grants from Government during the years 1948-49, 1949-50 and 1950-51?

(b) Was any grant given to Assam Museum, Gauhati, Assam Sahitya Sabha, Jorhat, and Kamrup Anusau-dhan Society, Gauhati, during these years?

منسٹر آف ایجوکیشن : (مولانا آزاد)۔

(ا) ایک اسٹیٹمنٹ ہاوس کی

ٹیبل پر رکھ دیا گیا ہے۔

[See Appendix XIX, annexure No. 22

(بی)۔ نہیں ان انسٹیٹیوشن

میں سے کسی انسٹیٹیوشن کی درخواست

گروٹ کے لئے گورنمنٹ کو ابھی تک

نہیں ملی ہے۔

[The Minister of Education (Maulana Azad): (a) A statement is laid on the Table. [See Appendix XIX, annexure No. 4].

(b) No application was received from any of these institutions for grants from Central Revenues.]

مولوی واجد علی : میں یہ جاننا

چاہتا ہوں کہ آسام اور سوال کے بی

سٹیشن میں جو نام دئے گئے ہیں ان

کی درخواست آنے پر ان کو کلسیٹر

کہا جائے گا ؟

[Maulvi Wajed Ali: May I know will the Government consider the applications if received from the institutions in Assam and from those mentioned in section (b) of the question?]

مولانا آزاد : اس بارے میں سنٹرل

گورنمنٹ کے خاص قاعدے ہیں انہیں

قاعدوں کے مطابق وہ اس طرح کے

انسٹیٹیوٹس کو مدد دیتی ہے - اب اس وقت غور کیا جائے گا کہ ان قاعدوں کے اندر وہ آتے ہیق یا نہیں -

[Maulana Azad: The Central Government follow special rules for the sanction of grants to these institutions. It will then be considered whether they are covered by those rules or not.]

EDUCATIONAL CONCESSIONS TO DEPENDENTS OF DEFENCE SERVICE PERSONNEL

\*2476. Shrimati Velayudhan: (a) Will the Minister of Education be pleased to state whether the Government of India had sent some suggestions to the State Governments regarding the continuance of educational concessions to dependents of Defence Service personnel and if so, when?

(b) What were the suggestions?

(c) Is there any uniformity in the concession enjoyed by these Students, as a result of the recommendation of the Government of India?

(d) Have Government got any information as to the number of Students whose concessions were withdrawn as a result of the suggestions from Government?

(e) How many States have accepted the recommendation *in toto* and what are those States?

مستتر آف ایجوکیشن (مولانا آزاد):

(اے) اور (بی) - ہاں - گورنمنٹ آف انڈیا نے اگست ۱۹۴۸ میں اسٹیٹ گورنمنٹوں کو لکھا تھا کہ ۱ اکتوبر ۱۹۴۸ کے بعد کوئی نئی درخواست منظور نہ کی جائے - جو کلسیشن ڈیفنس سروسز پرسنل کے ان بچوں کو دیا جا چکا ہے جن کے سرپرست لڑائی میں مارے گئے ہیں وہ اس وقت تک جاری رکھا جائے جب تک کہ اسکیم کے مطابق ان کی پڑھائی پوری نہ ہو جائے - ڈیفنس سروس کے دوسرے آدمیوں کے بچوں کا تعلیمی کلسیشن اس وقت تک جاری رکھا جا سکتا ہے جب تک

ان کا کورس پورا ہو جائے خواہ وہ پرائمری ہو خواہ مڈل خواہ کالج کا - لیکن انہیں لوگوں کا جو ۱ اکتوبر ۱۹۴۸ کی تاریخ کو پڑھ رہے ہوں -

(سی) (دی) اور (ای) - پارت - دہلے - اسٹیٹس میں سے ۸ نے اس کا جواب دیا اور جنرلی س سے اتفاق کیا - کتنے آدھوں کو یہ کلسیشن دیا گیا اور کہاں تک دیا گیا اور کتنوں کا وقت پڑھائی کا ختم ہو چکا ہے اس بارے میں ضروری انفارمیشن سنٹرل گورنمنٹ کے پاس نہیں ہے - سنٹرل گورنمنٹ کا اس کلسیشن کے خرچ میں کوئی حصہ نہیں تھا اس لئے پورا معاملہ اسٹیٹ گورنمنٹوں سے لگا رکھتا ہے اور وہیں سے ساری باتیں معلوم کی جا سکتی ہیں -

[The Minister of Education (Maulana Azad): (a) and (b). Yes, Sir. Government made the following suggestions in August 1948:

(i) that no new application for these concessions should be entertained after the 1st October, 1948;

(ii) that concessions once granted should in the case of children and dependents of Defence Service personnel who have been killed or incapacitated as a result of war service be continued until their education is completed to the extent that existing schemes in the State allow; and

(iii) that concessions to children and dependents of other Defence Services personnel should be granted until the end of the particular course, Primary, Middle, High or College, which they were undergoing on October 1st, 1948, under the scheme in operation in the States.

(c) to (e). Only eight of the present Part 'A' States replied and they generally agreed with the suggestions made by the Government of India. Information is not available as to the actual concessions afforded by State Governments and the number of persons who ceased to have the benefits. As the

Central Government do not contribute any share of the expenses on the grant of these concessions, the matter concerns the State Governments entirely.]

**Shrimati Velayudhan:** I want to know whether prior to the recommendations from the Centre every student who received the concession was allowed to study up to Matric.

مولانا آزاد: میں نے ابھی یہہ کہا سینٹرل گورنمنٹ کا اس سے کوئی تعلق نہیں ہے۔ یہ جو کچھ کنسیشن دیا ہے اسٹیٹ گورنمنٹوں نے دیا ہے۔ اسلئے اس بارے میں سینٹرل گورنمنٹ کچھ نہیں کہہ سکتی۔

[**Maulana Azad:** I have just stated that the Central Government are in no way concerned with this. The concessions in question have been given by the various State Governments. The Central Government, as such, are unable to state anything in the matter.]

**Shrimati Velayudhan:** I also want to know whether those recommendations sent have a uniformity in the giving of concessions.

مولانا آزاد: نہیں سینٹرل گورنمنٹ نے اس کی ضرورت نہیں سمجھی۔ معاملہ اسٹیٹ گورنمنٹوں کے ہاتھ میں تھا اور وہ اپنے اپنے قاعدوں کے مطابق کام کر رہے تھے۔ سینٹرل گورنمنٹ نے صرف اس پر زور دیا کہ اکتوبر ۱۹۴۸ کے بعد نئی درخواست نہ منظور کی جائے۔

[**Maulana Azad:** No, Sir, the Central Government did not feel any necessity for this. The matter lay entirely within the purview of the State Governments and they were following their own rules. All that the Centre did was to emphasise that no new applications should be entertained after October, 1948.]

**Shri Rathnaswamy:** In the case of failure of the students in the first year are these concessions renewed?

مولانا آزاد: میں اس بارے میں نہیں کہہ سکتا۔ اسٹیٹ گورنمنٹوں

نے اپنے قاعدے بنائے ہوئے اور ان کے مطابق کنسیشن دیئے ہوئے۔

[**Maulana Azad:** I am unable to state anything in this connection. The State Governments must have got their own rules which they might be following in granting such concessions.]

**Shrimati Velayudhan:** I want to know whether the position is that when one student can study up to the fourth class only another can study up to Matric, according to the recommendations from the Centre.

**Mr. Speaker:** There are no recommendations from the Centre. It is a matter entirely with the State Governments. He has made it clear more than once.

**Shri Rathnaswamy:** May I know whether such students are given any boarding facilities?

**Mr. Speaker:** We need not go into the details of the question.

**Shrimati Velayudhan:** May I know whether the State Governments act according to the recommendations from the Centre?

**Mr. Speaker:** But he has said there are no recommendations. I think we will proceed to the next question.

#### U.P.S.C. EXAMINATIONS

\*2477. **Shri S. V. Naik:** (a) Will the Minister of Home Affairs be pleased to state how many persons, taking advantage of the relaxation of age limits for those who participated in the National Movement, appeared for examinations conducted by the Union Public Service Commission in the years, 1948, 1949 and 1950?

(b) How many of these were selected in these years?

**The Minister of Home Affairs (Shri Rajagopalachari):** (a) and (b).

Year	Number of candidates who appeared	Number of candidates selected.
1948	Nil	Nil
1949	7	Nil
1950	10	1

**Shri S. V. Naik:** Were there any other concessions given to these people except relaxation of age-limits and, if so, what were the other concessions?

**Shri Rajagopalachari:** The only relaxation was in the matter of age in cases where appearing for the examination had been prevented by political imprisonment or other reasons



referred to there. There were no other concessions.

**Shrimati Durgabai:** May I know whether these concessions will apply only to those who have directly participated in the political movement or also to those who have suffered on account of their parents participating in it as a result of which they could not study?

**Shri Rajagopalachari:** The concession is not in the nature of a compensation for service rendered. But the concession is made in order to make up for loss of chance for appearing for the examination by reason of detention or imprisonment or otherwise.

#### UPGRADING OF MEDICAL DEPARTMENTS

\*2478. **Shri S. V. Naik:** Will the Minister of Health be pleased to state:

(a) whether certain amounts have been set apart by the Government of India to assist medical institutions in India to upgrade certain of their departments;

(b) if so, what are the amounts, and to upgrade which of the specific departments these amounts are to be utilised; and

(c) to how many institutions, grants have been made uptill now, and also the amounts granted so?

**The Minister of Communications (Shri Kidwai):** (a) and (b). A special Committee appointed by Government in this connection have made recommendations for the upgrading of specified departments of certain medical institutions in India and for the apportionment of the cost between the Central Government and the local authorities. A statement summarising the recommendations of the Committee is laid on the Table of the House. [See Appendix XIX, annexure No. 5].

(c) A statement containing the information required is laid on the Table of the House. [See Appendix XIX, annexure No. 5].

**Shri S. V. Naik:** In the statement under part (c) of the question the payments proposed to be made during 1950-51 by the Central Government are shown. Does it mean that the Government has not paid any of these amounts yet and that they are going to pay all these amounts within this week?

**Shri Kidwai:** Government has already paid certain amounts this year and has provided for Rs. 4,50,000 in the next budget.

**Mr. Speaker:** His point is that from the statement it appears to him that all the amounts provided for in the budget have not been paid up to the date of the statement and he wants to know whether it is the idea to pay them before the 31st March.

**Shri Kidwai:** Some of the amounts have been paid where the formalities have been completed. Others are under consideration and will be paid as soon as the formalities are completed.

**Shri S. V. Naik:** Page 3 of the statement states about "payments made or proposed to be made during 1950-51 by the Central Government". I do not know what are the amounts paid and what are the amounts proposed to be paid. And there is only one week left for the financial year to finish. As such I want to know whether the Government is going to pay the whole amount during this week.

**Shri Kidwai:** I stated that some of them have been paid. For instance a grant of Rs. 1 lakh to one of the institutions, namely the Christian Medical College, has been sanctioned for payment during the current financial year.

#### NATIONAL STADIUM, DELHI

\*2480. **Shri Sanjivayya:** Will the Minister of Finance be pleased to state:

(a) whether the Government of India have given any donation or loan for the construction of the National Stadium at Delhi; and

(b) if so, on what conditions?

**The Minister of State for Finance (Shri Tyagi):** (a) No, Sir.

(b) Does not arise.

**Shri A. B. Gurung:** What was the contribution made by the members themselves?

**Mr. Speaker:** Which members—Members of the House or of the Committee?

**Shri A. B. Gurung:** Of the Stadium.

**Shri Tyagi:** My friend had better address that question to the members.

**Shri R. Velayudhan:** May I know whether the Government is giving any grant to the Board of Cricket Control in India?

**Mr. Speaker:** Order, order. It does not arise.

**Shri Sidhva:** May I know whether the Stadium built is on Government land?

**Shri Tyagi:** The Ministry of Works, Production and Supply are finalising the terms on which they have agreed to lease out the National Stadium to the National Sports Club. The Ministry of Works, Production and Supply have also agreed to lease out a plot of about nine acres near the National Stadium to the National Sports Club on a ground rent of Rs. 1,500 per annum. The nominal amount of ground rent is in consideration of the improvements the Club proposes to make to the Stadium at an estimated cost of Rs. 10 lakhs.

#### TAXES IN MADRAS

**\*2481. Shri Sanjivayya:** Will the Minister of Finance be pleased to state what is the amount given to the State of Madras during the years, 1949-50 and 1950-51, out of the collection of taxes in the merged States of Pudukotai, Banganapalli and Sandur?

**The Minister of Finance (Shri C. D. Deshmukh):** No payments have been made as the State's share of the net proceeds of income-tax collected in the merged States remains to be determined.

#### CONFIRMATION OF SECRETARIAT STAFF

**\*2482. Shri Kamath:** Will the Minister of Home Affairs be pleased to state:

(a) the policy of Government regarding confirmation of persons appointed in the Central Secretariat and its attached and subordinate offices, as a result of the Ministerial Services Examination held in 1945;

(b) whether all such persons have been confirmed;

(c) if not, why not; and

(d) whether there are any persons who failed in that examination, but have been confirmed?

**The Minister of Home Affairs (Shri Rajagopalachari):** (a) to (c). The Ministerial Services Examinations of 1945 were held to recruit persons to temporary posts of 'A' and 'B' grade clerks in the Secretariat and attached offices, and 'A', 'B' and 'C' grade clerks in the subordinate offices. In so far as persons nominated to Secretariat and attached offices are concerned, Government have decided that such of them as have completed three years service or more in these offices, and in whose cases the Ministries concerned certify that their services have been such as to merit confirmation, may be confirmed without any further examination in the grade of Assistants or III Division clerks, as the case may be. In the case of III Division Clerks it is necessary that they should pass a

test in typing before confirmation. Persons nominated to subordinate offices are eligible for confirmation in accordance with the normal rules and orders in force in those offices.

Those who have satisfied these conditions have been or are being confirmed in due course.

(d) So far as the Secretariat and Attached Offices are concerned, persons who failed in the Examination held in 1945 may have been confirmed if they were eligible for confirmation on the results of examinations held in subsequent years, or under the special concessions given in favour of Scheduled Caste employees.

**Shri Kamath:** What was the total number of temporary hands employed on the basis of this examination in 1945, and how many have been confirmed so far?

**Shri Rajagopalachari:** I cannot give the total number, but the number of 'A' grade clerks confirmed in the Assistant's grade is 51 and the number of 'B' grade clerks confirmed in the Third Division is 33. We have not received any complaint from Government employees that their claims for confirmation on the basis of these orders have been overlooked, and it may be presumed that all persons who were entitled to confirmation have been confirmed.

**Shri Kamath:** How many are those who failed in the examination in 1945, but whose cases without any subsequent examinations have been taken up for confirmation?

**Shri Rajagopalachari:** It is not possible for us to trace the career of those who failed and the identity of those who failed and those who appeared again.

#### HEALTH MINISTER'S CHARITY FUND

**\*2484. Shri Kamath:** Will the Minister of Health be pleased to state:

(a) whether it is a fact that a Fund called the "Health Minister's Charity Fund" is to be built from public donations;

(b) by whom it will be administered;

(c) to whom, and over whose signatures, payments from the Fund will be made;

(d) whether an announcement regarding the Fund has been made in the *Gazette of India*, if so, why; and

(e) whether the creation of the Fund is the outcome of a Cabinet decision or the Health Ministry's own idea?

**The Minister of Communications (Shri Kidwai):** (a) Yes.

(b) By the Minister for Health, Government of India in consultation with the Secretary of the Ministry and the Director General of Health Services.

(c) Payments will be made to deserving institutions and individuals by the Minister for Health or by the Secretary of the Health Ministry.

(d) Yes. It has been published in the *Gazette of India* for the information of the general public and also to enable the Central Board of Revenue to exempt public donations to this Fund from income tax.

(e) The Fund was created after consultation with the Ministries concerned of the Government of India.

**Shri Kamath:** Which are the Ministries concerned?

**Shri Kidwai:** Health and Finance.

**Shri Kamath:** What, Sir, are the terms and conditions on which donations or contributions have been invited from the public, and is there any precedent for such a fund?

**Shri Kidwai:** Charitably disposed persons who believe in the discretion of the Minister have placed certain funds at her disposal for the aid of the sick and the ailing.

**Shri Kamath:** What are the terms and conditions on which contributions have been invited from the public?

**Shri Kidwai:** The funds have been voluntarily placed at the disposal of the Minister of Health.

**Shri Kamath:** Does this decision of the Government mean that any Minister is at liberty to start a charity fund?

**Mr. Speaker:** How does that follow?

**Shri Kamath:** Because there is no precedent for this.

**Mr. Speaker:** That may be his opinion. Here is only an invitation to the public to contribute. The Government come in for exemption of tax.

**Shri Kamath:** Have the objects for which this fund will be utilised been defined in the notification?

**Shri Kidwai:** The object is to help certain institutions and also certain individuals who stand in need of getting medical treatment and cannot afford it.

**Shri Kamath:** Which officers will operate this fund?

**Shri Kidwai:** In my reply I have stated that the Minister in consultation with the Secretary of the Ministry and the Director General of Health Services will administer the Fund.

**Shri Kamath:** What is the size of the fund that is proposed to be built?

**Shri Kidwai:** The hon. Member will find it in the Statement that has been laid on the Table. [See Appendix XIX, annexure No. 41.]

**RESIGNATIONS OF MEMBERS OF DISTRICT BOARD AND MUNICIPAL COMMITTEE OF AJMER, BEAWAR AND KEKRI**

\*2485. **Shri Asawa:** Will the Minister of Health be pleased to state whether it is a fact that some members of the District Board and the Municipal Committee of Ajmer, Beawar and Kekri, all of which have been reconstituted into nominated bodies, have tendered their resignations from these Bodies and what were the reasons given by them in their letters of resignation?

**The Minister of Communications (Shri Kidwai):** Four members of the Ajmer Municipal Committee and one member of the Kekri Municipal Committee have resigned. They submitted their resignations generally as a protest against the principle of nomination. Some of them have also complained about the removal of Muslim members. There have been no resignations from the Ajmer District Board or the Beawar Municipal Committee. The Chief Commissioner hopes to be able to hold elections for these Municipal Committees on the basis of adult franchise by July 1951. The nominations were therefore, only of a temporary nature.

**LIMNITE**

\*2486. **Shri Ramaswamy Naidu:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether a large quantity of materials containing Limnite is dumped in the southern parts of Travancore after extracting Monazite from them;

(b) whether the materials so dumped contain a high percentage of Titanium;

(c) whether a foreign company is engaged in extracting Monazite from the sand; and

(d) whether Government propose to nationalise the industry?

**The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa):** (a) Presuming that the hon. Member refers to Ilmenite, the answer is in the negative.

(b) The question does not arise,

(c) No, Sir. Monazite is extracted only by the Travancore Minerals Concerns Ltd., which is State owned.

(d) The matter is under consideration.

**Shri Ramaswamy Naidu:** May I know whether there is any proposal to nationalize those industries?

**Shri Sri Prakasa:** The question of the nationalization of the Travancore Mineral Industry is under the consideration of the Atomic Energy Commission at the present moment.

#### MULGAONKAR COMMITTEE

\*2473. **Shri Kamath:** Will the Minister of Health be pleased to refer to the answer to my Starred Question No. 1175 asked on the 5th February, 1951 and state:

(a) whether Government have taken a decision about placing a copy of the Mulgaonkar Committee Report on the Table of the House; and

(b) if so, what that decision is, and in case it has been decided not to lay it on the Table of the House, the reasons therefor?

**The Minister of Communications (Shri Kidwai):** (a) and (b). As replied on a previous occasion the report cannot for the present be laid on the Table of the House.

**Shri Kamath:** What, Sir, are the reasons for the delay in placing this report on the Table of the House?

**Mr. Speaker:** It is not delaying. It may not be placed.

**Shri Kamath:** Is it because, as the Minister stated last time that some matters are being examined and therefore it cannot be placed, and if so, may I know what matters are being examined?

**Shri Kidwai:** The report was examined by the Department and it has been sent to our legal adviser to give an opinion as to what action, if any, should be taken and unless his opinion is received and Government takes a decision, Government does not think it advisable to publish the report.

**Shri Kamath:** When was it sent to the legal adviser?

**Shri Kidwai:** I will require notice of that, because I have not got all the dates as to when it was received from a particular officer and when it was sent to another officer and so on; all this requires careful research.

**Shri Kamath:** Am I to understand that it is not Government's intention to withhold it from the House?

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

**Shri Kidwai:** As soon as Government have considered it, it will be placed before the House and the public.

**Shri Sidhva:** May I know whether it is the intention of the Government to get from European countries a person who is competent in these pre-fabricated houses so as to put the factory in its original order?

**Mr. Speaker:** The question refers only to the publication of the report. He is going into the merits of the question.

#### COAL SURVEY STATION AT KAMPTEE

\*2474. **Shri Kannamwar:** Will the Minister of Natural Resources and Scientific Research be pleased to state whether it is a fact that the Government of India have proposed to meet the capital expenditure of Rs. 50,000 for equipment of a laboratory and the recurring expenditure of Rs. 50,000 per annum for the establishment of a Coal Survey Station at Kamptee in Madhya Pradesh to assess the quantity and quality of coal available in the State?

**The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa):** The total capital expenditure for setting up the Regional Coal Survey Station at Kamptee is estimated at Rs. 1,00,000. Of this, the Madhya Pradesh Government have promised to provide Rs. 50,000 and the Council of Scientific and Industrial Research will provide Rs. 50,000.

The recurring expenditure is expected to be Rs. 50,000 per annum and will be met by the Council of Scientific and Industrial Research.

**Shri Kannamwar:** May I know the progress made so far?

**Shri Sri Prakasa:** The preliminaries are finished, Sir, and within 3 to 6 months the Survey Station will start functioning.

**Shri Kamath:** Who is in charge of the Survey Station?

**Shri Sri Prakasa:** Does the hon. Member want the name of the person?

**Shri Kamath:** Yes.

**Mr. Speaker:** I think it will be better to give the designation rather than the name.

**Shri Sri Prakasa:** I have the list of the staff that will be there.

**Shri Kamath:** Who is at the head of the station?

**Shri Sri Prakasa:** I am sorry, I do not know his designation yet.

**Shri Kamath:** What are his qualifications and previous experience in that line?

**Mr. Speaker:** Let us not go into details.

#### Short Notice Question and Answer

##### INDIAN INTERNATIONAL ENGINEERING EXHIBITION

**Shri Sidhva:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) when the Indian International Engineering Exhibition which is held in Delhi will be closed;

(b) whether all the exhibits of important engineering schemes, designs and models belonging to Union and State Governments be demolished;

(c) whether it is contemplated to remove these models to a permanent place for exhibition?

**The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa):** (a) The Indian International Engineering Exhibition was closed on the 18th March 1951.

(b) Most of the exhibits and models of important engineering schemes on display in the various stalls of the State Governments are portable and are being taken away by the respective State Governments. The question of demolishing them does not arise. As regards the Gate and the Relief Map of India, proposals for preserving them are under the consideration of Government.

(c) The Central Board of Irrigation propose to open an Engineering Museum in New Delhi: and the Board have requested the Exhibitors both from India and abroad to present such of their models and exhibits to this Engineering Museum, as they can conveniently spare. The response is encouraging and a large number of photographs and charts and a few models have been collected. For the present they are being placed in the Bikaner House and as soon as the permanent Museum is opened all these exhibits will be removed there.

I may add that the Yugoslavia Government are giving the whole lot of their exhibits to us.

**Shri Sidhva:** Am I to understand that a new building will be started for keeping these exhibits permanently?

**Shri Sri Prakasa:** I believe some building will be necessary. If we could get hold of a suitable building, we would prefer that. If not, when a museum is started, some new building will also have to be constructed.

**Shri Sidhva:** May I know what was the contribution of the Government of India to this Exhibition?

**Shri Sri Prakasa:** The Government of India gave 2 lakhs; the State Governments gave 1½ lakhs; the industries gave by way of contribution one lakh. The total is 4.5 lakhs. When I say this, I include the Conferences that were held as well as the Exhibition. The Exhibition, luckily, has been self-supporting.

**Shri Sidhva:** May I know whether the Government have any share in the gate money?

**Shri Sri Prakasa:** Unfortunately, no gate money is really left, because the total expenditure on the Exhibition was 10 lakhs and the income is also the same.

**Shri Lakshmanan:** May I know whether the Delhi Municipality to which the Gate and the Relief Map were presented for keeping, has refused to accept them?

**Shri Sri Prakasa:** We are in correspondence with the New Delhi Municipal Committee as well as the Central Public Works Department and the Delhi Improvement Trust, on the subject. No decision has been taken.

**Shri Ghule:** May I know the income which the Government have had from the sale of tickets in the Exhibition?

**Mr. Speaker:** That is what he has answered just now.

**Shri Sri Prakasa:** If the hon. Member wants, "the break up", I can give that.

#### WRITTEN ANSWERS TO QUESTIONS

##### INSURANCE COMPANIES

\*2456. **Pandit M. B. Bhargava:** Will the Minister of Finance be pleased to state:

(a) the number of foreign Insurance Companies carrying on business in India;

(b) whether these Companies enjoy any special rights and privileges vis-a-vis Indian Insurance Companies;

(c) how many Indian Insurance Companies are carrying on business in foreign countries, and

(d) whether the Indian Insurance Companies carrying on business in foreign countries enjoy the rights and privileges at par with the local companies there?

**The Minister of Finance (Shri C. D. Deshmukh):** (a) The number of foreign Insurance Companies carrying on Life, fire, marine and miscellaneous insurance business in India as on 7th October 1950, was 20, 79, 56 and 55 respectively.

(b) None.

(c) The number of Indian Companies carrying on Life, fire, marine and miscellaneous insurance business in foreign countries (as on 31st December 1949) was 36, 34, 26 and 34 respectively.

(d) It is not possible to answer this question with reference to all the foreign countries in which Indian insurers carry on business, since the names of all such countries are not known. However, wherever such disabilities under local laws are known to exist, steps are taken under Section 62 of the Act to impose reciprocal restrictions on insurers of that particular country operating in India.

#### PERCIVAL PRENTICE PLANES

\*2458. **Shri Jnani Ram:** Will the Minister of Defence be pleased to state:

(a) the number of Percival Prentice planes repaired in India during the years 1949-50 and 1950-51 uptill January; and

(b) the factories which repair the aircraft?

**The Minister of Defence (Sardar Baldev Singh):** (a) Repair work is now being carried out on two Prentice Aircraft: no such planes were repaired during 1949-50.

(b) Hindustan Aircraft Ltd., Bangalore.

#### COLLEGES IN PART C STATES

\*2460. **Prof. K. T. Shah:** Will the Minister of Education be pleased to state the number of colleges in each of the Part 'C' States in the years 1948-49 and 1949-50?

**The Minister of Education (Maulana Azad):** A statement is laid on the Table of the House. [See Appendix XIX, annexure No. 6].

#### MINISTRY OF DEFENCE (TRAVELLING ALLOWANCES)

\*2461. **Prof. K. T. Shah:** Will the Minister of Defence be pleased to

state the amount spent on account of travelling allowances in India and outside India separately for (i) the hon. Minister or his Deputy, (ii) the Public Servants or Officials of his Ministry; and (iii) members of the non-official public travelling on the work of, or in connection with the work of, the Ministry in the years 1946-47, 1947-48 (Post Partition), 1948-49, and 1949-50?

**The Minister of Defence (Sardar Baldev Singh):** I lay a statement on the Table of the House. [See Appendix XIX, annexure No. 7].

#### MINISTRY OF FINANCE (TRAVELLING ALLOWANCES)

\*2462. **Prof. K. T. Shah:** Will the Minister of Finance be pleased to state the amount spent on account of travelling allowances in India and outside India separately for (i) the hon. Minister; (ii) the Public Servants in his Ministry, and (iii) members of the Non-Official Public travelling on the business of, or connected with the work of, the Ministry, in the years 1946-47, 1947-48 (Post Partition), 1948-49 and 1949-50?

**The Minister of Finance (Shri C. D. Deshmukh):** A statement is placed on the Table of the House furnishing details of travelling expenses incurred by this Ministry. [See Appendix XIX, annexure No. 8].

#### DISPLACED TEACHERS FROM N.W.F.P. AND WEST PUNJAB

\*2469. **Giani G. S. Musafir:** Will the Minister of Education be pleased to state:

(a) whether it is a fact that the period of pre-partition service of the displaced teachers from the North West Frontier Province and the West Punjab, now employed in Delhi State, has not been counted and they are treated as new entrants; and

(b) whether it is a fact that certificates and diplomas granted by the pre-partition Punjab University to displaced teachers referred to in part (a) above have not been recognised in certain cases by the Delhi State Education Department?

**The Minister of Education (Maulana Azad):** (a) No, Sir, the pre-partition services of displaced persons have been taken into consideration for purpose of fixation of initial salaries in the new grades of the posts to which they have been appointed.

(b) No, Sir.

## NUTRITION

\*2471. **Ch. Ranbir Singh:** Will the Minister of Health be pleased to state the steps that have been taken by Government to implement the resolution on "Nutrition" which was passed in the Health Ministers' Conference held in 1948?

**The Minister of Communications (Shri Kidwai):** A statement containing the information required is laid on the Table of the House. [See Appendix XIX, annexure No. 9].

## INTER-DEPARTMENTAL COMMITTEE ON NUTRITION

\*2472. **Ch. Ranbir Singh:** (a) Will the Minister of Health be pleased to state when was the Inter-Departmental Committee on Nutrition set up?

(b) What are its achievements during the last two years?

(c) What is its future programme of work?

**The Minister of Communications (Shri Kidwai):** (a) In January, 1947.

(b) The Committee is not vested with any executive powers or provided with funds. It is a purely consultative body and its main functions are to afford opportunities, from time to time, to the representatives of the different Ministries of the Government of India concerned with the various aspects of nutrition, to discuss amongst themselves the technical and other problems pertaining to human nutrition. Amongst the problems discussed by the Committee during the last two years were school feeding and conservation of food grains. Special memoranda on these subjects were drawn up by the Committee and circulated to all the State Governments.

(c) As will be seen from my reply to part (b) of the question, there cannot be a set programme before such a Committee.

## DUES OF DISPLACED CONTRACTORS

\*2479. **Giani G. S. Musafir:** Will the Minister of Defence be pleased to state:

(a) whether it is a fact that the recovery of income-tax alleged to be due to and assessed by the Pakistan Government *ex parte* and otherwise has been made by the Government of India a condition precedent to the payment of dues of displaced contractors and suppliers of the Defence Services in respect of pre-Partition contracts and supplies in the territories now in Pakistan; and

(b) if the answer to part (a) above be in the affirmative, whether Government are prepared to remove this anomaly and waive the condition?

**The Minister of Defence (Sardar Baldev Singh):** (a) Payments of pre-partition claims are being withheld to the extent of income-tax dues from parties, in respect of whom recovery certificates have been received from Income-tax Officers in Pakistan. The hon. Member is referred in this connection to sub-sections (8) to (10) of Section 46 of the Indian Income-tax Act.

(b) There is no anomaly, as dues to Government cannot be ignored when claims due from Government are being settled. The entire question is, however, under examination, with a view to relieving hardship to refugees where it exists.

## UNRECOGNISED SCHOOLS AND COLLEGES IN DELHI

\*2483. **Giani G. S. Musafir:** Will the Minister of Education be pleased to state:

(a) whether it is a fact that there is a large number of private unrecognised schools and colleges in Delhi; and

(b) if the answer to part (a) above be in the affirmative, the number of such schools and colleges and the number of students receiving education in such institutions?

**The Minister of Education (Maulana Azad):** (a) Yes.

(b) Since private institutions are not recognised by Government and are sometimes held in private houses, Government have no information regarding the number of such institutions and the number of students receiving education nor can they find it out without an expenditure of time, money and energy which would not be justified by the results.

## NUTRITIONAL CONDITION OF PEOPLE

144. **Ch. Ranbir Singh:** Will the Minister of Health be pleased to state:

(a) what measures have been adopted by Government during the last two years for improving the general nutritional condition of the people in the country and especially in the Centrally Administered Areas;

(b) what steps have been taken by Government in the year 1950-51 in Part 'C' States in regard to the following:

(i) Opening of nutrition centres and appointment of nutrition officers;

(ii) Diet and nutrition surveys and their results;

(iii) Supply of protective foods to the vulnerable groups;

(iv) Research on nutritional problems;

(v) Prevention of adulteration of food-stuffs including milk;

(vi) Supply of mid-day meals to school-going children; and

(vii) Nutrition publicity and education in schools and colleges; and

(c) what steps Government propose to take on the above points in the year 1951-52 in Part 'C' States and other backward States?

**The Minister of Communications (Shri Kidwai):** (a) A statement summarising the measures taken during the past two years is attached. [See Appendix XIX, annexure No. 10].

(b) and (c). Two statements containing the information received from Part "B" States are attached. [See Appendix XIX, annexure No. 11].

MINISTRY OF LAW (TRAVELLING ALLOWANCES)

**145. Prof. K. T. Shah:** Will the Minister of Law be pleased to state the amount spent on account of travelling allowances in India and outside India separately for (i) the hon. Minister; (ii) the Public Servants or Officials of the Ministry; and (iii) members of the Non-official public travelling in connection with the work of the Ministry, in the years 1946-47, 1947-48 (Post Partition), 1948-49, and 1949-50?

**The Minister of Law (Dr. Ambedkar):** A statement containing the information is laid on the Table.

STATEMENT

Expenditure on travelling allowances during the year				
1946-47		1947-48 (post partition)		
In India	Out of India	In India	Out of India	
Rs.	Rs.	Rs.	Rs.	
(i) Hon'ble Member/Minister. 4,286 .. 1,255 ..				
(ii) The public servants or officials of the Ministry. 32,705 .. 12,909 ..				
(iii) Members of the non-official public travelling in connection with the work of the Ministry. NIL				

Expenditure on travelling allowances during the year			
1948-49		1949-50	
In India	Out of India	In India	Out of India
Rs.	Rs.	Rs.	Rs.
(i) Hon'ble Member/Minister. 966 .. 5,763 ..			
(ii) The public servants or officials of the Ministry. 29,429 .. 15,415 ..			
(iii) Members of the non-official public travelling in connection with the work of the Ministry. NIL			

HOSPITALS AND DISPENSARIES IN PART C STATES

**146. Prof. K. T. Shah:** Will the Minister of Health be pleased to state the number of hospitals and dispensaries maintained at Public expense, or aided by Public funds, in each of the Part "C" States in the years 1948-49 and 1949-50, and the moneys spent on the same, in each of these years, directly from Public funds or by way of grants from Public Revenues?

**The Minister of Communications (Shri Kidwai):** A statement giving the available information is placed on the Table of the House. [See Appendix XIX, annexure No. 12].

CANTEEN BOARD (ADMINISTRATIVE OFFICER)

**47. Shri Sidhva:** (a) Will the Minister of Defence be pleased to refer to the answer to my unstarred question No. 111 asked on the 26th February, 1951 and state whether the Board of Administration, Bombay, of the Canteen Board suggested that the grade of the Administrative Officer be reduced from Rs. 1000-100-1500 to Rs. 700-50-1000?

(b) If so, what action was taken in the matters?

(c) What is the salary of the Administrative Officer and where was he previously employed?

**The Minister of Defence (Sardar Baldev Singh):** (a) Yes; the scale of Rs. 720-40-1000 was suggested with a view to giving this appointment to a specific individual in the Department.



(b) The individual recommended was not considered suitable and, accordingly, another individual was selected.

(c) The salary of the present incumbent is Rs. 950 p.m. He was previously employed as Assistant Private Secretary to the hon. Minister of Defence.

#### SUPERANNUATED SCIENTISTS

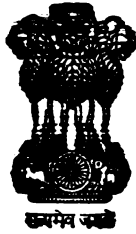
148. **Shri Sidhva:** (a) Will the Minister of Home Affairs be pleased to state the number of Scientists in various Ministries, who are still in service and who are superannuated?

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(b) Have all these superannuated employees fulfilled all conditions required under Memo. No. 60/314/48-Ests. dated 27th June 1949 of the Ministry of Home Affairs?

**The Minister of Home Affairs (Shri Rajagopalachari):** (a) and (b). It is presumed that the hon. Member refers to persons who are employed in posts which require specialised scientific knowledge. There are no superannuated persons employed in such posts under the Ministry of Home Affairs. Information relating to other Ministries is being obtained and will be laid on the Table of the House in due course.

Saturday, 24th March, 1951



# PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

VOLUME IX, 1951

(5th March, 1951 to 30th March, 1951)

Third Session

of the

PARLIAMENT OF INDIA

1950-51



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

4986

4987

**PARLIAMENT OF INDIA**

*Saturday, 24th March, 1951.*

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

[*MR. SPEAKER in the Chair*]

**QUESTIONS AND ANSWERS**

*(See Part I)*

11-48 A.M.

**PAPERS LAID ON THE TABLE.**

**FOURTH REPORT OF ESTIMATES  
COMMITTEE**

**Shri M. A. Ayyangar (Madras):** Sir, I lay on the Table a copy of the Fourth Report of the Estimates Committee. This relates to the Ministry of Works, Mines and Power and addresses itself to the Estate Office, Stationery and Printing Department, Central Public Works Department, Geological Survey of India, Central Electricity Commission and the Secretariat of the Ministry of Works, Mines and Power. We expect a substantial saving of Rs. 1,70,00,000. [*Placed in Library. See No. IV. O. 1(97)*]

**Shri Sidhva (Madhya Pradesh):** Will the Finance Minister please note this?

**INDIAN TARIFF (AMENDMENT)  
BILL**

**Mr. Speaker:** The House will now proceed with the further consideration of the Bill further to amend the Indian Tariff Act, 1934. Clause 2 was under discussion.

**Shri C. Subramaniam (Madras):** Before the hon. Member continues his speech, I wish to raise certain points which require clarification and which might facilitate further discussion of the Bill. As a matter of fact, I was inclined to raise these points as a point of breach of privilege of the 10 P.S.D.

House and I wrote to you and to the hon. Minister for Industry and Commerce about it. On further consideration, I feel that it may be a little too premature to raise this as a point of breach of privilege, and whether as a matter of fact, there has been a breach of privilege or not will largely depend on the clarification which the hon. Minister may be pleased to give on these points.

The points I refer to are these. You will be pleased to find that in clause 3 of the Bill, proposals have been made for amending the First Schedule, of the Indian Tariff Act in order to give protection, as far as my point is concerned, to four industries mentioned there. The first is Sago globules and tapioca pearls; the next is calcium lactate; the third is pencils and the fourth is Fountain pen ink. With regard to these, in sub-para (2) of the Statement of Objects and Reasons, it is stated:

“(2) to amend the First Schedule to the Act in order to grant protection to certain industries.....”

Then, further explanation is given in para (3). The industries which are to be protected include the four as stated above. Therefore, from the Statement of Objects and Reasons, it is quite clear that the matter of grant of protection is before Parliament and legislative sanction of Parliament is sought for that purpose.

There is the Administration Report of the Ministry of Commerce which is dated February 28, 1951. On page 32, this is what I find.

“The claims for the grant of protection to a number of industries were examined by the Board (that is by the Tariff Board) and reports on them were submitted to the Government. The Government accepted the Board's recommendations and granted protection or assistance to the following industries:—”

Soda ash, etc., are there; these four industries are also mentioned there

[Shri C. Subramaniam]

Fountain pen ink, Calcium Lactate, Sago globules and tapioca pearls and Pencils. If, as is seen from the Statement or Objects and Reasons and also from the Bill itself, it is for the first time that legislative sanction is sought now and the industries are sought to be protected, I do not know how the decision of Parliament was anticipated and a categorical statement made in this report that the Board's recommendations have been accepted and protection has been granted. That is one point.

I do not know whether this statement is based upon any action taken by the Government in the exercise of the powers conferred on them by the Protective Duties Act, 1946. If that be so, I find that, during the discussion of the Bill at the consideration stage, when the hon. Deputy Minister moved this Bill and also when he replied to the debate, this matter was not brought to the notice of this House that a notification has been issued and action has been taken under the Act of 1946. We do not know really what the position is. If, as a matter of fact, no action has been taken by the Government under the 1946 Act, the statement in the Administration Report will be in anticipation of the decision which Parliament would be taking later on. If as a matter of fact, a notification has been issued and action taken by way of granting protection by the imposition of a protective duty, my respectful submission is that a vital information, a necessary and relevant information has been withheld from the House. Section 3 of the Act of 1946 says:

"During the session of the Central Legislature next following the date of the issue of a notification under sub-section (1) of section 2, there shall, unless the notification is in the meantime rescinded, be introduced in the Central Legislature on behalf of the Central Government a Bill to give effect to the proposals of the Central Government in regard to the continuance of a protective duty of customs on the goods to which the notification relates....."

It is only a continuance of the protection granted under the notification. If, action has been taken under this Act of 1946, a very relevant and necessary information has been withheld from the House. I would like to have a clarification of this point. Then, Sir, it will be for you and for the House to decide whether there has been any breach of privilege or not.

**Mr. Speaker:** I might make it clear that I am not taking this as a question to be argued on the basis of any breach of privilege, real or alleged. The hon. Member's contention is that certain information which should have been disclosed to the House has not been disclosed, and if doubts on this are satisfied at this stage, that would help us to have a smooth debate or a debate after a proper understanding of the facts. To that end, the hon. Minister may give his reply.

**The Minister of Commerce and Industry (Shri Mahtab):** I think if I explain the whole position, there will be no occasion for making any complaint on any score. First of all, nothing has been concealed and no notice under the Protective Duties Act has been issued. This is the first time that a proposal to levy a protective duty has been made and it is here in the form of a Bill. So nothing has been concealed from the House so far as this Bill is concerned. Here are the present proposals and no previous step has been taken with regard to these proposals. Then the question arises as to how this Report of the Ministry of Commerce is to be explained. Now, the practice is this. When the recommendations of the Tariff Board are received by Government, they examine them in different Ministries and come to certain conclusions either to accept the recommendations *in toto* or partially or in some other form. Now, in these particular cases the recommendations were accepted as they were. Then the Government resolutions were published in the Government of India Gazette of October or November last. That is to say, Government accepted the recommendations of the Tariff Board's Report and steps taken to implement those recommendations were notified. The Tariff Board's recommendations are not only with regard to imposition of duties but there are also other recommendations, as for instance recommendations about railway freight, or restriction of import etc. Government take steps according to those recommendations. So far as the recommendations which have nothing to do with Parliament are concerned, they have been implemented. So far as those with which Parliament is connected are concerned, the step taken is to present this Bill. The wording here is:

"Government accepted the Board's recommendations and granted protection or assistance to the following industries:—"

Of course, I can concede this much that if this report had contained the additional information that so far as

the other recommendations are concerned, they have been given effect to and so far as the legal measure is concerned that will be placed before Parliament in the next session, that would perhaps have made the matter clearer and then this apprehension would not have arisen. But as it stands, it is correct, that is to say, assistance has been given in some other form, in addition to the steps which are proposed now.

12 NOON

Therefore, there has been nothing concealed from the House nor any step taken to create any such suspicion. So far as the Administration Report is concerned, as I said, the position should have been explained in the way I suggested just now; instead of putting it in a cryptic form in one sentence saying that such and such action has been taken, there could have been another sentence adding that steps relating to the duty would be placed before Parliament. That would have made the position clearer. That much I can concede. But as I said, nothing has been concealed from the House. Even assuming there is something wrong in this Report, that could be taken up on some other occasion and Government criticised on that issue. But so far as this Bill is concerned, nothing has been concealed and no notice on the protective Duties Act has been issued. This is the first proposal made and that has come before Parliament.

**Mr. Speaker:** I think the position is now clear?

**Shri C. Subramaniam:** Yes, Sir.

**Shri A. C. Guha (West Bengal):** The Bill as presented does not contain any definite date by which the action taken by the Government is to be reported for formal ratification by the Parliament. What is stated here is simply this—

“.. there shall, unless the notification is in the meantime cancelled, be introduced in Parliament on behalf of the Central Government a Bill...”

Nothing is stated here as to when the Bill is to be presented nor as to what is to happen if the notification is issued when the Parliament is sitting and how action taken is to be brought before Parliament.

If we agree that protection is to be given, we should concede the Central Government the authority to take prompt and effective steps. On the last day, Sir, there were some doubts expressed about the wisdom of giving

Government such powers; but it has also been found that Britain which is the most democratic country and where Parliament is the sovereign body and where because they do not have a written constitution the Parliament is more sovereign than elsewhere, even there the Government possesses such power and it can issue notifications imposing protective duties and tariffs, the only condition attached thereto being that it should be ratified by Parliament within 28 days. And there in Britain, we may recall that Parliament is sitting almost continuously and it may be possible for Parliament there to ratify the thing within 28 days. In the United States also the executive possesses similar power and there is no provision when the action of the executive is to be brought before Congress for ratification. So it is to be taken that in all democratic countries similar power is enjoyed by the Government. Therefore we need not hesitate in giving that authority to our own government which is fully responsible to this House. On giving of this authority the effectiveness of this measure depends. The giving of protection being the accepted economic theory, we should see that this measure is made really effective. We may remember that Great Britain before she built up her industrial supremacy i.e. in the Mercantile period was a fully protectionist country. Having built up her industrial supremacy she could afford to be a free-trader after the end of the Napoleonic War. But after World War I and particularly after World War II, she has again turned to protection. India, it has been stated is in a nascent state of industrialisation and she cannot afford to leave her industries without proper protection. While giving authority to the Government, at the same time the dignity of this House and its authority have to be protected. For that purpose I gave notice of an amendment to this clause to the effect that if the notification is issued when the Parliament is sitting, then within 15 days it has to be brought before the House in the form of a Bill. But if the notification is issued when the Parliament is not sitting then within 15 days after the next sitting of the Parliament it has to be brought before the House. The amendment gives notice of by the Minister in charge practically contains all these provisions and moreover it is provided that within two months after the presentation of the Bill to the House, if the House does not pass the Bill then that notification automatically lapses. Thus a check is put on the authority which is going to be

[Shri A. C. Guha]

vested with the executive by this Bill. As the Minister has been good enough to accept the purpose of my amendment, I do not like to press my amendment.

Many Members of this House have complimented the Minister in charge for his ability and I would also add to it by saying that he has shown a spirit of accommodation by accepting the purpose of my amendment as also the purpose of amendments given notice of by other Members.

At the same time I would point out that there is one lacuna in this amendment. It says here "there shall be introduced in Parliament if it is in session within 15 days after the issue of the notification, and if it is not in session within fifteen days of its re-assembly". But a Parliament may be technically in session but not actually sitting as it happened when the Parliament adjourned last time and re-assembled on the 5th February 1951. During this period technically the Parliament was in session though it was not sitting. I have given notice of an amendment to substitute the words "in session" by the words "then sitting" in lines 3 and 5 of the original amendment. I hope this amendment will be accepted by the Minister and with this I support the amendment moved by the Minister.

The Deputy Minister of Commerce and Industry (Shri Karmarkar): I entirely appreciate the point of view of my hon. friend in suggestion that the words "in session" should be changed to "then sitting". But we are at the disposal of the Draughtsman. The intention is quite clear but we shall have to take the advice of the Draughtsman as to what the precise wording should be. Otherwise we have no strong views on the amendment. I am prepared to accept the amendment suggested provided it conveys the full meaning and creates no anomaly.

Shri Hussain Imam (Bihar): The amendment may be held over.

Mr. Speaker: It is better to finish it now. The only point is that the words "in session" should be substituted by the words "then sitting" or the word "meeting". With that reservation, instead of a formal motion now, I take it that clause 2 as amended is accepted by the House. When the drafting changes are made I shall formally put it to the House at 2-30 P.M. it being clearly understood that no further debate will take place on that

point. The other alternative will be that I put it through subject to the liberty of changing the word "session" to "sitting" or "meeting"...

Shri M. A. Ayyangar (Madras): "Meeting" is the word used in the Constitution.

Mr. Speaker: Whatever the House is agreeable to. So I had better put it through the House with this liberty. The question is:

In clause 2, for sub-section (3) of the proposed section 3A of the Indian Tariff, Act, 1934, substitute the following:

"(3) Where a notification has been issued under sub-section (1), there shall be introduced in Parliament if it is in session within fifteen days after the issue of the notification, and if it is not in session within fifteen days of its re-assembly, unless the notification is in the meantime rescinded, a Bill on behalf of the Central Government to give effect to the proposals in regard to the continuance of a protective duty of customs on the goods to which the notification relates, and the notification shall cease to have effect when such Bill becomes law, whether with or without modifications, but without prejudice to the validity of anything previously done thereunder:

Provided that where for any reason a Bill as aforesaid does not become law within two months from the date of its introduction in Parliament, the notification shall cease to have effect on the expiration of the said period of two months.

(4) This section shall cease to have effect on the expiration of two years from the commencement of the Indian Tariff (Amendment) Act, 1951."

The motion was adopted.

Mr. Speaker: The amendment has been accepted by the House subject to the liberty of changing the word "session" which occurs twice in the amendment to some other suitable word, as the Draughtsman may advise.

The question is:

"That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 3.—(Amendment of First Schedule).

**Shri Goenka** (Madras): I beg to move:

1. In part (ii) of clause 3, in the proposed item 11(6) of the First Schedule to the Indian Tariff Act, 1934,—

(i) in column 2, omit the following:

“(a) manufactured in a British Colony;

(b) not manufactured in a British Colony”;

(ii) in column 3, omit the word “Protective” where it occurs for the second time;

(iii) in column 4, omit the figures and words “36 per cent. *ad valorem*”; and

(iv) in column 7, omit the word, figures and letters “December 31st, 1952”, where it occurs for the second time.

2. In part (x) of clause 3, in the proposed Item 28(31) of the First Schedule to the Indian Tariff Act, 1934,—

(i) in column 2, omit the following:

“(a) of British manufacture.

(b) not of British manufacture:

Provided that calcium lactate manufactured in a British Colony shall be deemed to be of British manufacture”;

(ii) in column 3, omit the word “Protective”, where it occurs for the second time;

(iii) in column 4, omit the figures and words “36 per cent. *ad valorem*”; and

(iv) in column 7, omit the words, figures and letters “December 31st, 1953”.

The purpose of these amendments is to do away with imperial preference. In this connection I will refer you to the various undertakings given by the Ministers from time to time to this House and none of those undertakings have been carried out. On one occasion when Dr. Pattabhi Sitaramayya was very indignant about it, you, Sir, as the Speaker, suggested that one year more time may be given to the Government to put matters right and that in one year they would be able to summon enough strength to put this thing through. But three years have passed and nothing has happened. This question of Imperial Preference is one on which the country has given its verdict. The Congress has opposed it on every

pertinent occasion. Sir, in this connection I will have to refer to the various debates that took place in this House from time to time and convince this House that in spite of past promises nothing has so far been done in the matter.

I will first refer to the debate on the Indian Tariff Bill on the 11th December, 1947, when my hon. friend Mr. Santhanam raised this issue. He said:

“...they have brought before us a measure which, for the first time after our Freedom, commits us to the principle of Imperial Preference. If you look at the Schedule given, Sir, you will find that under 20(1), for the fruit juices manufactured in a British colony it is 27 per cent., and when not manufactured in a British colony, 40 per cent.”.

He continued:

“I am afraid the Commerce Department did not reflect on the serious consequences of formally bringing forward a measure which, though it is minor, commits this Legislature of Free India to the principle of Imperial Preference.”

He further added:

“It is in this way, carelessly I think, big issues are being brought in by the back-door. I wish they had not done it and I have tabled an amendment to remove this objectionable principle of Imperial Preference.”

The same question was raised by my hon. friend, Mr. Shibban Lal Saksena who again said:

“...I think my hon. friend the Commerce Minister will see that no Imperial Preference is allowed by this Bill, because I do not think that he wants the consequences that followed from the betrayal of national interests at Ottawa by accepting the system of Imperial Preferences to be repeated. I therefore hope that this principle of Imperial Preference will not be brought in by the back-door as is done in this Bill.”

Then after further debate the hon. **Shri Gadgil** who was piloting the Bill gave these assurances:

“Having said that, Sir, an important issue has been raised by my hon. friend, Mr. Santhanam, that an attempt has been made, a back-door attempt, to bring in Imperial Preference. Apparently he may be correct, but I want to assure him that there is no such attempt; there is no such intention

[Shri Goenka]

to bring in Imperial Preference, either by the front door or by the back-door."

He went on and gave the further assurance:

"The broad point is that when revenue duties are converted into protective duties the preference ought to go automatically according to one interpretation of the agreement."

At this stage it will make my task much easier if I refer to the speech of the hon. Deputy-Minister the other day in which he admitted that so far as preference and protective duties were concerned the position was that the Ottawa Agreement did not come in the way. If that is so then I will ask the hon. Deputy-Minister to make his position clear. I will refer here to what he said in answer to Mr. C. Subramaniam last Wednesday. Now, this is what Mr. C. Subramaniam said and this is what Mr. Karmarkar had to say:

"Shri Karmarkar: ... We are bound by the agreement between us and the Commonwealth countries. We cannot get out of it. Besides the GATT and the Havana Charter have made specific mention of the preferences which already exist. Whatever is written in the agreement is subject to these duties.....

\* \* \*

Shri C. Subramaniam: It is a very important point. I shall read from page 319 of the Fiscal Commission's report:

'In the Indo-British Trade Agreement of 1938-39 also, protected articles were kept out of its scope'.

I am sure that statement is correct.

Shri Karmarkar: That is right.

Shri C. Subramaniam: Then your reason for keeping these preferences was wrong.

Shri Karmarkar: I am not sure as to what the Member wants. There are three documents—the Fiscal Commission Report, this agreement and the GATT by which we are bound. What is it he wants?

Shri C. Subramaniam: You have shown preference with respect to protective duties also. As a matter of fact even under the Indo-British Trade Agreement these protected articles are kept out of the scope of the agreement. You are not bound by it.

Shri Karmarkar: The more convenient way might be to discuss the point on that clause."

We will discuss it now, but the one thing he said was that in the Indo-British Trade Agreement of 1938-39 protected articles were kept out of its scope. But I am perfectly willing to argue that point.....

Shri Karmarkar: May I intervene, Sir? That might help the discussion as otherwise my hon. friend may stick to a word here or a word there and it might necessitate my having to give an elaborate reply later on.

[MR. DEPUTY-SPEAKER in the Chair.]

The precise position is this. What I meant the other day and what I would like to say today is that there is this Indo-British Trade Agreement of 1938-39 which is a document which clearly binds us even today. Article 11 of that Agreement is relevant for purposes of the discussion now going on. I would like to tell my hon. friend that in my opinion article 11 of that Agreement binds us, whether we give protection or not. Secondly, this document does not stand in the way of our giving protection to any industry whatsoever because article 11 is made to apply to a particular schedule attached to this agreement.

Mr. Deputy-Speaker: Is it a long article?

Shri Karmarkar: It is a short one. It says:

"The Government of India undertake to accord to the non-self-governing Colonies, the Protectorates and Protected States and the Mandated Territories of Tanganyika, the Cameroons under British Mandate and Togoland under British Mandate preferences on the commodities which comply with the laws and statutory regulations for the time being in force defining Empire goods for the purpose of customs duties and at the rates shown in Schedule V to this Agreement....."

Shri Goenka: For the purpose of customs duties!

Shri Karmarkar: That is so. I wish my hon. friend does not interfere when I speak just as I did not when he was speaking. Every duty is a customs duty whether you define it as a protective duty or a revenue duty. But I wish I were not diverted from my arguments though it is an advantage to certain people.

Article 11 goes on to say:

"...and also any preferences for the time being accorded to any part of the British Empire other than Burma if His Majesty's Government in the United Kingdom so request.

Provided that the Government of India shall not be bound to accord any preference to Ceylon except as provided in Article 13 of this Agreement.

Provided further that the Government of India shall not be bound to continue to accord any preferences to any Colony, Protectorate or Protected State which, not being precluded by international obligations or in the case of Nigeria by the declared policy of His Majesty's Government in the United Kingdom from according preferences, either (i) accords to India no preferences or (ii) accords to some other part of the British Empire (in the case of Northern Rhodesia, excepting the Union of South Africa, Southern Rhodesia and the High Commission Territories in South Africa) preferences not accorded to India."

This latter clause is a clause enabling us to take reciprocal action. The first operative clause makes it absolutely necessary for us in respect of articles mentioned in Schedule V, to accord Preference to the countries mentioned. And since you have been kind enough to allow me to read article 11, perhaps it will be helpful to hon. Members in understanding the position if I read Schedule V as well. Schedule V refers to:

"(a) Preferences at a rate of not less than 10 per cent. *ad valorem*:

Asphalt, soda ash, gum arabic, etc., etc.

(b) Preferences at a rate of 7½ per cent. *ad valorem*:

Betelnuts, unground spices, cardamoms, etc., etc.

(c) Preferences at specific rates:

Bitters, coffee, rum, unmanufactured tobacco."

Now, Sir, by that we are bound today. That is our stand. At the same time, nothing can prevent us from giving proper protection to a particular industry. Whenever there is a seeming conflict between the two and there is necessity for an adjustment, how do we do it? Take a specific instance. Supposing commodity A comes under this list. We have

to give it a definite margin of preference, because this applies in respect of commodities which come from the territory indicated in the Schedule. Supposing the margin of preference is 10 per cent. *ad valorem*. We feel the necessity of protection in the case of this particular manufacture to the extent of, say, 20 per cent. *ad valorem*. As you well know, the margin of protection is always calculated as being the reasonable difference between the landed cost of an imported product and the production cost of the indigenous product. If you give protection to the extent of this difference, you protect that industry by adding a protective rate, i.e., an increased rate, of about 20.1 per cent. We impose this as an import duty. At the same time, if the article is not covered by this Trade Agreement it is O. K. and our protection is absolutely impartial, whatever the source of origin, but supposing it is covered by this Indo-British Trade Agreement, we shall have to evolve a system by which we can give protection to the industry. Taking the simplest example possible, supposing the landed cost of the particular product is the same whether it comes from the colony affected or from any other country and we have to give a preference of 10 per cent. to that country and our industry requires a protection of 20 per cent., then what do we do? We take 20 per cent. as the basic duty which applies to the colonies as well as other countries. In order to achieve the preference sought to be given to the particular commodity, we retain that standard at 20 per cent. in respect of every country. In the case of countries other than the colonies, we increase the rate by 10 per cent. In this particular imaginary example I have taken what will happen is that we have to give a protection of 20 per cent. to our industry. Because this basic rate applies also to the colonies we make it competitive in respect of the colonies also but in cases in which preference has to be given we impose 10 per cent. more. That is the mechanism. The mechanism might vary in different circumstances. But I have taken the simplest example to put the whole point precisely. We do maintain that we are bound in respect of any commodity mentioned in any of the schedules to the Indo-British Trade Agreement.

**Mr. Deputy-Speaker:** Are sago and tapioca there?

**Shri Karmarkar:** Sago is in Schedule V, but not sago flour. Tapioca and tapioca flour are also there. In respect of these commodities we are bound by this Agreement. That is our precise position.



**Mr. Deputy-Speaker:** If we only convert the revenue duty into a protective duty, does this apply? Do we have to give preference even then?

**Shri Karmarkar:** There, with your permission, I would like to explain that if it is a matter covered by this Agreement there is already a preference. But in the customs schedule it is always mentioned whether it is protective. In respect of this preference duty or the standard duty, the difference is always there. In the case which you visualise, the position would be like this. The revenue duty for other countries would be 10 per cent. more than the revenue duty for this country. Thus the preference would be there when we change the schedule from a revenue to a protective duty, and we would thus change the preference also from revenue to protective. Assuming for a moment that it was 20 per cent. in the case of sago, it would be 20 per cent. from the colonies and 30 per cent. from everywhere else and against both of them the remark 'revenue' would be changed. The rate will stand but the remark will change.

**Mr. Deputy-Speaker:** Is this difference there in the schedule?

**Shri Karmarkar:** In the case of every industry it is there.

**Shri Goenka:** My hon. friend has simply confused the issue. The simple issue is this and I am anxious to place the facts before you for your consideration and the consideration of the House. This is what the hon. Shri Gadgil had to say:

"I can assure my hon. friend that it would be very unwise at the moment unilaterally to terminate the preferences which have been enjoyed for a pretty long time, although according to one interpretation, as I said, by simply turning the revenue duty into a protective duty, we can end the preference, but in the present atmosphere it will not be a wise step.

This is what he said on the 11th December 1947.

Now, Sir, I would come to the point raised by my hon. friend Mr. Karmarkar. The Ottawa Trade Agreement has been practically repeated in the Trade Agreement between His Majesty's Government of the United Kingdom and the Government of India in the year 1939. In the Ottawa Trade Agreement, article 10 lays down the principle of preference. Then article 11 lays down what exceptions will be made in regard to protective duties and that article makes it quite clear that

except artificial silk or cotton and artificial silk mixed goods, no other goods according to one interpretation are entitled to preference. I will read it:

"The Government of India will consider, in the light of the findings of the Tariff Board, the protective duties to be imposed on goods of cotton and artificial silk according as they are made in the United Kingdom or elsewhere, and will invite the Legislature to pass legislation by which, where protective duties are not imposed as a result of the recommendations of the Tariff Board upon United Kingdom goods of the kinds specified in Schedule G, the margins of preference shown in that Schedule will be extended to such goods."

This makes it abundantly clear that exception was made for these kinds of goods, namely, goods made of cotton and artificial silk. Although protective duties are levied, still preference has to be shown. I will now refer to Schedule G which gives all the particulars with regard to the exceptions.

**Mr. Deputy-Speaker:** Is the hon. Member reading from the Agreement?

**Shri Goenka:** Yes, Sir. I am reading from the Ottawa Trade Agreement of 1934 and I will read again from the Indo-British Trade Agreement of 1939 which has practically endorsed the Ottawa Trade Agreement subject to minor modifications. Both these Agreements will confirm what I have now submitted to you, and you, Sir, and the Fiscal Commission have endorsed my interpretation of these two Agreements. After all, the words speak for themselves. My hon. friend referred to some other clause which has nothing to do with the point absolutely, but I am not going to discuss that for the time being. Let me read what Schedule G contains:

"Apparel (including drapery, uniforms, accoutrements).

Apparel—caps, bonnets and hatters' ware.

Apparel—second hand clothing. Canvas, cotton.

Shawls, in the piece, cotton.

Fents, cotton, 9 yards long or less.

Other sorts of cotton manufactures.

Lace and embroidery.

Other sorts of haberdashery and millinery.

Silk manufactures, excluding yarn, noils and warps, piece-goods and threads for sewing.

Goods of silk mixed with other materials, excluding twist and yarn, piecegoods and thread for sewing.

Artificial silk manufactures, excluding yarn, piecegoods and thread for sewing.

Goods of artificial silk, mixed with other materials, excluding twist and yarn piecegoods and thread for sewing."

These are the exemptions which were made for the purpose of protective duties if any preference were given. The same things are repeated in this 1939 Indo-British Trade Agreement. Article 9 there lays down the principle and reads as follows:

"The Government of India undertake, in respect of goods the growth, protection or manufacture of the United Kingdom, of the kinds specified in Schedule IV to this Agreement, which comply with the laws and statutory regulations for the time being in force defining Empire goods for the purpose of customs duties, that the difference between the rates of customs duties on such goods on importation into India and the rates upon similar goods, the growth, produce or manufacture of any foreign country shall not be less than the margins set out in that schedule."

Article 10 defines what is a 'cotton year' and gives other particulars.

Then, Sir, I take up the observations of the Fiscal Commission who, I suppose studied the Agreements thoroughly and then put its interpretation upon the relevant articles in those Agreements.

This is what the Fiscal Commission had to say:

"In expounding the economic principles underlying the grant of preference and the economic limitations of preferences in India, the Indian Fiscal Commission of 1921-22 observed categorically that 'under no circumstances should preference be allowed to diminish the protection which it may be decided that an Indian industry requires'. This principle was faithfully followed in the case of the Ottawa Agreement of 1932. Articles which were granted protection were kept out of its scope and preferences in respect of them where proposed were separately

negotiated after the Tariff Board had examined the relevant cases.

In the Indo-British Trade Agreement of 1938-39 also, protected articles were kept out of its scope and the so-called "Cotton Article". (Article 10 of the agreement) was incorporated into it only after special negotiation. As long as this principle is followed, there can be little risk of preference reducing the quantum of protection required by an indigenous industry."

Now, Sir, the articles which I have read to you just now both in the Ottawa Trade Agreement as well as in the Indo-British Trade Agreement of 1939, with very minor exceptions, and the interpretation which had been given to it by the Fiscal Commission make it quite clear beyond any reasonable doubt that so far as protected industries are concerned the question of Imperial Preference does not arise.

This matter again came up before this House on the 23rd March 1948, when my hon. friend Mr. Gadgil was in charge of the Bill. A lot of heat was then generated in the House and the House was indignant over the fact that the Government had not carried out the principles underlying even the Ottawa Agreement. You, Sir, figured very prominently in those discussions. You moved certain amendments the result of which was to do away with the difference between the duty imposed on British goods and those of non-British origin. You said:

"The centre has shifted from the United Kingdom to Washington and the United States of America. We want only some grain during the critical period here and even that we get from the sterling area countries, for example Australia and other countries. We would also get equal quantities from the United States of America. Now the time has come for us to divert our trade from the United Kingdom to America. We must increase the favourable trade balance with America so that we may increase our dollar position in that country and purchase the capital goods that we want."

The multilateral Trade Agreements of Annecey and Torquay, to which my hon. friend referred have nothing whatever to do with this matter.

You referred to this very subject then and said:

"Now the time has come for us to cut ourselves from the United Kingdom. We are to be no longer

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dragged by the ear by the United Kingdom. The sooner we get rid of it, the better for us.....England exports 8.1 per cent. of her industry to this country."

You wound up your speech with these words:

"This is our first opportunity; if we hesitate now the result will be that though we have attained political freedom it will be only nominal and we will ever be condemned to slavery in the economic field; we will be slaves of the United Kingdom. Let us mark our protest and let us today start a new era in the industrial life of our country. Let us ally ourselves with others who can support us hereafter. The direction of our trade must be in favour of the United States of America which alone can help us.... Let us not be tied down to 'chariot-wheels of Great Britain, and the sooner we get rid of it the better."

This is what the hon. Mr. Gadgil had to say on behalf of Government:

"Sir, I am in complete agreement with the arguments and sentiments expressed by my hon. friend Mr. Ayyangar; but owing to certain circumstances it is not possible for Government to accept the amendment. As a matter of fact this question has now assumed considerable importance..... Government are thinking about it, but today if I were to accept the amendment it will be tantamount to putting an end to an agreed arrangement unilaterally; and that is not open to Government under the terms of the Ottawa Agreement. Furthermore, this question is now considerably affected by what is being done in the International Trade Organisation and the various conferences that are being held. I want to assure my hon. friend Mr. Ayyangar that he will soon have what he wants."

It is now two and a half years since that promise was made and I am still where I was seventeen years ago. I am not going to accept any such assurances. This House has expressed itself on this question of Imperial Preference on several occasions. But Government have treated the views of this House with scant courtesy and have not carried out the assurances given.

Let me now remind the House of what Dr. Pattabhi Sitaramayya had to say on that occasion. He said:

"Is it only India that is bound down by this Ottawa Agreement which I thought had been buried seven fathoms deep? I cannot understand why India sticks to those dead bones of the Ottawa Agreement."

In reply to a question of clarification from you the hon. Mr. Gadgil said:

"We are thinking on those lines, and what the hon. Member expects will happen."

To this Dr. Pattabhi Sitaramayya asked:

"May I know how this is to be done once the Act has been passed?"

You in your usual generosity accepted the promise of Government, which has not been honoured.

Dr. Pattabhi Sitaramayya, however wanted:

"further discussion on this subject be adjourned till 30th March so that in the meantime by cable they may communicate with the British Government and maintain the high traditions of honour which they want to preserve in relation to a country which has ruined this land for over a hundred years. It passes my understanding how it is that these gentlemen today are quoting the Ottawa Agreement with an emphasis which attaches only to the Vedas and the Bible. Does it mean that the Finance Minister also comes with those traditions and sits on the Treasury Benches?"

Then you said, Sir, "That is not so". Then Dr. Pattabhi said that the trouble was that as soon as promises were made Members suddenly became weak. He said:

"We must repudiate it and it must be repudiated and it must be repudiated at an early date. There is a tendency, which is beginning very unobtrusively, of hanging on to the coat-tails of England in some manner or other. The British have made us free. We are unable to acknowledge ourselves free. It is the spirit of the slave which revolts against the freedom that has been obtained. I do not want a ruling on this. But I do suggest that further consideration should be adjourned till March 30th. In the mean time I do hope the Government will put themselves in communication with the British Government and get rid of these shackles".

Mr. Speaker was in the chair and he intervened and said, "The Government have said that they would do their best and the hon. Member who has moved the amendment is himself satisfied and is prepared to withdraw his amendment". That was yourself, Sir. And you said, "I became weak!"; to which Dr. Pattabhi remarked, "That is our trouble". Then the Speaker said, "Let us wait for twelve months more and be strong in the meanwhile so that, the next time that the hon. Members meet here..." and then the amendment was withdrawn. Not only one year but three years have passed, but what has happened?

Again this matter came up in September 1948 when Mr. Neogy the then Commerce Minister moved a Bill for the amendment of the Tariff Act. He was very apologetic about it and even at the beginning of his speech while moving the amending Bill he made these remarks which are very pertinent:

"Now there is one point to which I should make reference, because I know the House attaches some importance to that, in regard to these two items where a tariff adjustment is proposed. There are differential duties proposed in the Bill; a lower rate of duty being contemplated in the case of articles imported from the United Kingdom and higher rates being intended to be applied against similar articles imported from countries other than the United Kingdom. No one likes this feature of the Bill and no one dislikes it more than I do. But the fact remains that under the present Indo-U.K. Trade Agreement, we have no option in the matter. But I can assure the hon. House that the question of revising the Indo-U.K. Trade Agreement is under active consideration."

Sir, that was in September, 1948. And he went on to say:

"But as the House is aware, wider issues will have to be decided in defining our political relations with the United Kingdom and this question may have to be considered in that context. So I would beg of the House not to take exception to this feature of the Bill because we are absolutely helpless in the matter, but to wait, for a few months during which period we will have made sufficient progress either in the revision of the Trade Agreement itself, or....."

A few months, Sir. It was only a matter of a few months then, in September 1948.

Mr. B. Das was one of the Members who spoke on this Bill and this is what he said:

"I am glad the hon. the Commerce Minister referred to the hated preferential Tariff to UIC and some dominions and I wish with him that in six or nine months preferential duty would be abolished".

Referring to the same point Prof. Shibban Lal Saksena said:

"So we are in an indifferent mood, but this is an important Bill. When I read the debate in the Assembly on the Ottawa Agreement, I have seen volumes and volumes of speeches by hon. Members and probably the hon. Commerce Minister himself was one of those who spoke against it. It is an irony of fate that today he should sponsor a Bill siding with Imperial Preference. It is an irony of fate that he should state that because our relations with Britain have not been settled, therefore, it is not possible to have this Treaty annulled. I do not know what particular kind of association with Britain we are trying to have. I should tell the hon. Minister that after passing the Resolution declaring India as a Sovereign Independent Republic, it cannot have any other relationship with the British Commonwealth and as such, when we have decided that we shall be free... etc."

Then he proceeds to say:

"But I do not want that because of this Treaty we should keep this Imperial Preference and this special relationship with Britain."

Then Mr. Neogy made a categorical statement. He said:

"It is rather a complicated matter. I may as well point out—though I do not attach any great importance to that Pact—that India also gets certain Tariff advantages as an equal partner".

But he himself admits that "opinions differ on the value of those concessions."

Shri Ramaswami Naidu (Madras): Is it the point of the hon. Member that without repudiating the Trade Agreement and the Treaties we can take away this preferential treatment?

Shri Goenka: Yes, most definitely so.

**Mr. Deputy-Speaker:** I understand the hon. Member to say that this is not covered by the Agreement, that we are not bound to introduce it here and that therefore straightway his amendment ought to be accepted even if it should be governed by the Indo-British Trade Agreement. And his point is that more than 2½ years have passed since Government promised to take steps to repudiate it as early as possible but that it has not happened.

**Shri Goenka:** That is exactly what I was going to say.

**Shri Mahtab:** Why quote *in extenso*?

**Shri Goenka:** Only to show that in spite of the promises made by your predecessors and in spite of the House expressing itself in no uncertain language the Government has done nothing in the matter.

After all, Sir, assuming, as you very rightly put it, that it was a case in which there was certain difference of opinion in regard to the interpretation of the Indo-British Agreement of 1934 and 1939, there can be no dispute in regard to the fact that this Agreement could have been put an end to by giving six months' notice. And that matter I hope the hon. Minister will not dispute because I will immediately refer him to.....

**Mr. Deputy-Speaker:** But the same Ministers have not been there.

**Shri Mahtab:** Sir, if you kindly give me five minutes he will himself be convinced about the steps we have taken.

**Shri Goenka:** I really do not understand what defence any Government can have to the attitude which they have adopted towards this Parliament. This Parliament has been insisting every time and at every opportunity that was given to this Parliament, it has expressed itself against this Imperial Preference, and every time promises have been made. But those promises have been observed only in their non-observance. If they were really genuine in what they said, if they were really honest in their pretensions, they could have immediately given six months' notice and put an end to that Indo-British Agreement. They have chosen to do nothing. Again today I find that a Bill is brought, it is brought without giving us any information, and quietly—as Mr. Santhanam put it about three years ago, call it by the back door or by the front door—again this Imperial Preference is introduced. When this Imperial Preference is introduced they have not got a word to say in defence of it. They do not say what it is. Is it such a

thick-skinned Government that nothing affects them? All that is left to us is to express ourselves in the strongest language possible that this House will not put up with any nonsense any more. Let me now refer to....

**Shri Mahtab:** Sir, I entirely agree that the House should not put up with any nonsense, from whatever quarter it comes.

**Some Hon. Members:** He is not audible.

**Shri Goenka:** I do not propose to hear anything which does not suit me. You may not like it, but the fact is that this Government has not justified itself and it is open to us through the forum of this Parliament to express ourselves indignantly and in the strongest possible language to the world at large that this House is not prepared to support the Government's policy so far as this Imperial Preference is concerned. I want to make that clear beyond all reasonable doubt, and that is the purpose of my talking at this length now.

There is the Ottawa Agreement of 1934 to which I have referred. I have also made a reference to the Indo-British Trade Agreement of 1939. Then my hon. friend introduced what is called GATT, General Agreement on Tariffs and Trade which was concluded at Geneva. I have got a copy of it. I have gone through this Agreement and I wonder how it comes into the picture at all. If it comes into the picture at all it comes only for one purpose, namely, that because of the preferences which the United Kingdom enjoyed with us before, they got very good terms with other countries. What actually happens is that they enter into a bargain with the non-Commonwealth countries at these conferences, like the GATT, Annecey and Torquay. What they do is this: They use this concession as a lever for extracting better terms for the export of their material in non-Commonwealth countries. For instance if there is a tariff against U.K. and if we reduce that one or if we reduce a certain preference, immediately they use it as a bargaining factor for the purpose of getting better terms for the exports to those non-Commonwealth countries. Not only we lose, Sir, but this Agreement is always used as a lever in all these Conferences, as I have pointed out. Then, Sir, again supposing we do away with these preferences, what will be the position? The position will be that all the non-Commonwealth countries, those great countries of Europe, of South America, our next door neighbour China, and even the Soviet Union, all these countries will trade with us

on equal terms. Well, today Britain got better terms from all these countries in these multilateral conferences which my friend referred to. I would like to know what advantages we have got in this Indo-British Agreement which we have entered into. My friend, Mr. Neogi says: We are examining the point and immediately after we examine it, we will come before the House. Have they gone into the facts and figures? Have they come to a decision whether the abolition of this Pact will be to our advantage or will not be to our advantage? How long will it take them to examine these various aspects of the question? It is a well accepted principle that you cannot have export unless you have import.

**Shri Karmarkar:** May I ask the hon. Member whether it is his assumption that the Imperial Preference and the Agreement have nothing to do with each other and that the Agreement has not influenced the Preferences?

**Shri Goenka:** I have explained what the GATT has done. What it has done is to give better terms to the U.K. while we have been losing in our trade with non-Commonwealth countries.

**Mr. Deputy-Speaker:** Is it not a fact that the U.K. is one of the parties to any of these items?

**Shri Karmarkar:** I am sorry, I asked him a question, Sir. The fact is that one of the methods of working this GATT is when other countries ask of us concessions—a reduction or elimination of the Imperial Preference, which we are granting to U.K.—they are refused.

**Mr. Deputy-Speaker:** He only wants to know if the U.K. is any contracting party to any bilateral agreement, apart from the Indo-British Trade Agreement which is already in force.

**Shri Karmarkar:** It is one of the principal parties. We have entered into an agreement with the U.K. in this GATT, not directly, but we have had to give them concessions. It is difficult to answer that question because this was as a result of multilateral or bilateral treaties.

**Mr. Deputy-Speaker:** The House also wants to know this: Was it not understood that there will be an independent agreement between this country and the U.K.? It is not one of the countries which came in for the purpose of bilateral agreements either in the one place or the other.

**Shri Karmarkar:** No, Sir.

**Mr. Deputy-Speaker:** The hon. Member evidently wants to know why such an agreement has not been entered into all these years?

**Shri Karmarkar:** I think we should answer that question.

**Mr. Deputy-Speaker:** I may also suggest to the hon. Minister for Commerce that he should state what steps have been taken so far on the assurance. The House will expect that once an assurance is given on behalf of Government, when the same matter comes up before the House, it is for the Government to take the initiative and tell the House why the assurances have not been implemented. It is not for them to wait after the debate is raised in this House and after pointed attention is drawn to it. I expect that a note will be made by the Government that whichever Minister may make an assurance, from time to time it will be reviewed and a statement made in the House as to what action has been taken.

**Shri Mahtab:** Is it suggested that Government will always presume that the Members of the House do not follow the steps taken by Government?

**Mr. Deputy-Speaker:** How do the Members know?

**Shri Mahtab:** So then Government will presume that the House is unaware of anything which is going round about it.

**Mr. Deputy-Speaker:** The hon. Minister must know that once an assurance is given to this House, he ought not to wait till he brings forward a measure but of his own accord must inform the House why those assurances have not been kept up. He owes a duty to this House.

**Shri Mahtab:** You should have waited for my explanation, whatever I have to give.

**Mr. Deputy-Speaker:** I am on the procedure. It is not as if the hon. Minister has not got any explanation. Possibly he and the Government have got an explanation. But it is up to him and it is the duty of the Ministry or the Government to inform the House in advance that in spite of the assurances given repeatedly by Ministers from time to time during the course of 2½ years, they have not been able to implement, instead of waiting for other hon. Members to raise a storm in this House and then come forward with an explanation.

**Shri Karmarkar:** I think as having initiated the Bill, I owe an explanation to you on this point. The whole

[Shri Karmarkar]

Bill consists of three different parts and when we introduced that part, as you must have noted, Sir, the Tariff Board report was there, our resolution was there but incidentally we did not realize that preferences would be the moot point.

**Shri C. Subramaniam:** I referred specially about protective duties.

**Shri Karmarkar:** He did refer to it.

**Mr. Deputy-Speaker:** Preference is one of the items. The hon. Minister comes forward with a definite proposal that preference ought to be given to U.K. articles whereas preference ought not to be shown to other articles and therefore, it is for him to explain to the House if he wants to take the vote of the House. If the Government have given assurances, they should try to terminate the agreement as early as possible.

**Shri Karmarkar:** We shall accept that as a guidance from you and whenever we introduce a new Bill, Government will put forward the reasons.

*The House then adjourned for Lunch till Half Past Two of the Clock.*

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

[MR. DEPUTY-SPEAKER in the Chair.]

**Shri Goenka:** Sir, I am grateful to you for telling the hon. Minister in charge of this portfolio that he should behave better in regard to these matters.

**Shri Karmarkar:** I am sorry, was that your direction?

**Mr. Deputy-Speaker:** I do not find fault with any hon. Member.

**Shri Goenka:** After all, you are the custodian of the rights and privileges of this House and if you have done that, you have only done your duty to this House.

**The Minister of State for Finance (Shri Tyagi):** The House includes Ministers as well.

**Shri Goenka:** I am glad Mr. Tyagi is more loyal than the King himself. But, Sir, the fact is that there is a rule in this House that the hon. Minister for Parliamentary Affairs should place on the Table of the House from time to time a statement giving particulars of the action taken by Government in pursuance of undertaking which they have given in this House from time to time. After these undertakings were given, no such statement was placed on the Table of the House as to what the Government had done in regard to

this particular matter which has been a burning question so far as this country is concerned particularly the Congress—for the last 17 years since this Ottawa Agreement came into force. You, Sir, very rightly pointed out that the hon. Minister ought to have told the House, while introducing the proposition, what they had to say in regard to this Imperial Preference. Taking the undertaking which was given by the hon. Mr. Gadgil, on a previous occasion, Mr. Neogy, when he was introducing the Tariff Bill, pointed out that he disliked this preference as much as any Member of the House and that in fact, he disliked it more. He made the position absolutely clear and there was no storm in the House at all and the House did take his assurance in the spirit in which it was given.

My hon. friend asked me if I maintained that GATT had nothing to do with Imperial Preference. I maintain that GATT has nothing directly to do with the Indo-British Agreement, but indirectly comes into the picture. When multilateral agreements are discussed and when multilateral agreements are entered into, you cannot ignore agreements between one country and another country where preferences are granted. What happens in this particular case is this. U.K. demands concessions from non-Commonwealth Countries in consideration of India reducing her preference in favour of the U.K. The position is this. When India reduces her preference, U.K. uses that reduction of preference for getting a deal, getting a good bargain from other countries. That is, this is used by the United Kingdom to her advantage in her deal with other countries like the U.S.A. We do not give preference to any country except to the United Kingdom. In these multilateral agreements, no question arises of treating any country on any different level from other countries except the U.K. and the British colonies. That we do, not because we like to do it, but because this Ottawa Agreement exists. I would like the hon. Minister to explain why this Ottawa Agreement has not been put an end to. In fact, I will not be exaggerating when I say that India has been used as a pawn in the diplomatic and economic battle between the sterling and the dollar. We have been used both ways. We lost to U.K. and U.K. gained from other non-Commonwealth countries. This is the state of affairs. May I know whether any attempt was made by the Government of India to have this matter discussed with Britain with a view to revise the Agreement or regarding the Imperial preference, in pursuance of the assurances given to this House? This is

my important and categorical question. Let them frankly and brutally tell this House that they are afraid of opening this topic with Britain. It must be one of two things. Either they have asked Britain to revise this treaty because there is a demand from this House and this country, or let them frankly say that they are afraid of raising this topic with Britain except in multilateral arrangements where India again loses in favour of the U.K. When you give an assurance, you have to come before the House and explain to the House as to what has been done by Government. This has not been done.

Let me put forth a concrete case. Suppose a particular industry will be quite happy with a protection of 50 per cent. We give 50 per cent protection. But, because of this Agreement, we have got to raise the duty to 60 per cent from non-Commonwealth countries. The result is, the consumer is penalised to the extent of 10 per cent. It is a misfortune of this country that there are very few people to back up the case of the consumers. Sometimes, the case of the U.K. is backed up or the case of other countries; sometimes, the case of the industries is backed up; but nobody bothers about the case of the consumer. If with a 50 per cent protection, a particular industry can prosper in this country, why should we levy a 60 per cent tax on the produce of other countries? What is the result? The countries which are affected, have either to cut down their cost of production or their sale price by 10 per cent, or they have to lose the market. The result is, the U.K. gets this market at the cost of the other country. We talk of stimulating exports. How are your exports going to be stimulated if your agreement with the U.K. and other commonwealth countries works to the prejudice of other countries? After all, if you do not encourage imports from those countries, they are not interested in encouraging exports from this country into their country. No country can live on exports or imports alone. It is import which breeds export and it is export which breeds import. Suppose, for instance, we are dealing with the USA. If the USA find that they have to cut down their prices by ten per cent or 15 per cent to compete in this market with the UK, are you suggesting, or is it commonsense to suggest, that the USA will, in the usual course of things, encourage imports into their country from India? Certainly not. They will encourage import into their country of materials of this country only when they have an Indian Market on the same basis as any other country in the world has. This is how this Agreement is working against the

interests of this country. We give preference to Britain to give her a better market in India at the cost of other countries. This is a thing which no country in the world can look at with any amount of unconcern.

Having said this, there is one more matter to which I would like to draw your attention. The House knows and you know Sir, more than anyone else the attitude of the U.K. towards India, in regard to Kashmir. We know the attitude of the United Kingdom towards India in regard to her sterling balances. We know the attitude of the United Kingdom towards India in regard to the interest on the sterling balances. What is it that makes us run after the United Kingdom and to give them preferences when the United Kingdom does not miss a single opportunity of acting to the detriment of India when it suits her interests directly or indirectly to do so? I would like to invite the attention of the House to the attitude of the United Kingdom in regard to the Kashmir question in the United Nations. Here is the United Kingdom joining hands with other countries to put all obstructions and obstacles in the way of India. That is her attitude towards our problems, where it touches her pocket. Of course it is quite a different proposition if the question does not touch her pockets. When it is a question of principles as against her pockets, I am yet to find a single instance of the U.K. standing by India on principles. That being so, I do not see any justification for our still continuing this Imperial Preference.

Then let me say one or two things to the hon. Minister. They all behave and very rightly behave on the impression that this House is pleased to support them. At least this side of the House, the Members of the Congress Party are to support them. They would not like to publicly criticise their own government and therefore it pains us to come here and refer to matters and things which go to criticise the activities of our own Government. But Sir, if they want to prevent that sort of thing, the remedy lies in their own hands and not with the Members of this House. It is for them to put all their facts plainly, squarely and bluntly before the House and say here are the facts and here are the figures and here are the reasons which have prevented us from taking a particular action and which induced us to take this particular action. But what do we find here? Although independence has come to this country and although the bureaucracy has disappeared from the country, still we find only bureaucratic methods in the Ministry of this Government.



**Shri Hussain Imam:** Is it the case with some of the Ministries or all the Ministries?

**Shri Goenka:** May be some of the Ministries; but I am discussing this one Ministry and the hon. Member can leave other Ministries alone for the present. I am talking only of one Ministry and this Ministry I have discussed for the last four years. I want this Ministry to place before the House all the facts and figures and state plainly that such and such are their difficulties; but they do not do that, they behave in the same old bureaucratic manner, by avoiding the answering of questions, by confusing the House, by bringing in the GATT, then Annex and.....

**Mr. Deputy-Speaker:** Are we on the general discussion?

**An Hon. Member:** The Finance Bill.

**Mr. Deputy-Speaker:** He may reserve these remarks for the general debate on the Budget.

**Shri Goenka:** Sir, I am on this subject only and I am only talking on the subject which is before the House and my remarks apply to this subject. The hon. Minister while introducing the Bill for consideration of the House, what did he say? What did the Deputy Minister say in his speech? The speech of the Deputy Minister was one of confusion, bringing in Havana, Torquay, the GATT and all these things into the picture. I ask in all seriousness what has Havana to do with the subject now? What has it got to do with Imperial Preference?

**Shri Sidhva:** Then do not touch it.

**Shri Goenka:** But, what I say is when a straight question is put, we do not get a straight answer. That is our trouble and that is the trouble I want to bring pointedly to the notice of the hon. House and the hon. Minister.

Let me then come to one or two other matters. My hon. friend when introducing the Bill gave us the reasons for this Bill. These are stated in the Statement of Objects and Reasons. What do we find in that Statement? There it is stated:

"2. As regards (1), the powers indicated are at present exercisable under the Protective Duties Act, 1946 (XVII of 1946). This Act is, however, due to expire on the 31st March, 1951. It is necessary to retain these powers permanently and it is convenient to have these powers incorporated in the Indian Tariff Act, 1934."

But the most relevant portion, the most operative portion of the Act of 1946 was taken away and no mention has been made to that fact in the Statement of Objects and Reasons. What is the portion that has been taken away? We find it in the Act of 1946. It is this:

"and the notification shall cease to have effect on the expiry of two months from the date on which the Bill is so introduced:

Provided that where for any reason a Bill as aforesaid is not so introduced the notification shall cease to have effect on the expiry of two months from the termination of the said session."

**An Hon. Member:** That was passed.

**Shri Goenka:** Yes, that was passed. But I am only showing you how there has been the separation of facts. This portion which they want to retain permanently has been retained but no mention is made of the fact that the other portion has been dropped out.

The other day my hon. friend Mr. Bhatt asked the hon. Minister what is the advantage that was derived from the emergency legislation of 1946 and my hon. friend mentioned four industries, including soda ash. May I remind my hon. friend that the Tariff Board have been asked to make an emergent report with regard to soda ash? And...

**Mr. Deputy-Speaker:** Are we once again going to the general discussion of clause 2? I thought that clause was passed. The hon. Member knows only too well that he should confine himself to the clause under discussion and the amendment he has tabled.

**Shri Goenka:** Sir, I am referring to clause 2 only to show that this Ministry is not placing all the facts before the House in the manner they ought to. I am giving this only as an illustration and I am not reopening the discussion on clause 2. The other day the hon. Minister, Shri Mahtab explained why this should be referred to as an emergent Act. But the Statement of Objects and Reasons itself refers to it as an emergency Act. He said that starch was in the O.G.L. and that there is a ceiling price for it. But let me know what is the commodity that does not have a ceiling?

**Mr. Deputy-Speaker:** The hon. Member can multiply cases according to his resources and take up this Ministry and that. But that is all

beside the point now as we are now on clause 3 and he has also taken sufficient time.

**Shri Goenka:** Once it is admitted that they have erred and they go on erring in spite of our telling them, I have nothing more to add. This is what I have been trying to point out. They go on erring and there are several instances but I do not want to go into those matters. Sir, I have nothing more to add except to say that this Imperial Preference must go. It has remained in this country for 17 long years and it has been objected to both by the Congress and this House all these years. Promises have been made in this House during all this time that we would soon see the end of this preference and yet it goes on. We would like to see the end of this thing at least at the hands of Mr. Mahtab, though we have not seen it in the case of his predecessors.

**Mr. Deputy-Speaker:** Amendments moved.

In part (ii) of clause 3, in the proposed Item 11(6) of the First Schedule to the Indian Tariff Act, 1934,—

1. (i) in column 2, omit the following:

“(a) manufactured in a British Colony

(b) not manufactured in a British Colony”;

(ii) in column 3, omit the word “Protective” where it occurs for the second time;

(iii) in column 4, omit the figures and words “36 per cent. *ad valorem*”; and

(iv) in column 7, omit the word, figures and letters “December 31st, 1952”, where it occurs for the second time.

2. In part (x) of clause 3, in the proposed Item 28(31) of the First Schedule to the Indian Tariff Act, 1934,—

(i) in column 2, omit the following:

“(a) of British manufacture.

(b) not of British manufacture:

Provided that calcium lactate manufactured in a British Colony shall be deemed to be of British manufacture”;

(ii) in column 3, omit the word, “Protective”, where it occurs for the second time;

(iii) in column 4, omit the figures and words “36 per cent. *ad valorem*”; and

(iv) in column 7, omit the words, figures and letters “December 31st, 1952”.

**Shri C. Subramaniam:** I am one of the sponsors of this amendment and I shall not repeat what has already been stated by my friend Mr. Goenka. This is a very important matter and the amendment raises a very important issue. Leaving aside heat and passion let us consider coolly what are the effects of the proposals that have been made here recognising Imperial Preference.

It has been said that the Indo-British trade agreement has been in existence and that except by mutual agreement we cannot get out of it. The question is if we continue to have this agreement does it add to our prestige? Does it in any way help us economically? As far as our prestige is concerned I am afraid it lowers our prestige in the eyes of the world. Mention was made about the assurances given by Ministers to this House. It does not matter whether this House has been properly treated or not: let that question lie apart. But these assurances and categorical statements have been made on the floor of this House, saying that the Government do not like this agreement, they are against it and all this has appeared in the papers and the public have seen them. In spite of our dislike of the Indo-British agreement, in spite of the fact that we want to get rid of it, what will be the impression created if we do not get rid of it? Even though we are politically free, it gives the impression that economically we are unable to get out of the old bondage. I can very well understand if the contention of the Government is that this agreement is beneficial and therefore it is necessary: whatever might have been our attitude towards the agreement in the past, now that we are equal partners with Britain and other Commonwealth countries, it is necessary and essential to continue this agreement. If that is the argument, it is quite a different matter altogether. But Minister after Minister has given assurances and made statements that they do not like it and that they want to get rid of it. In spite of that you want to continue it and it lowers our prestige to a very great extent.

[Shri C. Subramaniam]

From the economic aspect also it is not advantageous to us. Whatever might have been the pattern of our trade before the war, in the postwar period trade is developing in an altogether different pattern. If anything incomplete this Imperial preference is only detrimental to us. I wish the Government applies its mind to this aspect and tell us whether as a matter of fact this Imperial preference is working to our advantage. Any dispassionate and disinterested observer would say that this preference is only injuring our economic interest, as far as other countries are concerned, and that we do not get an equal advantage from Britain on account of the Preference being shown. That is as far as Imperial preference in all its aspects is concerned.

Now should this be continued in the protective sphere is another question which has to be considered. Take for example sago globules and tapioca pearls, which are mentioned here. If manufactured in a British colony the duty is 24 per cent. and if not manufactured in British colony 36 per cent. *ad valorem*. It looks as if we are protecting colonial interests to the extent of 12 per cent. Instead of our main object being the protection of our own industries, we also go to the extent of protecting British and colonial industries to the extent of 12 per cent. as against other countries. Is that our intention? It is said that it is a matter of reciprocity. I agree that we are equal partners with Britain but is there any instance where Britain has imposed a protective duty where we have been shown preference. I can understand if there is a case of Britain also imposing protective duties and preference being shown to us in that sphere. But as far as Britain is concerned there is absolutely no question of imposing any protective duty whatsoever. Therefore this protection and preference in that sphere is being unilaterally observed by India alone and there is no corresponding obligation on the part of Britain and with them the question of imposing a protective duty does not at all arise. Therefore this question of reciprocity and unilaterally getting out of the agreement does not at all arise. The observation of the Fiscal Commission, of which you, Sir, were a member, clearly adds to our argument further, that as far as protective duties are concerned it could not have been contemplated that this preference should be carried into that sphere also.

Then there is the other aspect, namely that in the agreement itself there is a specific clause added in

respect of certain commodities like cotton. Even though in that case duties are levied for the purpose of protection, still preference should be shown. Under ordinary construction and interpretation of contracts and agreements when you make a specific reference to a thing it means it is not included in the general statement. That would go to show that as far as protective duties are concerned it was contemplated that there was no question of preference. This specific reference to certain protected goods excudes the other protected goods altogether from the operation of these preferences. Taking all these things together I submit to the Government that there is absolutely no question of unilaterally getting out of the agreement because the question of protection is a sphere in which we alone are interested and there is no question of Britain imposing any protective duties. There is no question of getting out of the agreement, even if you want to continue the Indo-British agreement by taking away preference in the protective duties. It does not amount to a repudiation of the agreement. Under the circumstances I would request the Government not to stand on prestige by saying "We have made a proposal and it should go through." Let them consider dispassionately whether, as a matter of fact, we can at this stage at least realise that foolishly we have been adopting this policy of showing preference even in the protected sphere. Let us make a beginning here and now that in the protected field at least we shall not show this preference. I would appeal to my hon. friend the Minister for Commerce and Industry to consider this aspect of the question.

3 P.M.

Shri Mahtab: rose —

Shri Hussain Imam: I would like an opportunity to speak, Sir.

Shri A. C. Guha: Would it not be better, Sir, if my amendments also are moved now? My amendments are Nos. 9 and 10 in the Consolidated List and No. 13 in Supplementary List No. 1.

Mr. Deputy-Speaker: All right, he may move them.

The Minister of State for Transport and Railways (Shri Santhanam): Sir, I would like to know whether amendment No. 13 in Supplementary List No. 1 is in order because it wants to increase the duty.

Mr. Deputy-Speaker: Yes. Has the sanction of the President been obtained by the hon. Member? For increasing a duty the hon. Member

knows too well that the sanction of the President has to be obtained. Has he obtained it?

**Shri A. C. Guha:** No, Sir.

**Mr. Deputy-Speaker:** Therefore it is out of order. Then remain amendments Nos. 9 and 10 in the Consolidated List. Even there it is sought to increase the duty. Mr. Goenka's amendments were in order because he wants to bring down the duty from 36 to 24 per cent. But raising the duty requires the sanction of the President. I am afraid all his amendments are out of order.

**Shri A. C. Guha:** Then will you permit me to speak, Sir?

**Mr. Deputy-Speaker:** Oh, yes. On a Bill all the Members are entitled to speak and they will be allowed to do so till the last Member is exhausted.

**Shri Hussain Imam:** In speaking on this Bill I should like to preface my remarks with an apology. I and others failed, in the meeting of the Standing Advisory Committee of the Department, to enlighten the Minister about the strong views that prevail in the House on the question of Imperial Preference. We did not enlighten him on the subject, and this is a failure not only of myself but of my colleagues in the Standing Advisory Committee. I, therefore, plead guilty along with the hon. Minister in this respect.

Sir, I have been a persistent and determined opponent of Imperial Preference right from the time that the Ottawa Agreement was entered into. I may remind the House that there is on record the report of the Committee of the Council of State, in which I appended exhaustive notes on the subject of the disadvantages of Imperial Preference. My opposition to Imperial Preference has been continuous from its inception, but I was not really able to enlighten the hon. Ministers about clause 3 as I was able to do in connection with clause 2. The draft of the Ministry was far worse than the one you find embodied in the Bill. The Bill has been improved—I will not say in what way, but this is the improved version which the Standing Advisory Committee helped to make.

On this occasion I shall speak only on the question of Imperial Preference. The days when this agreement was entered into were days of the subjection of India. We had no independent power of our own. That was one of the main reasons for the

Imperial Preference being brought forward. But now that we have got our independence, what are we doing? I should like the hon. Minister to enlighten the House on what has happened to the other parts of India who also were partners in the Ottawa Agreement. I refer particularly to Burma. Has Burma continued the Imperial Preference? What has Pakistan done? Has Pakistan continued the Imperial Preference as it was? As far as I know—I do not say it is very authentic—Burma and Pakistan have got very little vestige of Imperial Preference left with them. To my knowledge Pakistan is probably negotiating new terms with U. K. and is not bothered by Imperial Preference as we are.

My opposition to Imperial Preference is based not on politics alone but also on pure scientific principles. I object to Imperial Preference because it causes harm to the nationals of my country. Preference can only be given to either of two kinds of suppliers: either to a minority supplier or to a majority supplier. When it is given to a minority supplier, that is a country which supplies less than half the goods consumed, it amounts to granting a subsidy to the country which gets the Preference; because the other competitors are selling the same thing at a higher price and therefore that country is able to price up its goods. On the other hand, if Preference is given to a majority supplier, that is a country which supplies, say, 60 per cent. of the goods we require, it helps that country to establish a monopoly because if it is able to undersell the others it will be able to oust them from the market and having established a monopoly they will be able to increase the prices. So, both ways grant of Preference is harmful.

The other reason for my objection to Preference is this. There is a significant remark in the GATT to which I would like to invite the attention of the House. In Part I, article 2(a) it is said—

“preferences in force exclusively between two or more of the territories listed in Annex. A, subject to the conditions set forth therein”.

The countries listed in Annex. A happen to be those under common sovereignty—that is, all the members of the Commonwealth have agreed to certain things. That is a reminder of the British days. Do the Government wish to maintain that reminder, that we are still subject to the suzerainty of the British Crown?

[Shri Hussain Imam]

How does it affect us to keep this Imperial Preference alive? I should remind the House that there is a world of difference between the conditions prevailing in 1939 when this Agreement was entered into and 1951 when we have had the separation of Pakistan from us; absorption of Indian States amongst the rest of India; and all the other changes. We have no longer raw material to supply. We are a manufacturing country. We have to find markets for our finished products. We are importers of raw materials ourselves. For instance, sesalfibre is an item which we have to import because it is part of the rope-making industry which is earning good dollars for us. In view of these facts, I think the House is not wrong in expecting the hon. Minister of Commerce to enlighten the House on the subject of the concrete steps that have been taken towards termination of Imperial Preference and secondly on how soon the House will be placed in possession of the facts about the gains and losses which have occurred to us during the period of the Nehru Government in power.

Sir, with these words, I conclude.

**Shri Mahtab:** After listening to the speech of my friend Mr. Goenka I do not know whether I should speak in a lighter vein or in a serious vein, because the matter seems to be so simple that if I could take the earliest opportunity of putting before the House the facts as they are probably so much enthusiasm and so much vehemence would not have been lost upon us.

With regard to the point raised by you, Sir, I think I owe an explanation to you and through you to the House, in regard to the reason why the question of preference was not mentioned in the opening speech of the Deputy Minister when he placed the Bill before the House. The explanation is this and it may be acceptable or it may not be acceptable to you or to the House, but I wish that my explanation may be put on record. In parliamentary practice, although the Party has no place in the Constitution, it is a constitutional link which is recognised in all quarters. So far as this measure is concerned, it was thoroughly discussed in the Executive Committee of the Party and all the amendments were discussed in the Amendments Committee of the Party and this point was not raised then by those who are raising it here. Therefore, the Deputy Minister rightly thought that this subject should not be raised in this House. He confined

himself to dealing with those points which were raised in those discussions in the Party. That is the explanation. While there was no intention of concealing anything or withholding anything from the Parliament, off and on I am very sorry to note (*Interruption*).

**Shri Goenka:** May I submit that this matter was raised in the general debate and when no satisfactory explanation was forthcoming from the Deputy Minister we gave notice of amendments. We thought that Government themselves would give notice of an amendment and put things right, but when we found that no satisfactory explanation was forthcoming from the Deputy Minister and this morning he denied whatever explanation he had given by saying that he did not mean it.....

**Shri Karmarkar:** I did not deny my statement. I beg your pardon, Sir, but with very great respect to my hon. friend I did not deny any statement that I had made before. If he would read both statements very carefully, he will find the correct position.

**Shri Mahtab:** I would like to place the views of Government before the House uninterrupted, because I do not like to interrupt others and if frequent interruptions go on it is possible that the House may not catch the point.

Sir, I have given my explanation. I take note of your ruling with great respect that hereafter Government should consider themselves as in a position to place all matters before the Parliament irrespective of whatever discussions might take place in the Party. If the Party is not to be recognised in the House and if that is the accepted opinion of the House, then also as Government we are bound to take up that position: there is no other way. Therefore, hereafter we would follow your ruling that whatever materials and whatever sides of the question there are should be placed before the House despite what the Party thinks about them.

Now, in regard to, the question of preference, I do not know why so much has been made of it. Immediately after political separation of India from the U.K., the question of Imperial Preference has gone. The point now is this: how long will the economic relationship with the U. K. continue as it was when there was political subordination. In fact, the only question is how long it would take. It goes without saying that nobody would like that after independence India should be subject to the economic dependence

of the U. K. No vehemence is necessary for that. No argument is necessary for that. It is an accepted thing. All economic matters relating to India should be considered on their own merits. Therefore, it has been often announced in the House by my predecessors that effective steps would be taken to consider these economic relations as they existed before independence on their merits. For that, effective steps have been taken. It is very curious that the most effective step which has been taken is lost sight of and some presumptions are made and from wrong promises wrong conclusions are arrived at. The most effective way in which effect has been given to those assurances is the appointment of the Fiscal Commission. My hon. friends have referred to it. What was the Fiscal Commission meant for? It was appointed to examine various questions; I would like to read one of the most important terms of its reference. It was this:

"To examine in consultation with all the interests concerned the working of the policy of the Government of India with regard to protection of industries since 1922 when the last Fiscal Commission reported."

[MR. SPEAKER in the Chair]

This shows clearly that the examination of the economic relations as they existed before independence was specifically referred to the Fiscal Commission. The Fiscal Commission is an expert body and it has devoted a large part of its report to that very point. The Commission has come to the conclusion contained in its report. As the interests of the consumer was cited as an argument against this measure, I must say that I am not in a position to say whether the opinion expressed here by the hon. Member is correct or whether the opinion held by the Fiscal Commission is correct. The Fiscal Commission held—

"It will be seen from the nature of the preference granted to these articles that they hardly are likely to impose any additional burden on the consumer."

They have recommended that this should be reviewed for other reasons. It is said that between 1938-39 and 48-49 India's share of the export market of articles in the United Kingdom has fallen, while United Kingdom's share in the Indian market has remained satisfactory. India's policy in regard to preferences, it is said, needs to be reviewed in the light of the situation revealed by this state of affairs.

These recommendations of the Fiscal Commission are now being examined and effective steps are being taken to finish that examination as early as possible. Mr. Mazumdar, who as the House knows, was associated with the Fiscal Commission has been put on this job, and in the course of his examination this particular point also will be examined. Therefore, it is not correct to say that no step has been taken after the assurances were given. The assurances were given in 1948; the Fiscal Commission was appointed in 1949 and they submitted their report in July 1950. The recommendations made by this Commission are now under examination. If the House takes all these facts into consideration, I think reasonably it cannot be said that no steps have been taken. Is it suggested that without any examination whatsoever as to whether these preferences are working satisfactorily or not, they should be terminated forthwith? I feel that should not be the suggestion made by any reasonable Member of this House.

The whole of the arguments adduced against this preference was quoted from the Fiscal Commission's report. As the House knows the Fiscal Commission was appointed to examine, along with other matters, this particular point. They have examined it and submitted their recommendations. These recommendations are being examined in the usual manner in the Ministry by a special officer. When this examination is over, Government will place before Parliament the steps they propose to take—if it is considered necessary to terminate these agreements, a measure will be brought before them. It cannot, however, be suggested that steps should have been taken before examination of the question by the Fiscal Commission, or before the recommendations of that Commission are examined.

Therefore, sufficiently effective steps have been taken in accordance with the wishes of this House, not only in the light of the assurance given, but also in the light of the new situation that has emerged after our attainment of independence in our economic relations with other countries. As the House knows, the Fiscal Commission has recommended that the situation should be reviewed from the experience gained in the course of the last several years. Assuming Government comes to a decision that these recommendations of the Commission should not be accepted, then and then alone is the occasion for hon. Members to quote our promises and assurances against us. I would, therefore, plead with the House to await the decision

[Shri Mahtab] of Government. (Shri Sidhva: What is the reason for the delay?) So far as we are concerned, there has been no delay. As I have already said the report of the Commission was submitted in July last. A voluminous report of this type, containing such weighty recommendations, cannot be examined in the course of six months.

**Shri C. Subramaniam:** Why then were the assurances that it would be over within a year or eight months were given by the hon Minister's predecessors?

**Shri Goenka:** The question of Imperial Preference was not referred to the Fiscal Commission. The matter which was referred to it was in regard to import and export policy. The two things are totally different.

**Shri Mahtab:** The reference to the Commission was so wide that they themselves have gone into the whole question. That being the case the House should wait till a decision is arrived at. It is of course open to the House to tell us that we should complete examination of the recommendations of the Commission as quickly as possible and place our decisions before Parliament. But it is not fair to say that no step has been taken and that the Minister forgot the assurance soon after he left the House. That is not the position. The position is that the assurance has been given seriously and steps have been taken to implement it seriously.

This is the point which I wanted to make in the beginning and this would have obviated the necessity of all these arguments and counter-arguments.

**Shri Hussain Imam:** There is no quorum, Sir.

**Mr. Speaker:** I think the hon. Member should first himself ascertain, then consult the hon. Minister of Parliamentary Affairs and ascertain whether it is a fact or not.

**Shri Mahtab:** I would, therefore, request my hon. friends to wait till a decision is arrived at. I do take note of the fact that hon. Members are anxious that a quick decision should be taken, in regard to this particular recommendation of the Fiscal Commission. I shall see that this particular recommendation is given the topmost priority and the examination completed as quickly as possible.

With regard to the amendment, my hon. Colleague the Deputy Minister has already explained how preference

cannot be done away with immediately. We cannot terminate an agreement without giving due notice to the parties concerned. If it is suggested that this Bill should wait till a decision is arrived at on this particular recommendation, I think we will have to wait for about a year or more. According to the agreement, six months' notice has to be given for the termination of the agreement. It will take a few months to come to a decision on the recommendation of the Fiscal Commission. It means that this Bill will have to wait for a year. The result of the delay will be that our own industries will suffer. Neither the U.K. nor the colonies are going to be affected by it. We will be only cutting our own nose to spite other's face.

**Shri A. C. Guha:** In supporting Mr. Goenka's amendment, my main point is that the Indo-British Trade Pact has been working as a handicap on the expansion of our trade. When we allow preference to one country and discriminate against other countries, we cannot naturally expect the latter but to retaliate against us. In the matter of sago we have given a preference of 12 per cent. to Malaya which is our main competitor. This means that sago coming from other countries is taxed more than what is necessary and thus the general cost of living in that particular item is increased to that extent. Similarly calcium lactate coming from the U.K. has also 10 per cent. preference. That means that articles coming from countries other than those included in the Trade Pact will be costlier than they ought to have been or than what is demanded for the protection of our Indian industry. This is a point which the Government should consider. Then there are certain other articles which we can get from other countries at a much better rate, and perhaps of a better quality, but we cannot develop our trade with those countries because of these preferences. I am particularly referring to enamel and porcelain goods. We can get them from Czechoslovakia at a much cheaper rate, and of much better quality also. But because we are committed to giving preference to British goods, we cannot have them. Certain other articles of general use can be had at a cheaper rate than from Britain and her colonies. So this preference is working as something like adding to the inflationary spiral and also as a handicap to the development of our trade relations with other countries. I would particularly say that we should not accord preference to a country which is a chief competitor in certain articles. The explanation that is now given by

the hon. Minister that this thing will be considered along with the other recommendations of the Fiscal Commission will not be satisfactory to the House. The House would like the Government to make a definite declaration that they would take up this matter apart from other things and apart from the consideration of the recommendations of the Fiscal Commission. This matter ought not to be tacked on to the consideration of the Fiscal Commission recommendations. There have been so many reports lying with the Government for months and years. No action has been taken and consideration is still going on with regard to those reports. I do not know when the consideration of the Fiscal Commission report will be completed, and if this question of preferential treatment to British goods is tacked on to the consideration of the Fiscal Commission recommendations, I think that will mean deferring the matter to an indefinite period. Therefore I urge upon the Government to make a definite declaration that they would take up this matter immediately by giving a notice for the termination of the Trade Pact and they can within those six months from the date of the notice negotiate for another pact, if necessary, suitable to the present conditions. With these words I support the amendment of Mr. Goenka.

**Shri Karmarkar:** The hon. Minister for Commerce and Industry has much lightened my task and I will only give myself the liberty of referring to one or two points which do require to be answered. Apropos what has already been said about the question of Imperial Preferences some of us are showing very great innocence regarding the latest position of the Government. If I might with respect remind hon. Members of this House that this question arose during the interpellations time on the 6th February, 1951 that will make it entirely clear as to how the matter stands so far as the Government is concerned. In answer to a question by Shri Velayudhan I happened to give the reply. The question was whether India has any intention to do away with Imperial Preferences under the agreement of 1939 between India and the United Kingdom. And the answer was:

"The question of continuance or otherwise of the preferences granted under the Indo-U. K. Trade Agreement of 1939 has been examined by the Fiscal Commission who have recommended that negotiations with the U.K. Government and the Colonies should be initiated for the review of the whole position. The Commission's

recommendations are at present under examination."

It is not as if this matter was not considered or that it never came up before the House. It is not as if we wanted to evade an answer to this question. It is a big question that cannot be evaded by any Government, even if Government wanted to do so. Government have no desire of evading this question.

My hon. friend Mr. Goenka said just now that the reason why the amendment regarding this particular aspect of the question was tabled late was that on the previous day when this question came up before the House I did not refer to that question. Sir, we on the Government Benches plead guilty to one thing. That is that we are guilty of a little vigorous attempt to finish the legislation before the House as early as possible. And on the last working day we wanted to finish it before 5 o'clock so that we could go to the next Bill. In that pressure of time it was not possible for me at all to answer every question in detail however important it might be and I had to rivet my attention to one or two most important problems. It was not with the idea of evading any question, much less this very important question.

Coming to the merits of the question, I have had ever since I met my friend Mr. Goenka a very great respect not only for his practical knowledge of commerce but also for his knowledge on the theoretical aspects connected with it. Though I do not know whether he has been ever a lawyer or not, I have very great respect for his analytical power even in regard to legal matters. And I listened to him today with great respect which he richly deserved. But after having heard him argue on his interpretation of the Indo-U.K. Trade Agreement I must frankly confess that my respect for his knowledge of law and legal interpretation has been very greatly damaged. The difficulty here is this that we have before us not any reasoning but we have before us a document, what is known as the Trade Agreement between the United Kingdom and India. It is so simple that it does not require any elucidation at anybody's hands. The Fiscal Commission has also referred to that document. It has dealt with it. And it has rightly said that when either the Ottawa Agreement was drafted or was being executed and in the course of this latter Agreement also the industries protected were outside the scope of this Agreement. The Fiscal Commission goes on to say that this was in consonance with one of the recommenda-



[Shri Karmarkar]

tions and observations of the earlier Fiscal Commission of 1921-22 that any protection given to any industry should not be affected by preferences. It is perfectly a correct stand to take. That is to say, any arrangement arrived at by way of any agreement or this agreement should not in any manner prejudice any protection to be given to any industry. If my friend will look into the Fiscal Commission's report—if he has read it completely, he may re-read it again—he will find, to his dismay possibly, that it has referred not only to the possibility of further industries being protected, subject to this agreement of preferences, but has also considered various ways in which preferences and protection have to work together. Where a particular industry is subject to protective duties it has also to be in consonance with the preferences to be given under this Agreement. By no conceivable effort am I able to appreciate in the least my hon. friend's effort at trying to show that it is perfectly possible to get away from this Agreement in the case of any protected industry. If that were only possible there was absolutely no reason for us at all to have given them any preferences. If he cares to refer to previous protective duties he will find that in the case of industries where we are not governed by any preferences we have not shown them any preference at all. With respect to Schedule VI, I thought he believed—subject to correction—that the old buried Pact of Ottawa was still alive. He referred to an agreement which has been alive for seventeen years. My friend did not know, I think, that it was almost still-born. It expired six years after it was born. The 1939 Agreement is still alive. It has lived till now. Whether it has to remain in the present form or has to disappear, as my senior colleague explained, depends upon the consideration we are giving to that problem under the recommendations of the Fiscal Commission. It has been said earlier that we on this side of the House, the nationalist part of the House, has all along been opposed to Imperial Preference, and that opposition still remains. In the altered set of circumstances we have to weigh all matters. Simply because prior to freedom we were against a particular thing, in the changed commercial map of the world we cannot stick on to our old old opposition, and we cannot behave just as Rip Van Winkle behaved when he came back after forty years and found everybody disappearing, and everybody's grandson and grandchildren living. After 1947 when we achieved freedom things have changed and alterations in the

pattern of trade have occurred also. India is no longer an exporter of raw materials or the sole importer of manufactured goods. Everything now has to be considered on its own merits. Something was said about our being slaves to this and that. My hon. friend and other friends know full well that at the present moment India is fully behaving like a sovereign state. I remember very well the days I spent in Geneva or Havana or thereafter in the course of those international agreements. We had absolute and unfettered liberty everywhere. It is the inferiority complex like this that makes people believe that still India is at the chariot wheels of Britain. It is not what the Government has been doing, but what the critics imagine that Government are doing. That really gives a wrong impression to the foreigners that India is still being tied to the chariot wheels of another's economics. We have completely gone out of it and we are considering each question on its own merits and I very respectfully state that this question will be and is being considered on its own merits.

Having dealt with that, there was one point which I might mention in passing, though it is not strictly relevant to clause 3, which we are now considering. Yesterday some reference was made about our relations with South Africa. I have to inform the House that our action against South Africa has remained in tact without being damaged in spite of the fact that we are signatories to the Havana Trade Agreement GATT. In Geneva there was a lot of discussion and South Africa resisted, who said: Either you resume trade relations with us or you have the liberty of getting out of this Agreement. The Government of India succeeded in Havana in getting a clause included, which gave the Government of India fullest liberty of carrying out the action that it was pursuing in respect of South Africa and at the same time continuing to be a signatory to the GATT. In that way the position is fully safeguarded.

On merits, I think there is nothing very much left to be said now because these were the two important points that were raised. They are firstly the legal tenability of the provisions here which we are seeking to insert in the Indian Tariff Act and secondly relating to our attitude about Imperial Preference. I do not wish to take up the time of the House on any other points which really are not pertinent to the issue.

**Mr. Speaker:** I shall place the two amendments of Mr. Goenka before the House.

**Shri Goenka:** I am sorry, I cannot withdraw these amendments in view of the fact that the hon. Deputy Minister seemed to justify the existence of these preferences.

**Mr. Speaker:** He need not make a speech. He is not called upon to withdraw them at all. It is a matter of his choice. So I am putting the amendments to the House. The question is:

1. In part (ii) of clause 3, in the proposed Item 11(6) of the First Schedule to the Indian Tariff Act, 1934.—

(i) in column 2, omit the following:—

“(a) manufactured in a British Colony

(b) not manufactured in a British Colony”;

(ii) in column 3, omit the word “Protective” where it occurs for the second time;

(iii) in column 4, omit the figures and words “36 per cent. *ad valorem*”; and

(iv) in column 7, omit the word, figures and letters “December 31st, 1952”, where it occurs for the second time.

2. In part (x) of clause 3, in the proposed Item 28 (31) of the First Schedule to the Indian Tariff Act, 1934.—

(i) in column 2, omit the following:—

“(a) of British manufacture.

(b) not of British manufacture: provided that calcium lactate manufactured in a British Colony shall be deemed to be of British manufacture”;

(ii) in column 3, omit the word, “Protective”, where it occurs for the second time,

(iii) in column 4, omit the figures and words “36 per cent. *ad valorem*”; and

(iv) in column 7, omit the words, figures and letters “December 31st, 1953”.

The motion was negatived.

**Shri Karmarkar:** I beg to move:

In clause 3, after part (xx), insert the following new part:—

“(xxi) in items Nos. 8(3), 20(1), 20(3), 20(4), 20(5), 20(8), 20(9), 48(1), 48(4), 48(5), 48(7), and 72 (33) in the last column headed ‘Duration of protective rates of duty’, for the word, figures and letters ‘March 31st’ the word, figures and letters ‘December 31st’ shall be substituted.”

**Shri Goenka:** May I just submit Sir, that this is outside the scope of the Bill completely because you cannot introduce so many items in the Bill which is not the subject matter of the Bill. I raise a point of order and it is for you to decide whether it is relevant or not. I just leave it to you, Sir.

**Mr. Speaker:** May I know what the hon. Minister has to say about this?

**Shri Karmarkar:** What I feel about the matter is as this amendment relates to the Tariff Bill as a whole, it would be relevant. I would also point out in this regard—not on the merits—that in so far as this relates to a particular clause in the Tariff Bill itself, this would be a relevant amendment.

**Shri Goenka:** You cannot bring a new Bill, Sir.

**Shri Karmarkar:** If it is that with the permission of the House this can be taken in, then I may say that this House is a sovereign body and these industries are sought to be protected and if this amendment is not accepted, they will be de-protected. In case it is held to be out of order, I would ask the indulgence of the House and permit me to introduce this amendment in the Bill.

**Mr. Speaker:** When in fact I heard the amendment being moved and saw that new items were being introduced, I myself felt a doubt as to how this amendment could be brought within the scope of the Bill. As I felt that the object was to extend the protection by a few months, I thought that the Chair might as well keep silent, but the point has been raised and there is now no escape from it. The question is not so much about the desirability or the expediency of it, but it would be introducing a bad precedent that something outside the scope of the Bill is being introduced. Further I think that when a large number of items like that are introduced, it is but fair to the House that it should know what that specific items are. I am inclined to think that this is out of order. So that disposes...

**Shri Karmarkar:** May I be permitted to withdraw that amendment?

**Mr. Speaker** I am not admitting it. So that disposes of all the amendments. The question is:

"That Clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4 was added to the Bill.

Clause 1, the title and the Enacting Formula were added to the Bill.

**Shri Karmarkar:** I beg to move:

"That the Bill, as amended, be passed."

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

"That the Bill, as amended, be passed."

The motion was adopted.

#### MINIMUM WAGES (AMENDMENT) BILL

**The Minister of Labour (Shri Jagjivan Ram):** I beg to move:

"That the Bill further to amend the Minimum Wages Act, 1948, be taken into consideration."

The time is short. I want this Bill to be passed. So, I do not propose to make a long speech. The fixation of minimum wages in most of the industries in Schedule I is the responsibility of the State Governments. Last year, I came before the House for extension of the time by one year; this year, I am coming for a further extension of one year in respect of these industries. Schedule II includes fixation of minimum wages for workers in agriculture. In our country, we have about four crores of people in the families of agricultural workers and it is a tremendous job to fix minimum wages for them. We are having an enquiry. The result of the enquiry in 800 villages in the country is in our hands. We are tabulating it. Most of the State Governments have required some more time. Therefore, we are providing for the extension of time for that. At the same time, we seek to give option to the State Governments to fix in selected areas and selected employment in agriculture, minimum wages. The fourth point is that where option is given to the State Governments to include by notification industries in the schedule I, we give them the option to fix minimum wages as and when they like. These are the four simple amendments in this Bill: seeking to extend the period for the fixing of minimum wages in the scheduled industries and also in agriculture, giving

the option to State Governments to add certain industries in Schedule I, and giving them further option to fix minimum wages in selected areas in agriculture and also for selected categories of employment.

**Mr. Speaker:** Motion moved:

"That the Bill further to amend the Minimum Wages Act, 1948, be taken into consideration."

To this, there is an amendment by Mr. Rathnaswamy and there is also an amendment by Dr. M. M. Das for reference to the Select Committee. Are they moving?

**Dr. M. M. Das (West Bengal):** I am not moving; I want to speak about the Bill.

**Mr. Speaker:** He may get a chance.

**Shri Rathnaswamy (Madras):** I am not moving.

**Shri Harihar Nath Shastri (Uttar Pradesh):** I do not propose to stand in the way of the motion that has been moved. But, I should like to take this opportunity to lodge my protest against, and disapproval of the shabby manner in which the Minimum Wages legislation in this country has been handled by the Government in the course of the last few years.

Sir, this legislation was brought forward in the year 1948. The purpose was to ensure a minimum living wage to workers in the sweated industries on the one hand and in agriculture on the other. Coming first to the industries, although the period given in the beginning was two years, it was enhanced last year by one year more. Again, it is proposed to enhance by another one year. As a matter of fact, what I find is that in none of the States is any serious attempt made during these years to implement this legislation. And in the few States where it has been put into practice and where the machinery has been set up to fix minimum wages, it has been used more to the detriment of the interests of the workers, rather than to benefit them in any way. Perhaps the hon. Minister may be aware, I do not know.—I am aware—of certain cases coming from some of the provinces in which, according to the Minimum Wages Act, wages of workers have not gone up, but have, on the contrary, been reduced, which, I think, is against the purpose and the spirit of this Act. If we knew that the purpose of this Act was going to be a further deterioration in the standard of living of the workers, we would have been the last persons to support such a legislation.

Coming to agriculture, I must, of course, congratulate the hon. Minister

for the enthusiasm with which he commenced this work. As soon as this Bill was put on the statute book, he instituted an enquiry. On an All-India scale and the same was put in charge of one of the ablest officers of the Ministry. With the help of a large number of investigators and statisticians, after two years of hard labour, a voluminous report has been produced. After the report was prepared, we find that there are murmurs and protests from the various States. They have expressed their inability to implement this legislation. I was most surprised the other day when, in this hon. House, in answer to a question, I heard the hon. Finance Minister say that there were difficulties in the implementation of this Act.

**Mr. Speaker:** Is the hon. Member likely to take a long time on this?

**Shri Harihar Nath Shastri:** I shall finish in two or three minutes, Sir.

**Shrimati Durgabai (Madras):** Sir, I would like to speak.

**Mr. Speaker:** At four o'clock we are taking the Supplementary Demand for the Railways.

**Shri Harihar Nath Shastri:** He made a statement that there were practical difficulties. One fails to understand what those practical difficulties were. The only practical difficulty that one can visualise from the protests from the various States is on the basis of a wrong notion. Perhaps, the various States are under the impression that by bettering the lot of the agricultural labourers in this country, they were liable to lose the sympathy of the peasantry class whom they regard as their stronghold. I do not know whether this is passing in their mind. But, I take this opportunity to warn those in power that agricultural labour in this country is going to play a very dominant role in the future politics of this country. And if they behave in this shabby manner with this class they will have to repent for it. And in conclusion, Sir, in view of the shortage of time—it being almost 4 o'clock, I would like to make only one observation and that too in one sentence. It is in regard to the labour policy of the Government in general and particularly with regard to this legislation. It is this. Do not make promises, but do something rather than make liberal promises and do nothing.

4 P.M.

### DEMAND FOR SUPPLEMENTARY GRANT FOR 1950-51—RAILWAYS

#### DEMAND NO. 7—ORDINARY WORKING EXPENSES—OPERATION (FUEL).

**Mr. Speaker:** The House will now proceed with the Demand for Supplementary Grant.

**Shri M. A. Ayyangar (Madras):** The other day when this Supplementary Demand was under discussion in this House and a number of hon. Members had tabled cut-motions, it was suggested that the whole matter may stand over and in the Estimates Committee the matter may be looked into before it came up to-day for the consideration of this House. Accordingly a meeting of the Estimates Committee was convened and we had the pleasure of having in our midst the hon. Minister for Works, Production and Supply along with his Deputy Minister and his Secretary. Members representing the Railway Administration Officers—were also present there. At our invitation those hon. Members of the House who had tabled cut-motions were also present. We had in advance a list of questions submitted to the Estimates Committee and the hon. Members who wanted elucidation of particular matters sent them to the Departments concerned and had their statements also regarding the Supplementary Demand.

The Estimates Committee have investigated into the reasons which have been responsible for the loss in the railway collieries. Up to the year 1948-49 the collieries used to show profits which were as Rs. 42.13 lakhs in 1946-1947, Rs. 36.8 lakhs in the year 1947-1948 and Rs. 18.9 lakhs in the year 1948-1949. The first loss occurred in the year 1949-1950. It was to the tune of Rs. 83.1 lakhs. During the current year the net loss is estimated to be Rs. 78.2 lakhs. This shows that the profits were gradually dwindling and for the first time in 1949-1950 not only the entire profit was wiped off but it has resulted in a huge loss of Rs. 83.1 lakhs.

The reasons which have been given for this loss are as follows:—

- (i) Cost of removal of overburden by I.M.C.C.
- (ii) Fall in production in the Railway Collieries consequent on change in the supply of wagons.
- (iii) Losses due to continued employment of surplus labour.

[Shri M. A. Ayyangar]

- (iv) The implementation of the Central Pay Commission's scales of pay for the daily rated monthly paid labour.

I shall deal with them one after another.

The removal of overburden by I.M.C.C. precedes the removal and despatch of coal. The position, at present, is that although more than 6 million tons of coal have already been bared and another 5 million tons will have been bared by next year, less than 1.0 million tons of coal have actually been removed from the areas stripped by I.M.C.C. up to 1950-1951 for which alone the collieries have received credit and the bulk of the bared coal at Bokaro and all the exposed coal at Kargali is lying in reserve to be removed in later years. The Indian Mining and Construction Co. Ltd., is a concern which is being run jointly by Messrs. S.L.P. and the Government.

The Committee were unable to appreciate why the continued use of excavating machinery was made when large quantity of unused coal was lying at the collieries. The second point which came out during the evidence was that in addition to the excavating machinery, labour force was also being used as it was stated that machinery alone was not enough to remove all the overburden. It was also brought to the notice of the Committee that in no other collieries either Government or private, the excavating machinery is used. The Committee felt that a huge amount of expenditure was being incurred without results being commensurate with the expenses involved in the process.

This factor namely change in the system of wagon supply was responsible for a loss of 60 lakhs of rupees. It was brought to the notice of the Committee that in 1947 the Coal Commissioner who was directed by the Government of India to take into account the advice of the Railway Advisory Committee in discharging his functions decided on his own responsibility that the private collieries should be placed on par with the railway collieries so far as the supply of coal to the railway was concerned. Originally there was no limit to the amount of coal that the Railway collieries could raise and supply to the Railways. After the decision of the Coal Commissioner, a system was introduced by which the railway collieries were placed on the same footing as private collieries in respect

of loco orders. This meant that wagons are to be supplied to both to the railway collieries and the private collieries according to the orders for the supply of coal placed with them. Naturally the private collieries got an advantage over the railway collieries who did not work to the optimum and the fall in production resulted in heavy loss. The Committee were unable to understand why such an order should have been issued by the Coal Commissioner on his own responsibility. If he made such an order, why the Government did not give direction to him to revise his order in the interest of the railway collieries. Even if the Government failed to appreciate it at the time the order was passed why did not they look into the matter when the railway collieries began to show loss? When the Chief Coal Commissioner was recently asked by the Committee why this factor which is now stated to be the principal factor for the loss in the railway collieries was not taken into consideration when preparing the Railway Colliery Enquiry Committee report, of which he was the member-Secretary he stated before the Committee that this aspect of the matter did not strike him. It is a very grave matter that Government should have allowed the loss to go on without ascertaining the true causes and that the officers should have thought of those causes actually when the matter came up before the committee.

About continued employment of surplus labour, during the year 1939, 18000 labour was employed and the output was 2.5 million tons. During the year 1948 on the other hand 29000 labour was employed and the production was 2.2 million tons. It was admitted before us that surplus labour in the railway collieries since 1948 has been 7000. This extra labour was kept in spite of the fact that the overburden was being removed by the excavating machinery and also in spite of the fact that they were surplus to requirements. This surplus of 7000 labour has been arrived at after fixing the target output of 3.2 million tons and taking into account the fall in the work of the labourer and other provisions of the Factories Act. The Committee are, however, surprised that Government took no action since 1948 for discharging the surplus labour or employing them to the best use of the railway collieries.

I now come to the last ground regarding scales of pay. It was stated before the Committee that an amount of Rs. 6 lakhs is being spent unnecessarily on 2000 labourers who were brought on to the Central Pay Commission's scales of pay. It was urged

before us that if Government permitted the Coal Commissioner, he would bring them under daily rates of pay of the labour in the market collieries and bring about the much wanted economy. The Committee are unable to understand why this decision of bringing the daily rated labour under the C.P. scales of pay was taken; if so, was it taken after consideration? If, however, it was now felt that the decision was wrong why Government were slow to revise their previous decision and reverting to the piece rate system which the Coal Commissioner himself recommends.

The Committee had very little time and have not been in a position to go in detail into the various factors leading upto the loss. From the above analysis the position is very much unsatisfactory and there is need to fix the responsibility for these losses and for inaction by Government for the last 2 or 3 years. The Committee therefore recommend to the House that the supplementary grant may be passed, but Government should immediately formulate their proposals for wiping out the previous loss and for running these collieries on the basis of profits. The whole matter should again be placed before the Estimates Committee who should thereafter go into it thoroughly and examine whether the methods proposed to be adopted by the Government are adequate to meet the situation. A detailed memorandum should therefore be placed before the House giving an appreciation of the whole position.

**Mr. Speaker:** I should like to know what the position of Government is in the matter before further discussion takes place.

**The Minister of Works, Production and Supply (Shri Gadgil):** Sir, as per the desire of the House the officers concerned were present before the Estimates Committee as stated by the Deputy-Speaker. Such information as was available was placed before the members of the Committee. On behalf of the Government I am very anxious that this industrial undertaking ought to be run in accordance with known principles of business management. While the officers were being examined I found that there was some legitimate grievance with respect to one point, which I mentioned, namely that there was a good deal of surplus labour which should be done away with. I offered then that it would be still better for the Government if two or three members or even five actually visited some of the collieries, saw things for themselves, how labour was working there and then make a report to the Estimates Committee regarding

their impressions and suggestions, which will go a long way in strengthening the hands of Government in whatever scheme of reorganisation Government may decide to launch.

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

Sir, I am grateful to you for having said something good in the report about the Government. On behalf of the Government I promise that what we propose to do will be duly placed before the Estimates Committee and such recommendations as the Estimates Committee may be pleased to make with respect to our scheme will be duly considered.

I want to assure the House once more, as I did the other day, that on my part as also on the part of any officer of my Ministry there is not the slightest intention to conceal any fact. In fact I have always believed that the source of one's strength is truth. If the whole matter is put before the hon. House the collective talent of this hon. House will come to my help, so that the working of these mines may be put on a proper and sounder footing. I have nothing more to say but if there is still anything to be asked here—I do not think there can be anything more in view of the long statement you, Sir, have read—I am prepared to answer as far as I can.

**Shri Sidhva rose—**

**Mr. Deputy-Speaker:** In view of the statement just made by the hon. Minister and the fact that he has already taken some action in the matter and in view of the views of the officers who appeared before the Estimates Committee, I believe some suggestions may be made by Members instead of making any long criticism of what has happened so far.

**Shri Sidhva (Madhya Pradesh):** Sir, you have narrated in your statement the views of the Estimates Committee and I need not go into the matter further. Certain revelations were made in the Estimates Committee which would not have come to light had not this matter been so persistently pursued in this House. There was something wrong somewhere very seriously and I pressed this point. I would not have been successful nor would this point have come before the House but for the fact that the Speaker very strongly supported my view by saying that without letting the House know what are the losses it is not proper that they should be asked to vote. I would therefore like to thank the Speaker for seeing that rights of this

[Shri Sidhva]

House were well safeguarded. I feel that whatever protest I might have made this matter would not have come to light if he had not been helpful and rightly so, and if he had not so strongly and so firmly told the Minister. Hence all these revelations have come to us.

The statement, Sir, has been couched in moderate language by you and if all that we learnt were told, it will startle this House in knowing how these collieries were run. I am glad that the attitude of the hon. Minister Mr. Gadgil was helpful. He attended one meeting and his Deputy attended both the meetings. He himself was a witness to the examination of all his officers who appeared before us and I am glad that at least on one matter he took immediate action. I may remind the House that this was the main point on which the losses were incurred, apart from the question of the excess labour. And that was the Advisory Committee's functions. When he last brought the subject before us he never made the matter clear as to how the Advisory Committee functioned, particularly the Coal Commissioner, which brought the Government, the exchequer and the ratepayer to a tremendous loss. This is a matter for the serious consideration of the Government and should not be overlooked.

I have no desire to deal with the subject further after your good speech but there is one point which I would like to mention, namely the manner in which before the Estimates Committee the Coal Commissioner tried to make out that he was absolutely innocent and how he did not know his duty or responsibility. I therefore feel that we have been very moderate in making this statement. I know Sir that you in the Estimates Committee will pursue this matter of labour, which requires going into. But I have some doubts about it. We could not get at the evidence in the Committee, because time was short. We met for five hours in two days. I have some doubt as to whether the muster rolls are properly prepared. I do not know what sort of recruitment is going on, and whether they are all *bona fide* labourers who are on the list. We had no time to go into it. We had to present the report, as you, Sir, had promised to do so today. Personally if you would call a meeting of the Committee I would like to go into the details of this matter. But I might tell him that there is something fishy about the question of labour. While I am prepared to admit that their numbers are large, the Government and

the Estimates Committee have to seriously consider this matter. We cannot afford to lose some thirty to forty lakhs on this labour if it is not doing any work. We were told that they were not doing any work.—I am not giving any opinion because I am not satisfied with the evidence so far available, nor did we have the time to go into detail.

Sir, I would like to make one suggestion. The question of these collieries relates to the Railway Ministry. There is a large number of labour involved here. The Railway Ministry who utilise the coal from these collieries, have got lakhs of labourers under them, and I personally feel that the sooner the Railway Ministry takes over these collieries the better it is. With what little experience of these matters I may have, I feel that these collieries will be better managed by the Railway Ministry. It is a fact that the Industry and Supply Ministry never took care to enquire into the position. In the beginning these collieries were running at a profit—how did the profit suddenly turn into an absolute loss? Well, they were ignorant about it. And the representatives of the Railway Ministry, who had no hand in the matter, were not able to explain matters in the Railway Standing Committee. The Railway Minister said, "Well, somebody else is managing them, we are asked to foot the bill." Therefore, Sir, the sooner the Railway Ministry themselves take over these collieries from the Industry Ministry the better it would be. I would like to know from Government what their view about it is.

**Shri Gadgil:** The collieries are not with the Industry Ministry now.

**Shri Sidhva:** Now they are with Works, Production and Supply. When I ask Government to consider this matter, I do not thereby cast any slur on the Ministry of W. P. and S. My point is how did a railway colliery producing coal for the railways suddenly jump into the Industry Ministry? I cannot make it out.

As regards the labour, I know Mr. Gopalaswami would handle that question, as he has done in the Railways, more efficiently. Not that my hon. friend Mr. Gadgil cannot do it, but Mr. Gopalaswami employs lakhs of people in the Railways and has experience of the problem.

Sir, I hope Government will very seriously consider the recommendations of the Estimates Committee. This is a most important case and I hope that

in this case Government will definitely consider the Committee's recommendation. Sir, this is a matter which involves a sum of many lakhs. Your statement has shown it to be Rs. 82 lakhs. And in that house-rent, electricity, etc. are not calculated. Considering these charges also, in my opinion, the amount will exceed one crore.

**Shri A. C. Guha (West Bengal):** The real loss for the eight mines is Rs. 1-10 crores or so.

**Shri Sidhva:** There you are. My friend, Mr. Guha, knows it better. This is a serious matter. The hon. Finance Minister devises new method to make up the deficit in the budget. The other day I told him, "Please look at the leakages." He has not told us that there are leakages in the various Ministries, but one after another the Estimates Committee has been able to bring before this House startling things about the Ministries on which the Cabinet should seriously ponder. Thanks to the Speaker we have formed the Estimates Committee. What the Ministers themselves do not know is happening in their departments, we have come to know in the Estimates Committee.

**Shri Gadgil:** Hear, hear.

**Shri Sidhva:** My hon. friend says, "Hear, hear" sarcastically.

**Shri Gadgil:** Not sarcastically.

**Shri Sidhva:** I can tell him he does not know as much of the C.P.W.D. as we know of it. Similarly in the case of Commerce and Industry. Sir, we have made these recommendations with full knowledge. It is not for me as a member of that Committee to say that, but still I should say it is a distinct service that the Committee has rendered. Therefore, without fear of anybody we shall function, and we shall function honestly and impartially. And we will be able to tell the Government, "What you were not able to do, we were able to do."

**Shri Shiva Rao (Madras):** Sir, after your statement and the assurance given by the hon. Minister, I have to say very little. I am glad that the hon. Minister has invited the Estimates Committee to appoint a sub-committee, and has given the assurance that the report of the sub-committee would receive very careful attention.

As you doubtless remember, the hon. Minister, when he sat with us in the Estimates Committee, seemed to be of the opinion that with a certain number

of adjustments, with a different system of accounting and prompter decisions by the Ministries concerned, it would be possible to run the collieries at a profit. After the statement you have made, there is only one aspect of this problem to which I would like to invite the attention of the House, and that is the problem of excess labour. You gave certain figures to indicate the drop in production. In 1939, in five collieries there were 18,000 workers who produced 2.5 million tons. In other words, the average production per year per worker was 140 tons. In 1948, 30,000 workers produced 2.25 million tons. During these nine years the average production per worker thus fell from 140 to 75 tons. That is a very serious position. As you will remember, those in immediate charge of the collieries also told us that, according to their calculations, the average daily output per worker has fallen from 0.47 tons to between 0.15 and 0.25 tons. In other words, the average output at the present moment is only between a half and a third of what it used to be about ten years ago. It seemed to me, when I listened to the statements made by the representatives of the Ministry and by those in charge of the collieries, that there was some significance in the fact that this rather serious deterioration in the situation occurred after the contract system was abolished and Government took over direct management of these collieries. We in this House have been pressing every year the various Ministries concerned to abolish the contract system wherever it exists, and I am quite sure that there can be no turning back on that policy. Labour, wherever it is engaged should not be exploited but should be guaranteed a fair wage and fair working conditions. We want the Government to be a model employer. But at the same time we are equally anxious that the Government should not overlook the interests of the taxpayer, and that any industry which it is running directly should not be so run as to be extravagant and financially ruinous. We heard the confession made before the Estimates Committee that this excess of 5,000 workers—at one stage the figure seemed nearer 7,000—was brought to the notice of the Government in 1948, and that the employment of this superfluous labour has meant an annual loss of Rs. 50 lakhs. As far as I could gather from the statements made, it seemed to me that there are two reasons which account for this very unsatisfactory position. In the first place, this matter seems to be dealt with by three Ministries: the Railways Ministry, the Industry and Supply Ministry (now the Ministry of Works, Production and



[Shri Shiva Rao]

Supply), and the Labour Ministry. And it seems rather surprising that any suggestion for retrenchment should have been opposed by the Labour Ministry which, in this case, seems to have supported the point of view of the labour union. There has been, as far as I could see, a swing from the old system of ignoring the claims of labour to almost accepting the dictation of labour. Labour must have a fair say in regard to the management of these collieries, but at the same time we cannot overlook the fact that if we allow the present situation to continue, it would be extremely difficult to run not only these eleven collieries but all the collieries. We asked in the Estimates Committee for certain comparative statements to indicate the wage rates that were prevalent before the abolition of the contract system and the wage rates, in the broader sense of the term, that are prevalent today after the introduction of some of the recommendations of the Central Pay Commission; and I am quite sure that if this present situation is not remedied in the near future, the demand for extra wages will come from labour all over the collieries, and probably the cost of coal would be very much more than what it is at the present moment. I am not inclined to say anything more at the present moment in view of the assurance given by the hon. Minister, and I am glad that he has sought the cooperation of the House in this matter.

**Shrimati Renuka Ray (West Bengal):** When the Supplementary Demand relating to the railway collieries was taken up, both the Railway Minister and the Minister for Works, Production and Supply laid emphasis on the fact that the loss was mainly due to the defects of labour alone and the concessions made to labour in wages and grain concessions. They sought to show that it was surplus that was mostly responsible for the loss. The House did not feel satisfied and the matter was referred to the Estimates Committee. My hon. friend Shri Shiva Rao pointed out just now, certain facts came to light when we examined the officers. They pointed out for instance that the output of labour had gone down during the recent years. I want, however, to point out certain other features which have also come to light. No doubt that there is a certain amount of surplus labour; but at the same time, there is not enough coal face labour, that is to say, labour working underground. Many years ago, certain recommendations were made by the Whitley Commission and other Committees who went into this

whole question of labour in the mines. It had been suggested that certain supplementary or alternate occupations should be provided for labour on the surface. This really arose out of the re-imposition of the ban on women working underground. It was then felt that surface would not be able to occupy all the women who would not be going underground. In the examination that we had in the Estimates Committee it came to light that most of the labour on the surface that is surplus is women labour. We enquired as to whether the recommendations regarding alternate employment had been even thought of or were implemented in any way, but we were informed that none of these projects had been carried out. Certain detailed recommendations had been made in regard to supplementary occupations such as basket making and other occupations required near about the mines themselves. I remember that when the Bihar Labour Enquiry Committee sat, this was pointed out to it and the Bihar Government promised to take up this question. I was rather surprised therefore to find that none of these recommendations had been implemented.

I feel certain that even now this question of surplus surface labour—because surface labour alone is surplus—can be met if these supplementary occupations are started. I do not think that mere retrenchment or rationalisation is going to solve the problem. We today endeavour to be a welfare State. While we must certainly see that labour is not surplus in any particular employment, we must also see that alternative employment is found for retrenched labour. I would therefore ask the hon. Minister who has kindly agreed to consider our suggestions to go back to these recommendations and see that they are implemented, because if they are, I feel certain that they would make a fundamental difference.

In your speech, Sir, you pointed out the amazing facts that came to light in the Estimates Committee. The real reason for the great loss in the working of the Railway collieries—although the whole thing was put down to labour—is different. I think it is rather incredible, to say the least, that Government should have been so very over-generous that before the needs of their own State-run collieries were met, they went out of their way to watch others' interests through an Advisory Committee on Coal and tried to effect what is called "an equitable distribution of wagons" between private industry and State industry. Is this the way in which we can ever be able to go ahead with any type of State industry? Today we have all agreed that we have

not got the administrative machinery to extend very far into the field of nationalization. At the same time, if things are done by which the State runs an industry on money raised from taxes or borrowings and that industry's interests even in the eyes of the State are considered to be of lesser account or of no more account than those of any other industry,—because that is what it amounts to—then what does that mean? I am very glad, Sir, that the hon. Minister has already decided to change this policy. I really fail to understand how this policy could have gone on for all these years. It is no use putting the blame on any single individual or even on an Advisory Committee, because after all it was an Advisory Committee. Surely it was not an autonomous body in the sense that the Ministry concerned had no hand in it.

With great difference to the Railway Minister, I wonder how his Department did not point out at an earlier date—I know that they did a year back,—but why did they not point out even at an earlier date that this was going to be a loss to the State and that the Railway Department at least did not consider that this was a right way of dealing with this subject? I do hope that the Minister for W. P. and S. will take into consideration that a mere sweeping statement that labour's yield has gone down is not correct and labour that is surplus should not be treated in a superficial way but that we should get to the bottom of the whole matter and if it does happen that surface labour is surplus and that affects in fact the very output of labour, then we should discharge the surplus labour and for the discharged labour there must be found alternative employment.

**Shri A. C. Guha:** This railway collieries affair as we have been able to see it in the Railway Standing Finance Committee and in the Estimates Committee is something very serious and almost like a scandal.

**Shri Hussain Imam (Bihar):** Like a scandal? It is a scandal.

**Shri A. C. Guha:** It is surprising that one official of the Government, the Coal Commissioner, should have made such an astounding suggestion regarding distribution of wagons and Government without considering it in the Secretariat or the Ministerial level should have implemented such an absurd suggestion which has been bringing a loss of about Rs. 60 lakhs to Government every year. Sir, that fact—I do not say deliberately—was concealed from us. Anyhow in the Estimates Committee we have been

able to get into the truth of the matter. What are the causes of the losses? Last time when the hon. Minister made a statement, we were led to believe that the main cause was the intransigence of the labourers.

**Mr. Deputy-Speaker:** May I suggest to hon. Members that instead of going over the same ground, they may make some constructive suggestions as to what the hon. Minister should do now.

**Shri A. C. Guha:** As for the labour, it has been stated that attracted by favourable conditions, there has been an influx of surplus labour. We cannot understand how there could be an influx of labour, unless there have been engaged by some authorities.

For each colliery, it is said that there is a separate store and this is another cause of the loss sustained by the railway collieries. Though there has been surplus labour to the tune of 7,000, it is stated that there was not enough coal-face workers, that is, those workers who raise coal and on whole labour the real production of the colliery depends. The authorities have failed to divert or persuade surplus labour to that section on which the economic basis of the collieries rests.

In regard to the loss suffered from grain shops. Government have already looked into the matter of railway grain shops and I hope they will look into the matter of grain shop of railway collieries also. The higher scale of pay has also been cited as one of the causes of the loss. It is stated that scales of wages in the railway collieries are much higher than those prevailing in other collieries. I do not know whether the scales in the railway collieries cannot be reduced. Otherwise, how can they be run on an economic basis? These collieries are now practically under three Ministries: the Railway Ministry, the Works, Production and Supply Ministry and to a certain extent Labour Ministry, because the surplus labour cannot be dispensed with unless they agree to it. The whole organisation, including the Chief Mining Engineer and the Coal Commissioner with their establishments should be under one Ministry, whichever that might be.

The loss that has been shown is simply in the working of them. Besides that every year we have been spending Rs. 22 to 23 lakhs on the coal organisation, that is the Chief Mining Engineer, the Coal Commissioner and their staff. This amount has also to be taken into consideration while computing the real loss sustained by the collieries.

[Shri A. C. Guha]

Another matter which I want to place before the House is this. There are eleven collieries belonging to the Railways. Of these three are working at a profit. When the whole account is shown, the profit made by these three collieries are utilised to balance a portion of the loss suffered on the eight others. So, the real loss suffered by the eight collieries, would be not less than one crore.

While the average raising cost is Rs. 13 or 14 in the case of private collieries, in the case of Kargali it is Rs. 25/3/2; Rs. 22 in the case of Sawang, Rs. 28/4/9 in the case of Serampore and Rs. 27/13/3 in the case of Kurkurbaree. In the other collieries of Bokaro it is Rs. 11, Rs. 13 in the case of Argada and Rs. 11 in the case of Kurasia. This is a very important matter which Government should examine at an early date.

In view of the assurance of the hon. Minister that he would consider the recommendations of the Estimates Committee, I support this motion. But I want to make one point clear and that is that the whole organisation should be under a single Ministry, whichever it may be. There should be no division of responsibility—each Ministry trying to shift it over to the other.

**Shri R. L. Malviya** (Madhya Pradesh): I have been working amongst colliery labour for the last many years and have come in close contact both with labour and the industry.

One of the eleven of the Railway collieries is Kurasia. This colliery is said to be one of the ideal collieries, not only in India but throughout the world, having no water pumping system, etc. It has been returning very huge profits. But, Sir, to my personal knowledge, I can say that even in this colliery, corruption was rampant, and this was mainly through the contractors. Whenever a transaction took place, the rate of commission was fixed and it varies up to 25 per cent., 25 per cent. was very rare but 5 to 12½ per cent. was quite common not on the profit, but on the gross bill. This is one of the main reasons for the loss in the railway collieries. This has demoralised many of the officers and staff and has led to inefficiency.

**Mr. Deputy-Speaker:** To whom does the commission go?

**Shri R. L. Malviya:** It goes to the officers and staff.

**Mr. Deputy-Speaker:** Who pays the commission?

**Shri R. L. Malviya:** It is paid by contractors, suppliers of food grain, and suppliers of timber, etc.

**Pandit Thakur Das Bhargava** (Punjab): Then it is bribery.

**Shri R. L. Malviya:** You may call it by whatever name you like. Knowing all this, when I came to the Parliament in 1948 I immediately tabled some questions to know the actual facts and the information which was extracted in answer to the questions was staggering. The cost was so heavy in one of the collieries as Rs. 46-11-3 against the control price of coal which was a little above Rs. 15. When I brought this to the notice of the hon. Dr. Mookerjee, the then Industry and Supply Minister, he set up a Committee. I had the privilege of serving on that Committee and of moving about in all the government collieries all over the country. I have visited the collieries in Bengal, Madhya Pradesh and Orissa. I have no doubt that the corruption which I found in the colliery in which I have been working is existing in all other collieries also. And more than ever I am convinced now that one of the causes for the bad working of the collieries is this deep-rooted corruption in the collieries. No doubt by the abolition of the contract system this corruption has gone down a little. Still by other sources this is prevailing and the commission, which the House calls bribery, is still going on.

**Mr. Deputy-Speaker:** Is it only the House that calls it bribery and not the hon. Member? Does the hon. Member call it bribery or does he say it is not?

**Shri R. L. Malviya:** I said 'commission'!

During the enquiry some anonymous letters were sent to me and I wanted to make an enquiry into the points about corruption raised in these letters, but the scope of the terms of reference of the Committee was very limited and it was not possible either for me or the Committee to go into them. But later on I handed over one of the letters in which several cases of corruption were reported from one of the collieries where losses are shown here, namely Girdih, where surplus labour is alleged to the tune of four thousand. With regard to that I received an anonymous letter, and because I could not do anything in the matter, I handed it over to the Central C.I.D. here but I have not heard till today what has happened about it.

Coming to the points raised by the hon. Minister with regard to the losses,

I support him in one thing that all the profits by way of interest, sinking fund and depreciation go to the Railway while the other Ministry is saddled with the costs and development schemes. The report will disclose that in the year 1945 the collieries made a profit of Rs. 60,15,928, in 1946 Rs. 75 lakhs, in 1947 Rs. 42 lakhs, in 1948 Rs. 36 lakhs, and in 1949 Rs. 19 lakhs. Besides, these profits they have paid interest in 1947-48 to the tune of Rs. 16,13,000, and in the next year to the tune of Rs. 17,55,000. This is the interest they have paid, and the sinking fund and depreciation fund now amount to Rs. 1,69,33,000. In these two years also they have paid a huge interest to the Railways. So these collieries, at least three out of the eleven collieries, have been making very huge profits. I may submit that Bokaro and Kargali are the most.....

**The Minister of State for Transport and Railways (Shri Santhanam):** I would like to understand the point that the hon. Member is making. The Railways are paying interest to the general revenues for the capital invested. Is he objecting to our recovering something?

**Mr. Deputy-Speaker:** Are there any points of suggestion which the hon. Member has to make? The House knows that the hon. Member was a Member of the Coal Advisory Committee.

**Shri R. L. Malviya:** Not the Coal Advisory Committee. The Coal Enquiry Committee.

**Mr. Deputy-Speaker:** Any suggestions or additions to those already contained in this report may be given to the House. Hon. Members are in possession of that report. Any personal experience?

**Shri R. L. Malviya:** Yes. Another point which has been made out is the rise in cost due to increase in basic wages, dearness allowance, bonus, provident fund and payment according to the Pay Commission's recommendations.

**An Hon. Member:** And lack of wagons also.

**Shri R. L. Malviya:** Yes. These are the other points made out by the hon. Minister. I may submit that there was the C.B.A. and according to it not only railway collieries but all the collieries of Bihar and Bengal which are governed by this award are paying the concessions which the government railway collieries have been paying, except of course the Central Pay Commission's recommendations about pay. And the

prices of coal also were increased in consonance with those concessions. In the year 1939 the price of coal was not more than Rs. 5 per ton. After the war, in about 1944-45, black-marketing went on and the coal prices rose, and the Government fixed the price. Rs. 13 to 17 was fixed as the control price. I may submit from my experience that none of the private collieries are losing at this rate. My opinion is that Bokaro and Kargali alone should be able to run at the cost of Rs. 7 per ton, at any rate not more than Rs. 9. One person suggested Rs. 7 and another suggested Rs. 9. The Government should be able to make a profit of several crores only through these two collieries. They are the biggest collieries raising about 1 million tons.

For all these concessions the price was increased by Rs. 3-8-0 per ton, and I can say, after a study of the situation and after a study of these figures and also after contesting a case in the Industrial Tribunal, that even the railway collieries are not paying these concessions according to the award in some collieries. This has been proved in a case of the Industrial Tribunal. So it is wrong to say that these concessions are in any way responsible for increasing the cost of production of coal.

With regards to surplus labour, the Committee has made recommendations in the report at pages 27 to 40.

5 P.M.

**Mr. Deputy-Speaker:** We have to pass this Demand today. I have no objection to sit for some time more if the House is willing. From Monday right on and almost every day, we have got the Budget Demands and we have little or no time. This cannot be held over; it has got to be finished. We have no other time. Only the Supplementary Demand has to be passed. Of course, there will be a detailed enquiry and the Estimates Committee will look into it. The hon. Minister will give further details and all hon. Members are invited to make or send their suggestions to the Estimates Committee. They will have an opportunity to examine the officers that might be present and if necessary, they may go to the coal fields and bring sufficient material to bear upon them. As the House has been sitting for a long time and doing a lot of work, I shall put the motion to the vote of the House immediately.

**Shri Naziruddin Ahmad (West Bengal):** When I made a similar suggestion a few days ago, but I was laughed out.

**Mr. Deputy-Speaker:** The hon. Member is too well aware with his experience that ultimately he is right.

**Shri Naziruddin Ahmad:** It is a very important matter and once we pass the Grant, then everything will be shelved.

**Mr. Deputy-Speaker:** It is only the Supplementary grant. The regular Budget is coming. Today this belongs to the Department of the Minister of Works, Production and Supply. He is still in the hands of this House. The Budget relating to this Department is coming in for detailed discussion in this House. This is only supplementary Demand. We will get the regular items there and it is not a matter of Rs. 30 lakhs but one of Rs. 3 or 4 crores. Therefore, we never lose hold of these Ministers.

**Shri Hussain Imam:** May I have your ruling that this matter can be raised while discussing the Works, Production and Supply Ministry.

**Mr. Deputy-Speaker:** Yes; as long as there is an opportunity and this Ministry comes into consideration.

**Shri R. L. Malviya:** Sir, I will take one minute in concluding my speech. With regard to contract system and surplus labour, the Committee has made certain recommendations and I submit that if the recommendations are followed *in toto* and not piecemeal, there will be relief to labour and relief Government as well. If the recommendations are being followed piecemeal then surely labour will suffer and there may be agitation too.

Lastly, I may say that I have been moving about and I can say from what I know about this industry that there is an intrigue among the private colliery owners to see that the Government Railway collieries are closed. That day will be a sad day when they succeed. Therefore any loss that the Railway collieries have sustained must be fully met. With these words, I support this motion.

**Shri Gadgil:** I do not want to take more than a minute of the time of the House I detailed 9 items responsible for loss, including the inadequate supply of wagons. My hon. friend, Mr. Sidhva said that there was something fishy about it. It really hurt me. I want to repeat that he along with others may go and see things for himself and if after seeing and after finding out the facts he is still of that opinion, I am prepared to have a judicial enquiry, Sir.

Then, Sir, I have accepted this as a challenge to Industrial undertaking by

the State. Therefore, I am very anxious to get the full support of this House and I have laid all my cards on the table. The undertaking by the State is not justified if it does not first decrease the cost of production per unit, second, if it does not increase the output and thirdly, if it does not improve the relations. I am out to see that all these tests are secured, at any rate, in this undertaking by the State. Let me remind this hon. House that when they are anxious for nationalisation, then they must help me all out to see that whatever undertaking Government has taken so far is improved and comes up to standards.

**Shri Hussain Imam:** Managing Agent inside the Government.

**Mr. Deputy-Speaker:** We are all part of the Government. The question is:

"That a supplementary sum not exceeding Rs. 30,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Ordinary Working Expenses—Operation (Fuel)'."

The motion was adopted.

APPROPRIATION (RAILWAYS) No. 3  
BILL

**Shri Santhanam (Minister of State for Transport and Railways):** I beg to move for leave to introduce a Bill to authorise payment and appropriation of certain further sum from and out of the Consolidated Fund of India for the service of the year ending on the purposes of Railways.

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

"That leave be granted to introduce a Bill to authorise payment and appropriation of certain further sum from and out of the Consolidated Fund of India for the service of the year ending on the 31st day of March, 1951, for the purposes of Railways."

The motion was adopted.

**Shri Santhanam:** Sir, I introduce the Bill, and beg to move:

"That the Bill to authorise payment and appropriation of certain further sum from and out of the Consolidated Fund of India for the service of the year ending on the 31st day of March, 1951, for the purposes of Railways, be taken into consideration."

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

"That the Bill to authorise payment and appropriation of certain further sum from and out of the Consolidated Fund of India for the service of the year ending on the 31st day of March, 1951, for the purposes of Railways, be taken into consideration."

The motion was adopted.

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

"That clauses 1, 2, 3 and the Schedule form part of the Bill."

The motion was adopted.

Clauses 1, 2, 3 and the Schedule were added to the Bill.

The Title and the Enacting Formula were added to the Bill.

**Shri Santhanam:** I beg to move:

"That the Bill be passed."

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

"That the Bill be passed."

The motion was adopted.

*The House then adjourned till a Quarter to Eleven of the Clock on Monday, the 26th March, 1951.*