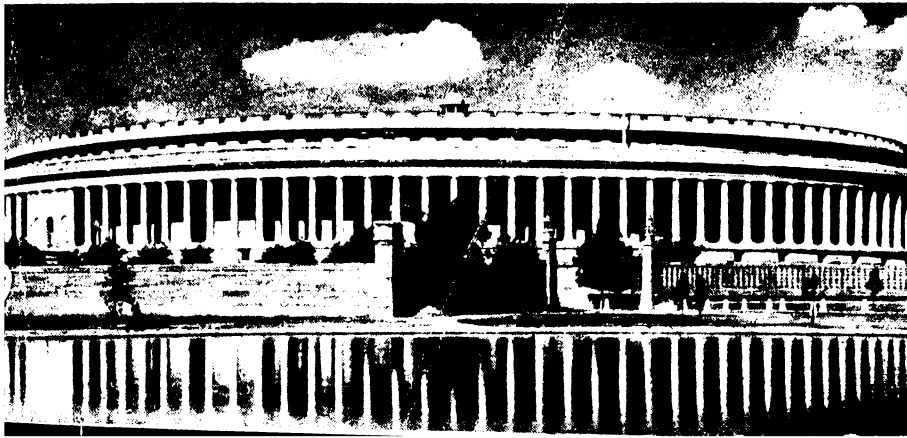


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SANSADIYA SOUDHA

PRESIDENT LAYS FOUNDATION STONE

The 3rd of August, 1970 was a significant day in the annals of India's Parliament. On this day, the President of India, Shri V. V. Giri, laid the foundation-stone of Sansadiya Soudha, the new Parliamentary building across the Talkatora Road, north of Parliament House, at a colourful function which was attended, among others, by the Prime Minister and her Cabinet colleagues, Members of Parliament, diplomats and other distinguished guests.

The ceremony marked, as the Vice President, Shri G. S. Pathak, in his welcome speech observed, "the fruition of nearly two decades of thought and endeavour". When the Parliament House was planned originally, it was intended to House the Central Assembly, the Council of State and the Chamber of Princes. The parliamentary system then was comparatively simpler, and its requirements as to accommodation and essential amenities in consequence, were very limited. With Independence there came into being a Parliament with its strength nearly two-and-a-half times that of all the three Chambers of the earlier days put together, and the need for additional accommodation to meet the manifold activities of the sovereign Legislature, its Committees, the political parties and groups and the secretariats of the two Houses came to be felt in an ever increasing measure during the last two decades.

Referring to the pre-eminent place Parliament is occupying in our constitutional structure and the role it is playing in the life of the nation, the Vice-President stressed the need to provide to the legislators all amenities and facilities which promoted efficiency and lent richness and flavour to parliamentary life. He said:

Parliament—A Hard-working Institution

"What takes place in Parliament is the concern of the entire nation and exerts influence internationally. Parliament is an instrument for securing personal freedom and political stability. It protects the present and safeguards the future. It remains in touch with the realities of day-to-day life. It educates and informs the people and hears their grievances and aspirations. It expresses their feelings and mirrors their opinion. It speaks for the nation. All this generates the belief that our Parliament belongs to the people. It develops the methods of settling conflicting claims

by peaceful means. It also sets the tone of public life in general. In this way it has come to acquire a special status of its own. It has been truly described as a hard-working institution. The work of the members of Parliament and the Secretariat is all absorbing. Necessities vital to parliamentary life must be provided and there must also be all those facilities which promote efficiency and lend richness and flavour to parliamentary life for all those who participate in it."

Inviting the President to lay the foundation-stone for the new building, he expressed the hope that "it will be a worthy addition to our historic Parliament House, and worthy in every way of our great country and its democratic institutions."

The Union Minister for Health, Family Planning, Works, Housing and Urban Development, Shri K. K. Shah, who also spoke on the occasion, explained the genesis and evolution of the idea of a Parliament Annexe complex. He said:

Mavalankar's Idea

"The new building is not coming up a day too soon. Anticipating the needs of sovereign Parliament, the late Speaker Mavalankar had mooted the idea for the new complex as far back as 1952—when the First Parliament elected under the new Constitution was to hold its session. His was an imaginative plan for three separate buildings on three plots adjoining the Parliament House—one for the Parliamentary Parties|Groups and individual Members, second for the Parliament Library and Auditorium, and a third for housing the Committee Rooms and their offices and the Secretariats of the two Houses—all of them forming part of the Parliament Estate. The plan could not, however, immediately get under way because of numerous practical difficulties. The national emergency in the meantime necessitated postponement of all such activity. When the scheme was revived and the whole idea re-examined by experts, it was felt preferable, on aesthetic considerations, to leave as unbuilt two of the three plots so as not to obstruct the view of the main Parliament building. A revised plan had, therefore, to be drawn up to meet all the requirements in a set of structures on a single plot. The new complex thus represents a condensed version of the original idea, but it has the advantage of being more compact, modern and functional."

"No efforts will be spared", the Minister assured, "on the part of my Ministry to complete the building with the utmost expedition." "Let us pray", he said, turning towards the President, "that with your blessings the new premises will inspire all of us to devote dispassionately to the task of preparing a well-informed democracy. Let us pray that the premises of Parliament will monitor vibrations of unity, understanding and co-operation so that the combined wisdom of the representatives of the people brings about all-round growth."

President's Speech

Laying the foundation-stone of the new building, the President, Shri V. V. Giri, in an impassioned speech recalled how under Gandhiji's inspiring leadership the country gained political freedom and "we became inheritors of the great parliamentary tradition". Resurgent India, he said, has seen Parliament in a process of change, and pointed out the need for Parliament to constantly improve its own instruments of control. He reminded how in the years after Independence the nation has faced many challenging tasks and sought to realise the goals to which it stood pledged by strictly adhering to the parliamentary system. Stressing the special responsibilities of the Members of Parliament to the country and the people, the President said:

"When the present Parliament House was originally planned and constructed, no one could have anticipated that the massive building would one day become inadequate for the requirements of the two Houses of Parliament. The convening of the Constituent Assembly in what has now come to be known as the Central Hall of Parliament House was the first indication of this inadequacy. The Constituent Assembly ordained free India's new Parliament, and from the first meeting of the two Houses in May, 1952, our parliamentary activities have steadily and continuously grown. Having functioned as a Member of the Lok Sabha, and later as a Presiding Officer of the Rajya Sabha, I can well appreciate the need for the construction of this additional accommodation."

Appreciating the proposed amenities for political parties and the Press reporters in the new building, the President said:

"I am glad that provision will be made for giving Members better Committee rooms, rooms for study, rooms for work and also rooms for relaxation. The provision of party rooms is a most essential amenity for the efficient functioning of the different parties represented in the two Houses. They are entitled to all reasonable facilities, because in the Parliamentary system that we have adopted it is they on whom devolves in a large measure the responsibility for the smooth transaction of the day-to-day business in Parliament and the most fruitful use of parliamentary time.

I am also glad that the Press reporters are to have a lounge for their exclusive use in this building. This should enable them to do their work in greater comfort and to be in closer touch with Members and their functioning in Parliament.

Inheritors of Great Parliamentary Tradition

Having gained the political freedom under Gandhiji's inspiring leadership, Pandit Jawahar Lal Nehru led us in the establishment of the best form of Government, suited to the genius of our people and we became inheritors of the great parliamentary tradition.

Role of Committees

Resurgent India, under a Constitution framed by her own people, has seen Parliament in a process of change. In order to be able to keep pace with the growing and complex problems of administration and the increase of size in the departments of executive government, Parliament has constantly to improve its own instruments of control. The several committees which now function under its authority play a most meaningful role in this process. In these committees, discussion can be, and in fact is, I am sure, objective and uninhibited by party or political considerations. Working outside the glare of publicity and the Press, the members of parliamentary committees are expected to arrive at the right conclusions and right decisions.

Library and Documentation

It will be readily conceded that no Parliament can claim to be all-knowledgeable. It has to inform itself; and, for this, Members have to be given all facilities to inform themselves. A good, well-organised and properly staffed Library of Parliament will be a source of perennial information not only to Members, but equally to the students of political science and others interested in the study of parliamentary and legislative history. Here, I would like to stress the importance of documentation. While I have no doubt that precedents have often to give way to fresh thought, it is, at the same time, important that the parliamentary archives should be so organized that the records contained therein are well-documented giving, as complete as possible, a connected and continuing account and provide the necessary source material for the development of fresh thought. Any society seeking advancement has to learn from the experiences of the past, not only its own, but also the experiences and problems of other nations. Our problems are peculiar and we have to find solutions to suit our requirements and our genius. In our Parliament, we do not blindly copy what others may do elsewhere. But, at the same time, we shall continue to benefit from the experience of others. We owe it to our successor generations to make them feel that we in our times did our best to do the right thing by the nation.

Objectives Enshrined in Constitution

It is now twenty-three years since we attained Independence. Throughout this period we have faced many challenging tasks, and have striven, by strictly adhering to the parliamentary system and seeking to strengthen it, to take the country along the path of progress. In our Constitution we have pledged, among other things, to secure to all our citizens social, economic and political justice. There are embodied in it certain Directive Principles of State Policy, and the State is enjoined to apply these principles in making laws. I would like to refer, in particular, to three of these directives. These require that the State shall in particular direct its policies towards securing:

- (a) that the citizens men and women equally, have the right to an adequate means of livelihood;

- (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

There is also another directive which requires that the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want. I have ventured to draw pointed attention to these two articles of our Constitution because the fulfilment of these directives constitutes, in my view, the main test to the success of our parliamentary system.

Special Responsibility of Legislators

In working for the achievement of these objectives, there can be no question of party or political bias or consideration. Members of Parliament have a special responsibility to see that the Parliament's time is so utilised that it subserves the public interest of the community of people.

The Parliament and the State Legislatures have a much wider audience than that in the chambers where members transact legislative and other parliamentary business. What is said or done in Parliament has a direct impact on people outside and more particularly on the youth of this country. We have to constantly remind ourselves that our actions and the examples we set will guide and inspire the vast multitude of people outside these chambers. Let us be worthy of them and deserve their trust in us.

Speaker's Vote of Thanks

Proposing a vote of thanks to the President for laying the foundation-stone of the new addition to the Parliament Estate complex, the Speaker of Lok Sabha, Dr. G. S. Dhillon, said:

As we all know the President together with the two Houses—the Rajya Sabha and the Lok Sabha—constitutes the Parliament of India. That apart, it is singularly appropriate that

this auspicious ceremony should be performed by one who besides being the Head of our great Republic is also one of the great stalwarts of our freedom struggle, whose labours and sacrifices have enabled us to enjoy the blessings of freedom and democracy. The laying of the foundation stone by Rashtrapatiji today marks the beginning—the concrete beginning—of a project that has been under contemplation for many years, almost from the time the country became a Republic and we had for the first time a sovereign Parliament.

Pivotal Position of Parliament—its increased Activities and Responsibilities

Parliament under our new Constitution occupies a pivotal position. Under our system the Executive is accountable for all its policies and action to the Parliament elected by the people. The singularly large range of the Union's powers, its pre-eminent position in the field of economic and social development because of the ideal of a welfare society spelt out in the Directive Principles of the Constitution have all *pari passu* led to an immense increase in the responsibilities and activities of Parliament.

With the widening range of governmental activity and its increasing complexity under the impact of modern technological and scientific developments, legislation and parliamentary oversight of the Administration are no longer the simple affair that it used to be some decades back. In fact, it is largely because of the complexity and technical nature of modern legislative business that, in recent years, a network of committee system has been developed with a view to making it an effective instrument of the parliamentary scrutiny and oversight of the Administration. This has meant a large increase in the number of standing parliamentary committees and in the scope and range of their functions. Adequate accommodation has, therefore, to be found, among other things, for the growing needs of parliamentary committees.

Minimum Needs

A Member, if he has to discharge his duties properly must have certain minimum facilities: adequate references and library service; adequate facilities to attend to the demands made on him by his constituents; adequate number of

party rooms; meeting halls; lounges etc. Besides, suitable accommodation is also needed for the Press and various technical and other facilities.

New Building—Functional and Modern

The new building that is to come up is meant precisely to meet most of these growing, pressing needs. In its construction, it will be functional, modern and designed for maximum utility. The requirements of the two Houses, including the common facilities, have been kept in view and provided for in one structure and optimum use made of the available space and resources.

Exclusive Committees' Block

An important feature of the new building will be the exclusive self-contained block for Parliamentary Committees, which will have five Committee Rooms, the offices of the chairmen and secretaries of Committees, and will have provision for all other ancillary services. I expect it to be an ideal arrangement for the functioning of Parliamentary Committees—a set of well-equipped rooms with all the facilities near at hand and a soothing central fountain to keep the heat out and help calm and cool deliberation.

Special Debt of Gratitude to Prime Minister

When I describe the new building in these terms, I cannot omit to mention here how we have reason to be specially grateful to Madam Prime Minister. A novel feature of the plan of the new complex is a sub-way under the Talkatora Road that would connect the new building with the Parliament House. Talkatora Road being a busy thoroughfare, one can well imagine the difficulties the Members would have to face when they have to rush to the House at short notice—say, for a division—but find themselves held up by the traffic on the road or because of an unexpected downpour. The sub-way was conceived as a solution of these problems. . . The idea somehow at one stage ran into difficulties. It was the Prime Minister who when the proposal came up to her for final decision was quick to appreciate the need for the sub-way and approved of the proposal. We are, therefore, as I said, under a special debt of gratitude to her.

The Speaker expressed the hope that the new building would fulfil "a long-felt need and go a long way in providing the minimum facilities to Members for the more efficient discharge of their duties." He added that he had referred to the importance of the extension of the library and reference facilities. The proposal in this regard has already been taken up and that the question of construction of the new Parliament Library building, which was already under active consideration—and without which the new complex would in fact remain incomplete—would also be pursued vigorously for its early completion.

THE NEW BUILDING

The Sansadiya Soudha, which is to come up on a plot covering an area of over 3.84 hectares (9.8 acres) will be functional, modern and dignified, with wide roads on two sides and a sub-way connecting it to the main Parliament House building. The building, which has been designed taking into account the varied requirements of the two Houses of Parliament, the Parliamentary Committees and the common facilities, will be a structure of R.C.C. framed with waffle slab construction in three blocks with a basement provided under the entire building.

The front block, a three-storeyed structure, will serve as the main entrance to the building. Common facilities like Members' lounge, enquiry office, rail and air-booking offices, bank, post office, dispensary etc., will be provided in the main Concourse Hall. In the centre would be a refreshment/dining hall with cafeteria attached. On one side of the Concourse Hall there will be a multi-purpose hall. A central free standing stair-case will connect the three floors of the front block. Glass pyramids over the central areas would provide diffused natural light.

The seven storeyed central block will accommodate party offices, Press Rooms and Secretariats of Lok Sabha and Rajya Sabha, with two service cores housing lifts, toilets, stair-cases, fire fighting equipment, weather-maker rooms etc. Canteen and recreational facilities would be on the terrace.

The three-storeyed rear block would have five spacious air-conditioned Committee Rooms on the ground floor grouped around a Central Court with a pool and a fountain. Each Committee Room will have an office room for its Chairman and Secretary.

This central area will have also a lounge for the use of Press reporters. The basement, ground and first floor, including the five Committee Rooms, are to be centrally air-conditioned.

For the facility of Members the new building will have such modern amenities as reading rooms, a multi-purpose hall, telephone facilities in each room, co-operative stores, spacious terrace gardens, covered parking for cars and centrally-chilled drinking water distribution system.

A sub-way to connect the two buildings has been planned and the possibility of providing a monorail or mobile walk-way within the sub-way is also being investigated.

The entire structure, when completed, is expected to blend aesthetically with the main Parliament House building. A plaza introduced to regulate vehicular and pedestrian traffic and the podium connecting the two buildings will have paving in red and white sandstone with interwoven green grass creating a beautiful landscape visually as well as physically connecting the new building with the main Parliament House.

The new structure bids fair to be "a worthy addition to the historic Parliament House, and worthy in every way of our great country and its democratic institutions."

PRESIDING OFFICERS CONFERENCE

CHAIRMAN'S ADDRESS

[The Thirty-sixth Conference of the Presiding Officers of Legislative Bodies in India was held at Srinagar on July 15 and 16, 1970 under the Chairmanship of Dr. G. S. Dhillon, Speaker of Lok Sabha. We reproduce below important portions from the Address delivered by the Chairman on the opening day of the Conference—Editor.]

FRIENDS,

I feel happy to be in your midst once again, and it is indeed with great pleasure that I join hands with our hosts, the Chairman of the Jammu and Kashmir Legislative Council and the Speaker of the Jammu and Kashmir Legislative Assembly, in extending a very cordial welcome to all of you assembled here for our annual Conference. It is a matter of added pleasure that we should be meeting in this enchanting setting, this part of our land, justly famed through history and all over the world as 'a paradise on earth'. This verdant valley of scenic splendour, with its rich traditions of art, philosophy and culture, has always beckoned people from far and near. And the bracing air of the valley, I imagine, should have its own salubrious influence on the quality of our deliberations. I have no doubt all of us would carry back enduring memories of the place and our meeting here.

An institution of great importance

Personally I look upon this annual gathering of ours as an institution of great importance. I prize it as much for the occasion it provides to keep ourselves in regular touch with one another—to renew old bonds and forge new ones—as for the invaluable opportunity it affords for mutual exchange of experiences and ideas on the problems that from time to time confront us as Presiding Officers in our Legislatures. I for one would go back from the Conference, as from a family reunion, with something like a feeling of reassurance and renewed faith. And in these somewhat unsettled times the benefits from such mutual consultations and sharing of a common pool of knowledge and experience are, as all of you would agree, not inconsiderable

Threats to Democratic Institutions

As we look back at the political scene in the country over the last forty months since the Fourth General Elections, we cannot but feel a sense of anguish at certain trends. These, if allowed to persist, might do irreparable harm to the very institution of parliamentary democracy, which our great leaders of the freedom struggle and the founding fathers of the Constitution have bequeathed to us and which we all have so far fortunately preserved. As Presiding Officers of the country's Legislatures, it becomes our duty to give our anxious thought to these unhealthy trends and consider as to what timely and appropriate measures could be taken to meet the emerging threats to the survival and growth of our nascent democracy.

To my mind, the most disconcerting feature of the post-Fourth General Election scene in the country is the continuing Ministerial instability in a number of our States. The first sixteen months after the Elections saw the fall of as many Governments in the States. The States worst-affected in this respect were, as we all know, Bihar, Haryana, the Punjab, Uttar Pradesh and West Bengal. In each of these States, the inability of any single party or coalition of parties to provide a stable Ministry inexorably led to a situation—which the Constitution expressively describes as 'failure of constitutional machinery'—necessitating Presidential intervention under Article 356. Beginning with Haryana, each of these States has had a spell of President's rule, followed by mid-term elections. However, even after the mid-term elections of February 1969, the Governments formed in Bihar, the Punjab, U.P. and West Bengal again proved unstable and could not last long, their tenure ranging from less than four months in the case of the Harihar Singh Ministry in Bihar to a little over thirteen months in the case of the Gurnam Singh Ministry in the Punjab. In fact, Bihar had another spell of President's rule from July 4, 1969 to February 16, 1970, and West Bengal has again come under President's rule since March 19 this year.

In other words, these developments have proved that even the Central takeover—thought of as a measure of last resort—and the extensive exercise of mid-term polls have not provided the necessary corrective for restoring stability in these States. It only shows that the malady affecting our body politic has perhaps penetrated deeper. Though the disease may not admit of an easy cure, there is no mystery about its causes.

Menace of unprincipled floor-crossing

As is well known, every single case of collapse of a State Government since the Fourth General Elections has been the direct result of change of political allegiance by legislators. In fact, apart from the five States, earlier mentioned, where Governments have changed rather too frequently, several other States have also been affected, to a larger or smaller degree, by defections and re-defections by legislators. In appearance, at any rate, the situation early this year was little different from that which was obtaining in 1967, when Ministries fell as legislators crossed and recrossed the floor at will. Obviously, this state of affairs cannot go on indefinitely without undermining the foundation of democracy.

Parliamentary government, like any other system of government, is after all not an end in itself. If the system has to inspire confidence and strike roots amongst the masses, it has to fulfil their basic expectations by providing them with a clean and efficient administration, security of their hearths and homes, protection against arbitrary administrative action and, above all, by tackling the age-old problems of poverty, unemployment and social and economic inequality. But unfortunately in the political climate prevailing in the country, Governments have been all too pressed with their immediate problem of survival from day to day to have the needed respite to turn their thoughts to the challenging tasks of economic and social development or even to the minimum demands of good government. Inevitably, this has led to a situation where the long-range objectives of nation-building do not receive sustained attention.

Apart from spelling Ministerial instability, constant floor-crossing—and by a large number of legislators—cannot be regarded as an edifying spectacle; in the nature of things it cannot but lead to the erosion of people's faith in parliamentary institutions. While there may be nothing heinous or improper in a legislator changing his political allegiance as a result of a genuine change of conviction, it is only fair that even in such cases once a Member has been elected on a party ticket, he acknowledges a moral obligation to respect and honour the mandate of the electorate. No one has seriously contended that the spurt in defections in our country since the last General Elections has had anything to do with honest differences on matters of principle or policy. There has already been a great deal of discussion over the issue in Parliament, in the Press and in various public forums. By and large, everyone has condemned unprincipled floor-crossing by legislators. A number of suggestions to curb this practice have also been

made by the high-level Committee on Defections, headed by the Union Home Minister, Shri Y. B. Chavan, and by other eminent authorities and public men. I think it is high time that it is realized by the leadership of all political parties that not only is seeking and procuring defections unethical, it is also in the long run unrewarding and unreliable as a means of consolidating one's hold on power.

Governor's Role in Ministry-making

Since the last General Elections, functions which could normally be regarded as purely formal have suddenly become crucial or controversial. I have in mind the important but nominal role of the Governor in the formation of a Ministry or the summoning, prorogation and dissolution of a Legislature.

In the appointment of the Chief Minister, the Governor's task is simple when a single party has a clear majority in the Legislative Assembly. The situation becomes complicated when the relative strength of the parties is in a state of constant flux through defections and re-defections. In such a situation, the Governor is placed in a highly delicate position. My own view of the matter has been that once a Ministry has been formed and subsequently a situation arises, through defections or otherwise, which casts a doubt whether the Ministry continued to command majority support in the Legislature, the doubt should as far as possible be left to be resolved on the floor of the House and the Governor should not take upon himself the unenviable task of deciding the question himself outside the Legislature.

In this context, the related question arises as to what should be the course of action if the Ministry seeks to avoid the Legislature by not agreeing to an early date for its summoning. I should think that in such a situation the Governor should rely on his powers of informal persuasion and preferably err on the side of patience instead of proceeding forthwith to exercise the power available to him under the Constitution for the summoning of the Legislature. In case, however, it becomes unavoidable to dismiss a Ministry as a step of last resort and appoint another, the Governor should ensure that the Assembly is provided the earliest opportunity of expressing its confidence in the new Ministry. In other words, the fact should not be lost sight of that it is the Legislature which is the rightful place to decide the issue.

Other remedies can, of course, be thought of, like a fixed calendar of sittings for the Legislatures, but I would place my faith in the ultimate reasonableness of human nature and in the gradual development of binding conventions and not seek legal or statutory solution to every situation.

Another related question that has been proving ticklish, relates to the duty of a Governor when the Chief Minister of a Ministry which has *prima facie* lost its majority advises dissolution. In Britain, the position is well understood that the Prime Minister's request for a dissolution is normally acceded to. In a two-party system as they have in Britain this may be a simple straight-forward solution. In a multi-party system such as ours, the question arises whether it is not the duty of the Governor to search for an alternative Government before thinking of dissolution. This should again present no serious problem but for the highly fluid situation created by the rampancy of defection. But when one thinks of the growing tendency for deliberate trade in loyalties, one cannot help wondering if dissolution—despite the costs of a fresh election—would not prove a salutary check on such activities and restore health to the body politic of the country. However this may be, the Governors in such situations are left on their own, without definite guidelines to regulate their decisions.

Centre-State Relationship

In the area of Centre-State relationship again, the altered political situation in the country has given rise to problems in one form or the other. In view of its importance, we had arranged a National Symposium on the subject by legislators from all over the country. As I had mentioned at the Symposium, the problems are the result of the normal play of political processes in a federal set-up and are to be faced as part of the process of growth. Let me repeat that our Constitution is resilient enough to respond to the demands of any new situations and will take care of all stresses and strains inherent in them. I am confident that a viable position of balance and equilibrium in Centre-State relationship can be reached, if only a sincere search were made by one and all concerned.

Journal of Parliamentary Information

Another trend about which I would like to share my concern with you is the tendency to talk somewhat thoughtlessly of a confrontation between the Judiciary and the Legislature. While I attribute no

motives to anyone, I only wish to say that this shows that there has not been sufficient realization of the consequences of denigrating either of these pivotal institutions of our democracy or of working up tensions between the two. The Judiciary and the Legislature are the twin pillars on which the democratic structure envisioned in our Constitution rests and if either is weakened the stability of the entire edifice will be in jeopardy.

Independence of the Courts in a democratic society implies complete freedom from interference by the Executive or the Legislature with the exercise of the judicial function. I need only recall the memorable words of Prime Minister Jawaharlal Nehru who stood as the torch-bearer of democracy in Asia. Addressing the International Congress of Jurists in New Delhi in January 1959, Shri Nehru said: "Unless a community lives under the rule of law, it will tend to be lawless. The rule of law should bind the community", and added that "if there is to be rule of law, there should be independent judges to administer the law." "Otherwise", he warned, "the law may be used not in the interest of the rule of law but exploited in other interests."

It is true that in a democratic set-up it is possible for anyone to differ from any decision of the Supreme Court or of a High Court, on important legal or constitutional issues or social legislation affecting the interests of the masses. But any criticism of the judgments of these Courts has to be well-informed, constructive and in a restrained and dignified manner. It does not behove well to say anything calculated to lower the dignity of the Courts or bring them into contempt in the public eye.

For instance, to my mind, it is as wrong to suggest that the Supreme Court or the High Courts have been trying to interfere in the jurisdiction of Parliament or curtail the rights and privileges of its Members as to say that Parliament and the State Legislatures have been trying to impose their imperious will on the Courts. In this connection, I may point out that in a recent case, to which I will have occasion to refer at some length later, the Supreme Court has not only held that the Constitution confers upon Members of Parliament "complete immunity" from proceedings in any court in respect of anything said in Parliament, but has also unequivocally declared that "this is as it should be" under a parliamentary system of government.

I may refer here also to the recent judgment of the Gujarat High Court in the writ petition challenging the validity of the *sine die* adjournment of the State Legislative Assembly on March 28, 1970.

For my present purpose, it is not necessary to go into the details of the case or of the judgment. Suffice it to remind that the Court held (a) that the House had the privilege to settle its own procedure and was not answerable to any external authorities for the due observance of the rules made by it under Article 208(1) of the Constitution and (b) that as part of this privilege, and even in the absence of a specific provision in the rules authorising the House to adjourn itself, the House had the inherent power to adjourn itself by a motion carried by a majority. I have cited these two cases only to show that our Courts have as much concern for the rights and privileges of our Legislatures and their Members as any one else. I need hardly say that we on our part should also uphold the rights and dignity of our Courts, as they, along with the Legislatures, are the bulwark of any democratic structure . . .

Scenes of Disorder in Legislatures

Scenes of disorder within the Legislatures have engaged the attention of this Conference on a number of occasions in the past and have naturally been the cause of concern to all of us as Presiding Officers. Occasional interruptions, heated exchanges and even display of strong feelings by Members at times may be understandable, but when the floor of the Legislature becomes the scene of physical confrontation between the Members it does not augur well for the future of representative institutions in the country. Reports of such happenings appear in the newspapers from time to time and I recall that in one case physical force was used even against the Presiding Officer. As I once had occasion to observe in Lok Sabha, unless we behaved properly and conducted our business in a decorous and orderly manner, the image of the Legislature was bound to suffer in the public eye and there was every danger of the democratic institutions suffering a serious setback.

Withholding of information in public interest

During the last Budget Session of Lok Sabha, a Minister declined to disclose certain proposals made by the Prime Minister to the Governments of Maharashtra and Mysore concerning their border dispute on the ground of public interest. Several Members felt exercised over the Government's action in withholding the information from the House. Upon demand from some Members, I undertook to ascertain from the Government the reasons as to why the disclosure or laying on the Table of these proposals was claimed to be against the public interest. In the meantime, a Member also sought to move a motion

calling upon the Government to lay the document on the Table. I discussed the matter with the Minister concerned and only on my being satisfied with the Minister's explanation for not disclosing the information to the House, the matter was allowed to rest there.

Introduction of the Finance Bill

On Saturday the 28th February this year a somewhat unusual situation arose. The Prime Minister, who held the Finance portfolio also, presented the Budget. Following it, after the motion for leave to introduce the Finance Bill was adopted by the House, amidst continuous interruptions, I adjourned the House till the following Monday, that is the 2nd March, 1970. Soon thereafter my attention was drawn in my Chamber to the doubt some of the Members felt as to whether the Bill had been formally introduced in the House or not. There were two versions. In order to place the matter beyond all doubt, under proviso to Rule 15 of the Rules of Procedure and Conduct of Business in Lok Sabha, I directed that Lok Sabha would meet again at 10 P.M. on that day (i.e. Saturday) for the formal introduction of the Finance Bill. Members were informed of the decision through a paragraph in Bulletin Part II and a List of Business was also issued and circulated to Members. The House reassembled at 10 P.M. and the Prime Minister introduced the Finance Bill.

Suspension of Rules

During the last session of Lok Sabha when the House reassembled after lunch on the 6th April, the Leader of the Opposition and some other Members sought to move adjournment motions over a lathi charge by the police on the SSP demonstrators in New Delhi that afternoon resulting in injuries to some Members of Parliament and others. The Deputy Speaker, who was in the Chair at that time, observed that, under the rules, notice of adjournment motion had to be tabled before the commencement of the sitting of the House. A Member thereupon sought to move a motion for suspension of the relevant rule, namely Rule 57 of Rules of Procedure and Conduct of Business, in its application to the notice of adjournment motion he had tabled. The motion was allowed by the Deputy Speaker and it was adopted by the House unanimously. The Deputy Speaker then gave his consent to the moving of the adjournment motion and, on leave being granted by the House, it was taken up for discussion by the House immediately.

Deputy Speaker's Seat

In March this year, a point of order was raised whether a Member could occupy the seat of the Deputy Speaker when the latter was presiding over the House. The Leader of the Opposition and certain other Members pleaded that with the recognition of the Leader of the Opposition, the first seat on the front row to the left of the Chair should be allotted to him, as was the practice in other Parliaments, and not to the Deputy Speaker. I held that allotment of seats in the House was within the discretion of the Speaker and I had to be guided in the matter not merely by the procedure followed in the House of Commons, but had to take into consideration the convention followed in that respect in the House. Under the practice of the House, the first seat to the left of the Chair was always allotted to the Deputy Speaker and, therefore, I declined to make any change in the seat of the Deputy Speaker.

Ceasing to be Member no bar to continuance at Minister

In April last, a Member raised a point of order that the Deputy Minister for Education and Youth Services due to the expiration of the term of her membership of the Rajya Sabha was required to take the oath of office and secrecy afresh if she continued to be a Minister and in the absence thereof she was a stranger to the House. Another Member submitted that it was not only a matter of taking oaths afresh, but she had to be re-appointed as a Minister. I reserved my ruling on that day. Subsequently, the Minister of Law made a statement on the subject and explained that in view of the provisions of clause (5) of Article 75 of the Constitution, there was nothing unconstitutional or improper in the Ministers continuing in office for six months without being a Member of the House and added that this opinion had been confirmed by the Attorney General. I agreed with that view.

Papers should be laid on the Table by concerned Ministers only

In another case objection was raised by some Members to papers included in the List of Business in the name of a Minister being laid on the Table by a Deputy Minister belonging to a different Ministry. I observed that if a Minister in whose name an item was entered in the List of Business or any Minister connected with that Ministry was not present in the House, no other Minister could lay the paper on his behalf, unless the Speaker had been informed in advance about it.

Private Members' Business in Government Time

It may be of interest to know that there have been two instances

in Lok Sabha recently where further consideration of Private Members' Bills was taken up during Government time. In both these cases the Government agreed to allot time for the further consideration of the Bill out of their own time. The first case occurred in December 1968, when a motion was adopted by the House to the effect that further consideration of the Constitution (Amendment) Bill (*Amendment of Article 368*) by Shri Nath Pai might be taken up during Government time. The second case was in the last session of Lok Sabha when two motions—one for adjournment of debate on the Constitution (Amendment) Bill (*Omission of Article 314*) by Shri Madhu Limaye till a specified time on a day allotted for Government business, and the other for suspension of the Rule relating to ballot in its application to the resumption of the adjourned debate on the said Bill—were moved by a Member and accepted by the House. Before the motions were adopted, the Government had indicated their willingness to allot time for the Bill out of Government time. This Bill was taken up on the allotted day during Government time.

Freedom of Speech and Immunity from Proceedings

I would now like to draw your attention to an important decision of the Supreme Court which categorically reaffirms the position that Members of Parliament are not liable to any proceeding in any court for anything said in the House. Last year, certain individuals filed in the Delhi High Court a suit for damages against Dr. N. Sanjiva Reddy, the then Speaker of Lok Sabha and certain other Members of the House, in respect of certain observations made by them during the proceedings on a Calling Attention Notice. When the concerned Members received notices of the suit from the Assistant Registrar of the High Court of Delhi, the matter was raised in Lok Sabha and the Deputy Speaker, who was then in the Chair, observed that in view of the clear provisions of Article 105(2) of the Constitution, the concerned Members need not appear before the Court. The Minister of Law assured the House that Government would have the correct constitutional position placed before the High Court.

The Delhi High Court dismissed the suit in view of the provisions of Article 105(2) of the Constitution but granted to the plaintiffs a certificate of fitness to appeal to the Supreme Court under Article 133 of the Constitution.

The plaintiffs then filed an Appeal in the Supreme Court. The Assistant Registrar of the Supreme Court sent notices of lodgement of Appeal to the concerned Members stating "that if you wish to contest

the Appeal you may enter appearance within thirty days of the receipt of the Notice before this Court either in person or by an Advocate-on-record." The matter was again raised in Lok Sabha and I ruled that as the matter involved the proceedings of the House, the concerned Members should not enter appearance before the Supreme Court. The Minister of Law again assured the House that on behalf of Government, he would instruct the Attorney-General to place the correct Constitutional position before the Supreme Court.

The Supreme Court has since dismissed the Appeal. Delivering the judgement, the Chief Justice held that Article 105(2) of the Constitution gave "complete immunity" to Members of Parliament for "anything said in Parliament." This immunity, he said, was complete, as it should be, for it was of the essence of parliamentary system of government that the representatives of the people should be free to express themselves without fear of legal consequences. What they said was only subject to the discipline of the rules of Parliament, the good sense of the Members and the control of proceedings by the Speaker. The Courts had no say in the matter and should really have none.

The Chief Justice negated the contention of the appellant that the immunity granted by Article 105(2) extended only to what was relevant to the business of Parliament and not to something which was "utterly irrelevant". It was not possible, the Chief Justice said, to read the provisions of the Article in the way suggested. "The Article means what it says in language which cannot be plainer. The Article confers immunity *inter alia* in respect of anything said in Parliament." The word "anything", he said, was of the widest import and was equivalent to "everything". The only limitation arose from the words "in Parliament" which meant during the sitting of Parliament and in the course of the business of Parliament. Once it was proved that Parliament was sitting and its business was being transacted, the Chief Justice held, anything said during the course of that business was immune from proceedings in any court.

Security Arrangements in Parliament Estate

As you may be aware, a few days before the commencement of each Session of Parliament, the District Magistrate of Delhi issues an Order under Section 144 of the Criminal Procedure Code prohibiting the holding of public meetings, assembly of five or more persons, carrying of weapons, lathis, shouting of slogans etc. within the area covered by that Order. Until recently, whenever such an order was issued

by the competent magistrate, the entire area of Parliament House, including the compound thereof, was included in the ambit of that Order. It was pointed out to the concerned authorities that it was not proper for a magistrate to include the Parliament House Estate within the ambit of that Order, as that area was under the exclusive and absolute control of the House and the Speaker. It was for the Speaker to make such arrangements for maintaining order within the Parliament House Estate as he might deem fit. The Magistrate issued a new Order on the 18th April, 1970, in which the area inside the gates of the Parliament House Estate was excluded.

With a view to keeping the area and passage within the Parliament House Estate free and open for Members of Parliament to move about without any obstruction or hindrance, I have issued a new Direction (No. 124A) for the guidance of all concerned. The new Direction makes the Watch & Ward Officer responsible for maintaining order within the compound of the Parliament House Estate and for taking all necessary steps to ensure that no obstruction or hindrance is caused to Members of Parliament in that area, in coming to, or going from the Parliament House

Financial Committees at Work

All taxes imposed by the Executive require the approval of Parliament. The tax statutes bestow a certain amount of discretion on the Executive solely with a view to facilitate smooth fiscal administration. It follows, therefore, that the discretion cannot be exercised in a manner that would abrogate the intentions of Parliament. This year the Public Accounts Committee investigated the question of exercise of powers given by the Central Excise Law to the Central Board of Excise & Customs. Their investigation brought to light a disquieting situation. Powers given to the Board under the law to give exemption from the statutory tariff were found to have been used in a number of cases to give 100 per cent exemption from duty, or number of refinements in the tariff were introduced which have had the effect of complicating its administration. The Committee have in their Report drawn attention to these features of the Central Excise Administration and have made a number of suggestions calculated to make for better parliamentary control in this field of fiscal administration.

New Procedure to accelerate "Action Taken" work

Last time I had referred to the useful innovation adopted by the Public Accounts Committee to speed up their 'Action Taken' work, through the practice of calling representatives of Ministries/Departments for informal discussions. I had then mentioned that this device

was issued by the Committee not only to obtain clarifications on points arising out of the replies furnished by Government but also to speed up the replies where they had no been received. This practice has produced very encouraging results. It has helped the Committee this year not only to complete their 'Action Taken' work about four months ahead of schedule, but also to produce 'Action Taken' reports, based on a thorough and comprehensive examination of the issues involved.

Prior Circulation of Comments on Draft Report

I may refer now to one or two recent procedural developments in the working of the Estimates Committee. A practice has now been introduced of calling on the Members to send in their comments and amendments, if any, to a draft Report so that they could be circulated to the other Members of the Committee in advance of the sitting fixed for consideration of the draft Report. This is a useful innovation which could be emulated by other financial Committees.

Presentation of Hindi version of Reports

A beginning has also now been made for presentation of Reports of financial and other parliamentary committees both in English and Hindi versions. Thus four Reports of the Public Accounts Committee (relating to Malaria Eradication Programme; Government Servants Consumers Co-operative Society; Over-Invoicing of Hides and Skins; and National Co-operative Development Corporation) and two Reports of the Estimates Committee (relating to the Employees' Provident Fund Organisation and the Geological Survey of India) were presented in the English and Hindi versions in recent months. Translations in Hindi for a number of Reports of Select/Joint Committees were also made available for the convenience of Members. I hope more and more Reports will in future be presented in both the languages. We are also asking the Ministries concerned to furnish Hindi translation of the material furnished by them to the Committees for circulation to those Members who desire to have it in that language.

Public Undertakings Committee—An Important Instrument of Scrutiny

There has been manifold increase in the size of the public sector and in the investment therein during the last two decades. The number of Public enterprises has grown from 5 in 1951 to 90 in 1970 and the total investment in the public sector today is estimated to be about Rs. 3,900 crores. The Fourth Plan contemplates an additional investment of over Rs. 3,000 crores in the Central Government enterprises.

This points to the growing importance of the role of the public sector in the development of the country's economy. The importance of the Committee on Public Undertakings as a standing Financial Committee of Parliament entrusted with the scrutiny of the performance of these public enterprises becomes obvious.

Some of the Reports of the Committee this year have attracted wide public attention. For example, the Committee's Report on Production Management has revealed gross underutilisation of capacity in various undertakings. The Report on Bokaro Steel Plant has highlighted how the advice of the Indian Consultants was not given the attention it deserved. The Report on the Indian Oil Corporation Ltd. shows that the Committee were greatly exercised over the laying of a pipeline over a coal-bearing area. This Committee has recommended the winding up of three sick undertakings *viz.* National Industrial Development Corporation, Mining & Allied Machinery Corporation and Central Road Transport Corporation Ltd., as they did not show any prospects of productivity and profitability in the near future.

I am thankful to you all for the patience with which you have listened to me. We shall be discussing the various specific items on the agenda in our business sessions to follow. I am sure that in accordance with the traditions of this Conference, all the issues listed for consideration here will be discussed in an entirely objective and constructive manner, so that our deliberations might be of real value in the cause of strengthening parliamentary democracy in our country.

Thank you.

VALEDICTORY MEETINGS OF THE FINANCIAL COMMITTEES OF PARLIAMENT (1969-70)

[Consequent on the expiry of their one-year term (1969-70), the three Financial Committees of Parliament viz., the Public Accounts Committee, the Estimates Committee, and the Committee on Public Undertakings, held their valedictory meetings on April 30, 23, and 29, respectively. The Speaker of Lok Sabha Dr. G. S. Dhillon, was present at all these meetings, which took stock of the working and the achievements of the respective Committees during the year. The meetings were addressed by the Speaker and the Chairmen of the respective Committees. We reproduce below important excerpts from the speeches of the Speaker and the Chairmen of the three Committees—Editor]

THE PUBLIC ACCOUNTS COMMITTEE (APRIL 30, 1970)

Chairman (Shri Atal Bihari Vajpayee): Mr. Speaker and Members of the Public Accounts Committee, we meet as Members of the Committee today for the last time. During the last one year, our work as Members of this Committee has brought us closer together in many ways. We functioned as a cordial and homogeneous team, forgetting party affiliations. I am sure we will treasure this experience and that it will be a source of very happy recollections in the days to come. I hope too that the healthy convention of submitting Reports as a team unanimously will continue and that no occasion will arise for submitting any note of dissent so far as the three Financial Committees are concerned.

The term of four of our colleagues from the Rajya Sabha expired on the 2nd April, 1970, as their tenure as Members of the Rajya Sabha came to an end on that date. We miss these colleagues of ours this afternoon. May I record on my behalf and on behalf of the rest of the Committee our grateful appreciation of the whole-hearted co-operation we received from them throughout the past year.

Record of Work done during the Year

We can look back with satisfaction on our record of work this year. Our predecessors left us no arrears and we are leaving none to our successors. We finalised and adopted 23 original Reports this year; this was four more than the number of original Reports adopted last year. On the Action Taken side, we finalised 17 Reports. Last year 34 Action Taken Reports were done, but then it has to be remembered that the Committee then had a backlog of almost two years' work to clear in this regard.

Expeditious Disposal of Action Taken Work

Two significant aspects of our Action Taken work this year call for mention. The work was completed by December, 1969—four months ahead of schedule. I believe this is the first time the Committee have been able to do this and this in no small way, is due to the zeal with which the Action Taken Sub-Committee went about their work. The Convener of the Sub-Committee, Shri N. R. M. Swamy, and the Conveners of the various Working Groups, Prof. Mukherjee, Shri Koushik, Shri Sonavane, Shri Kothari and Smt. Rohtagi deserve to be congratulated on this achievement. Another noteworthy feature of the Action Taken work was the fact that we were able to obtain replies to all but two recommendations in the previous Reports: even these two, I understand, have since been received. This is a matter for great satisfaction, as the Committee have never had this degree of reciprocation from Government in this respect. This is again due to the initiative and drive shown by the Sub-Committee. The Convener—Shri Swamy—called the representatives of the Ministries and Departments of Government on a number of occasions to impress on them not only the need to send their replies promptly but to discuss the replies received and obtain further clarifications. Members are aware of the tremendous interest some of these Reports, notably that on Income-tax and Defence, evoked in the Press.

Report on N.C.D.C.

On the original side, the Committee covered a number of subjects in depth this year. I would like to mention just a few of them. We examined the National Cooperative Development Corporation very comprehensively on the basis of certain paragraphs in the Audit Reports. The result has been a well documented and instructive Report

on the Co-operative movement covering the field of co-operative marketing, processing and storage, in which an amount of Rs. 55 crores has been invested by Government. We have drawn attention to the ills that beset the movement, the faults in planning and organisation arising out of a target approach to the whole movement on the part of Government, the need to de-officialise this activity and above all to rid it of vested interests who have usurped the lion's share of what has been given by the Government as grants to the movement.

Report on C.S.I.R.

The Council of Scientific and Industrial Research (C.S.I.R.) has been very much in the news lately and the Committee decided that they would have a look at the affairs of the organisation this year. Our findings confirm some of the generally felt apprehensions about this organisation. Our Report on this subject shows the very disappointing record of acceptance of processes and innovations devised in the national laboratories. It is obvious that the research work in the laboratories is isolated from the country's industrial milieu or developmental priorities. It is also obvious that the C.S.I.R. lacks experience of the difficulties involved in scaling-up of processes devised on a laboratory scale to meet industry's requirements. We have in our Report made a number of suggestions for bringing about a fruitful marriage between industry and science, so that returns from scientific research would be commensurate with the substantial outlay therein.

Report on Charitable and Religious Trusts

Trusts have been a time-honoured tax dodging device the world over. We took advantage of a case in the Audit Report this year to probe into this question and to bring out a small Report, which traces the evolution of the law on the subject and draws attention to its deficiencies. It is a measure of the importance that Government attach to the views of this Committee that they have since set up a Commission under ex-Chief Justice Wanchoo to go into this question, amongst others. Government have acknowledged that they took this step after sensing the Committee's views on the subject during evidence.

Report on Union Excise

Parliament's control over revenue is exercised through its prerogative to vote taxes proposed by the executive. The tax statutes give the executive discretion in the administration of the tax. Such discretion is no doubt essential in the interests of smooth fiscal administration,

but, being a form of delegated legislation, has to be exercised without doing violence to the intentions of the legislature. This year the Committee decided *inter alia* to examine this aspect of the fiscal structure in the field of commodity taxation—Central Excise. The Committee's investigations have brought to light a rather disquieting situation. Powers given under the law to the executive have been used in some cases to grant 100 per cent exemption from the duty levied by Parliament and to introduce new sub-categories under the statutory tariff. The Committee have drawn attention to all these unsatisfactory features of Excise Administration and made a number of suggestions calculated to reinforce Parliament's control in this field.

Report on Autonomous Bodies

There are a number of autonomous bodies on which the Comptroller and Auditor General submits special Audit Reports to Parliament. Due to constraints on their time, the Committee have for some time in the past not been able to devote adequate attention to these reports. This year the Committee decided to correct this situation. Accordingly, they examined a number of such organisations in respect of which the Audit Reports contained significant findings. The Committee examined the C.S.I.R., the National Cooperative Development Corporation, three major Port Trusts, the University Grants Commission and the Tea Board. I had referred earlier to the Reports connected with the C.S.I.R. and the National Co-operative Development Corporation. The Report on the Tea Board sought to examine the problems faced by the Indian tea industry, the second biggest foreign exchange earner for our country, with particular reference to its position in international markets, where it has been progressively losing ground to competitions.

Examination of Matter Referred by the Committee of Privileges

I would like to mention briefly two significant items of work undertaken by the Committee this year which were of an unusual nature. On the 6th March, 1969, the Lok Sabha referred to the Committee of Privileges a question of privilege against certain officers of the Department of Iron and Steel for allegedly giving false evidence before the Public Accounts Committee in connection with certain steel transactions examined by them in their 50th Report (Third Lok Sabha). The Committee of Privileges, after a preliminary consideration of the question, requested this Committee to ascertain whether false evidence had been tendered or not. The issues being complicated, the matter was

referred to a Sub-Committee, which again took the evidence of some of the officials concerned and gave a Report which, after consideration and adoption, the Committee forwarded to the Committee of Privileges.

Memorandum on C. & A. G. (Duties, Powers & Conditions of Service) Bill.

Government introduced in Parliament last year the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Bill, 1969. The Comptroller and Auditor General occupies a very pivotal position in relation to this Committee and this Committee itself had in one of their earlier Reports emphasised the importance of Audit and suggested to Government the need for legislation to define his powers. The Joint Select Committee to which the Bill was remitted invited the views of the Chairman and Members of this Committee on the provisions of the Bill. Accordingly, the matter was considered and a comprehensive memorandum on the subject was drawn up and forwarded to the Joint Select Committee. The memorandum has stressed the need for an effective role being given to Audit in certain fields.

Losses/Infructuous Expenditure

The Committee's examination of various Ministries/Departments during the past year disclosed losses/avoidable and infructuous expenditure of over Rs. 42 crores. It is evident that prudent financial administration is yet a far way off in our country and the Committee will have to exercise continued vigilance in the years to come.

Hindi Version of Committee's Reports

Coming to other aspects of the Committee's work, I am proud to be able to say that we made a start this year in the matter of making Hindi copies of the Committee's Reports available to the House. Ours was the first standing Financial Committee to do this. When I say this, I am also conscious of a sense of shortcoming, as I would have liked to have presented copies of all the Reports in Hindi. This has been demanded in the House and I think it is only fair that this facility should be provided. It is my earnest hope that the difficulties that are faced in this regard will be successfully surmounted next year.

Tribute to Conveners of Working Groups and Members

I am indebted to the Conveners of the Working Groups who conscientiously discharged the responsibilities entrusted to them and to the

have brought out a number of useful Reports this year. These Reports bear evidence of the perspective the Committee have brought to bear in examining issues that came up before them. The Audit Reports on the National Cooperative Development Corporation were used by the Committee as a starting point for evaluation of over-all Plan performance in the field of cooperative marketing, processing and storage. Similarly, a case in the Audit Report relating to the Trusts gave the basis for a Report by the Committee which analyses the role of trusts in the context of tax avoidance and evasion. It is ample evidence of the importance that Government attach to the views of this Committee that shortly after tendering their evidence on the subject, they constituted a Commission to go into the whole problem.

The Committee's reports have also had the topicality besides depth. I would mention in this connection their Report on C.S.I.R. which is timely as there is a lively debate in Parliament and the Press on several issues connected with this organization.

The Committee have also consistently sought to consolidate Parliament's position in matters connected with financial administration. Last year, my predecessor had referred to the valuable work done by this Committee in evolving guidelines for the determination of New Services/New Instruments of Service. This year, the Committee have raised a very vital question of exercise of delegated powers by the executive under the Central Excise Law. I am sure, due note will be taken of the Committee's observations in this regard and that the implementation of their proposals will have to make for better parliamentary control in the field of fiscal administration.

Follow-up Work

I am glad to learn that this Committee have been very rightly stressing the importance of follow-up work of its Reports. I had referred to the contribution made by the Committee in this respect in my presidential address at the Conference of the Presiding Officers held in December, 1969. It is heartening that the Committee have done such a thorough job that they were able to obtain replies from Government to all their recommendations in their previous Reports. Besides being thorough, the work was completed four months ahead of schedule. The Committee have indeed set a very laudable example in this respect.

Hindi version of Reports

The credit for taking initiative in the matter of presentation of Reports of Financial Committees in Hindi goes to Shri Vajpayee, Chairman, and other Members of the Committee who took early initiative in this behalf. This lead has been taken up by other Committees and we hope that in course of time Hindi version of important Reports of Parliamentary Committees would become available.

Tribute to Conveners

I am very happy to learn that the working of the Committee has been marked by a spirit of comradeship and give-and-take spirit. The Conveners, namely, Shrimati Sushila Rohatgi and Sarvashri H. N. Mukerjee, K. M. Koushik, Tayappa Hari Sonavane, Shanti Lal Kothari and N. R. M. Swamy, have shown a commendable zeal in going through the questions and replies of the Ministries and other voluminous material available on the subject. I understand that the examination of the representatives of the Ministries was thorough in which all the Members participated with equal enthusiasm. It is the sustained interest evinced by Members in the examination of the official witnesses which has made for comprehensive Reports being presented by the Committee.

Tribute to Members

To the Members of the Committee who are retiring today, I compliment them for their untiring efforts and zeal in making the work of the Committee a success. To those who would continue on the Committee, I commend them to the heavy responsibility which would again be falling upon them in order to sustain the good work and high traditions set up by the Committee.

To the new Members who will be joining this happy family tomorrow, I accord them welcome to the challenging task of studying the diverse departments of the Government and suggesting improvements in their functioning.

Able Assistance Provided by C. & A.G.

The Committee on Public Accounts have one advantage in that they have the Comptroller and Auditor General to aid them in their deliberations. I would like to compliment Shri Ranganathan and his

officers and staff for the very able assistance provided to the Committee. I had the opportunity of having Shri Ranganathan's counsel when I was myself the Chairman of the Committee on Public Undertakings. I can therefore appreciate how his experience and help would have assisted the Committee.

Distinguished Leadership of Chairman

The Committee have indeed been very fortunate in having as their Chairman Shri Atal Bihari Vajpayee, whose long association with public life and vast experience as a parliamentarian have proved a great asset. I am happy to say that the hopes and expectations with which the Chairman of this important Committee was appointed from the Opposition Parties have been fully justified by the record of working of this Committee. Shri Vajpayee has brought to bear on the work an objective approach which has made for a happy team work. I commend the Committee and the Chairman for judging all issues on merit, rising completely above party affiliations and political alignments and contributing constructive suggestions to improve the working of departments, Ministries, statutory bodies, etc. in the larger interests of the country.

Friends, I again congratulate you on the fine work that you have carried out during the year and wish you all well.

Thanks.

THE ESTIMATES COMMITTEE
(APRIL 23, 1970)

Chairman (Shri M. Thirumala Rao): Respected Speaker and friends, it is my pleasure as well as privilege to welcome you to this valedictory meeting of the Estimates Committee and listen to your kind advice. Sir, you have a long experience as Chairman of a sister Parliamentary Committee, namely, the Committee on Public Undertakings, and also as a respected Speaker of the former Legislative Assembly in the State of Punjab and now as the Speaker of the Indian Parliament—Lok Sabha.

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Work done by the Committee during the Year

Sir, we have got statistical information about what work has been done by this Committee. The number of subjects carried over from 1968-69 is 2, number of fresh subjects chosen for 1969-70 is 8, number of sittings held is 43, the total number of hours of sittings is 82, number of sittings held by the Sub-Committee on Border Roads and by Study Groups is 11, number of hours taken by the Sub-Committee and the Study Groups is 9, number of original Reports presented up to 23-4-70 is 3 and number of Action Taken Reports presented up to 23-4-70 is 27.

Important Subjects Examined by the Committee

We have taken up very important subjects, Sir, Atomic Power is a new subject; no Committee of Parliament has in the past undertaken a detailed study thereof. Atomic Power in the country has developed in a big way and has established its position in international atomic circles. We had a close study at the spot. We spent a good deal of time to finalise the Report.

Farakka Barrage Project is another subject, which is sensitive in more than one way. As regards its political aspect, the matter has been hanging fire for long, but here we have tried to go into its technical and administrative aspects alone and have presented a Report on the subject. Then, the Diesel Locomotive Works, Varanasi—that is a new venture in public sector and we studied it in detail. Then comes the Border Roads Organization—the Committee went a long way to see its working personally on the borders. A good deal of time was spent on this. I think, we should be presenting that Report very soon. Then, there are the Employees' Provident Fund Organization and the Employees' State Insurance Corporation. Whatever conclusions the Committee has come to, it has come after full deliberations and deep consideration of all the information that has been gathered by the Committee.

Publicity Given to Reports

The way in which the Press is giving publicity to our recommendations goes a long way in reassuring the Members that their labours are being noticed at least, whether the recommendations are accepted *in toto* or not.

Unanimous Decisions

With regard to our discussions, I may tell you, Sir, this is a Committee of all parties of the House. However hotly we might have discussed the subjects, however seriously we might have differed in our opinions at the discussions, at the time of drawing final conclusions, everybody was, more or less, agreeable to arrive at unanimous decisions, because there is a lot of give and take spirit among the Members and I must say all these recommendations are based on agreed conclusions. We tried to find out a *via media* where there has been a difference of opinion. I am grateful to the Members for this. In forming groups also there was a lot of difficulty about fixing up Members, but all those things were settled by mutual understanding and discussion.

Assistance by Officers and Staff of Lok Sabha Secretariat

Last, but not the least, I had no personal and direct idea of the magnitude of the work of the Secretariat that works and labours behind this Committee. It is really the anonymous and behind-the-scene work that is put in by our Secretary, by our Joint Secretary, Shri Rikhy, by our Deputy Secretaries, Shri Tewari and Shri Sundaresan, and by a large number of other people—I do not at once recall to memory the names of all those friends—who are hard-working and intelligent people, who get the material, who get all the other published material, whether it is in the newspapers or journals, relevant to the subject. And I think all of us, including myself, owe a good deal to their unstinted cooperation and labour in producing these Reports. I can say, without any fear of contradiction, that the Reports produced by our Secretariat and finally adopted by the Committee are worth mentioning in any Parliamentary records of any country.

You know the gentleman that sits before you most silently all the time—the Secretary, Shri Shakhder—who has made a solid contribution to the working of parliamentary institutions by his writings and by going abroad and studying so many other institutions in so many other countries. And he is the gentleman who would not say much, but who functions very much behind the scenes, behind this organization. We are all grateful to him, and on behalf of all I express my thanks to the Secretariat staff, who have contributed to our success.

Thank you very much.

Mr. Speaker: Shri Thirumala Rao, hon. Deputy Speaker and friends, it is a great pleasure for me to be in your midst at this valedictory meeting of the Estimates Committee. I do not think I need say much on this occasion, particularly after my esteemed friend has spoken. However, in keeping with the established practice, I may say a few words.

High Traditions set by the Committee

As would appear from the figures mentioned by Shri Thirumala Rao, the outgoing Committee has built up very fast on the foundations laid by the previous Committees. I am glad to learn that, apart from a number of Action Taken Reports, the Committee has finalised as many as ten original Reports on the various subjects, including some of topical interest like the Farakka Barrage Project, Atomic Power Stations and Andaman and Nicobar Islands.

Unanimity on Recommendations

I am particularly delighted to find that a notable feature of the working of the Committee has been the cordial atmosphere in which its deliberations have been conducted. Not only have its recommendations been unanimous in character and representative of the collective view of the Committee, but the exchange of views between the Members of the Committee on the one hand and the representatives of the Government on the other, has been free and frank. Thus, the Committee functions as an effective and non-party body to scrutinise Governmental activities.

Acceptance of Recommendations

I learn that the Government have accepted about 90 per cent of the Committee's recommendations. This fact as also the various Action Taken Reports presented by the Committee indicate that the Government have attached importance to the recommendations emanating from the Committee which in itself is a tribute to its collective wisdom. I am sure Reports of the Committee would continue to exercise a healthy influence over the working of the administration and provide useful directions and guidance to the Executive.

Suggestions by Members

I am told that a procedure has of late been developed to keep the Members more closely associated with the deliberations of the

Committee. Members are invited to give suggestions at every stage of the examination of the subject till the Report is finalised. I am sure this innovation will be found very useful.

Important Recommendations made by the Committee during the year

It is a matter of gratification that the Reports of the Committee have generally been hailed by the public and the press alike as a significant contribution towards the scrutiny of Governmental expenditure. The Committee's valuable suggestions in the past have led to improvements in the working of the Government departments. In this connection, I would like to mention some of the recent recommendations made by the Committee. In the Report on the Employees' State Insurance Corporation, the Committee has emphasised the need for merging the Employees' State Insurance and Employees' Provident Fund schemes in the interest of economy and desired that sustained efforts should be made to accelerate the scheme of health insurance so as to develop it into a universal health scheme for the whole country. In another Report on Kosi Project, the Committee has pointed out that the estimated cost of the project was subjected to as many as twelve upward revisions with the result that the original estimate had undergone an increase of nearly 130 per cent. The Committee has stressed that as a national policy all major irrigation projects should be executed at the optimum pace and that they should not be allowed to suffer for want of funds. I am looking forward to the Report of the Committee on the important subject of Atomic Power Stations. I am sure Government will benefit from the valuable suggestions contained in these Reports.

Reports in Hindi

It is again a matter of satisfaction that during the tenure of the Committee a beginning has been made to bring out some of the Committee's Reports in Hindi also. But for certain genuine difficulties, this step would have been taken much earlier. I hope that efforts will continue to be made to resolve whatever difficulties still exist and it will be possible before long to make available more Reports in Hindi.

Implementation of Accepted Recommendations

Before I conclude, I would like to mention a word of caution. It is not enough that a high percentage of the recommendations are

accepted by the Government. What is more important is that these should be implemented faithfully and in due time. Having been the Chairman of another Financial Committee myself, I know that even after acceptance some of the recommendations actually remain unimplemented for long periods. While I am placing the problem before you, I have no cut and dry solution to offer. It is for the Committee to give serious thought to this matter and deal with it in a suitable manner. I am sure that careful and sustained scrutiny by the Study Group of the replies received from the Government showing action taken on the Committee's Reports will make for expeditious implementation—in letter and spirit—of the accepted recommendations.

Tribute to Members and Conveners of Study Groups

I would like to pay my compliments to the distinguished Members who have served on the Committee and its various Study Groups and have put in devoted and painstaking work. Having worked myself in a Financial Committee I know how a Member has to deny himself the privilege of sitting in the Chamber with his colleagues; but the experience gained in the Committees is nonetheless rewarding, as it gives a first-hand insight into the working of the Government.

The elections for the new Committee are to be held shortly. To the Members who would be retiring this year, I would pay my compliment for their untiring effort which contributed in no small measure to the success of the Committee. To the Members who would continue on the Committee, I would remind them of the heavy responsibility which would be falling on them, to sustain the good work and high traditions of the Committee. To the new Members who would be shortly joining this happy family, I would accord welcome to the challenging task of studying diverse Government departments.

I would also like to compliment the Conveners of the various Study Groups who spared no pains to study the subject in detail and greatly facilitated the work of the Committee.

Distinguished Leadership of Chairman

May I now add a word about the Chairman. The Committee has indeed been fortunate in having Shri Thirumala Rao as its Chairman, whose long association with public life and vast experience as a parliamentarian and administrator have proved to be an asset. As

you know, Shri Thirumala Rao has had a distinguished career as Member of Parliament, Minister in the Union Government, Lt. Governor of the former State of Vindhya Pradesh and Chairman of Lok Sabha's Committee on Petitions. It is due to his able guidance, objective approach and hard work that the Committee has been able to function purposefully, smoothly and as a united team in the discharge of its onerous responsibilities.

Friends, I congratulate you once again for the fine work you have carried out during the year and wish you well.

COMMITTEE ON PUBLIC UNDERTAKINGS
(April 29, 1970)

Mr. Chairman (Shri M. B. Rana): Mr. Speaker, Sir, on behalf of the Members of the Committee on Public Undertakings and on my own behalf I have great pleasure in welcoming you at this valedictory meeting.

As you know, Sir, the Committee on Public Undertakings was constituted for the first time in May, 1964. The first Committee continued in office till the dissolution of the Third Lok Sabha on the 3rd March, 1967. From the year 1967-68, this Committee is being elected annually, like other Financial Committees.

Achievements during the Year

The present Committee took office on the 15th May, 1969. Sir, on your elevation to the office of Speaker, I was nominated as Chairman of this Committee with effect from the 10th December, 1969. During its tenure of one year, the Committee has presented eight original Reports on important undertakings like the Mining and Allied Machinery Corporation, the Bokaro Steel Ltd., the Air India, the National Industrial Development Corporation, the India Tourism Development Corporation, the Central Road Transport Corporation and the Indian Oil Corporation (Pipelines Division), including the horizontal study of "Production Management in Public Undertakings". In addition, the Committee has presented 11 Action Taken Reports.

Expanding Public Sector

Sir, the public sector in India occupies a key position in the industrial development of our country. We have now as many as 90 public undertakings. The present investment in these undertakings is of the

order of Rs. 3,500 crores. During the Fourth Plan period, an additional investment of Rs. 2,910 crores is proposed to be made in the public sector. Thus, the total investment in the public sector will amount to Rs. 6,400 crores by the end of the Fourth Plan.

Separate Reports on Selected Paras of Audit Report

Apart from independent examination, the Committee has started presenting separate Reports on selected paras of the Audit Report (Commercial) for the last two years. In the current year the Committee has selected one undertaking, the Central Road Transport Corporation, on the basis of the comprehensive review appearing in the Audit Report (Commercial) 1969 and made use of the similar comprehensive audit review in regard to the detailed examination of the Mining and Allied Machinery Corporation. With the setting up of the Audit Board, under the Comptroller and Auditor General, the Audit Report (Commercial) is expected to produce more comprehensive reviews on undertakings in the coming years. The Committee has decided in future to take advantage of the comprehensive reviews contained in the Audit Report by informal consultations with the Comptroller & Auditor General before selecting undertakings for examination by the Committee.

Study Groups and their Contributions

Sir, as in the past, seven Study Groups were constituted. These were Study Groups on (i) Steel and Engineering Undertakings, (ii) Aviation, Promotion and Development Undertakings, (iii) Electronics, Petroleum and Oil Undertakings, (iv) Commercial and Miscellaneous Undertakings, (v) Horizontal Subjects, (vi) Action Taken Reports, and (vii) Procedural and General matters. These groups studied and processed the material received from the Ministries and the public undertakings and made valuable contribution to the work of the Committee under the guidance of the respective Conveners, Sarvashri N. K. Bhatt, Bal Raj Madhok, Rajendra Pratap Sinha, Godey Murahari, R. K. Amin, B. C. Pattanayak and alternate Conveners, Sarvashri K. Ananda Nambiar, P. M. Sayeed, G. Vishwanathan, Digvijaya Narain Singh, G. S. Reddi, D. Thengari, Vishwa Nath Pandey and T. A. Patil.

Shortcomings Noticed in the Functioning of Public Undertakings

Sir, the examination of some of the undertakings selected this year perturbed the Committee. Some of the enterprises were not well

conceived or were set up in haste without a realistic demand survey, thus resulting in substantial idle capacity and losses. In others the Committee noticed complete reliance by Government/undertaking on foreign technical opinion against the repeated advice of Indian technical opinion with the inevitable consequence of coming round to the Indian experts' view point when it was too late. Consequently, infertile and avoidable expenditure became inevitable. Only $\frac{1}{2}$ per cent of the rated capacity could be attained in a certain undertaking. What upset the Committee most was the taking over of extraordinary powers by certain Managing Directors who went on contracting with parties without taking the Board's or Government's prior concurrence. Combination of chairmanship of an undertaking with Secretariat post had the effect of avoiding second look at the approval of certain projects by the Ministry. All these give the impression that there is much left to be done for improvement of the functioning of the public undertakings and that the role of the Committee has to be more effective in the interest of Parliamentary control. The Committee was, therefore, compelled to recommend this year the closure of such undertakings, namely, the National Industrial Development Corporation, the Central Road Transport Corporation and the Mining and Allied Machinery Corporation. Time has come when Government itself should consider whether such sick enterprises need be continued at the cost of taxpayers' money.

Compliments to Members and Conveners

Sir, before I close, I would like to thank the Members of the Committee who have taken keen interest in the working and deliberations of the Committee. I would also like to express my gratitude to the Conveners/Alternate Conveners and Members of the various Study Groups for the hard work done by them at various stages.

Suggestions for More Effective Functioning of the Committee

I must say a word about the valuable suggestions made by Shri R. P. Sinha on his return from U.K. He had discussions with the Chairman of the Select Committee on Nationalised Industries in U.K. about the manner of its working with a view to see what we can do here in India to improve the functioning of this Committee on Public Undertakings. The Committee has already considered these suggestions favourably and these have now gone to the Rules Committee. I hope that these suggestions, when implemented, would greatly strengthen the working of this Committee and make it an effective organ of Parliament. All the Members of the Committee have worked like a team, without any party bias.

Assistance by C. & A.G.

Our thanks are due to the Comptroller and Auditor General, the Deputy C. & A. G. and the Chairman of the Audit Board whose assistance during the course of evidence had been of great help. Our thanks are also due to our officers and staff for a very hard effort put in by them and for working overtime.

Mr. Speaker: My esteemed friend Shri Rana and friends, it gives me great pleasure to be present here at the valedictory meeting of the Committee on Public Undertakings. As I talk to you this afternoon, my mind is filled with the pleasant memories of the days I worked in this Committee to serve the cause of people and Parliament.

Vital Role of Public Sector

As the Chairman has pointed out, there has been a significant increase in the size of, and investment in the public sector during the last two decades. While the number of public sector enterprises has grown from 5 in 1951 to 90 in 1970, the total investment in such undertakings has risen to as much as Rs. 3,500 crores in 1969 from a mere Rs. 29 crores in 1951. Further, during the Fourth Plan period, an additional investment of Rs. 2,910 crores is proposed to be made in the enterprises of the Central Government. This points to the growing importance of the role of the public sector in the growth of the country's economy.

Accountability and Autonomy of Public Enterprises

The sizeable expansion of the public sector has led to a corresponding increase in the Committee's responsibilities. Friends, it has now devolved on you to keep an ever vigilant watch on the working of public enterprises, so that their accountability could be made more purposeful. Incidentally, in this context, let me make one thing clear. While the need for State enterprises' accountability to the Government and to Parliament is unquestionable and must be recognised and safeguarded, the due autonomy of these enterprises has nevertheless to be preserved to enable them to function efficiently. Without impairing or diluting their accountability, it is not only desirable but also necessary that the public undertakings be allowed to have wide spheres of decision-making authority.

Audit Board for Public Undertakings

An important development during the year has been the setting up of the Audit Board for public sector undertakings as recommended by

the Administrative Reforms Commission. The Audit Board is expected to present a comprehensive review not only in terms of finance but also in terms of physical achievements *vis-a-vis* the targets. I am sure the Committee will find the Audit Board's Report very helpful in the course of its examination of individual undertakings.

Assistance by C. & A. G.

I must here acknowledge the valuable advice and assistance that the Committee has been receiving from the distinguished Comptroller and Auditor General, Shri S. Ranganathan and his able officers. I am sure that when comprehensive Audit Reports on the working of the selected public sector undertakings become available, the Comptroller and Auditor General and his officers would render even greater assistance in the examination in depth of the public undertakings.

Report on Production Management

I am glad that the Committee continues to highlight the instances of extravagant and infructuous expenditure and lapses of management—be it financial or administrative. I would like to make particular mention of your Report on Production Management in Public Undertakings which is a valuable contribution to horizontal studies on the subject. The Report has revealed gross under-utilisation of capacity, escalation of cost of production and lack of cost control consciousness in certain public undertakings. The under-utilisation of capacity in enterprises under the control of Ministry of Petroleum and Chemicals and Mines and Metals alone had resulted in a national loss to the extent of Rs. 24 crores during the year 1968-69. It is my firm belief that if public sector manages itself well by cutting down production costs, exercising inventory control and checking escalated gestation lags, there is no reason why it cannot earn profits which are *sine quo non* of efficient management.

Report on Bokaro Steel Plant

Likewise, in the Report on Bokaro Project the Committee has pointed out how the advice of the Indian Consultants M/s. Dasturco was not given the careful attention it deserved with the result that Government were not able to secure for Bokaro a plant incorporating the latest technological developments, particularly in the size of converters and the time taken for conversion to steel. It has also highlighted the various upward revisions in the estimates of Bokaro Project which would ultimately have the effect of making it uneconomic and loss to the extent of Rs. 20 crores a year till it has expanded to

4 million tonnes capacity. I particularly commend the suggestion of the Committee that before Government commit themselves to the setting up of three more steel plants in the public sector, it should bring forward a White Paper containing essential information about the size of the plants, the capital investment involved and the economics of profitability thereof.

Report on I.O.C.

I am looking forward to the Committee's Report on Indian Oil Corporation as the House and the public had been greatly exercised over the laying of the pipelines through the coal area and other related matters.

Interest shown by Members

I am glad to learn that each and every Member of the Committee has been evincing keen interest in its work and has come forward with valuable suggestions with a view to making the Committee's deliberations more purposeful and effective.

I am further glad to note that the Committee has been performing its duties fearlessly and had the courage to recommend the winding up of three undertakings, namely, the National Industries Development Corporation, the Mining and Allied Machinery Corporation and the Central Road Transport Corporation, which had failed, despite heavy capital investment, to serve the objectives for which they were set up.

Report on Air-India

I would also like to commend the Committee's Report on Air India for focussing attention on the need for meeting the challenge of Jumbo jets by improving expeditiously the handling facilities at the international airports and by giving suitable facilities to Indians to travel abroad. It also contains valuable suggestions for developing self-reliance in the matter of conceptual drawings of hotels of international standard to cater to the growing requirements of tourists. I am sure these suggestions would receive the urgent consideration of Government which they deserve.

Tribute to Members

The elections for the new Committee have already been held. I hope that the Members who have been returned for a renewed term will help in maintaining and strengthening the high traditions of the Committee and that the Committee on its part will not hesitate to benefit from the new ideas put forth by those who will join the Committee afresh.

To my colleagues who are retiring, I would pay my compliments for their hard work. I am sure they will keep up their interest in the functioning of the public undertakings and will continue to give their valuable suggestions in Parliament and other forums to improve the efficiency of this very important sector of our economy.

Tribute to Conveners

I would like to place on record my deep appreciation of the excellent work done by the Conveners of the various Study Groups—Sarvashri N. K. Bhatt, Balraj Madhok, R. P. Sinha, Godey Murahari, R. K. Amin and B. C. Pattanayak. Sarvashri K. Ananda Nambiar, P. M. Sayeed, G. Vishwanathan, Digvijaya Narain Singh, G. S. Reddi, D. Thengari, Vishwa Nath Pandey and T. A. Patil have also done commendable work in their capacity as Alternate Conveners.

I must pay a special compliment to my hon. friend, Shri R. P. Sinha, who has contributed a very valuable and well thought out note on the working of the Select Committee on Nationalised Industries in the United Kingdom and has given various constructive suggestions for streamlining the working of the Committee. I am sure that these suggestions, if found feasible, would greatly help the Committee in every way to discharge its heavy responsibility. I would like to keep an open mind on the subject as I am keen to help in the working of the Committee in every way.

Distinguished Leadership of Chairman

May I now say a word about the Chairman. Shri Rana is a veteran parliamentarian. He has to his credit vast parliamentary experience of over two decades, not only as a Member but also as a presiding officer. He held the office of Speaker in the Gujarat Legislative Assembly and here in Parliament he has been assisting us, till lately,

as a distinguished Member on the panel of Chairmen. The Chairman has brought this invaluable experience to bear on the work of the Committee. Under his able guidance and wise leadership, the Committee has been able to present a number of Reports on subjects of vital interest to the country.

Friends, I thank you all for giving me the opportunity of meeting you and sharing with you some of my thoughts. I wish you well.

Thanks.

*Democracy is not a particular kind of civilization:
it is rather a civilized way of taking political action.*

—R. BASSETT

ARTICLES

IMPACT OF FINANCIAL COMMITTEES' RECOMMENDATIONS ON ADMINISTRATION

REPORTS OF THE ESTIMATES COMMITTEE

(Fourth Lok Sabha)

[A new series of articles highlighting the impact of recommendations of the Financial Committees of Parliament on the Administration, was started with the April, 1970 issue of the Journal. We have so far published six articles, which were in the nature of a study of some of the important recommendations of the Public Accounts Committee (Fourth Lok Sabha) concerning (i) Direct Taxes; (ii) Defence Service; (iii) Railways; (iv) Purchase of Road Rollers; (v) Wasteful expenditure on Government Publications and (vi) "New Service"|"New Instruments of Service". In this issue, we are publishing articles dealing with the recommendations of the Estimates Committee (Fourth Lok Sabha) on:—

- (i) *Import of Wool, Nylon, Woollen Yarn etc., for Industry and their allocation to various units;*
- (ii) *Purchase of Oil Barrels by Indian Oil Corporation Ltd;*
- (iii) *Oil India Ltd;*
- (iv) *Petroleum and Petroleum Products.*

—Editor]

A.—IMPORT OF WOOL, NYLON, WOOLLEN YARN ETC. FOR INDUSTRY AND THEIR ALLOCATION TO VARIOUS UNITS

On the 30th November, 1967, in response to a Calling Attention Notice by Shri Madhu Limaye, M.P., a statement was laid on the Table of Lok Sabha by the Minister of Commerce about the new policy of Government regarding import and distribution of wool. When the matter was taken up in the House on the 1st December, 1967, the Member suggested that the question of import of wool, nylon, woollen yarn and other woollen products etc. and their allocation to various units might be referred to a Parliamentary Committee. The Minister of Commerce agreed to this suggestion.

On the 6th December, 1967, the Speaker, under Rule 310 of the Rules of Procedure and Conduct of Business in Lok Sabha, referred the matter to the Estimates Committee for examination and report. The Committee dealt with this matter in their Eighty-Seventh Report (1968-69).¹

I. Woollen Industry in India

Control on Growth of the Industry

The Estimates Committee (1968-69) were informed by the Ministry of Commerce that on a two-shift basis only 35 to 40 per cent of the installed capacity in the worsted sector² of the woollen industry was being utilised. The decline in production started from 1964 with a reduction in the foreign exchange allocation each year. According to the woollen industry, an allocation of Rs. 45 crores per annum for import of raw materials would be necessary for 100 per cent. utilisation of the licensed capacity. The Ministry of Commerce stated that as the allocation of foreign exchange for the woollen industry was dependent on the total availability of foreign exchange and was decided after taking into account the overall requirements of the entire country and the relevant priorities of various industries, the capacity was not likely to be utilized in full, unless the allocation was substantially increased.³

(i) *Spindles*

The Committee were informed that the number of spindles—Worsted, Woollen and Shoddy—rose to 2,26,904 in 1968-69 from 1,75,876 in 1956-57. It was also explained to the Committee that upto 1st July, 1957, import of raw wool/wool tops was under Open General Licence and import of woollen fabrics as well as worsted and shoddy yarn was also being allowed to actual users in the decentralised sector, indicating a certain amount of inadequacy in the total production of fabrics and yarn. Consequently, some additional capacity

¹E.C., 87th Report (1968-69), paras 1.1 and 1.2.

²The Woollen Textile Industry in India consists of three Groups, viz., (i) Woollen Group—producing medium quality goods like blankets, tweeds and suitings, (ii) Worsted Group—producing superior (commonly known as worsted) fabrics, hosiery articles and hand-knitted goods, and (iii) Shoddy Group—producing coarser and cheaper varieties of fabrics.

³E.C. Report op. cit., paras 2.1, 2.10 & 2.11.

was sanctioned before the end of 1957, but this capacity actually materialised over a period of three to four years. The import of woollen fabrics was stopped some time in 1958 and of yarn in 1960.

As regards the growth of unauthorised spindles, the Committee were further informed that in the absence of any elaborate field enforcement staff it was not possible for the Textile Commissioner's office to check the growth of such spindles. Although the Excise Department had given them licences, the fact remained that under the Woollen Textiles (Production and Distribution) Control Order they had to get permission also from the Textiles Commissioner.

In the opinion of the Committee, among the factors leading to the existing state of affairs—whereby only about 36 to 40 per cent. of the installed capacity in the worsted sector of the woollen industry was being utilised—were the issue of additional licences for worsted and shoddy spindles far in excess of requirements and the large-scale installation of unauthorised spindles in violation of Government's orders and last, but not the least, the failure of Government to enforce their orders or to take deterrent action.⁴

The Committee desired that the following aspects should be considered by Government:

- (i) the steps and measures required to be taken for the strict enforcement of Government's orders and for checking the growth of unauthorised spindles;
- (ii) a more intimate, closer and effective co-ordination between the Textile Commissioner's Organisation and the Excise authorities to ensure that licences were not issued to unauthorised spindles; and
- (iii) steps to be taken with regard to existing unauthorised spindles (the existing level of utilisation of spindles and the repercussions on the prices of the products and the industry should be thoroughly examined).⁵

In pursuance of the Committee's observations the Government have since issued a circular to all the Central Excise Officers saying that, in order to check the growth of unauthorised spindles, the Central Excise Officers should, at the time of grant or renewal of Central Excise Licences to the manufacturers of woollen yarn, ascertain

⁴*Ibid.*, paras 2.15, 2.16, 2.21 & 2.28.

⁵*Ibid.*, para 2.29.

the fact whether or not the requisite permission of the Textile Commissioner had been obtained by them. In view of these instructions, the Government thought it would be possible to check the growth of unauthorised spindles and to take measures for the strict enforcement of Government's orders.⁶

(ii) *Looms*

The Estimates Committee were informed that there were 3409 powerlooms in the Woollen Industry in the country and the existence of a large number of unauthorised looms, in contravention of the existing orders, was admitted. If this tendency to set up unauthorised looms has to be curbed, the Committee emphasised, the machinery for the detection of unauthorised powerlooms has to be geared up and deterrent action taken against such unauthorised units. As already stated by the Committee with regard to unauthorised spindles, it would facilitate quicker detection of unauthorised powerlooms if there was complete co-ordination between the Excise Department and the Textile Commissioner's organisation.⁷

The Government stated in their reply that so far as installation of powerlooms was concerned, the Central Excise Rules, 1944, provided that an applicant for the grant of 'L-4 Licence' should hold a written permission of the Textile Commissioner for installation of such powerlooms.⁸

Another aspect of this case about which the Committee felt disturbed was that the delayed action or inaction in many cases had resulted in encouraging people to "nibble at controls". The Committee had no doubt that Government were themselves to blame for this state of affairs as they had failed to take a comprehensive view of the unauthorised installation and acquisition of a large number of looms at the initial stages and thus had acquiesced in allowing the situation to deteriorate to such an extent.⁹

The Committee found that unauthorised looms were regularised by the issue of Press Notes inviting applications for registration in 1960. Although at that time it was conditional that they would not

⁶E.C., 112th Report (1969-70) pages 45 & 46.

⁷E.C., 87th Report (1968-69), paras 2.30, 2.33 & 2.44.

⁸E.C., 112th Report (1969-70), p. 2.

⁹E.C., 87th Report (1968-69), para 2.45.

be entitled to the quota to which the old looms set up upto 1956 were so entitled, by the latest decision taken in May, 1968 they were brought on par with authorised looms. As a result of this decision, the Committee pointed out, unauthorised looms had benefited in the sense that the quota of raw material which was available to the authorised looms would now be distributed amongst all the looms, both authorised and unauthorised. The Committee apprehended that in the ultimate analysis it would be the consumers who would have to suffer, for the overhead expenses in production were likely to go up owing to the shortage of raw material available to each mill. This, in the Committee's opinion, amounted to putting a premium on irregular and illegal activities by the concerned authorities.¹⁰

The Government stated in their reply that the decision to the effect that looms regularised in 1961 should also be allowed quota of imported raw material was based on the consideration that such looms had been denied imported raw material for a very long time, "By giving quota to them", the Government felt, "the possibility of these regularised looms resorting to unauthorised purchases of imported raw material in the market would be eliminated."¹¹

Control over Prices of Yarn

As regards complaints received by the Committee that the spinning mills were charging from the decentralised sector higher prices for yarn than those fixed by Government, the Committee were informed by the Government that the price control was applicable only in respect of yarn supplied against permits on Actual User Licences and not to the yarn manufactured out of wool imported against Export Promotion Licences. In the circumstances, it was not feasible to establish whether the higher price charged was in respect of yarn subject to price control. This defect, the Estimates Committee felt, helped the defaulting spinners in indulging in malpractices and escaping the rigours of law. The Committee expressed their regret at the fact that "such a situation should have been allowed to arise."

In view of the fact that under the new policy price controls had been removed, the Committee asked the Government to "keep a careful watch to see how the new policy is working".¹²

¹⁰Ibid., para 2.46.

¹¹E.C., 112th Report (1969-70), p. 3.

¹²E.C., 87th Report (1968-69), paras 2.78 & 2.79.

The Government accordingly issued necessary instructions to the Textile Commissioner to keep a careful watch over the movement of prices.¹³

Wide Disparities in the Allocation of Yarn to Decentralised Sector

It was brought to the notice of the Committee that "so far as the decentralised hosiery sector is concerned, 40 per cent of the quota is consumed with Government's consent, by 24 big units in this sector". Accepting this position, the Ministry of Commerce stated: "This is a historical accident but the Government have taken some steps to reduce the maximum quantity given to these units by making a progressive cut in the allotment due to them".

It was explained by the Government that the only basis for distribution of yarn to the hosiery units was their past consumption of yarn produced out of imported wool in a specified period. This was so because (i) it was not possible to indicate the production capacity of hosiery machines for want of standardisation for the manufacture thereof, and (ii) there was no acquisition or installation control on these machines. The Government stated that a Committee, appointed in July, 1964 to review the then existing scheme of distribution of woollen hosiery yarn to the decentralised sector, had recommended progressive cuts for narrowing down the gap between the minimum and maximum quotas—no cuts, however, to be made in the case of units having an average annual basic consumption up to 10,000 lbs.—and that all units having basic entitlements of below 750 lbs. might be brought up to an annual basic allotment of 750 lbs. These recommendations, the Committee were told, had been accepted by the Government.

The Estimates Committee desired that Government should pursue similar measures if such disputes existed in other sectors of the woollen industry too. They express the hope that the industry, on their part, would extend their full cooperation in bringing about such changes.¹⁴ The Committee were informed that under the new policy, which was introduced in November, 1967, the spinning and weaving sectors were

¹³E.C., 112th Report (1969-70), p. 4.

¹⁴E.C., 87th Report (1968-69), paras 2.124 to 2.130.

getting allocations on a per-spindle/per-loom basis. There was, therefore, not much scope for disparities as in the case of allocations based on past consumption.¹⁵

II. Import of Wool for Defence Requirements

Issue of Licences for Import

On three occasions the Government made a special allocation of foreign exchange for purchase of raw wool for supply of Defence needs—the first two allocations being made in 1962-63.

Ad hoc Allocations Made in 1962-63

To meet Defence requirements in view of the Chinese aggression against India two *ad hoc* import licences for Rs. 5.70 crores were issued on 30th November, 1962 for import of raw-wool, wool tops, etc. (value Rs. 5.25 crores) and dyes and chemicals (value Rs. 25 lakhs). The balance of Rs. 20 lakhs "was apparently kept as a reserve by the Department of Supply". Later, this amount of Rs. 20 lakhs was surrendered by the Department of Supply and the Textile Commissioner was informed by the Ministry of Commerce that this could be utilised for the import of raw wool, wool tops, etc.

After the import had been affected against these *ad hoc* allocations, the Defence requirements went down due to the cessation of hostilities and Rs. 49.25 lakhs worth of imported woollen materials were rendered surplus to Defence needs and released for civilian consumption.¹⁶

Assessment of Defence Needs and Allocation of Foreign Exchange

Explaining the position, the Ministry of Commerce informed the Committee that the Defence needs for import of wool on the basis of which foreign exchange allocations were made were assessed by an inter-departmental Committee consisting of representatives of the Ministry of Defence, the D.G.S.&D. and the Ministry of Commerce.

At the meetings held in D.G.S.&D.'s office with various mills as well as hosiery units in November, 1962, certain proposals were formulated for gearing up the woollen industry. These were set out in the form of a note which assessed the requirements of imported materials, spare parts and accessories at Rs. 16.15 crores (Rs. 14.90 crores for raw materials and Rs. 1.35 crores for spare parts and accessories).

¹⁵E.C., 112th Report (1969-70), p. 8.

¹⁶E.C., 87th Report (1968-69), paras 3.1 to 3.9.

Later, the Resources Committee decided to release foreign exchange of only 50 per cent of the requirements, viz., Rs. 8.20 crores. Subsequently, instructions for issue of an import licence for Rs. 5.5 crores for import of raw wool, wool tops, etc. in the joint name of the Federation of Woollen Manufacturers in India and the All-India Woollen Mills Association (the forerunners of the Indian Woollen Mills Federation) were issued and a Purchase Mission consisting of Wool Advisers left for Australia and other countries to make purchases.

In January, 1963, the Ministry of Commerce and Industry sent a further note to the Ministry of Economic and Defence Co-ordination regarding further allotment of foreign exchange. This note made it clear that although there were some reductions in the Defence requirements during the past few weeks, it was proposed to continue to work on the basis of the original estimates as a measure of abundant caution, so that it could be easier to step up capacity at any time. This note assessed further requirements of foreign exchange for wool at Rs. 9.2 crores for Defence and Rs. 3 crores for civilian requirements, a total of about Rs. 18 crores.

Then, in February, 1963, in another note by the Commerce Ministry, it was again brought out that production of woollen cloth for Defence had been programmed on the basis of original estimates of raw material costing Rs. 14.90 crores given by Defence Ministry. The Ministry of Commerce were going ahead on that basis even though requirements were not actually covered by firm indents.

The Committee were unable to appreciate why, when a decision was taken to continue to work on the basis of the original estimates, despite the reduction in the Defence requirements, a review was not undertaken in the shortest possible time with a view to assess the possibilities of scaling down the imports to be actually made.¹⁷ The observations of the Committee were noted by Government.¹⁸

Utilisation of wool for the purpose for which imported

Although the wool was actually imported and stocked by the Indian Woollen Mills Federation, the control over its distribution was

¹⁷*Ibid.*, paras 9.10 to 9.18.

¹⁸E.C., 112th Report (1969-70), p. 9.

with the Textile Commissioner, who issued release orders to the Federation for allotment of wool to individual mills whose tenders for supply of woollen materials to the Defence forces had been accepted by D.G.S.&D.

The Committee were, however, not convinced that the above procedure ensured a proper and complete check with regard to proper utilisation of the imported wool for the purpose for which it was imported. The Committee were not sure whether at any stage an attempt had been made either by the Textile Commissioner's organisation or by the D.G.S.&D. to actually reconcile the figures given by the Federation with the quantities released under orders of the Textile Commissioner against the contracts placed by the D.G.S.&D and whether there was any discrepancy in any of the figures. The Committee desired that suitable action in this respect should be taken by the authorities concerned "even now, if not already done".¹⁹

In their reply the Government informed the Committee that a complete reconciliation being a time-consuming process, a test check had been conducted by the office of the Textile Commissioner by selecting at random some of the specific items of raw material and its utilisation by a few mills' again selected at random, and the check so conducted did not bring to light any such discrepancy. The check was also substantiated by the certificate of the Chartered Accountant.²⁰

Utilisation of Surplus Imported Wool/Wool Tops and Investigation by C.B.I.

The question of disposal of surplus wool had been the subject matter of a case investigated by the C.B.I., who *inter alia* commented that whereas the Committee of Secretaries had decided that the releases of surplus imported wool/wool tops to be made to the Industry for civilian consumption should be set off against their future entitlements of imported wool²¹ (except to the extent of those utilised in exports), at the time of actual distribution it was not so done and that the criteria for distribution of surplus wool laid down in the Textile Commissioner's office were changed from time to time, in order to favour certain parties who were thus able to earn substantial pecuniary benefits.

¹⁹E.C., 87th Report (1968-69), paras 3.34 and 3.41.

²⁰E.C., 112th Report (1969-70), pages 27-28.

²¹The Committee consisted of Secretaries, Finance and Supply and Additional Secretary, Defence, and was convened in October, 1963—E.C., 87th Report (1968-69), paras 3.77 & 3.78.

According to the C.B.I., 56s wool yarn was in great demand and was being sold in the market at a premium. Therefore, the mills to whom releases of surplus imported wool were made earned substantial pecuniary benefit. Also, according to them, the spinners and the composite mills to whom these releases were made were allowed to sell the yarn outside the distribution scheme, *i.e.*, beyond the controlled prices.

It was brought to the notice of the Estimates Committee that in connection with the distribution of the wool rendered surplus in 1963, while the organised sector were given allotments without adjusting the same against their future quotas, the decentralised sector were not afforded any such concession, although they, too, had contributed towards the Defence efforts in the matter of manufacture and supply of woollen goods for the Defence services.

The Committee found that some of the surplus material was offered to the decentralised sector but only 'to be adjusted against backlog of permits for worsted weaving yarn in favour of their member units'. The offer was, however, not accepted by the latter.

The Committee noted that the decision taken at the meeting of the Secretaries to release conditionally white or undyed wool tops was nullified by a proposal made in, and agreed to by the Ministry of International Trade to the effect that the quantity declared surplus by the Defence Ministry should really be allocated for the civilian requirements "without any debit against future allocation".

The Committee felt constrained to observe that in taking the final decision regarding the distribution of surplus wool, the Textile Commissioner's organisation did not obtain the prior or *ex post facto* approval of the Ministry. This, in their opinion, showed a serious lacuna in the control exercised by the Ministry over the functioning of the Textile Commissioner's Office. In their view, the Ministry should have exercised greater scrutiny over the affairs of the Textile Commissioner's Office. It should also have clearly been laid down that important policy decisions should be approved by the Ministry of Commerce before final implementation.

The Committee suggested that the facts disclosed in this case should be taken into account while coming to a final decision in regard to the case.²²

²²E.C., 87th Report (1968-69), paras 3.96, 3.97, 3.100, 3.101 & 3.110 to 3.117.

In the meantime, the Estimates Committee were informed that the Central Vigilance Commission had advised that Departmental proceedings for imposition of major penalty for lack of devotion to duty might be drawn up against one officer and warning (to be more careful) issued to another officer of the Textile Commissioner's Office. The Commission had also held a third officer responsible but since he had already resigned from Government service, no departmental action was feasible against him. The above recommendations of the CVC were accepted by the Government, who subsequently informed the Estimates Committee that necessary further action in the matter was being taken.²³

III. Import of Nylon

The policy of Government in regard to the import of nylon for the woollen industry had been to allow the import of nylon upto a certain percentage of the face value of import licences for raw wool.

First two ad hoc Licences issued in 1962-63

At the time of assessment of requirements of woollen materials for the Defence Services in October-November, 1962, nylon was required mainly for hosiery items and only about 2.5 lakh lbs. of nylon fibre/tow worth about Rs. 10 lakhs were imported as a part of the first *ad hoc* licence for Rs. 5.70 crores.

In February, 1963, the Sub-Committee of the inter-Departmental Co-ordination Committee (consisting of the representatives of the Ministry of Commerce and Industry, the Ministry of Defence and the Department of Supply) made a review of the quantities of raw materials required to meet the Defence needs of woollen articles. They assessed the requirements of nylon fibre/tow at 39 lakh lbs., out of which a quantity of 6 lakh lbs. was estimated as likely to be available from the imports against commercial quotas. Another 6 lakh lbs. was expected to be available from the unutilised portion of the import licences already issued to the Industry for 1962-63, since according to the terms and conditions of these licences the mills could import nylon fibre/tow upto 10 per cent of the face value of the licences. In addition to the above availabilities, two barter deals for the import of nylon worth Rs. 25 lakhs each had been separately concluded, and it

²³*Ibid.*, p. 100; and 112th Report (1969-70), pp. 15 & 16.

was expected that 14 lakh lbs. of nylon would be available through those deals. The total quantity of nylon tow actually imported by the two firms under the barter deal came to about 14.23 lakh lbs.²⁴

Thus, 13 lakh lbs. constituted the "outstanding import requirement under the first *ad hoc* licence already issued and the second *ad hoc* licence to be issued". But the actual imports made under the two *ad hoc* licences issued in 1962-63 in favour of Federation of Woollen Manufacturers in India and Indian Woollen Mills Association were 19.33 lakh lbs.

However, allocations of only 14.09 lakh lbs. could be made by the Textiles Commissioner against orders for Defence requirements. There was thus a total surplus of about 19.47 lakh lbs. viz., 5.24 lakh lbs. with the Federation and 14.23 lakh lbs. with the two importers under the barter deal.²⁵

The Committee were informed by the Ministry of Commerce that the imports under the first two *ad hoc* licences were made at a price of about 70 pence per lb. and the surplus (of about 5.24 lakh lbs.) was sold to the Woollen Mills, against distribution orders issued on a *pro rata* basis, after adding handling charges, storage, etc. The Ministry did not have any information as to the prices at which nylon was ultimately sold to the consumers and what profit was earned by the mills in the process. So far as the release of nylon imported under the barter deals was concerned, the two mills were under obligation to release processed tops etc. at prices to be fixed by the Textile Commissioner.

It was represented to the Committee that this price control was ultimately lifted and the two mills were allowed to sell the material to mills of their choice at negotiated prices. As a result of this relaxation, it was alleged, the two converters were able to make huge profits.²⁶

The Committee were informed by the representative of the Ministry that the per pound profit of these two barter parties was less than that of the parties to whom the nylon tows were released from the other sources, but the overall profits of these parties must have been considerable. The Committee were inclined to agree with these views.

²⁴E.C., 87th Report (1968-69), paras 4.1 to 4.3, 4.9 & 4.17.

²⁵E.C., *Ibid.*, paras 4.10, 4.11 & 4.18.

²⁶E.C., *Ibid.*, paras 4.22 to 4.24.

The Estimates Committee were not convinced that the assessment made for the requirements of nylon to meet the needs of Defence was realistic, but, on the other hand, felt that it was "grossly exaggerated". as it eventually resulted in a huge surplus of about 19.47 lakh lbs. "In the whole transaction neither the consumer nor the Ministry of Defence, for whose benefit the benefit the imports were permitted, appear to have ed", the Committee observed.²⁷ The observations of the Committee were noted by the Government.²⁸

Third Ad Hoc Licence (1965-66)

Against the third *ad hoc* licence for about Rs. 2 crores issued in favour of the Indian Woollen Mills Federation for import of raw materials in September, 1965, 4,80,000 lbs. of nylon fibre and tows costing about Rs. 16.73 lakhs (in addition to wool which has been discussed earlier) were imported by the Federation.

Out of these quantities 44,000 lbs. of nylon fibre were given to a firm against Defence orders placed on them. The quantity left over, consisting of 1,96,000 lbs. of nylon fibre and 2,40,000 lbs. of nylon tow, needed to be converted into tops before the same could be utilised by the spinners for producing worsted yarn in blend with nylon for Defence requirements. In connection with the allocation of raw material for such conversion into tops, it was reported to the Estimates Committee by the Indian Woollen Mills Federation that in the year 1966, in accordance with the instructions given by the Textile Commissioner, the Federation entered into agreements with two firms for conversion of the raw material into tops and return to the Federation for distribution to individual mills (in accordance with release orders to be made by the Textile Commissioner). While one of them had satisfactorily converted and delivered back the tops to the Federation, the other did not return the very first instalment of 10,000 lbs. of nylon tow given to them for conversion. It had been further stated that the Federation brought this failure on the part of the latter firm to the notice of the Textile Commissioner, but no action was taken against that firm. It was alleged by the Federation that the Textile Commissioner's office did not take any action as it "wished to favour" the defaulting firm by allowing them to dispose of the stocks in the open market at substantially higher prices.²⁹

²⁷E.C., *Ibid.*, paras 4.30 and 4.31.

²⁸E.C., 112th Report (1969-70), page 21.

²⁹E.C., 87th Report (1968-69), paras 4.32 and 4.41.

The Committee were, however, advised by the Ministry of Foreign Trade that according to the Law Ministry, no action would lie against the defaulting firm so far as the Textile Commissioner was concerned. It being a transaction between the Indian Woollen Mills Federation and the firm, the former had been asked by the Government to take legal action against the firm for breach of conditions of contract. The Government, however, noted the Committee's observation that penal action should be taken promptly by Government in case there was failure to implement their decisions.⁵⁰

It was also complained to the Committee that the entire quantity of nylon tows was directly allocated to Defence order holders who were neither tow-makers nor spinners and that the material was being openly marketed by the hosiery tender holders. The Committee desired this matter to be investigated, specially in view of the fact that the Ministry of Commerce had earlier confirmed that the entire quantity would be utilized for Defence.⁵¹

In their reply to the Committee, the Government stated that the nylon tows/tops were released to contractors having orders for socks and jersies. The supplies already effected contained nylon to the extent specified. "It can, therefore, be inferred", the Government stated, "that there has been no malpractice as alleged".

The Government explained to the Committee that following investigations into the allegations referred to by them, it was revealed that the order placed by the D.G.S. & D. *inter alia* stipulated that the firms should commence supplies of the contracted items irrespective of the fact whether nylon tow/top required for their manufacture was received from the Indian Woollen Mills Federation or not, as the nylon assistance was provided on replenishment basis. Accordingly, some firms supplied stores even prior to their getting nylon tow/top from the IMF by arranging their supplies of the same from sources other than the IMF. The nylon tow/top received subsequent to the supplies having been effected to D.G.S. & D was thus treated by the contractors as replenishment of the nylon earlier utilised by them in the manufacture of contracted goods which had already been supplied to D.G.S. & D.⁵²

⁵⁰E.C., 112th Report (1969-70), page 39.

⁵¹E.C., 87th Report (1968-69), paras 4.32, 4.41 & 4.51.

⁵²E.C., 112th Report (1969-70), pp. 39 & 40.

PURCHASE OF OIL BARRELS BY INDIAN OIL CORPORATION

During the Second Session of the Fourth Lok Sabha an unstarred question¹ was tabled by certain Members of Parliament asking—

- (i) whether the Indian Oil Corporation had placed orders for the supply of oil barrels on two firms ignoring the lowest tender which resulted in extra expenditure, and
- (ii) whether the firms had supplied these items (oil barrels) according to specifications.

In his reply, the Minister of State in the Ministry of Petroleum and Chemicals stated that, after careful consideration of all aspects of the bids, orders were placed by the Corporation on two different firms to meet their requirements at Bombay and Calcutta separately, and that an extra expenditure of Rs. 1.77 lakhs was incurred as a result of this decision.

During subsequent sessions of Parliament a series of questions were asked on the same subject and ultimately in response to a demand from certain Members, the Speaker referred the matter to the Estimates Committee under Rule 310 of the Rules of Procedure and Conduct of Business in Lok Sabha. The Estimates Committee dealt with the subject exclusively in their Eighty-sixth Report (Fourth Lok Sabha).

Placing of Purchase Orders

Purchase through negotiations deprecated

The Estimates Committee were appraised of the normal procedure followed by the Indian Oil Corporation for making purchase of oil barrels. It was stated that after the opening of tenders, in case it was found that there was scope for negotiations with the party parties in order to get the best possible rates, the tenders were discussed by the

¹USQ No. 3309, dated 22-6-1967.

Tender Committee and with the approval of the management the parties were called for negotiations. The Committee were further informed that the system of negotiations was a recognised procedure and was followed even by the D.G.S. & D. The Estimates Committee expressed the opinion that "the system of negotiations after calling for tenders should be discouraged as far as possible unless it becomes absolutely necessary in the commercial interests of I.O.C."² The recommendation of the Committee was noted by the Government for future guidance.³

Placing of Order on a Black Listed Firm

The Estimates Committee asked the Ministry to explain the placing of orders on the two firms while rejecting the lowest offer. They were informed that the firm which had quoted the lowest rate had been black-listed at that time and no order could thus be placed on them. The Committee were, however, constrained to note that although the firm in question had been black-listed by the Ministry of Steel, Mines and Heavy Engineering in January, 1964 and a Standardised Code of Procedure for black-listing of firms was made applicable to all the Public Undertakings in February 1966, the Indian Oil Corporation continued to place orders on the firm till as late as 5th May, 1966. In this connection the Committee further noted with regret that important communications from Government containing confidential instructions relating to black-listing of firms, received in the office of the Indian Oil Corporation, could not subsequently be traced. The letter of May 1964, which was finally marked and acknowledged by an officer of the Corporation, had been lost, and the letter of February 1966 for following the Standardised Code of Procedure was not received by the Corporation although the same had been sent by the Ministry. The Committee observed:

"This clearly indicates that the system of recording and custody of documents in the I.O.C. is far from satisfactory. The Committee need hardly stress the urgent need to review the procedure of recording and custody of confidential and secret documents in the Corporation in order to ensure that such important documents are not lost in future".⁴

In reply, the Government stated that the I.O.C. had already made a detailed review of their procedures for recording, movement and safe

²E.C., 86th Report (4th L.S.), para 2.12.

³*Ibid.*, 115th Report (4th L.S.), p. 4.

⁴*Ibid.*, 86th Report (4th L.S.), paras 2.23 and 2.30-2.32.

custody of important and secret documents. Based on this review, procedures had been introduced to ensure that important documents were properly connected and recorded.⁵

Defective Wording of Purchase Order

The Committee noticed that the purchase orders placed by the I.O.C. on the two firms for the supply of 2,50,000 oil barrels at each of the two places viz. Bombay and Calcutta were not uniformly worded. While the Bombay firm was asked "to supply drums of standard size 200/210 litre capacity manufactured out of 18 gauge cold-rolled, cold-anealed sheets" the order placed on the Calcutta firm provided for supply of "drums of standard size 200/210 litre capacity manufactured out of 18 gauge cold-rolled, cold-anealed sheets (or of hot-rolled steel if cold-rolled steel is not made available by the Steel mills)". The Committee were unable to appreciate the reasons advanced by the I.O.C. for laying down different specifications of steel sheets for the manufacture of oil barrels by the two suppliers. In the Committee's opinion the Corporation should have called for separate quotations for each category of barrels so as to give a clear description of items, specifications and prices in the purchase order.

While the purchase order placed on the Calcutta firm provided for the manufacture of barrels out of both cold-rolled and hot-rolled steel sheets, the price was quoted for tested and untested qualities of cold-rolled sheets only. Later on, this became the subject matter of dispute and arbitration. The Committee, therefore, urged that the Corporation should spell out clearly the conditions to be included in the Tenders, Purchase orders and Agreements for purchase of Stores, so as to leave no room for any ambiguity in their description, specifications and prices.⁶ The recommendation of the Committee was noted and the I.O.C. was directed by the Government to take special care in future in this regard.⁷

Execution of Contract

Delay in supplies

The Estimates Committee noted with concern that while the Bombay firm completed their supplies of barrels in January, 1968, the

⁵E.C., 115th Report (4th L.S.), page 5.

⁶E.C., 86th Report (4th L.S.), para 83.

⁷E.C., 115th Report (4th L.S.), page 10.

firm at Calcutta did not complete the order and even after a period of 31 months of starting the supplies, over 20,000 barrels remained to be supplied by them as on the 31st December, 1968. Even if the supplies had been maintained at the minimum rate *i.e.* 15,000 barrels instead of 25,000 barrels per month as agreed to by the firm, the entire supplies should have been completed latest by March, 1968. The delay in supplies also resulted in the giving of price escalations to the firm—the latest one of Rs. 5.66 per barrel being effective from 1st August, 1968. From the monthly statement of supplies made by the firm the Committee noticed that the firm withheld supplies for about a year *i.e.* from June, 1967 to May, 1968. The Committee felt that there was no justification for them to stop supplies even if there was a dispute between the supplier and the Corporation, as the same was under arbitration. Even after the arbitration award was given in September, 1967 the firm took another 7 months to resume the supplies. The Committee expressed the view that the Indian Oil Corporation should have taken steps to force the supplier to continue regular supply in terms of the Purchase Order and in case of default should have taken appropriate steps to claim damages for the delay and suspension of supplies. They asked the Corporation to examine in consultation with their legal advisers whether the delay in making supplies and the withholding of supplies by the firm were justified and whether necessary compensation could be claimed from the firm in terms of Clause 11 or any other clause regarding liquidated damages. The Committee also desired that it should also be examined whether price escalation given to this firm for supplies of barrels after March, 1968 was justified, as the delay in making supplies was on account of the default of the supplier.¹⁰

In October, 1969 Government stated in reply that the I.O.C. were examining the above recommendation in consultation with their legal advisers. The Committee were unhappy to note that the Corporation had taken a long time in consulting their legal advisers. They felt that the matter should have been settled by that time.¹¹

Payments without Verification of Invoices

The Estimates Committee were informed that cold-rolled steel was superior to hot-rolled steel and thus more costly. The difference in the cost of barrels manufactured out of the cold-rolled and hot-rolled steel sheets was Rs. 2/- per barrel. The Purchase Orders had provided that

¹⁰E.C., 86th Report (4th L.S.), para 3.8.

¹¹E.C., 115th Report (4th L.S.), para 4.

the original steel invoices would be produced by the suppliers and examined by the Corporation in order to determine the number of barrels supplied from the different types. In a written note furnished at the instance of the Committee it was stated that in a number of cases both the firms had supplied barrels made out of hot-rolled steel and billed the Corporation for cold-rolled steel. Payments were also made at the enhanced rates to the firms for some time without verification of the invoices of steel. The mistake was noticed only after the firms had supplied about 3,14,203 barrels.

The Estimates Committee were constrained to observe that the making of payments to the suppliers without verification of invoices, as stipulated in the purchase orders, was a serious omission. The seriousness was aggravated by the fact that the mistake was detected after than half the supplies had been made by the firms.

Expressing their disagreement with the findings of the Financial Controller that the mistake was an 'oversight' and that no punishment was necessary, the Committee expressed the view that it was a case of dereliction of duty. They desired that the case might be enquired into afresh with a view to fixing responsibility and taking remedial measures.¹²

In reply, Government stated that the Eastern Branch of the Corporation was working at that time under a tremendous strain. The position was particularly acute and difficult in the Accounts Section where the trade union activities had a stronger hold resulting in disruption of normal activities. According to the Government it was "gratifying to note that even in these difficult circumstances, the I.O.C. was able to detect on its own the incorrect billing" and "safeguard its commercial interests". The Estimates Committee were not satisfied with the reply of Government.¹³

Absence of Formal Agreement

The Purchase Orders for barrels placed by the Indian Oil Corporation on the two firms stipulated that the suppliers would enter into a formal agreement with the Corporation within 15 days of the placing of the purchase order. The Committee found that while the firm at Bombay had entered into a formal agreement with the Corporation the

¹²E.C., 86th Report (4th L.S.), para 3.18.

¹³E.C., 115th Report (4th L.S.), page 13.

other at Calcutta did not execute any such agreement. A formal agreement would have enabled the Corporation to deal firmly with the Company in the event of their making supplies of barrels out of hot-rolled steel and billing for cold-rolled sheets as well as for other breaches of contract like delays and suspension of supplies etc. The Estimates Committee took a very serious view of this lapse on the part of the Corporation and desired that the matter should be fully investigated and responsibility fixed, with a view to take disciplinary action. They also desired that the Corporation should draw a lesson from this incident and take appropriate remedial action so as to avoid repetition of such mistakes in future.¹⁴

Government in their reply stated: "I.O.C. have already taken note of the observations made by the Committee. It will however, have to be appreciated that due to the chronic shortage of steel barrels, a commercial organisation like the IOC could have insisted on the other party first signing the contract before accepting supplies, only at the risk of jeopardising the much-needed supplies to the Defence and to other priority customers in the Eastern Sector. I.O.C. have, however, taken note of the Committee's observations that in future no purchase order involving long-term supplies of substantial value should be left uncovered without a formal agreement. In view of above, it is felt that no useful purpose will be served by investigating this matter further".

The Committee did not accept this plea of Government and reiterated their earlier recommendations that non-execution of a formal agreement with the Calcutta firm was a serious lapse which should be investigated further with a view to take disciplinary action.¹⁵

Risk Purchase Clause

The Purchase Orders contained a "risk purchase" clause to the effect that in case the suppliers failed to supply oil barrels as per requirements of the Corporation, the latter would be entitled to procure barrels from other sources and recover additional expenses so incurred up to a maximum of Rs. 2/- per barrel. The Committee were informed that the suppliers were not prepared to accept any penalty clause in the agreement and it was with great difficulty that this provision could be made.

¹⁴E.C., 86th Report (4th L.S.), para 3.54.

¹⁵E.C., 115th Report (4th L.S.), paras 5—7.

The Estimates Committee expressed the view that the amount of Rs. 2/- per barrel included in the risk purchase clause was unrealistic and not related to the prevailing market conditions. The Committee observed:

"The intention behind the risk purchase clause is to prevent the supplier from making default in supplies. In this case, it has proved to be otherwise. The Committee consider the inclusion of this provision in the existing form to be totally ineffective in subserving the purpose for which it is intended. They would urge that in future a suitable and effective clause should be included in the Purchase Orders and Agreements of the Indian Oil Corporation so as to deter the defaulting parties from withholding supplies".¹⁶

While noting the observations of the Committee, Government stated¹⁷:

"We would, however, venture to suggest that as long as the existing seller's market for barrels continues, unless the suppliers agree to a risk purchase clause, even the existing clause of Rs. 2/- per barrel may be difficult to retain".

Manufacture of Barrels by I.O.C.

During evidence the Committee were informed that barrel manufacturers were unwilling to accept any price differential for barrels manufactured out of hot rolled or cold rolled or tested or untested steel. The I.O.C. were confronted with an unprecedented situation. The Committee were further informed that the Indian Oil Corporation wanted to be self-reliant in so far as its requirements of barrels were concerned and proposed to set up its own plant at Madras. Government had, however, not permitted the setting up of this plant by the I.O.C. as it was felt that the spare capacity available with the industry in Bombay and Calcutta should be allowed to be transferred to Madras.¹⁸

In connection with the examination of another subject namely, "Recognition of additional capacity in the Barrel Industry in spite of its being on the banned list.", the Committee discussed this matter *viz.* setting up of their own plant by the I.O.C., with the Secretary of the Ministry of Industrial Development, Internal Trade and Company

¹⁶E.C., 88th Report (4th L.S.), para 3.58.

¹⁷E.C., 115th Report (4th L.S.), page 8.

¹⁸E.C., 88th Report (4th L.S.), paras 4.1 and 4.2.

Affairs and expressed their regret to note that the industrial licence application of I.O.C. for the setting up of a plant for the manufacture of drums and barrels had been rejected by Government¹⁹. In their opinion, in rejecting the application, Government had given greater weight to the existence of manufacturing capacity in the country and avoidance of fresh investment. Expressing their disagreement with the decision of the Government, the Committee commented as follows:

- (i) The fabricators had increased their capacity considerably in an unauthorised and irregular way and the industry was monopolised by a few firms only. The denial of the plant to the I.O.C. would thus amount to rewarding the persons who had committed violation of the Industrial (Development and Regulation) Act.
- (ii) The denial of the plant to I.O.C. would amount to giving premium to unfair dealings of these companies and leave the Corporation at their mercy.
- (iii) The drum and barrel fabrication industry was highly profitable and there was no reason why a public sector company should be deprived from effecting savings to the tune of Rs. 48 lakhs annually.
- (iv) The setting up of the plant at Madras would not in any way affect the business of the fabricators.
- (v) The setting up of the plant by the I.O.C. would enable production, filling, storage and despatch of lubricating oils under the same roof.

The Committee, therefore, desired that the application of the I.O.C. to set up their own captive plant at Madras should be reconsidered by Government²⁰.

In reply, the Government stated that fresh application of Indian Oil Corporation for an industrial licence for setting up the plant for the manufacture of drums and barrels at Madras had been considered and an industrial licence was being issued to them²¹.

¹⁹E.C., 85th Report (4th L.S.), para 4.11.

²⁰Ibid, paras 4.13-4.14.

²¹E.C., 114th Report (4th L.S.), page 11.

C.—OIL INDIA LTD.

Oil India Ltd. (OIL)—a joint venture of the Government of India and the Burmah Oil Company—was incorporated on the 18th February, 1959 with Government of India having 33-1|3 per cent interest and the Burmah Oil Co. holding 66-2|3 per cent of the shares. Subsequently, by virtue of the Second Supplemental Agreement signed on the 27th July, 1961, the shareholding of the Government of India was raised from 33-1|3 per cent to 50 per cent and that of the Burmah Oil Co. was reduced from 66-2|3 per cent to 50 per cent. As a result, Oil India was given an additional area of 1,886 sq. miles for exploration purposes.

The main objects of this Company are (i) exploration for oil and natural gas; (ii) production of crude oil and natural gas; and (iii) transport of crude oil from oil fields to the refineries.¹

I. Government Participation vis-a-vis Industrial Policy Resolution

The Estimates Committee (1967-68) expressed the view in their Fifty-first Report that in terms of the Industrial Policy Resolutions of 1948 and 1956, Government should have insisted upon securing majority participation in Oil India by holding 51 per cent shares instead of the existing 50 per cent.²

According to the Government, in December, 1959 they had invited various international oil companies to submit proposals for collaboration and cooperation in intensifying the search for oil in the country. In response thereto specific proposals from eight international companies were received and the maximum equity participation offered to Government was only 50 per cent. The Committee were informed that in spite of the known aversion of 'major' companies to sharing the right of management with Government, an attempt was made by the Government to acquire majority share-holding in the new areas offered to the Burmah Oil Company for exploration, but the Company did not agree to this proposal. However, as a result of negotiations, the Government were able to secure 50:50 participation with the Burmah Oil Company. The Government, however, added that while agreeing to equal share-holding, they had ensured that they would have the requisite powers to "guide the policy and control the operations" of the undertaking.³

¹E.C., 51st Report (1967-68), paras 1.1 and 1.2.

²Ibid., para 1.18.

³E.C., 105th Report (1969-70), pages 17-18.

The Committee also took exception to the grant of an exploratory licence over an additional area of 1,886 sq. miles in Assam and NEFA in 1961 to Oil India instead of the fully-Government-owned Oil and Natural Gas Commission (ONGC). They suggested that "even now Government should examine the possibilities of securing majority participation in OIL".⁴

The Government explained in their reply that the Burmah Oil Company, which had been consulted in the matter, was unwilling to accept the position of a minority share-holder in OIL.⁵

II. Exploration and Production

The Estimates Committee were informed that the Oil India Ltd. held mining leases over an area of 510 sq. miles and exploration licences over an area of 761 sq. miles. While mining leases areas were Naharkatiya, Naharkatiya Extension, Hugrijan and Moran, exploration licence held good for Dum Duma (Assam) and Ningru (NEFA) regions.⁶

Delay in Execution of Mining Lease and Petroleum Exploration Licence Deeds.

The Committee noted that the letter of grant of mining lease over Naharkatiya was given in January, 1954 and letters of grant of mining leases over Naharkatiya Extension, Hugrijan and Moran were granted in January, 1961. Similarly, the letters of grant of exploration licences over the Dum Duma and Ningru areas were given in January, 1963 and November, 1963, respectively, and were valid for a term of six years. The Committee further noted that formal mining lease and exploration licence deeds were still under discussion and had not yet been executed. Meanwhile, these areas continued to be operated under letters of grant. The Committee felt that "there should not be a long time-lag in the giving of letters of grant and the execution of formal deeds" and urged upon the Government to take effective measures to resolve the difficulties in the way of finalisation of these leases and licences and to see that such deeds were executed without further delays.⁷ The recommendation was noted by the Government.⁸

⁴E.C., 51st Report (1967-68), para 1.19.

⁵E.C., 105th Report (1969-70), page 18.

⁶E.C., 51st Report (1967-68), para 2.1.

⁷*Ibid.*, para 2.8.

⁸E.C. 105th Report (1969-70), page 2.

The Committee also noted that there had been delay even in the giving of letters of grant of exploration licences for the Dum Duma and Ningru areas. Although, the application for a petroleum exploration licence over these areas was made to the Assam Government by the Oil India Ltd. in September, 1961, the letters of grant were given only in January and November, 1963, respectively. The delay was stated to have affected the progress of exploration in these areas.⁹

While admitting that there had been some delay in the grant of Petroleum Exploration Licences to Oil India Ltd., the Government maintained that this was due to circumstances beyond their control. In the case of Dum Duma, it was stated that delay was being caused by the Assam Government linking the matter with the rate of royalty on crude oil. Further, the emergency created by the Chinese invasion in 1962 also caused some delay as conditions in upper Assam and NEFA were abnormal and in any case not favourable to undertaking exploration programme.¹⁰

Fall in Off-take of Crude

The Estimates Committee learnt that on account of the teething troubles of the Gauhati Refinery and inordinate delay in the commissioning of the Barauni Refinery, the off-take of crude from Oil India Ltd. was reduced considerably during the years 1962 to 1966, which resulted in the payment of heavy subsidies to the O.I.L. The Committee considered it unfortunate that the initial difficulties in the commissioning of the refineries—which were new industries in the public sector—were not anticipated by the Government earlier.¹¹ The observations made by the Committee were noted by the Government.¹²

Production of Natural Gas and its Disposal

The Committee pointed out that the cost of production of gas by Oil India was Rs. 17.54 per 1000 cubic metres, while the same for the Ankleshwar and Cambay gas of the ONGC was Rs. 36.73 and Rs. 42.88, respectively. Expressing their concern at this wide disparity, the Committee desired the Government to examine whether the elements

⁹E.C., 51st Report (1967-68), para 2.9.

¹⁰E.C., 105th Report (1969-70), pages 2-3.

¹¹E.C., 51st Report (1967-68), para 2.52.

¹²E.C., 105th Report (1969-70), page 4.

of cost were worked out on the same basis in the two organisations and if not, to ensure that there was uniformity in working out the cost of production.¹³

The Government informed the Estimates Committee that they had constituted a committee to evolve a common pattern for working out the cost of production and methods of accounting in both the ONGC and O.I.L.¹⁴

It was stated that while Oil India Ltd. was supplying gas to the Assam State Electricity Board at 50 per cent of its cost of production, it was charging the actual cost from the Assam Oil Company. Describing the deal as "unbusinesslike", the Committee observed that they saw no reason why gas should be sold at a loss, or for that matter even at the cost price, particularly when the Government had had to pay subsidy amounting to over Rs. 18 crores to the O.I.L. to make up the guaranteed net return to the Company.¹⁵

According to Government, the question of revising the price of gas paid by the Assam State Electricity Board was taken up on several occasions in the past with the Assam Government at the highest level. They were not agreeable to any revision on the plea that "Assam has to produce electricity at a very cheap rate so as to attract industries" to that State. The Government, however, assured the Committee that the question of revising the current gas price payable by the Assam State Electricity Board, which was to be operative till 31st December, 1973, would be taken up with the State Government later "at a suitable time".¹⁶

III. Financial Matters

Pricing of Crude and Natural Gas

The original pricing formula contained in the Promotion Agreement, 1958 provided for the payment of the price of crude by the refineries either at the "lowest price delivered at Calcutta at which such

¹³E.C., 51st Report (1967-68), para 2.82.

¹⁴E.C., 105th Report (1969-70), page 6.

¹⁵E.C., 51st Report (1967-68), para 2.83.

¹⁶E.C., 105th Report (1969-70), page 7.

crude oil can be secured by the refinery from any alternative source or the cost incurred by the Company (Oil India Ltd.) together with a reasonable commercial return, whichever is less".¹⁷

Under the revised formula contained in the Second Supplemental Agreement, 1961, the price of crude had to be fixed in such a way so as to guarantee a minimum return, after payment of all taxes, of not less than 9 per cent and not more than 13 per cent per annum on the paid-up share capital.¹⁸

The Government had compiled comparative statements showing the position of returns to Government based on actuals for 1962—67 and the forecast for 1968—80. These statements showed that under the Second Supplemental Agreement, the total return to Government over the entire period of 1962—80 would come to approximately Rs. 64 crores and that payment in case of BOC|AOC would come approximately to Rs. 26 crores, over the same period.¹⁹ If similar calculations were made taking Promotion Agreement of 1958 as the basis, the receipt to Government and BOC|AOC would be Rs. 40 crores and Rs. 24 crores, respectively. Thus while under the Promotion Agreement Government would get on its investment Rs. 16 crores more than BOC|AOC, under the Second Supplemental Agreement they would get about Rs. 38 crores more.²⁰

The Committee were, however, not satisfied, because the assumptions on which these figures were based had not been fully enumerated in the aforesaid statements. The Committee, therefore, desired that these assumptions should be thoroughly got examined by Government through the Comptroller and Auditor General "so as to come to a correct assessment of the position".²¹ The Government's reply to this recommendation is still awaited.²²

Recoupment of Subsidy

To ensure the guaranteed rate of dividend to the Oil India Ltd., as laid down in the Second Supplemental Agreement, subsidies had to be

¹⁷E.C., 51st Report (1967-68), para 3.51 and page 98.

¹⁸*Ibid.*, para 3.34 and page 128.

¹⁹*Ibid.*, para 3.56.

²⁰*Ibid.*, paras 3.57 and 3.58.

²¹*Ibid.*, paras 3.61 & 3.66.

²²E.C., 105th Report (1969-70), page 37.

paid to them by Government of India and Assam Oil Company. The cost of oil proved to be much higher than at which the refineries were to get supplies of crude oil. It was, therefore, decided by the Government that supplies to the refineries might be charged for at the landed cost of comparable quality of imported crude oil and that any shortfall on account of the dividend liability would be made good by Government. Under this arrangement, Government had paid to Oil India Ltd. a sum of over Rs. 18 crores as subsidy during the years 1963-64 to 1966-67.²³

The Estimates Committee were informed by the Government that, under clause 9(c) of the Second Supplemental Agreement, when costs went down and the income from the sale of crude would be such as to result in net dividend to the shareholders of more than 13 per cent, the price of crude oil would be reduced by giving a discount to the customers so as to bring the dividend to 13 per cent only. The Government added: "As the Government refineries would continue to pay on the basis of import parity, the benefit would accrue to Government during any year when the final price of Oil India crude under clause 9 is less than the import parity price".²⁴

In the above context, the Committee were assured by the Secretary of the Ministry of Petroleum and Chemicals during evidence before them that from 1969 onwards Government would thus start recouping the subsidy paid by them to Oil India Ltd. The Committee considered that since Government had already paid till 1966-67 subsidies amounting to Rs. 18 crores to O.I.L under the new pricing formula introduced in 1961 and had received only about Rs. 8 crores as their share of dividend, it would appear to be appropriate that the recoupment of the amount paid was made as early as possible. The Committee in this context suggested that the feasibility of limiting the net return to the Oil India Ltd. to 9 per cent, till the subsidy was fully recovered might be examined. In the opinion of the Committee, this "would appear reasonable" as the net return of investment in oil industry even in the Middle East where oil potential was large was stated to be a little over 11 per cent. during recent years.²⁵

The Government's view was that if the net return from Oil India was to be restricted to 9 per cent. till the subsidy was fully recovered,

²³E.C., 51st Report (1967-68), paras 3.36 and 3.37.

²⁴*Ibid.*, para 3.45.

²⁵*Ibid.*, paras 3.46, 3.48 and 3.87.

it would require an amendment of the Second Supplemental Agreement, which could only be done with the approval of the Burmah Oil Company. Government felt that as the BOC had also paid subsidies to Oil India Ltd. during the initial years, when the price of crude purchased by the Assam Oil Company was high, that Company was unlikely to agree to any such proposal.²⁶

Not convinced with the plea put forward by the Government the Committee reiterated their recommendation for limiting the net return to the Oil India to 9 per cent. and observed: "Government should take the initiative in this regard and, if necessary, get the relevant clause of the Second Supplemental Agreement suitably amended after a dialogue with the Burmah Oil Company."²⁷

Audit of Accounts of Oil India Ltd.

Oil India not being a Government company within the meaning of the Companies Act, 1956, its accounts are not audited by the C.&A.G. The Estimates Committee, however, felt that since Government (i) held 50 per cent. shares in Oil India Ltd.; (ii) had invested Rs. 14 crores in the share capital of the Company; and (iii) had paid over Rs. 18 crores as subsidy to the Company, it would have been appropriate for them to have the accounts of the Company audited by the C. & A.G. before the payment of subsidies. They further desired that Government should consider the advisability of getting the accounts of companies in which they had 25 per cent. or more interests and where the investments exceeded one crore of rupees, test-audited by the C. & A.G.²⁸

The Government later informed the Committee that the General question of the audit by the C. & A.G. of the accounts of companies in which Government had less than 51 per cent. share-holding was under their consideration.²⁹

IV. Organisational and Administrative Matters

Board of Directors

The control of Oil India Ltd. is vested in the Board of Directors which consists of eight Directors including the Chairman. Four

²⁶E.C., 105th Report (1969-70), page 36.

²⁷Ibid., page 1.

²⁸E.C., 51st Report (1967-68), para 3.96.

²⁹E.C., 105th Report (1969-70), page 9.

Directors have been nominated by the Government of India and four by the Burmah Oil Company. The Chairman of the Board who has no casting vote holds office for one year and is nominated in alternate years by the Government of India and the Burmah Oil Company. The Managing Director of the Company is the nominee of the Burmah Oil Company and the Financial Director of the Government of India.³⁰

The Estimates Committee noted that barring the Chairman and the Financial Director, who had remained in office continuously since 1961, the other two nominees of the Government had held office only for short periods. The Government's explanation for this was that of the aforesaid two Directors, one represented the Ministry of Petroleum and Chemicals and the other Government of Assam. "As these persons are officials of the Central Government and the State Government", the Government informed the Committee, "due to exigencies of service, transfers do take place resulting in consequential changes of the two Directors".³¹ The Committee, however, maintained that it would be advantageous if the Directors held office for a minimum period of three years.³² They urged upon the Government that the latter should keep this aspect in view at the time of appointing their nominees on the Board in future.

The Government accepted the recommendation in principle "subject to administrative convenience". They informed the Committee that after the submission of their Report, no new nomination to the Board had been made."

The Committee further suggested that it would be advisable if a technical member of the ONGC was also appointed on the Board of Directors of OIL as Government nominee so that "both the organisations may benefit from each other's experience in the field of exploration and production of oil."³⁴

In pursuance of the Committee's recommendation the Member (Exploration) of ONGC was nominated on the Board of Directors of OIL.³⁵

³⁰E.C., 51st Report (1967-68), para 4.1.

³¹Ibid., para 4.4.

³²Ibid., para 4.6.

³³E.C., 105th Report (1969-70), page 9.

³⁴E.C., 51st Report (1967-68), para 4.7.

³⁵E.C., 105th Report (1969-70), page 10.

Appointment of Managing Director

The Estimates Committee noted that both the Managing Director and the Financial Director of OIL were part-time employees of the Company. In support of the practice of appointing part-time Financial Director, the Government advanced two main reasons, viz., (i) there was already a full-time Financial Controller; and (ii) the Managing Director—a nominee of the Burmah Oil Company—was only a part-time official. These contentions, however, did not convince the Committee who were of the opinion that a whole-time Financial Director alone could “effectively discharge the onerous functions expected of him”.

The Committee also suggested that when the next review regarding provisions relating to the appointment of Managing Director and Financial Director was held, “the Managing Director, if appointed by Government, should be a whole-time employee”⁸⁶.

Both the Managing Director and the Financial Director of OIL have since been appointed as whole-time functionaries in pursuance of the recommendations of the Committee.⁸⁷

Nature and Extent of Control by Government

The Estimates Committee realised that OIL being a joint venture, the Government had no authority to issue any directions to it regarding its administrative and management affairs. The Committee, however, felt that since Government were equal partners in this venture, it was necessary that their policies, particularly those with regard to scales of pay of its employees, their amenities etc., were reflected in the working of the Company. To ensure this the Committee wanted the Government to consider the advisability of deputing some Government officers in top positions in the managerial and financial cadres of such companies. The Committee believed that this arrangement would be to the mutual benefit of both the parties.⁸⁸

Following the above recommendation the posts of the whole-time Financial Director and Secretary of OIL were filled by deputing Government officials. In addition, another Government official was deputed as Financial Adviser.⁸⁹

⁸⁶E.C., 51st Report (1967-68), para 4.16, 4.20 and 4.21.

⁸⁷E.C., 105th Report (1969-70), pages 12 & 13.

⁸⁸E.C., 51st Report (1967-68), para 4.31.

⁸⁹E.C., 105th Report (1969-70), page 14.

D—PETROLEUM AND PETROLEUM PRODUCTS**I. Exploration|Prospecting***Delay in Implementation of Industrial Policy Resolution*

Till Independence, exploration and production of oil was in the private sector alone. The Industrial Policy Resolutions of 1948 and 1956 placed 'Mineral Oils' in the group of industries whose development was the exclusive responsibility of the State. Thus, after Independence, the main development of exploration for oil was to be in the public sector. In 1955, a delegation led by Shri K. D. Malaviya (the then Minister of Mines and Fuel) visited U.S.S.R., Sweden, U.K., Netherland, Switzerland, Rumania, France and West Germany to study exploration techniques and organisations in these countries and to ascertain the scope for technical and financial collaboration with the State and in joint enterprises.

The Government also invited some foreign experts in 1955 to advise on an exploration programme in India. Based on their recommendations an oil exploration programme—with an outlay of Rs. 30 crores—was drawn up for the Second Plan period. Simultaneously, in October 1955, the Oil and Natural Gas Directorate was formed under the then Ministry of Natural Resources and Scientific Research. Thereafter, in August, 1956, the Oil and Natural Gas Commission (O.N.G.C.) was set up as a Government Department, which in October 1959 became a statutory Commission wholly owned by the Government of India.

As for the reasons for the delay in the setting up of the O.N.G.C., the Estimates Committee were informed by the Ministry of Petroleum and Chemicals that while it was true that the Industrial Policy Resolution of 1948 listed the Mineral Oil Industry as one which was the exclusive responsibility of the State for developmental purposes, there was also a proviso that if in the national interest it was necessary to associate private enterprise with the governmental effort there would be no bar to this.

While the Committee realised that at the time of adoption of the first Industrial Policy Resolution in 1948, Government lacked adequate technical and financial resources, including foreign exchange resources, they were unable to appreciate why it should have taken the Government more than seven years to set up the Oil and Natural Gas Directorate. In the absence of such organisation, whatever

efforts were made in this behalf lacked drive and direction. The Committee considered that in any case the efforts initiated in 1955 to arrange for technical and financial assistance for oil exploration could well have been preceded by measures to set up an organisation for oil exploration in 1951, at the latest, when the Government entered into agreements for setting up coastal refineries in the private sector based on imported crude. The Committee had a feeling that till 1955 the programme of exploration and prospecting for oil in the country was not given the serious attention that it deserved. The Committee recommended in their Fiftieth Report (1967-68) that energetic efforts should be made by Government to accelerate the pace of exploration and prospecting of oil in the country so as to meet domestic demand from indigenous production and obviate the necessity for imports as early as possible.¹

The Government stated in reply that they were fully aware of the need to make the country as self-sufficient as possible in the production of crude oil. "Both the Oil and Natural Gas Commission and the Oil India Ltd.", the Government added, "are endeavouring their best to discover new fields and increase reserves of crude within the limited financial resources, including foreign exchange, at their disposal."²

Private Sector's Role in Exploration

(i) Indo-Stanvac Venture

As stated earlier, the Industrial Policy Resolution of 1948 made the State exclusively responsible for the mineral oil industry, but it also gave an option to the State to secure the cooperation of private enterprise, if it was considered necessary in the national interest, subject to such control as the Central Government might prescribe.

Accordingly, in December 1953, the Indo-Stanvac Exploration Agreement was signed by the Government of India with the Standard Vacuum Oil Company, under which an area of about 10,000 sq. miles in West Bengal was set aside for joint exploration, with the Government of India participating up to 25 per cent of the total cost of the venture. The newly-formed Indo-Stanvac Petroleum Project

¹E.C., 50th Report (1967-68), paras 2.1 to 2.5.

²E.C., 103rd Report (1969-70), page 4.

(I.S.P.P.) continued the geophysical and geological surveys and between the years 1957 and 1960 drilled 10 exploratory wells in different parts of the concession area. These 10 wells, though they yielded valuable data of fundamental geologic interest, nonetheless could not provide sufficient information regarding the hydro-carbon prospects in the area. The gas shows in almost all the wells, oil shows in Debagram and Jalangi wells and the presence of asphalt in the Burdwan wells were not considered to be of commercial importance. The area, therefore, was relinquished and the project itself wound up in late 1960. Under the Agreement, the Government of India and the Standard Vacuum Oil Company were to share the expenditure in the ratio of 25 : 75 and the Government's total contribution to the project amounted to Rs. 1.84 crores.

The Estimates Committee expressed their concern over the loss of Rs. 1.84 crores on the project. "It is unfortunate", the Committee observed, "that certain areas in the West Bengal basin, where it (Stanvac) operated, were not completely evaluated by the Stanvac". In this connection it was significant to note, the Committee pointed out, that commercial gas fields had been discovered in East Pakistan which formed part of the greater Bengal basin. The Committee expressed the hope that the exploration programme in that area would be accelerated so as to correctly assess its oil potential as early as possible. This was particularly important, the Committee felt, as the Haldia refinery, which was being set up in that region, would have to depend on imported crude till the domestic supply was ensured.⁸

Explaining the position to the Estimates Committee, the Government stated that before the commencement of exploration by the SVOC, no sub-surface geological information pertaining to West Bengal was available, with the result that nothing was known regarding the oil and gas prospects of this region. Furthermore, in those early years no Government organisation possessed equipment for exploratory oil well-drilling. Nor did the Government personnel have experience of conducting gravity and seismic surveys and drilling operations for exploration of oil and natural gas. In view of this position, the Government felt, going in for a joint venture with the SVOC was an advantage.

Even though the efforts of the Indo-Stanvac Petroleum Project did not lead to the discovery of commercial oil/gas fields, the Government's view was that the sub-surface geological data obtained and

⁸E.C., 50th Report (1967-68), paras 2.13, 2.17.

their value in the assessment of the oil and gas prospects of the Bengal basin alone were well worth the expenditure of Rs. 1.84 crores on Government account.⁴

(ii) *Oil India Limited*

The Government entered into an agreement with the Burmah Oil Company|Assam Oil Company to exploit Naharkatiya, Hugrijan and Moran regions in 1958. As a result, the Oil India Limited was formed in 1959, with the Government holding 33-1|3 per cent and the Burmah Oil Company|Assam Oil Company 66-2|3 per cent interests. Subsequently, by a supplemental agreement concluded in July, 1961, the Government and the Burmah Oil Company became equal partners in the Oil India Limited.⁵

II. Production of Crude

Targets and Achievements during Fourth Plan Period

The Estimates Committee were informed that the Fourth Five Year Plan of the ONGC originally envisaged an annual production target of 6.50 million tonnes of crude with a cumulative production of 22.50 million tonnes during the Plan period.

According to the information subsequently furnished to the Committee by the Government, ONGC expected to achieve an annual production rate of 6.23 million tonnes of crude oil by the end of 1970-71 and secure a cumulative production of 19.20 million tonnes of crude oil during the five years of the Fourth Plan, as against the earlier estimates of 6.50 million tonnes and 22.50 million tonnes, respectively.

As regards the private sector, the Government informed the Estimates Committee that from April, 1966 to August, 1967, the Oil India Limited had produced 3.39 million tonnes and the Assam Oil Company 0.21 million tonnes of crude. It was stated that from 1968 onwards, the Oil India was expected to produce at the rate of 3 million tonnes per annum, provided the Government refineries were in a position to lift the product.

The Committee were unhappy at the scaling down of the target of cumulative production of crude by 1970-71 in the public sector

⁴E.C., 103rd Report (1969-70), page 40.

⁵The Estimates Committee (1967-68) have also examined the working of the Oil India Limited and have commented thereon in a separate report, viz., Fifty-first Report (1967-68).

from 22.50 million tonnes to 19.20 million tonnes and of annual production from 6.50 million tonnes to 6.23 million tonnes in 1970-71. In view of the annual requirements of 20—22 million tonnes of crude for various refineries in the country by 1970-71 and the anticipated gap between the requirements and the indigenous supply, the Committee could not but consider this reduction in the targets as unfortunate. They expressed the hope that the Government would spare no efforts to reduce this gap as much as possible by determined efforts to increase the output of indigenous crude. The Committee stressed the "imperative need" of upward revision of targets of production of crude by intensifying exploration, prospecting and developing efforts in this field.⁶

The Government informed the Estimates Committee in reply that the original targets of production of crude oil were later revised by the ONGC in the light of actual achievements of drilling and production potential during the year 1966-67. The Estimates Committee were informed that the ONGC was constantly endeavouring not only to intensify its exploratory and development activities in the fields where oil|gas had already been discovered but also to discover more reserves of hydro-carbons in the 'wild cat' area.⁷

III. Production of Petroleum Products

In-built Capacity in Refineries

The Estimates Committee learnt with concern that expansion of the refineries in the private sector by more than two and a half times over a period of years was carried out practically without the Government's approval. Government's permission was not sought for capital|investment for this purpose, and the Committee were doubtful if the capacity could possibly be increased to this extent with only minor modifications and improvements, unless the additional capacity was contemplated and built-in into the initial plant and equipment itself.

Not only the Government had not taken sufficient care in the beginning to check over-designing of capacities of refineries in the private sector, what concerned the Committee more was that "even now the existing machinery and arrangement for exercising checks regarding over-designing of plants are not fool-proof". To the Committee

⁶E.C., 50th Report (1967-68), paras 3.12 to 3.15.

⁷E.C., 103rd Report (1969-70), page 41.

it was a serious matter as the very purpose of licensing and regulation of industries was vitiated by such "irregular expansions" and the Government were at times faced with a *fait accompli*.

The Committee, therefore, recommended that the Government should immediately evolve a suitable machinery to ensure that no industrial unit was able to increase its licensed capacity in this manner without Government's prior approval.⁸

The Government informed the Committee that in future steps would be taken, as far as practicable, through inspection by a team of officers (consisting of representatives of the Directorate General of Technical Development, the Ministries concerned and the concerned State Director of Industries) to ensure that capacities approved were not exceeded.⁹

Unlike the private sector refineries which appeared to have been originally designed with additional in-built capacities for subsequent expansion at very little cost no such provision had been made in the public sector refineries, with the result that their capacities were now being increased at considerable additional costs. Urging that while designing the new refineries at Madras and Haldia this aspect should be kept in view, the Committee suggested that the feasibility of maximising the output from the existing refineries by applying new developments in petroleum refining to the existing processes might also be explored.¹⁰

In their reply the Government stated that the Gauhati, Barauni and Gujarat Refineries had an immediately available in-built extra capacity of about 15 per cent, which could be substantially increased by minor 'debottlenecking' measures in due course. The Cochin Refinery, which was originally designed for about 2.3 to 2.4 million tonnes, had a 'distillation column' that could ultimately deal with a throughput of 3.5 million tonnes per annum. The Government, however, added that this aspect would be particularly kept in view while designing the Madras and Haldia refineries.¹¹

⁸E.C., 50th Report (1967-68), paras 4.34 and 4.39 to 4.41.

⁹E.C., 103rd Report (1969-70), page 10.

¹⁰E.C., 50th Report (1967-68), para 4.45.

¹¹E.C., 103rd Report (1969-70), page 11.

Location of New Refineries

Realising that with rapid industrialisation in the country industry would expand from coast to the interior, the Committee felt that there was a case for locating future refineries in the interior, which would give a boost to the industrial development of those areas. Accordingly, the Committee recommended that before selecting the location of a new refinery or allowing expansion of the existing ones, the Government should take into account factors like the level of consumption, the need for reducing the disparities in the levels of development as between different regions, the strain on the transportation system, avoidance of over-crowding of particular areas, etc. The Committee expressed the hope that the location of the proposed refinery in the North-West region would be decided in accordance with these considerations.¹²

The Committee were informed in reply that the factors suggested by them for consideration were "undoubtedly relevant" and each would, as far as practicable, receive due consideration by the Government. The Government, however, pointed out that in addition to these there were some other factors, such as optimum utilisation of indigenous crude oil and the economics of expanding existing capacity or of building new refineries, which deserved to be considered in this regard.¹³

IV. Pricing of Crude and Petroleum Products

A. CRUDE

(i) Imported Crude

In the agreements concluded between the private oil companies and the Government of India in 1951 and 1953, under which the three coastal refineries had been established by Burmah Shell, ESSO and Caltex, the oil companies had been given the freedom to make arrangements for importing crude oil from sources of supply of their own selection, subject to the obligation to use, under certain conditions, crude oil produced in India.

The Estimates Committee noted with concern that though the private sector refineries had started processing of imported crude from 1955 onwards, no discounts on account of purchase of imported

¹²E.C., 50th Report (1967-68), paras 4.46 to 4.55.

¹³E.C., 103rd Report (1969-70), page 12.

crude were allowed by them till June, 1960. According to the agreements made with these refineries, the purchases of the crude were to be made by them at world market prices for which foreign exchange was made available by the Government. The Committee felt that it was the duty of the Government to ensure that the prices charged by these refineries for the import of crude were the real market prices.

As the giving of discounts was a normal practice in the oil market, the Committee felt that it was unfortunate that the Government did not keep themselves posted with the latest price trends in the world oil market and also did not press oil refineries to allow the available discounts, resulting in avoidable outgo of scarce foreign exchange.

The Committee further recommended that considering the heavy imports of crude oil, which were estimated at about Rs. 110 crores per annum by 1970-71, it was necessary to secure the maximum price advantage in the import of crude oil. The Committee pointed out that the price reductions of even a few cents per barrel would result in saving considerable foreign exchange.¹⁴

The Government in their reply stated that the discounts were reviewed in consultation with the oil companies from time to time and the best possible arrangements were secured, and that they were already keeping in touch with all possible published data regarding the existing discounts. Similar data were also made available from time to time, by independent suppliers, who made offers for supply of crude oil to new refineries.¹⁵

The Committee also suggested that since the Indian Oil Corporation had already gained experience in importing petroleum products, it should no longer be difficult for them to arrange for the import of crude for the coastal refineries and to keep themselves posted with the latest price trends in world market.¹⁶

The Government did not accept this suggestion since, according to them, this did not seem feasible, having regard to the Government agreements underlying the public sector refineries at Cochin, Madras and Haldia as also the other agreements concluded with the private

¹⁴E.C., 50th Report (1967-68), paras 5.2 and 5.12.

¹⁵E.C., 103rd Report (1969-70), page 63.

¹⁶E.C., 50th Report (1967-68), para 5.12.

oil companies. "The practicability of the suggestion will, however, be considered as opportunity offers in the future", the Government added.¹⁷

The Committee thereupon observed that, in view of the tight foreign exchange position, every avenue should be explored by Government to procure the imported crude from the cheapest available sources. Reiterating their earlier recommendation in this regard, the Committee observed that if the coastal oil refineries were unable to allow maximum discount, the possibility of channelising imports of crude through the Indian Oil Corporation should be "seriously explored."¹⁸

The Committee felt that the need of bringing down the prices of imported crude could not be over-emphasised, as these had a very important effect on the price of petroleum products. The Committee, therefore, recommended that immediate action should be taken by the Government to "secure the maximum discount on imported crude and cheapest tanker freight rates".¹⁹

The Committee were later informed by the Government that as a result of continued pressure on the oil companies, additional discounts of the order of 3 cents per barrel on the f.o.b. prices of each type of crude oil imported into the country had recently been secured. The Burmah-Shell and the ESSO had also agreed to change their basis for charging freight on crude supplies to AFRA (Average Freight Rate Assessment) rate for 'large range' vessels, even though 'medium range' vessels were used. Similarly, the Caltax had agreed to AFRO rate for 'medium range' vessels instead of 'general purpose' vessels, as hitherto charged. These changes in discounts and freights, according to Government, were expected to yield an annual foreign exchange saving of about Rs. 3 crores.²⁰

(ii) *Indigenous Crude*

The Estimates Committee noted that the indigenous crude was priced at import parity which included ocean freight, insurance, ocean losses, wharfage and landing charges. Besides, devaluation had resulted in further increasing the price of imported crude by over 58

¹⁷E.C., 103rd Report (1969-70), page 63.

¹⁸*Ibid.*, page 2.

¹⁹E.C., 50th Report (1967-68), para 5.14.

²⁰E.C., 103rd Report (1969-70), pages 15 and 16.

per cent. While agreeing that in pricing the indigenous crude a measure of protection was desirable, the Committee nevertheless considered it "a matter for consideration" as to what should be the extent of protection which should be given to the indigenous crude, with particular reference to the conditions prevailing for the exploration and exploitation of oil in the country and the need for efficiency and economy in the working of the ONGC and the OIL. The Committee recommended that the Government should re-examine the question of linking the price of indigenous crude with that of the imported crude of the same quality. It was recommended that a committee consisting of experts in petroleum technology, costing and financial matters should be appointed to review the whole basis of pricing of indigenous crude, *i.e.*, whether it should be import parity basis or cost basis or any other suitable basis. In particular, the Estimates Committee desired that the question of inclusion of cost elements like ocean freight, ocean loss, insurance, wharfage, etc., which were merely "notional" for the purpose of computing import parity price, should be fully examined.

The Committee were surprised to learn that no uniform procedure was followed by the ONGC and the Oil India Limited in calculating their production costs. They regretted that Government "who are also 50 per cent partner in the Oil India Ltd.", had not looked to the aspect of laying down a common costing pattern for both the organisations, which would have facilitated comparison of their respective performance. The Committee, however, noted that the matter was now under examination of the Government and recommended that a uniform procedure for collection, analysis and compilation of costs by both these organisations should be laid down without further delay.²¹

In their reply the Government stated that a committee²² (Oil Prices Committee) under the chairmanship of Shri Shanti Lal Shah, M.P., had been set up to examine the pricing of petroleum products, and that a second committee composed of the Financial Controller, Oil India Limited, and the Director of Finance and Accounts, the Oil and Natural Gas Commission, had been constituted to evolve a common pattern for working out the cost of production and methods of

²¹E.C., 50th Report (1967-68), para 5.15, 5.16, 5.24 & 5.25.

²²The Report of the Committee, together with the Government's decisions (*vide* Ministry of Petroleum and Chemicals and Mines and Metals—Department of Petroleum—Resolution No. 1(78)/69-PPD, dated 11-5-70) taken on a number of recommendations contained therein was laid before Parliament on 11-5-1970.

accounting in both the ONGC and the O.I.L. Necessary data concerning the methods and procedures adopted by the two organisations in calculating the cost of production of crude gas, compiling and drilling cost/survey cost, etc., had been exchanged by the members of the above committee, which were being studied by them.²³

B. PETROLEUM PRODUCTS

(i) *Basis of Pricing*

The prices of the major petroleum products imported from the Middle East had been taken as the basis for fixing prices for comparable indigenous petroleum products. The refining companies had accordingly been permitted to establish the ex-refinery prices of their various products from time to time at any level not higher than the landed costs of comparable products imported from the Middle East market.

The Estimates Committee were informed by the Government that the latter had made adjustments in the rates of basic (recoverable) and additional (non-recoverable) duties consequent on devaluation, so as to "keep the refinery economics—pre and post devaluation—on an even keel".

The Committee had their doubts if the reliefs provided to the refineries as a result of these adjustments were justified in all the cases. They recommended that the question of pricing of refinery products should also be gone into thoroughly by the Committee of Experts already suggested by them.²⁴

In their reply²⁵ the Government informed the Estimates Committee that the question of determination of ex-refinery prices of refined petroleum products had already been referred to the Oil Prices Committee.²⁶

²³E.C., 103rd Report (1969-70), pp. 16 & 17.

²⁴E.C., 50th Report (1967-68), paras 5.40 & 5.48.

²⁵E.C., 103rd Report (1969-70), page 18.

²⁶The OPC observed in their Report that although import parity was no longer an adequate basis for price fixation, Government's commitment to permit the oil companies to maintain the prices of their products at import parity made it impossible to adopt any other basis, and recommended continuance of the concept of import parity in the initial build-up of the prices of bulk refined petroleum products ex-refineries/ports. This recommendation has been accepted by the Government. According to the Government decision, the ex-refinery prices will be determined on the basis of import parity with a uniform discount of 4 per cent for all products. The Government also accepted in principle the OPC's recommendation that future reductions in the prices of Middle East crude should be reflected in the shape of further discounts of posted *f.o.b.*, prices of products.

(ii) *Prices in India and other countries*

The Estimates Committee regretted to learn that the prices of petroleum products like gasoline and kerosene were much higher in India, U.S.A., U.K., Pakistan, Japan, Burma, Australia and Ceylon. They expressed surprise at the Government not being aware of the basis of pricing of petroleum products in other countries. The Committee, therefore, recommended that the Government should study the pricing pattern of petroleum products in other countries, particularly neighbouring countries, so as to find out the reasons for the higher prices of petroleum products in India and devise measures to reduce the same.²⁷

The Committee's observations were noted by the Government.²⁸

C. UNDER-RECOVERIES OF FREIGHT ON ACCOUNT OF IMPORT PARITY BASIS OF PRICING

The Estimates Committee expressed their regret to note that the emergence of the Indian Oil Corporation and the public sector refineries had not been able to make any impact on the price of petroleum products in the country as import parity had been the basis of pricing. According to Government, the position would not change so long as the principle of import parity continued to be applied. The Estimates Committee learnt that eight²⁹A ports had been made the pricing points and the country had been divided into eight "economic supply areas" based on these ports. As a result of this, the prices at port towns were lower than at up-country points which in addition had to cover transport costs. This resulted, for instance, in price of petroleum products being more at Barauni, *i.e.*, the producing centre, than at Calcutta. Further, if products from one area were sent to another area, the Railway freight from the "pricing point" of the receiving area only was recoverable. This resulted in over or under-recovery of freight. The Committee were informed that the I.O.C. had borne heavy under-recoveries on account of railway freight during the last few years. In the opinion of the Committee, the principle of import parity, apart from standing in the way of bringing down the prices of petroleum products, had resulted in under-recoveries of freight to the tune of about Rs. 2.29 crores during the preceding two years alone by the Indian Oil Corporation. It

²⁷E.C., 50th Report (1967-68), para 5.52.

²⁸E.C., 103rd Report (1969-70), page 18.

²⁹A The ports were: Kandla, Okha, Bombay, Goa, Cochin, Madras, Vishakhapatnam and Calcutta.

appeared to the Committee that the existing system of import parity was more disadvantageous to the Indian Oil Corporation than to the private sector refineries. That the figures of under-recoveries by the private sector refineries were not made available to the Committee led them to presume that these were not quite comparable with those of the I.O.C.²⁹

While stating in reply that the entire question of the basis for pricing of petroleum products had been referred to the Oil Prices Committee and would be reviewed after the report³⁰ of the said Committee was received, the Government explained to the Estimates Committee that "the object in setting up the Indian Oil Corporation was not to bring down the prices of petroleum products, the aim was to organise the refining and marketing of oil products in the public sector enterprises".

The Government further stated that the "reductions that have been effected in the past years in oil company 'net backs' had been covered by correspondingly additional excise duties". The Government pointed out that the under-recoveries of the private sector oil companies were also "significant and comparable to Indian Oil Corporation's under-recoveries".³¹

According to information furnished to Estimates Committee, there were wide variations in the refining costs per tonne of the refineries which during 1966-67 ranged from Rs. 12.33 in the case of ESSO to Rs. 31.86 in the case of Barauni. The Committee were unhappy to note that the refining costs of the public sector refineries did not compare favourably with the corresponding costs of the private sector refineries. While this might partly be due to the higher capital costs of the public sector refineries, there was, in the opinion of the Committee, enough scope for improvements in this regard. The Committee, therefore, emphasised the need to reduce the operational costs of the refineries in the public sector and for this purpose they considered it essential that a periodical examination of the cost of production of these refineries should be conducted by an outside agency, *i.e.*, an agency other than the Indian Oil Corporation.³²

²⁹E.C., 50th Report (1967-68), para 5.67.

³⁰The recommendation of the OPC for treating all inland refineries as pricing points in addition to the main ports has been accepted by the Government. Making their recommendation in this regard, the OPC had observed that the consumers in the region where the refineries were located had a right to benefit by the growth of local production.

³¹E.C., 103rd Report (1969-70), pages 49 & 50.

³²E.C., 50th Report (1967-68), para 5.75.

Impact of Financial Committees' Recommendations

The Government informed the Estimates Committee in reply that the public sector refineries had been fully conscious of the need to reduce to the maximum extent possible, their refining costs. The Government stated that as a result of increase throughputs in the refineries and certain other economy measures, the refining costs had been reduced further, notwithstanding the increase in the wages of the employees. According to the provisional figures for the year 1967-68, the per metric ton refining costs at Gauhati, Barauni and Gujarat refineries were stated to be s. 26.66, Rs. 39.09 and Rs. 17.31, respectively. The Government stated that these figures, except for Barauni, compared favourably with those of private sector refineries. The main reasons for the higher refining cost at Barauni were stated to be high capital cost, surplus labour and operation of the refinery at less than the designed throughput. The Government, however, assured the Committee that with a view to cutting down the refining costs still further, the refineries would continue to exercise effective and efficient control on production and finances. Also, if found necessary, experts would be engaged by them to advise on these and allied matters.⁸⁸

Administration not only has to be good but has also to be felt to be good by the people affected.

—JAWAHARLAL NEHRU

SHORT NOTES

(a) PARLIAMENTARY EVENTS AND ACTIVITIES

C.P.A. Executive Committee Meetings

Meetings of the Executive Committee of the Commonwealth Parliamentary Association were held in Jersey in June, 1970. Dr. G. S. Dhillon, Speaker, Lok Sabha, who is a member of the Executive Committee of the Commonwealth Parliamentary Association attended the meetings.

Visit of Speaker, Lok Sabha to West Germany and Poland

On invitation from the President of the German Bundestag and the Marshal of the Polish Sejm, Dr. G. S. Dhillon, Speaker Lok Sabha and Shri S. L. Shakdher, Secretary, Lok Sabha, visited the Federal Republic of Germany and Poland in June, 1970.

Standing Committee of the Commonwealth Speakers' Conference

A meeting of the Standing Committee of the Commonwealth Speakers' Conference was held in London in July, 1970 to consider various matters relating to the Second Commonwealth Speakers' Conference to be held in New Delhi in December 1970—January 1971.

Dr. G. S. Dhillon, Speaker, Lok Sabha and Shri S. L. Shakdher, Secretary, Lok Sabha attended the meeting.

Conference of Secretaries of Legislative Bodies in India [Srinagar— July, 1970]

The Sixteenth Conference of Secretaries of Legislative Bodies in India, was held on July 14, 1970 in Srinagar. Besides the Secre-

taries of Rajya Sabha and Lok Sabha, 24 Secretaries of State Legislatures attended the Conference.

After the welcome speech by Shri B. L. Jalali, Secretary, Jammu & Kashmir Legislative Assembly, Shri B. N. Banerjee, Secretary, Rajya Sabha (Chairman of the Conference) and Shri S. L. Shakhder, Secretary of Lok Sabha, addressed the Conference.

Shri M. N. Kaul, M.P., former Secretary of Lok Sabha and former Chairman of the Conference of Secretaries, who was present by special invitation, also addressed the Conference.

The Conference, thereafter discussed the following points on the Agenda:

- (i) *Notices issued by Courts to Members*:—Whether it is desirable to devise a special form of notices for use by High Courts/Supreme Courts in cases where Presiding Officers or Members of Legislatures are involved as parties in respect of their speeches in the Legislatures or any other matter connected with the business of the House?
- (ii) *Privileges Committee*:—Whether the Committee of Privileges should permit cross-examination of witnesses?
- (iii) *Role of Secretary*:—(a) Whether the Secretary of the Legislative Assembly, who is also *ex-officio* Secretary to every Assembly Committee is entitled to put questions on behalf of the Committee to the Departmental witnesses (who are Secretaries to Government) appearing before the Committee. If so, whether any authorisation should be expressed before the witnesses or it may be deemed as implied? (b) Role of Secretary in clarifying the questions of the Chairman of the Financial Committees.

Conference of Presiding Officers of Legislative Bodies in India (Srinagar)—July, 1970

The Thirty-Sixth Conference of Presiding Officers of Legislative Bodies in India was held in Srinagar on July 15 and 16, 1970. Dr. G. S. Dhillon, Speaker of Lok Sabha and Chairman of the Conference of Presiding Officers, presided. Almost all the Presiding Officers of

Legislative Bodies in India as also the Deputy Speaker of Lok Sabha and the Deputy Chairman of Rajya Sabha attended the Conference.

At the outset, Shri Shams-ud-din, Speaker, Legislative Assembly, Jammu & Kashmir, delivered the welcome address. Thereafter the Chairman of the Conference, Dr. G. S. Dhillon, delivered his address.*

The Conference discussed the following items on its Agenda:—

- (i) *Extent of Immunities of Members*:—Whether courts can issue any requests, notices or summons to members of Parliament or members of State Legislatures in respect of anything said or done by a member on the floor of the House, in view of their immunity from any proceedings in any court in respect thereof under Article 105|194 of the Constitution and whether the concerned members should appear in the court if they received such a request, notice or summons from a court?
- (ii) *Legislators—'Dharna' by*:—(a) Propriety of legislators staging 'dharna' inside and outside the Legislature Chamber—its legal and constitutional aspects, as also the position from the point of view of traditions of parliamentary democracy (with special reference to the staging of 'dharna' in Rajasthan Assembly by members of the Opposition); (b) Question as regards payment of allowance to members staging 'dharna' for that period?
- (iii) *Allegation against Minister*:—If there is any allegation against an individual Minister and *prima facie* there is a case, and the Opposition presses for an inquiry to be made into the allegations, whether that inquiry should be conducted by a Committee of the House to be appointed by the Speaker or the Speaker should refer the matter to the Chief Minister with a request to cause an inquiry to be made into the allegations and report to the House?

*Important excerpts from the Address have been reproduced elsewhere in this issue.

- (iv) *Resolution for Amendment of the Constitution*:—Whether a State Legislative Assembly is competent to discuss a resolution proposing amendment in the Constitution?
- (v) *Training of Legislators*:—(a) Whether there should be a parliamentary course for imparting training to the Legislators in parliamentary procedure? If so, whether an institute is required to be set up for the purpose?
- (b) Whether frequent seminars should be held in each State so that the members may get opportunity to exchange their views on matters of parliamentary practice and procedure, etc,
- (vi) *Governor's Address*:—How an indictable offence committed by a stranger or the Members of the House of Legislature is to be dealt with during the course of the Address by the Governor delivered under Article 176(1) of the Constitution? Is Rule 256* of the Rules of Procedure and Conduct of Business in the Bihar Vidhan Sabha *ultra vires* of the Constitution?
- (vii) *No-confidence motion in Council of Ministers*:—In view of the increasing number of 'No-confidence' motions tabled in various State Legislatures, is it not desirable to lay down certain special conditions of admissibility of such motions, besides fulfilling the general condition laid down in the Rules of Procedure *viz.*, that leave of one-tenth of the total number of members in the House should be obtained? Such conditions may be that the specific cases of failure of the administration must be cited and the matters brought in the motion must not be such as can be discussed otherwise, such as in the debate on the Governor's Address or general discussion on the Budget?
- (viii) *Inquiry against Government Officials*:—When allegations of corruption and misuse of powers are brought before

*Rule 256 of the Rules of Procedure and Conduct of Business in the Bihar Vidhan Sabha provides that "no arrest shall be made within the precincts of the House without obtaining the permission of the Speaker".

the House against an official of a Department of the Government and if the House is of opinion that the Speaker be requested to make an inquiry and report to the House or the Government as the House suggests, should the Speaker accept such a responsibility; and if he accepts it, should the Government be bound by his report?

- (ix) *Motions*:—Of two identical motions to take a Report into consideration—one, tabled earlier by a private member and another tabled by the Leader of the House later—which should be permitted to be moved in the House?

Talk by Maharaj Trailokyanath Chakrabarty

Maharaj Trailokyanath Chakrabarty, freedom fighter of undivided India, who was on a short visit to India from East Pakistan, gave a talk to Members of Parliament on his experiences of the freedom struggle, on Thursday, August 6, 1970 in the Central Hall of the Parliament House, under the auspices of the Indian Parliamentary Group. This was three days prior to his sudden passing away in New Delhi on August 9.

Dr. G. S. Dhillon, Speaker, Lok Sabha, who presided, welcomed the guest and introduced him to the Members. The Prime Minister, who was also present, thanked Shri Charkrabarty for the sentiments expressed by him in the course of his talk that day.

(b) PRIVILEGE ISSUES

Alleged derogatory remarks by an individual in a letter to a Member for his speech in House

In Andhra Pradesh Legislative Assembly

On February 24, 1968 the Speaker (Shri B. V. Subba Reddi) referred¹ to the Committee of Privileges, a complaint by Shri P. Gunnayya, a Member, against one Shri Palacharla Pattabhi, who was alleged to have written a letter to the former making derogatory remarks.

¹A.P. Leg. Assembly Deb., 24.2-1968, pp. 178-79.

against him for his speech in the House while speaking on the Motor Vehicles Bill.

The Committee of Privileges, after taking oral evidence of Shri P. Gunnayya and Shri Palcharla Pattabhi, in their Third Report presented to the House on December 10, 1968, reported *inter alia* as under:

“Shri Palacharla Pattabhi Rammayya of Narsipatnam in his evidence before the Committee has stated that he has not written the letter in question nor was it his handwriting. He has also stated that he has absolutely no intention to hurt the feelings of Shri P. Gunnayya nor any ill will towards him and that he has high regard for him. Shri P. Gunnayya could not produce evidence to prove that the letter in question was written by Shri Palacharla Pattabhi Rammayya.

The Committee are of opinion that the matter may, therefore, be dropped.”

The House adopted² the Report of the Committee of Privileges on March 18, 1969.

**Reflection on conduct of Members as members of electoral college—
Not a breach of Privilege**

In Maharashtra Legislative Assembly

One of the Members of the Maharashtra Legislative Assembly gave notice of breach of privilege against the President, Maharashtra Pradesh Congress Committee, alleging that the statement made by the latter, as reported in the Press, constituted a breach of privilege. The Member contended that the statement made by the President, Maharashtra Pradesh Congress Committee—namely, that a Member recently elected to the Rajya Sabha manoeuvred to secure about eight to nine additional votes by giving inducements to some of the Members of his party for voting in his favour and that he had not expected

²*Ibid.*, 18-3-1969.

them to fall a prey to such inducements, is a reflection on the conduct of the Members—constituted breach of privilege of the Members of the Maharashtra Assembly.

While refusing his consent to raise this matter, the Speaker observed:

“The press report, assuming it to be a correct report, no doubt contains serious aspersions and allegations against the Members of this House. But these allegations and aspersions have nothing to do with their duties to the House as such. Legislative Assembly is only an electoral college, for filling seats in the Council of States and the election and Members' participation therein is no part of the business of the House.”

Alleged derogatory remarks by the Chairman of the Upper House about the Lower House

In the Punjab Vidhan Sabha

On March 20, 1969, the Speaker (Sardar Darbara Singh) informed¹ the House that he had received two notices of a question of privilege from some members alleging that the Chairman, Punjab Vidhan Parishad (Shri Durga Das Khanna) had made certain derogatory remarks about the intention of the Vidhan Sabha regarding the abolition of the Upper House.

On April 7, 1969, after having ascertained the position from the Chairman, Vidhan Parishad, the Speaker disallowed the question of privilege and ruled² as under:

“I have examined this matter in all its aspects. I am of the positive opinion that according to well-established conventions and parliamentary practice.... neither House

¹Punjab Vidhan Sabha Deb., 20-3-1969.

²Ibid., 7-4-1969.

of Legislature can claim or exercise any authority over a member of the other House. No case of breach of privilege or contempt of House can be founded on a speech made by a member in the other House or in a State Legislature in India because the proceedings of each House of the Legislature are privileged and no action can be taken in one House for anything that is said in the other House. But there is one wholesome principle and it is that no House should cast any aspersion and no member should cast any aspersion on any member of the other House or any other House. In this connection, I would like to quote here the ruling¹ given by the Speaker, Lok Sabha, on the 26th March, 1969, which reads—

'I hope and trust that this wholesome principle will be followed everywhere—no House will cast any aspersion on any member of the other House or any other House in this way.'

As for myself, I will follow, both in letter and spirit, this wholesome principle in the Vidhan Sabha.....

I, therefore, do not give my consent to this question of privilege being raised."

Removal of members from House under orders of the Governor during the Governor's Address

In Rajasthan Vidhan Sabha

On February 26, 1966, when the Governor rose to deliver his address to the Rajasthan Legislative Assembly under Article 176 of the Constitution, Shri Ramanand Aggarwal, a member, stood up in his place to enquire of the Governor the necessity of promulgating Ordinances during the inter-session period when the Assembly was going to meet in a few days. Upon the Member being requested to take his seat, and his continuing still to speak, he was directed by the Governor to leave the House. Shri Aggarwal disregarded the directive of the Governor and continued his speech. The Governor thereupon directed the Sergeant-at-Arms to remove the Member from the

¹L.S. Deb., 26-3-1969, c. 7969.

House. Thereafter, eleven other Members, one after another, raised points of order, made speeches and disturbed the proceedings. They were all removed from the House by the Sergeant-at-Arms as ordered by the Governor.

When the Governor resumed his address, some of the Members, who had been removed from the House, re-entered and raised slogans and thereby prevented the Governor from continuing his address. The Governor then read out the last portion and laid the copy of the Address on the Table.

Subsequently, on April 9, 1966, Shri Satish Chandra Aggarwal, a Member, raised a question of privilege¹ in the Assembly on the ground that the action of the Governor in ordering the removal of twelve Members during his address to the Assembly was beyond his jurisdiction. It was also alleged that the action of the Governor constituted usurpation of the constitutional rights and powers of the Speaker, the House and the Members thereof and thereby constituted a breach of privilege of the House.

Reference to Committee of Privileges

On April 11, 1966, the Speaker (Shri Ram Niwas Mirdha) referred² the matter to the Committee of Privileges.

Findings of the Committee

The Committee of Privileges, in their Fourth Report laid on the

¹The action of the Governor in removing the twelve members from the House during his address to the Rajasthan Legislative Assembly was also challenged by a writ petition in the Rajasthan High Court. The Rajasthan High Court dismissed the writ petition, (AIR 1967 Rajasthan 123) holding *inter alia* (i) that it was only after the Governor had delivered his address that the Assembly was given the opportunity to discuss the same and express its opinion and that, therefore, the petitioners could not legitimately claim any right to put questions to the Governor or make any kind of comments even before he had addressed the Assembly; and (ii) that, as regards the action of the Governor, the Court did not feel persuaded to entertain the matter in the exercise of their discretionary powers under Article 226 of the Constitution for the reason, among others, that the petitioners were expelled during the address of the Governor only to enable him to discharge his Constitutional duty of delivering the address and to enable other Members to hear him.

²Rajasthan Vidhan Sabha Deb., 11-4-1966 (Original in Hindi).

Table of the House on September 24, 1966, reported, *inter-alia* as follows:

"The assemblage of the Members of one House or both Houses, as the case may be, to hear the address of the Governor is a meeting of the Legislature of the State and not a meeting of either House or a joint meeting of both Houses. Such a meeting may also be regarded as the Governor's meeting summoned by him under a Constitutional obligation devolving on him. In no case it can be regarded a sitting of the House of the Legislature.

There is no manner of doubt that in the present case the assemblage of the members of the Legislative Assembly to hear Governor's address under Article 176 of the Constitution was not a duly constituted sitting or a meeting of the House presided over by the Speaker and at that meeting, the Governor had the authority to maintain order and expel such members who caused hindrance in his Address under Article 176. In that view of the matter, no question arises as to the usurpation of Speaker's power or breach of privilege by the Governor.

Having regard to the status of the Governor and the importance of the purpose for which he visited the House, there cannot be two opinions that it was well within his competence to take all effective steps to remove all disturbances or interruptions which hindered him in performance of his constitutional obligation.

The Governor, on 26th February, 1966, acted within his powers and authority to expel such members who interrupted during the course of his Address under Article 176(1) of the Constitution. The Members of the Committee are of further opinion that in expelling the offending Members the Governor neither usurped the powers of Hon'ble the Speaker nor he committed any breach of privilege of the House or its Members."

Ruling by the Speaker

On September 24, 1966,* the Speaker disallowed the question of privilege and informed the House that he agreed with the report of the Committee.

*Rajasthan Vidhan Sabha Deb., 24-9-1966 (Original in Hindi).

Alleged statement by a Police Officer threatening members with consequences

In the U. P. Vidhan Sabha

On July 31, 1969, the House was informed by the Speaker, Shri A. G. Kher, about the receipt of a notice of a question of privilege from Shri Nityanand Swami and others, against Shri Radhey Shyam Sharma, Senior Superintendent of Police, Varanasi, for his alleged statement, published in various newspapers, in which he was reported to have threatened the M.L.As. with consequences if the allegations made by them in the House against him were proved wrong.

After some discussion, the Speaker observed that he would give an opportunity to Shri Radhey Shyam Sharma to state what he had to say about the statement attributed to him.

On August 4, 1969, the Speaker refused his consent to raise this issue in the House and observed, *inter-alia*, as follows:

“The basis of information of Shri Shivdas is that he went to Varanasi on the 27th July, 1969 and several respectable citizens informed him there that the Senior Superintendent of Police, Shri Sharma, had openly declared that after the completion of inquiry into the Sati murder case, he would teach a lesson to all those members who had levelled charges against him in the House. This information was based on hearsay and I would not accept this notice which is based on rumour or on the statement of a third person.

Other honourable members have based their information on various Press reports, which I have read carefully. These in no way, constitute a threat to members, as in most of the newspapers it is reported as under:—

‘The S.S.P. added that in case the allegations were proved false, the persons accusing him should also be ready to face the consequences.’

I called the S.S.P. of Varanasi, Shri Sharma, and asked him about the statement made by him. Shri Sharma came to see me on 2nd August at 3.30 P.M. and informed

me that he had only replied to the questions of Press correspondents but did not make any statement on his own.

From the replies given by Shri Sharma to the correspondents, it does not appear to me that direct or indirect threats have been given to members. Therefore, *prima facie* it does not appear to be a question of privilege or contempt of the House and I do not give consent to raise it in the House.

Alleged aspersions on a Member by a newspaper

In the House of Commons (U.K.)

On October 13, 1969, Mr. Robert Maxwell, a Member raised¹ a question of privilege against the *Sunday Times (Weekly Review)*, for publishing an article in its issue dated October 12, 1969, under the heading "Robert-Maxwell" and illustrated with a photograph of his with Mr. and Mrs. Gaitskell. The impugned article, the Member complained, attacked him in his capacity as a member of the House of Commons, as Chairman of the Catering Sub-Committee and as a member of the Select Committee on House of Commons (Services). The passages complained of by him were as follows:

"How does Maxwell perform these coups? The answer can only be comprehended in terms of the extraordinary life-style of the man Maxwell.

It is not a question of sheer intelligence, though Maxwell is certainly quick-witted. Nor is it even a case of sheer business ability in the ordinary sense. (Publishers treasure the story of how Maxwell, discussing some cooperative project, suggested that an item be sold on a 25 per cent. mark-up and that a 20 per cent. discount should then be given. When someone pointed out that by simple mathematics those two operations would cancel each other out, Maxwell boomed: You don't understand! I'll send you a post card.

Maxwell's success is achieved by applying a certain technique to one situation after another. The pattern can be ob-

¹H.C. Deb., 13-10-1969, cc. 44-46.

served in microcosm through one recent episode: the ballet of Robert Maxwell, caterer extraordinary to the House of Commons.

It displays all the classic movements in the Maxwell repertoire—the Amazing Leap from the Wings, with Loud Promises of Modern Efficiency; the Masterly Treatment of Accounts; and the Rapid Disappearance, just before the audience starts to throw things.

Making the Commons catering pay would have been no mean achievement. When Maxwell took over as Chairman of the Refreshment Committee in March, 1967, the previous year's loss had been £33,000, and there was a bank overdraft of £61,000. There are many financial difficulties—such as the necessity to pay staff during the long recess periods.

What matters, then, is not so much that Maxwell subsequently failed to make a profit, but that, in the words of a fellow-member of the Refreshment Committee, instead of being satisfied with his genuine achievements, he had to exaggerate.

The chairmanship of the Refreshment Department sub-committee is a Government appointment. It carries the right to answer questions like a Minister, and the privilege—rare for a back bencher—of an office in the House of Commons. Maxwell was given the job by a Labour Party nervously trying to find a use for his tycoonish reputation.

From Maxwell there was talk of results analysis and profit targets. Professioner advisers were imported from Forte's. The wine-cellar was sold off, to provide capital, and a brewing-group subsidiary was given an exclusive contract to supply all liquor. So far, the Maxwell reforms, although probably not to the taste of active wine-fanciers, had achieved some improvement in the financial position, albeit at the price of complaints about standards.

But such marginal economies were not going to produce the profit Maxwell wanted. Help from the public purse was necessary for that, as Select Committee Reports show. The £61,000 overdraft was an embarrassment, and was

costing £3,000 a year in bank charges. Maxwell persuaded the Treasury to lend the Refreshment Department £50,000 with the interest being met from money from the grant-in-aid, itself Treasury money.

By December, 1967, Maxwell was mentioning the heady figure of £20,000 as the profit he would achieve in 1968. ("Profit", as it happens, was being used in a peculiar sense—even if the forecast had been accurate the profit would have been almost exactly equal to the increase in the department's subsidy which Maxwell had negotiated with the Treasury to increase from £10 a year to £21,000).

Maxwell quoted in support of his forecast, a current weekly profit running at between £400 and £500. It was true—but the pre-Christmas weeks are exceptionally rich in parties and demands for wine and spirits.

On the 1967 figures, he had wiped out the overdraft, with the Treasury's help, and by reducing stock, hustling M.P.s. to pay their bills, and delaying payments of the department's bills. The gross loss had been reduced by £5,000. But there was no actual profit.

In July 1968, the profit forecast for the year was revised down to £7,000. But Maxwell got the Treasury to jack up the subsidy again to £23,000. And, at last, in the draft accounts for 1968 a profit of £1,787 was declared when they were forwarded to the Exchequer and Audit for approval in January, 1969.

It was only some months later that the Exchequer and Audit accountants came to examine the books of the Department. And when they did so, they announced the discovery of "errors of substance"—which cancelled out the profit, and substituted a loss of £3,400.

Part of the catering "profit" derived from a further payment of £2,850 which he claimed the Treasury had promised. But as it had not been formally agreed, and certainly not handed over, the accountants removed it from the books.

Another part of his "profit" depended on his having changed the basis of provision for replacing equipment, normally

a steady sum spreading uneven expenditure over several years and latterly a figure of £6,000. Maxwell had only provided for £1,665, the amount actually spent in 1968.

There remained only the exit. Early this year, the other members of the Refreshment Committee found that a major policy directive had been issued entirely without their knowledge. The Committee, it seems, were not amused. In April, 1969, Maxwell resigned.

On October 14, 1969, the Speaker ruled¹ that a *prima-facie* case of breach of privilege had been established, where after the matter of the complaint was referred to the Committee of Privileges, after a Motion to that effect had been adopted by the House.

Since the Committee of Privileges was appointed at a late period of the session, it was not possible for them to bring their inquiry to a satisfactory conclusion. As such, they made a Special Report to the House to the new Committee of Privileges for examination and report. be referred to the Committee of Privileges in the next session of Parliament.

On October 29, 1969, the matter of complaint was referred by the House to the new Committee of Privileges for examination and report.

Finding and Recommendations of the Committee

The Committee, after examining, among others, some members of the House of Commons and Mr. Harold Evans, Editor of the *Sunday Times*, in their First Report, presented to the House on March 3, 1970, came to the conclusion that neither the question of privilege nor that of contempt arose in this case. The Report, *inter alia*, said:

"Your Committee examined the question whether in the preparation of this Article *The Sunday Times* had come into improper possession of two documents that had been laid before a Select Committee (namely, the Catering Subcommittee of the Select Committee on House of Commons (Services), but not reported to the House. These

¹Ibid., 14-10-1969, cc. 220-21.

documents were the Draft Accounts of the House of Commons Refreshment Department for the year ending 31st December, 1968, and a letter dated 21st May, 1969 from the Deputy Secretary, Exchequer and Audit Department, to Mr. David Ensor, at that time chairman of the Catering Sub-Committee.

There was a conflict of evidence on this question. Your Committee found that a report in *The Daily Telegraph* of the 16th July, 1969 contained the same passages from the Exchequer and Audit Department's letter as appeared in the *Sunday Times* article under consideration. Your Committee conclude that there is no proof that '*The Sunday Times*' did have improper access to those documents.

The article contains an attack upon the Chairman of a Select Committee of the House of Commons in language which in parts is by implication derogatory. Your Committee consider it right to report that they heard no evidence that Mr. Maxwell's conduct as Chairman of the Catering Sub-Committee was in any way improper or departed from normal procedures in compiling the accounts. However, your Committee are of the opinion that neither the question of privilege nor that of contempt arises.

Since some of the evidence taken before them might have a bearing on litigation now pending in the courts. Your Committee have decided not to report any of the evidence."

No further action was taken by the House in the matter.

Alleged attempt to serve a writ on a member inside the House on a sitting day.

In the House of Commons (U.K.)

On December 17, 1969, Mr. John P. Mackintosh, a member, raised¹ a question of privilege on the basis of a news report appearing in *The Times* of that day which stated that an attempt had been made to serve legal papers on Mr. Robert Maxwell, another member, inside the House on a sitting day.

¹H.C. Deb., 17-12-1969, c. 1363.

On December 18, 1969, the Speaker, *inter-alia*, ruled^a as under on this question:—

“As the House knows, it is not Mr. Speaker’s duty to pronounce on whether the action alleged to have occurred did or did not constitute a breach of privilege. All the Chair has to rule is whether the Hon. Gentleman, in his submission to the House yesterday, has made out a *prima facie* case of breach of privilege to the extent that his matter may be given priority over the Orders of the Day.

Accordingly, having studied the precedents involved and the allegation to which the hon. Members drew attention, I have to rule that a *prima facie* case has been established.

It is now necessary, in accordance with the practice of the House, for a Motion to be moved and then it is for the House to decide what course to follow.”

On a motion having been made by the Lord President of the Council and Leader of the House of Commons (Mr. Fred Peart), which was adopted by the House, the matter of the complaint was referred to the Committee of Privileges.

The Committee of Privileges, after taking oral evidence, among others, of Miss Jean Boddley, executive assistant to Mr. Robert Maxwell, and Mr. G. B. Nelson, a private investigator and director of the firm of Nelson (S. I. S.) Ltd., and after considering the Memorandum on the subject submitted by the Clerk of the House of Commons (Sir Barnett Cocks), in their second Report presented to the House on April 8, 1970, reported *inter alia*, as follows:

- (i) It was alleged in the newspaper report in *The Times* that a representative of a certain company had called at the House on the 12th December and, after claiming to be one of Mr. Maxwell’s constituents, had attempted to serve him with legal papers. Mr. G. B. Nelson, the representative referred to, submitted a detailed memorandum, in which he described his visit to the House and also his attempts to get in touch with Mr. Maxwell at Mr. Maxwell’s office at No. 4, Fitzroy Square, W.I.

^a*Ibid.*, 18-12-1969, c. 1565.

Your Committee heard evidence at length from Mr. Nelson about these matters and he denied that he had attempted or intended to serve any legal documents on Mr. Maxwell at the House. The green card which he filled in bore his private address, which is not in Mr. Maxwell's constituency. Your Committee examined the two members of Mr. Maxwell's staff about certain telephone calls which Mr. Nelson made to Mr. Maxwell's Office.

- (2) An attempt to serve a legal process upon a Member within the precincts of the House on a sitting day has been held by the Committee of Privileges to constitute a breach of privilege in spite of the fact that the relevant documents were not in fact served.
- (3) Having considered the evidence in this case, your Committee concludes:—
 - (i) that the writ and related documents were not served by Mr. Nelson on Mr. Maxwell within the precincts of Parliament;
 - (ii) that Mr. Nelson brought those documents into the precincts of Parliament but that the evidence has not established proof that Mr. Nelson attempted to serve them on Mr. Maxwell, and accordingly no contempt of the House was committed in this case."

No further action was taken by the House in the matter.

(C) PROCEDURAL MATTERS

Death of Members in inter-session period—adjournment of the House as a special case.

In Lok Sabha

It is customary for the House to make obituary references to the passing away of sitting Members of the House or ex-Members on the opening day of a Session, if the deaths had occurred in the preceding inter-session period. In such cases, after the obituary references have been made, the House stands in silence for a while as a mark of respect to the deceased, but does not adjourn its business for the rest of the day, as is done in case of death of a sitting Member while the House is in session.

On July 27, 1970, the opening day of the Eleventh Session of Lok Sabha, a departure from this practice was, however, made when, after obituary references were made to the passing away of Shri P. Govinda Menon, Union Minister of Law and Social Welfare, Shri D. Ering, Deputy Minister of Food, Agriculture, Community Development and Co-operation, (both sitting Members of Lok Sabha) and four other former Members, the House adjourned without transacting any business. The following observation was made by the Speaker while adjourning the House:*

“Leaders of all the Parties have expressed the wish that the House should adjourn today as a mark of respect for the deceased members. Normally, the precedent is that we do not adjourn as a mark of respect for those who died during the inter-session period. Since this desire has been expressed unanimously by all, as a special case in this session, I adjourn the House today to reassemble tomorrow at 11 o'clock.”

*L.S. Deb., 27-7-1970.

Calling Attention Notices: Making of Statements by Ministers not obligatory if the Members concerned decline to call their attention

In Lok Sabha

In the List of Business for August 7, 1970, a Calling Attention matter regarding large chunks of Indian territory having been shown as Chinese in the Great Soviet Encyclopaedia, had been put down in the name of Shrimati Tarkeshwari Sinha and four other members. When this item was reached, Shrimati Sinha and several other members submitted that no useful purpose would be served by calling the attention of the Minister of External Affairs to this matter, in view of what they called an unsatisfactory reply on the same subject given in the Rajya Sabha on the previous day by the Minister. Pointing out that there would be no material change in the statement proposed to be made in Lok Sabha, they requested that the adjournment motion which had been tabled on the subject, might be allowed instead to enable the House to censure the Government.

On this, the Speaker observed that it was not the practice to allow an adjournment motion on a subject which was covered by a calling attention notice already admitted and entered in the List of Business. He, however, promised to allow a discussion on the subject through other means. Thereupon, members belonging to Congress (O), Swatantra Party, Jan Sangh, S.S.P., P.S.P. and some independent members walked out of the House.

When the House reassembled after the lunch recess, Shrimati Sinha and others raised the matter once again. It was suggested by a member, on a point of order, that since the members concerned were not calling the attention of the Minister to the matter, it would be within the rules if the Minister laid the statement on the Table of the House. The Deputy Speaker, who was in the Chair, held that unless the Minister's attention was called, there was no obligation on his part to make or lay his statement on the Table of the House.*

Correspondence with a State Government laid on the Table with the permission of the Speaker

In Lok Sabha

On August 5, 1970, while answering supplementaries to a Short Notice Question regarding a Documentary on the land grab move-

*L.S. Deb., 7-8-1970.

ment, the Minister of Information and Broadcasting and Communications stated that the Government of West Bengal had protested against the exhibition of the documentary. The Minister, however, declined to lay the State Government's letter to this effect on the Table of the House. Thereupon a member (Shri A. B. Vajpayee) raised a point that the Minister could decline to lay the document in public interest, but since he was not claiming that privilege, he should be asked to lay the document on the Table. The Minister said that it was not the practice to lay on the Table correspondence with State Governments, but he would do so if the Speaker had no objection. On the Speaker observing that he had no objection to the Minister doing so, the Minister agreed to lay the letter in question on the Table of the House.*

Introduction of New Ministers to the House before Question Hour

In Lok Sabha

Some changes had been made in the portfolios of certain Ministers and some new Ministers were also appointed during the inter-session period which preceded the Eleventh Session of Lok Sabha. In accordance with the established conventions, the Department of Parliamentary Affairs had informed the Lok Sabha Secretariat that the Prime Minister would introduce the new Ministers to the Speaker and to the House on July 27, 1970, the opening day of the Session. On that day, however, the House was adjourned without transacting any business, soon after obituary references were made to the demise of Shri P. Govinda Menon and some other Members.

On July 28, 1970 before the Questions were taken up, the Prime Minister was called upon by the Speaker to introduce the new Ministers. Rising on a point of order, a member (Shri H. N. Mukerjee) pointed out that since the Council of Ministers was responsible to the Lok Sabha and the proceedings of the House were to be interrupted for the purpose of introducing the new Ministers, the House and the Members had a right to know the principles on which the changes in the Council of Ministers were effected. On this the Speaker observed that the Prime Minister had a right to reshuffle the Cabinet and it was a convention of the House that the new Ministers were introduced. Thereafter, the Prime Minister introduced the newly appointed Ministers to the Speaker and the House.†

*L.S. Deb., 5-8-1970.

†L.S. Deb., 28-7-1970.

Members giving personal explanations in the House cannot make lengthy speeches—Motions seeking constitution of ad hoc Committees to go into charges and counter-charges by Members should be in proper form

In Punjab Vidhan Sabha

On July 27, 1970, Shri Balram Das Tandon, an outgoing Minister, made a statement in the House in which he levelled certain charges against his former colleagues in the Cabinet. In his reply on the following day, Sardar Balwant Singh, the Finance Minister, made counter-allegations against Shri Balram Das Tandon. While making a personal explanation, Shri Tandon tried to make a lengthy speech levelling a number of counter-charges against his former colleagues.

Several points of order were raised by some members in the House over these unpleasant exchanges between the Finance Minister and the outgoing Minister. Nine members of the House even gave notice of a motion seeking the nomination of a Committee of the House to go into the charges and counter-charges levelled by the two members against each other.

Regarding the propriety of a member making a lengthy speech while giving a personal explanation, the Speaker (Sardar Darbara Singh), held that as provided in the Rules, no speech or debate can be allowed in such cases. The member concerned can refute the charges levelled against him but he cannot level counter-charges.

On the Motion for the constitution of a Committee of the House to go into the charges and counter-charges, the Speaker gave his ruling as under:—

“This Motion is not clearly and precisely worded. Firstly, it does not mention the date by which Shri Tandon and Sardar Balwant Singh should give the cases in writing. Secondly, it has been mentioned in the Motion that the House directs that they should be asked to give in writing cases of corruption. The Motion does not clearly state the name of the person or the institution to whom the direction is meant to be given. Thirdly, it also does not state to whom should they submit the cases in writing. The second part of the Motion is contingent, and in fact inoperative unless and until cases of corruption are given in writing.

As for the legal aspect of the Motion, I am doubtful if it is proper for such a direction being given to members. Anyway, I tried to find out within the short time at my disposal if there had been any precedent of this type in the Lok Sabha or in any other State Legislature. I am sorry I have not been able to lay my hands on such a precedent so far.

As regards the constitution of an *ad hoc* Committee to go into the charges and counter-charges of corruption, even with regard to this I have not been able to find out any precedent. Anyway, it is for the House to adopt such course as it thinks fit. Even if such a Committee were desired to be constituted, it would be proper if a regular Motion incorporating the names of the Members who should be on the Committee, its terms of reference and the date by which it is expected to make a report to the House, is brought before the House.

As for the present motion, no doubt the object is laudable, but the Motion being vaguely worded is inadmissible

* * * * *

I would request the hon. Members to find a permanent remedy for it. They should constitute a statutory body or appoint some judge of the High Court or establish a Commission on a permanent basis which would go into all these cases because the charges and counter-charges of corruption will continue to be levelled against each other.

The House can exercise its supremacy within the provisions of the Constitution and not beyond the Constitution."

(D) LEGAL AND CONSTITUTIONAL MATTERS

Appearance of a High Court Judge before a Select Committee of Parliament to be treated as actual service within the meaning of the Constitution

At the instance of the Select Committee on the Constitution (Amendment) Bill, 1969 by Shri Tenneti Viswanatham, M. P., Mr. Justice D. Basu of the Calcutta High Court was requested to send a memorandum setting forth his views on the provisions of the Bill and also indicate if he would be willing to give oral evidence before the Select Committee. In response thereto, Mr. Justice D. Basu sent some extracts, relevant to the subject, from the Tagore Law Lectures, delivered by him at the Calcutta University. So far as his appearance before the Select Committee to give oral evidence was concerned, Justice Basu stated *inter alia* that:

- (i) he must be summoned by the Committee as a witness in the formal manner, through the Home Ministry of Government of India and the Chief Justice, Calcutta High Court.
- (ii) his attendance at New Delhi must be treated as on duty both for the purpose of absence from the Court as well as for purposes of travelling allowances etc.,
- (iii) a special sanction must be accorded for air-passage, both ways (which any officer on the administrative side above a Joint Secretary is entitled to, under the Rules, as a matter of course).

After obtaining the approval of the Chairman of the Select Committee, the case was referred to the Ministry of Home Affairs with the request that Mr. Justice D. Basu be requested to appear before the Select Committee to give oral evidence at 15-30 hours on Tuesday, July 21, 1970.

The President accordingly requested Mr. Justice D. Basu to comply with the desire of the Select Committee. The President also directed that the time spent by Mr. Justice D. Basu for giving evidence before the Select Committee would count as "actual service" within the meaning of paragraph 11 (b) (i) of Part D of the Second Schedule to the Constitution read with section 2(1)(c)(i) of the High Court Judges (Conditions of Service) Act, 1954. It was also directed that

the cost of his air passage to and fro and daily allowance at Delhi would be paid by the Lok Sabha Secretariat.

Mr. Justice D. Basu appeared before the Select Committee on July 21 and 22, 1970 and tendered his evidence on the provisions of the Bill. Mr. Justice Basu however, clarified at the outset that the evidence he was about to tender was in his "private capacity as an academician."

The temperature of the party is, in large measure, the temperature of the electorate. A minute Opposition uses its opportunities to appeal to public opinion. The House is its platform, the newspapers are its microphones and the people is its audience.

—IVOR JENNINGS

SESSIONAL REVIEW

ELEVENTH SESSION—FOURTH LOK SABHA—A REVIEW*

The Eleventh Session (Monsoon Session) of Lok Sabha which commenced on July 27, 1970 adjourned *sine die* on September 4, 1970. During the session 29 sittings were held, aggregating 421 hours and 23 minutes.

Some of the major events that took place during the session are briefly mentioned below.

Motion of No-Confidence in the Council of Ministers

The House settled down to business on July 28 with a no-confidence motion in the Council of Ministers.† The motion was tabled by Shri Madhu Limaye (SSP). The grounds on which the sponsorer sought to censure the Government were:—

- (i) that the Government had countenanced and encouraged anti-democratic trends resulting in the threat of rigged election in Kerala through manipulation of electoral rolls and imposition on the people of a minority government which had lost the confidence of the Assembly prior to its dissolution;
- (ii) excessive concentration of power in the hands of the Prime Minister, Cabinet Secretariat and Prime Minister's Secretariat; and
- (iii) dilution of the principle of Ministerial control and a general bureaucratisation of the Government.

Initiating the discussion on the motion, Shri Limaye based his attack mainly on two issues: (i) forthcoming mid-term poll in Kerala and (ii) concentration of power in the hands of Prime Minister. He

*Prepared by the Library, Reference and Information Service of the Lok Sabha Secretariat.

†Though the Session commenced from July 27, the House adjourned on that day without transacting any business as a mark of respect to the memory of Sarvashri P. Govinda Menon, D. Ering and four ex-Members.

said that the electoral rolls in Kerala were "spurious" and manipulated, the election held on the basis of "rigged" rolls would not be free and the people's opinion would not be reflected. He charged the Prime Minister with keeping alive in Kerala the Ministry led by Shri C. Achuta Menon even after the dissolution of the State Assembly in order to conduct the elections on the basis of rigged electoral rolls.

In support of his charge of concentration of power in the hands of Prime Minister, he pointed out that after the recent reshuffling of the Cabinet, she had not only taken over the powerful Home Ministry, but also the Intelligence Department of the Finance Ministry, the Departments of Electronics and the Department of Scientific and Industrial Research.*

Intervening in the debate, the Minister of Law and Social Welfare, Shri K. Hanumanthaiya, said that the Election Commission was solely responsible for fixing the dates of election and for preparation of the electoral rolls under the Representation of the People Act. "The Government is not in any way responsible for deletion or addition of names in the electoral rolls", he added.

Rising in defence of the Government policies towards the end of the debate, the Prime Minister, Shrimati Indira Gandhi rejected the demand for issuing direction to the Election Commission, and observed:—

"The Government is not here to interfere with the Election Commission or the Election Commissioner. And I would like to say that one of the things about which we can legitimately be proud in India since our independence is the fact that except for occasional isolated cases, our elections have been free and fair and gave the people unfettered opportunity to express their wish and the very fact that almost every party has had the opportunity of being elected to form a government, elected to power and also removed from power, is a proof, if proof is needed".

*Others who participated in the debate were: Dr. Ram Subhag Singh, Sarvashri M. R. Masani, Chandrajeet Yadav, Balraj Madhok, R. D. Bhandare, J. B. Kripalani, Sita Ram Kesri, D. K. Kunte, Bakar Ali Mirza, Bedabrate Jaria, M. Muhammed Ismail, Seth Govind Das, Sarvashri Era Sezhiyan, S. A. Dange, M. V. Krishnappa, A. K. Gopalan, S. N. Dwivedy, Dr. Karni Singh, Sarvashri D. N. Tiwari, Ashok Mehta, Pилоo Mody, Randhir Singh, M. L. Sondhi, P. Ramamurti and Vasudevan Nair.

Dealing with changes in the Departments, the Prime Minister said:—

“The three Departments which have been transferred to the Cabinet Secretariat are the Personnel Department, the Electronics Department and the Scientific and Industrial Research Department. The Department of Personnel has been newly constituted and placed under the Cabinet Secretariat, on the recommendation of the Administrative Reforms Commission.”

Regarding taking over of charge of Intelligence Agencies, the Prime Minister said that in England as well as in many other countries, Intelligence was directly with the Prime Minister.

Categorically denying the charge that the Government was subservient to the Soviet Union, the Prime Minister said:

“It was the biggest lie which had been constantly repeated in the House. . . . These charges are not going to deflect us from seeking friendship with all nations because the country's good requires it. And when the national interests demand it, we shall not hesitate to stand up against all nations. . . . India, free, sovereign, democratic India, shall never be a satellite of any country, however great or powerful.”

Referring to the concern expressed by various Members on unemployment problem in the country, she said:—

“I fully share the concern expressed in this House and outside about this growing problem. But the only lasting remedy for unemployment and under-employment particularly of the skilled personnel such as engineers and technicians lies in the vigorous implementation of the Plan and the inclusion of specially labour-intensive programmes. . . . The Plan outlay for the current year has been stepped up by about Rs. 400 crores especially with a view to bring some improvement in the employment situation.”

On land reforms, the Prime Minister said that it was not correct to say that the land reforms were not making any headway, “even in the State where we are in complete control”. She listed measures taken in West Bengal, Bihar, Maharashtra and U.P. “There has

never been greater consciousness, both at the Centre and in the States of the great importance of creating an equitable agrarian structure within the shortest possible time," Shrimati Gandhi declared.

Replying to the debate, Shri Madhu Limaye said that the Prime Minister had not answered all the charges levelled against her by him.

He alleged that the Cabinet Secretariat and the Prime Minister's Secretariat were being used by the Prime Minister for the purpose different from one for which they had been used in the past. He also said that the Army and Air Force were becoming more and more dependent on the Soviet Union.

The Motion was thereafter pressed to a division and negatived by 134 votes to 241.

The Constitution (Twenty-fourth Amendment) Bill*—Abolition of Privy Purses

Moving** a Bill seeking to delete the constitutional provisions relating to the Privy Purses, etc. on September 1, 1970, the Prime Minister, Shrimati Indira Gandhi, described the measure as historic for it represented not only an important step in the further democratization of our society, but also represented the momentum of social change in the country.

*The Bill was introduced in Lok Sabha on May 18, 1970.

**As soon as the Prime Minister rose to speak, Shri Atal Bihari Vajpayee (J.S.) objected to the discussion on the ground that under the recommendation of the President circulated among Members during lunch-break that day, the Bill was sought to be given the character of a money bill without the necessary financial memorandum accompanying it. Since the recommendation was not available at the introduction stage, he demanded that the Bill be withdrawn.

Supporting Shri Vajpayee's contention, Shri M. R. Masani (Swat.) said that by giving the Bill the character of money bill, Government sought to deprive the Rajya Sabha of its right to vote on a Constitution amending measure.

The Minister of State in the Ministry of Law, and Department of Social Welfare, Shri Jagannath Rao, replying to the objection, observed that though no recommendation of the President was necessary, yet in view of certain amendments, the recommendation had been obtained as a measure of abundant precaution.

The Speaker agreeing with the Minister's contention over-ruled the objection.

Commenting the Bill to the House, the Prime Minister observed:

“In the 20 years since the privy purse settlements were made, many things have changed. Many hereditary rights and unearned income have been restricted. We have done away with a series of privileges and vested interests. In Parliament and in the State Assemblies, we have adopted laws to check the concentration of economic power, both rural and industrial. Changes do bring difficulties and necessitate adjustments, but they are inevitable. Historical forces are irreversible.

“The continuance of hereditary titles, customary rights, special privileges and privy purses without any relatable functions and responsibilities is incompatible with our democratic Constitution, the spirit of the times and the demand of changed circumstances.”

Repudiating the reported claim of princes and others that the proposed measure was repugnant to morality, she remarked:

“It would be unthinkable for me to come before this august House, which represents the constituted will of our people, to ask them to enact something which is not in conformity with the precepts of morality.

.....History is replete with instances of customs, practices and enactments which were regarded as sacrosanct in one age and inhuman in the next. All the great reformers of our country have fought against customs and practices which were unjust and which perpetuated inequality. I am convinced that while there exists such poverty and inequality in our country there can be no immorality involved in wanting and working to end them.”

Regarding payment of transitional allowance etc. to princes, she observed:

“.....The actual payment of transitional allowance to be made to each ruler should be based on a multiple which would be higher for those with lower purses and lower for those with higher purses. The total payment would be such as would help the rulers to adjust to changed circumstances.”

Concluding her speech, she appealed to the House to show a sense of history and to consider whether princely order with attendant rights and privileges should continue indefinitely in a society striving for equality and social justice.

Opposing the Bill, Shri Morarji Desai (Cong.-O) described it as a "fraudulent and deceitful" piece of legislation, besides being "not consistent with the spirit of the Constitution and the undertaking" given therein. He observed that "the princes have given more than what they have received." In support of his contention, he quoted from Sardar Patel's speech made by him in October, 1949 in which he had said that it was a "small price" for their surrender of the ruling powers and the agreement to the dissolution of their former States.

Criticising the manner in which privy purses and princely privileges were now sought to be abolished, he felt sure "that the rulers would have agreed to give up their privy purses in the interest of the people" provided the "new arrangements" would have been arrived at consistent with their "honour and self-respect".

Referring to the main provisions of the Bill, he said that Articles 291, 362 and 366(22)—governing privy purses alone were sought to be repealed and not Article 363 which excluded covenants with princes from the jurisdiction of the Court, although the four Articles together formed as a "package deal". He pleaded that the princes should have the freedom "to go to the Court if they want to do so." He also demanded the inclusion of compensation scheme in the Bill itself as in the absence of such a scheme, the Government would be these had been granted under separate agreements and covenants.

Summing up his speech, he observed that passing of this Bill "does not mean that the privy purses and the privileges are ended" since these had been granted under separate agreements and covenants.

Shri Amrit Nahata (Cong.), supporting the Bill, said that one should not overlook the fact that the rulers were forced to join the Indian Union against their will, by popular movements after Independence.

Shri Sriraj Meghraj Ji Dhrangadhara (Swa.) described the move of the Government to deprive the princes of their purses and privileges "as a breach of faith by the State itself." He felt "it is not the handful of princes—now bereft of power—who will be dishonoured. . . . It is the honour of the Government, of the country, of Parliament and of the Indian people themselves, which is in balance."

Shri R. D. Bhandare (Cong.), supporting the Bill, said that keeping in view the fact that millions of people in our country suffered from poverty and starvation, there was no justification to allow certain privileges and purses to a few individuals.

Shri S. A. Dange (CPI) demanded the abolition of the princely order which took "an absolutely anti-democratic position" and strongly opposed the payment of any compensation to the princes.

Shri Chandra Jeet Yadava (Cong.) observed that special privileges of the rulers amounted to discrimination against the common man. The present Bill was thus brought forward to respect the wishes of the people.

Shri Atal Bihari Vajpayee (JS) opposing the Bill said that it was difficult to believe that an amount of Rs. 4 crores paid annually to the princes would better the lot of the people.

Counselling the Government to give the matter another thought before repudiating bilateral agreements unilaterally, he observed that the Government should consider the repercussions such an act would have in Bhutan and Sikkim with whom India had treaty relations.

Shri Rajdeo Singh (Cong.) said that this measure was long overdue and should have been brought forward ten years ago.

Shri Sezhiyan (DMK), supporting the Bill, said that grant of privy purses to rulers "was a political settlement by covenants and agreements but nowhere in the Constitution was it ingrained." Further "there is no directive in the Constitution" that the Government should pay it in perpetuity. He pleaded that "as the political situation changes, the political settlement has to change."

Shrimati Sushila Rohatgi (Cong.), disagreeing with the contention of various Members that compensation should not be paid to the princes, observed "those of us who are wedded to democracy—and democracy needs compromise and toleration—cannot yield to their arguments."

Shri J. B. Kripalani (UA) said that "every Government has the right to repudiate any treaty or promise that it has made. It does not require the sanction of the House." The Government, he said, took this step because it did not have the courage to exercise its unquestionable right to abrogate a treaty with the princes. Again by not abolishing Article 363 of the Constitution, the Government had acted in a cowardly manner, he added.

Intervening in the resumed debate on September 2, 1970, the Finance Minister, Shri Y. B. Chavan, informed the House that after the adoption of resolution by the A.I.C.C. at their Delhi Ses-

sion in regard to the abolition of privy purses and other privileges enjoyed by ex-rulers, he had held at least five discussions with the princes from November, 1967 to May, 1970. In his first talk, the Finance Minister said that he had informed the princes that the Government had taken a firm decision to do away with privy purses and privileges. But the princes instead of taking a realistic view of the situation stuck to the point that the Government had no business to change its position. As such they never entered into serious discussions to reach agreement, he pointed out.

The Finance Minister maintained that the agreements about the privy purses were not contractual agreements, but were political agreements. He argued that if one looked at the "whole scheme of the Constitution", it would be clear that the rights under these covenants or agreements, which were political agreements, "were inherently temporary rights", and therefore "it was the intention of the Constitution makers to keep these temporary agreements non-justiciable. That was the basic thing. It also meant by implication that the Constitution makers expected that some day this House also might change these privileges."

Defending the Bill, the Minister said that it was not a question of getting Rs. 4 or 5 crores by abolishing the privy purses; it was more a democratic matter to consider whether a selected few should have unearned income and hereditary privileges.

Shri P. Ramamurti (CPI-M) contended that there was no need for amending the Constitution since Article 366(22) empowered the President to de-recognise any or all princes.

Shri S. M. Joshi (SSP), welcoming the measure, remarked that it was a step in the right direction, but opposed payment of compensation. He suggested that some kind of "rehabilitation compensation" might be given to the princes so that they could be saved from being displaced.

Participating in the discussion, Dr. Karan Singh, Minister of Tourism and Civil Aviation, observed that "it would have been ideal if the change now sought to be made had been made by agreement." He regretted that "despite three years having elapsed since the decision to abolish privy purses and princely privileges was first announced," no agreement could be arrived at between the Government and the princes.

Referring to the position of his own purse, the Minister informed the House that he would "voluntarily fall in line with" in case the legal experts say that it is not affected.

Shri S. N. Dwivedy (PSP) said that the adoption of this measure would remove a slur on our Constitution." He maintained that "for all practical purposes the continuance of privy purses and privileges was undemocratic and unconstitutional."

Criticising the idea of transitional arrangements, he argued that "only property right can be compensated". He, therefore, sought an assurance from the Prime Minister "that there will be no negotiations with the princes on this question and no compensation whatsoever will be paid".

Dr. Karni Singh (UIP-G), opposing the measure, said that the Bill was politically motivated and "it is purely a stunt". He felt that "the real fact is that the forces in the country, those that are on these benches, supported by some Opposition parties, and those that sit on this part of the House collectively are trying to try out their strength, and the princes are only a pawn in the game."

For the Government's part, he said, "I feel this is diversionary tactics and an attempt to divert people's attention from the more pressing problems which called for urgent solutions."

Shri Prakash Vir Shastri (BKD) suggested that as important constitutional issues were involved in the matter, the Government should have referred the question to the Supreme Court. He felt that Government's action in abrogating the agreements with the rulers would reduce the credit-worthiness of the Government in international field.

Replying to the discussion spread over two days, the Prime Minister, Smt. Indira Gandhi, appealed to the Members to act in accordance with the spirit of time.

Regarding criticism that removal of privy purses might not solve the problems of poverty and unemployment etc., she observed:

"I am not saying that the removal of the privy purses is going to solve the poverty problem or the unemployment problem or any of the other problems. We have not said it at any time, nor am I saying it here. But it is a step in a particular direction in which the country wants to go, and the country will go in spite of anybody."

Commending the Bill to the House, she reiterated:

“The step we are going to take is an important step because in our segmented society, broken up by caste and creed, fragmented further by the concepts of hierarchy and graded privileges, a step, however small, which is directed towards the dissolution of vertical and horizontal division is a step in the direction of the democratisation of that society.”

Referring to the suggestion regarding referring the matter to the Supreme Court for advice, the Prime Minister said:

“Government has examined all the constitutional and legal implications of this Bill. We have taken legal advice on this matter of referring this whole question to the Supreme Court. But the advice of the highest law officers was that the proposed Bill is constitutional and legally in order and that it is, therefore, not necessary to refer the matter to the Supreme Court.”

Challenging the view that the Constitution had only put the seal of approval on agreements and contracts entered into before the Constitution came into force and that they would remain effective even if Constitutional sanction was withdrawn, she observed:

“This view is based on a misunderstanding of the nature of these agreements. They are not contracts between individuals. They were political settlements which were followed by the political acts of the President in recognising the rulers under the Constitution”.

In reply to a suggestion that the Government could abolish the privy purses without involving the Parliament, the Prime Minister said:

“From the nature of the merger agreements, it was possible for the Government to do so. However, Government preferred to bring about a change by the democratic method of discussion and ascertaining the collective will of the people as reflected in this House. Government's willingness to subject this proposal to a vote by the special majority required for a constitutional amendment reflects their desire to abide by the highest conventions of democratic processes.”

Giving clarification in regard to the criticism that continuance of Article 363 would deny the rulers the ordinary right of going to the Court of Law, she observed:

“This is surely a travesty of facts. The rulers have and will continue to have the same rights and remedies as ordinary citizens. Their recourse to courts is barred only in respect of the special privileges they acquired through a political settlement.”

The Prime Minister assured the House that question of transitional allowance shall not be left to individual bargaining, but the scheme “of the transitional allowance will come before Parliament, and the Members will have ample opportunity to speak about it. I am sure they will realise that in such a principle which we accepted there will be no scope whatsoever for individual bargaining.”

The motions in respect of the Bill for its various stages were adopted by the House, as required by a majority of the total membership of the House and by a majority of not less than two-thirds of the Members present and voting.*

ECONOMIC AND SOCIAL PROBLEMS OF WEST BENGAL

The House, on August 7, 1970, unanimously adopted the following Private Member's Resolution moved by Shri Indrajit Gupta (CPI) on the 1st May, 1970:

“This House is of opinion that, in the administration of West Bengal under President's rule, Government should give top priority to solution of urgent economic and social problems such as land reforms, unemployment, refugee rehabilitation, development of Calcutta, etc.”

Initiating the discussion on May 1, 1970, Shri Indrajit Gupta (CPI) had said “that about one and a half months had elapsed since President's rule had been promulgated in West Bengal and the experience showed that despite certain assurances which had been given by the Central Ministers, the administration in West Bengal at present

*For discussion on the Bill in Rajya Sabha, see Sessional Review: Rajya Sabha.

seemed to be concerned with almost everything except the social and economic problems which needed urgent attention and action".*

Accepting the resolution on August 7, 1970 the Minister of State in the Ministry of Home Affairs, Shri K. C. Pant said that the Government was most anxious that normalcy should be restored in West Bengal so that development programmes could be implemented vigorously.

He informed the House that the development of Calcutta had received the particular attention of the Government. After holding detailed discussions on this problem both with the State Government and the concerned Ministries of the Government of India, it had been decided to go ahead with the schemes for water supply, transport and repair of roads to the extent funds were available. He added that against an annual provision of Rs. 6.7 crores in the Plan, it would be possible to take up works upto Rs. 22 crores.

As regards land reforms, the Minister said, that in view of the special circumstances in which large scale forcible occupation of land took place during the year before the President's rule, Government had decided to recognise and regularise the present occupiers belonging to the eligible category.

Regarding refugee problems, he said that out of 1.2 lakhs who had come to West Bengal from East Pakistan upto July 29, 1970, more than 1.05 lakh refugees had already been dispersed to relief camps outside West Bengal and to the rehabilitation sites in the other States.

Continuing, he pointed out that it was not the duty of the Government alone to tackle the economic and social problems of West Bengal, but surely it was the duty of all political parties to create the necessary atmosphere in which economic activities could take place. What the State needed most urgently, he added, was "relief from the continuing state of tension and disturbances of law and order.

*Other Members who participated in the Debate were Sarvashri Samar Guha, S. S. Kothari, S. R. Damani, D. N. Patodia, Krishna Kumar Chatterjee, H. N. Hukerjee, Sardar Amjad Ali, Shrimati Ila Palchoudhuri, and Sarvashri Deven Sen, Chintamani Panigrahi, Ranen Sen, Sashi Bhushan, Shiva Chandra Jha, Bibhuti Mishra, Prabhu Dayal Himatsingka, Mohammad Ismail and Benoy Krishna Daschowdhury. Pl, See L. S. Deb., 1-5-1970, 15-5-1970 and 7-8-1970.

West Bengal budget and statutory resolution regarding President's proclamation in respect of West Bengal

The House, on August 25, 1970, passed the revised budget for the State of West Bengal for the year 1970-71 and also adopted the following Statutory Resolution moved by the Minister of State in the Ministry of Home Affairs, Shri Ram Niwas Mirdha, on August 20, 1970:

“That this House approves the continuance in force of the Proclamation dated the 19th March, 1970 in respect of West Bengal issued under article 356 of the Constitution by the President, for a further period of six months with effect from the 1st October, 1970.”

The combined debate* continued for three days. Replying to the discussion pertaining to the West Bengal Budget, the Minister of State in the Ministry of Finance, Shri Vidya Charan Shukla, countered the allegations regarding discrimination by the Centre against the State of West Bengal by quoting figures of the plan allocations and the Central assistance for the development of Calcutta. Besides, the Central investments made in the public sector projects in the State upto March, 1969 were four times as compared to the other most industrially developed State of Maharashtra.

Referring to the demand that Tea Auction Centre should not be shifted from Calcutta to Gauhati, the Minister expressed helplessness as the Central Government had no control over the matter. The Government would, however, ensure that the Tea Board did not close down its centre in Calcutta, he added.

Replying to the discussion pertaining to the Statutory Resolution, the Minister of State in the Ministry of Home Affairs, Shri K. S. Pant reiterated the Government stand that elections in the State would be held only when free voice of the people found proper expression and that they had a sense of peace and security to vote as they liked.

*The Members who took part in the debate were: Smt. Sucheta Kripalani, Smt. Ila Palchoudhuri Sarvashri A. K. Sen, N. K. Somani, Yajna Datt Sharma, R. D. Bhandare, G. Viswanathan, P. Venkatasubbaiah, Krishna Kumar Chatterji, P. Ramamurti, Chandrika Prasad, Sardar Amjad Ali, Sarvashri S. R. Damani, Samar Guha, Prakash Vir Shastri, P. D. Himatsingka, Benoy Krishna Daschowdhury, Chaudhuri Randhir Singh, Smt. Uma Roy and Dr. (Mrs.) Maitreyee Bose. For details Pl. see L.S. Deb., 20-8-1970. 21-8-70 and 25-8-1970.

Referring to the progress made in the State during the short spell of President's rule, the Minister stated that in addition to distribution of 15,405 acres of land to the landless agricultural labour, land reform measures had been enacted whereby the bargadar's share in the crop had been increased from 60 per cent to 75 per cent.

The law and order situation in the State, he said, could not be held as normal and prolonged efforts would be necessary to recreate a full sense of security among the people and consolidate conditions in which they could pursue their avocation peacefully. Referring to various steps taken by the Government to improve law and order situation in the State, he informed the House that with a view to preventing violence, not only recourse had been taken to Section 144 of the Cr. P.C., but the violation of it had been made a cognizable offence.

In the end he called for the active cooperation of all political parties and the people of the State for the restoration of law and order.

Migration of Hindu minorities from East Pakistan

A discussion under Rule 193 on a matter of public importance regarding "large scale migration of Hindu minorities from East Pakistan and the steps taken by the Government to check it" was raised on July 30, 1970 by Shri Kanwar Lal Gupta (JS). The notice of the Motion was tabled jointly by Sarvashri Kanwar Lal Gupta, S. M. Banerjee, Samar Guha, S. S. Kothari and Amjad Ali.

Initiating the discussion, Shri Kanwar Lal Gupta said that the continued exodus from East Pakistan in large number had posed a very serious problem. This problem did not concern Bengal alone; it affected the entire country. He added that Pakistan had openly flouted the Nehru-Liaquat Pact. Hindus were being driven out of East Pakistan in an organised manner. India should exert pressure both at diplomatic and economic levels to see that the problem was settled amicably, he said.

*For discussion in Rajya Sabha, see page 148 post.

*Others who participated in the debate were Smt. Sucheta Kripalani, Sarvashri Randhir Singh, N. K. Somani, S. Kandappan, Jyotirmoy Bosu, Deven Sen, Prakash Vir Shastri, F. H. Mohsin, Samar Guha, B. K. Daschowdhury and Smt. Ila Palchoudhuri.

Replying to the resumed discussion on August 11 1970, the Minister of Foreign Affairs, Shri Swaran Singh, said that the Government fully shared the concern and indignation of the Members on account of huge influx of Hindus from East Pakistan into India. Apart from human suffering, it had its grave political implications, he added.

Giving his assessment, he said the main reasons for the present exodus of Hindus from East Pakistan were : heightened sense of insecurity and the failure of the administration to protect the minorities. There had been increased incidence of crime against women and there was a general harassment of the minority community. There was also insidious communal propaganda and circulation of rumours that the minority community was being given land in India.

Reviewing the various remedial steps suggested to be taken at the political level to check the exodus, the Foreign Minister ruled out taking such extreme steps as breaking of diplomatic relations with Pakistan or claiming territory for rehabilitation of refugees. Terming them as "counsel of despair", he pointed out that such steps would only result in confrontation between the two nations. It would not certainly help in alleviating the suffering of the minorities in Pakistan. He maintained that safety and security of the minorities was the "undivided responsibility" of the respective Governments of India and Pakistan and all that India could do was to remind Pakistan of this. This problem, he said, could be tackled on a bilateral basis.

Referring to the suggestion regarding informing the international community about this large-scale migration from East Pakistan, he said that Indian Missions in foreign countries were being regularly apprised of the situation. They in turn were also informing the governments of respective countries. As for taking the matter to the United Nations or the Human Rights Commission etc., he said, it would not yield any result as these were forums of expression of opinion and had no authority under which they could act or provide any relief.

Sale of large number of girls from Kerala and other parts

A Calling Attention notice on the "reported sale of large number of girls from Kerala and other parts of the country to Europe to make them nuns forcibly and the steps taken by Government to check it" was tabled by Smt. Tarkeshwari Sinha, Sarvashari Kanwar Lal Gupta,

Choudhuri Randhir Singh, Era Sezhiyan and S. M. Banerjee. The matter was raised in the House on August 26, 1970 by Shri Kanwar Lal Gupta (JS).

Reply, the Minister of Foreign Affairs Shri Swaran Singh, assured the House that the Government viewed with concern the latest reports and a comprehensive inquiry had been undertaken by "our agencies in India and abroad". The Government of Kerala had also been requested to undertake similar inquiries. He added that on the basis of these inquiries, such remedial action as might be found necessary would be taken and the results of the inquiries as well as the action taken thereon would be placed before the House in due course.

Giving a background of these reports, the Foreign Minister said:

"A question had been raised in this House in 1968 in regard to the treatment meted out to Indian girls from Kerala, working as nurses in the Federal Republic of Germany. Inquiries made through the Indian Embassy as well as the Government of Kerala showed that upto 1968, about 262 girls had gone to the Federal Republic of Germany to be trained as nurses and that they were generally satisfied with their conditions of training and living. The Government of Kerala had made inquiries from the parents of the girls who had gone abroad and found that no complaints were being made.

In pursuance of another question, notice of which was received about a year ago, that some girls from Kerala were being sent abroad for initiation as nuns, after making some payments to their parents, inquiries were again made but nothing specific came to notice."

Answering questions, the Minister said that it was for the first time that in the *Sunday Times* of London on August 23, 1970 reports about this matter appeared, mentioning that they had uncovered cases of at least three girls in the Italian Convents who had suffered nervous breakdown because of home sickness.

As regards the question whether the girls had gone of their own accord, the Minister said that according to the inquiries made so far, they were grown-up girls and there was nothing to show that any coercion, inducement or force was used.

British Government's decision to resume arms sale to South Africa

A Calling Attention Notice on "British Government's decision to resume arms sale to South Africa" was tabled by Sarvashri H. N. Mukerjee, Nath Pai, Jyotirmoy Bosu, Bedabrata Barua and Deven Sen. The matter was raised in the House on August 3, 1970 by Shri H. N. Mukerjee (CPI).

Replying, the Foreign Minister, Shri Swaran Singh, said that the Government was greatly concerned over the British Government's declaration of intent to resume sale of arms to South Africa. He felt that any accretion of military strength would only strengthen South Africa's resolve to continue her policy of "apartheid", inevitably introduce a new element of tension and conflict, especially for the neighbouring African countries, and bring in power rivalry and cold war into the Indian Ocean region.

Commenting on British Government's justification for reverting to her former policy of supplying arms to South Africa on the grounds of broad defence needs in relation to the security of the trade routes, he said that this doctrine had no relation with existing realities.

He informed the House that the Prime Minister in a recent communication to the British Prime Minister had conveyed the Government's serious concern and misgivings over Britain's intention to arm South Africa, that India's Permanent Representative in U.N. had also drawn attention at Security Council meeting to the obligation of the international community to observe and implement the United Nation's Resolutions on arms embargo to South Africa*, and that the Government together with other like-minded countries, particularly African and Asian, would make concerted efforts to dissuade the British Government from resuming arms supply to South Africa.

Rejecting the demand for India's withdrawal from the Commonwealth, the Foreign Minister said that the organisation was now overwhelmingly Afro-Asian in character and the opinion therein, but for Australia and New Zealand, was against the resumption of arms supply. Turning down another demand regarding taking initiative in convening a meeting of Commonwealth in India, he pointed out that the

*The Security Council, at its meeting held on July 23, 1970, reiterated its earlier resolutions and called upon all States to ban the sale of arms to South Africa unconditionally and without reservations, whatsoever.

issue was coming up at the non-aligned summit due to meet in Lusaka.

Closure of BBC Unit in India

A Calling Attention Notice on the "reported expulsion of the BBC Correspondent and the decision to close down BBC Unit in India" was tabled by Smt. Tarkeshwari Sinha, Sarvashri Shashi Bhushan, Prakash Vir Shastri, Hukam Chand Kachwai and N. K. Somani. The matter was raised in the House on August 27, 1970 by Smt. Tarkeshwari Sinha (Cong.-O).

Replying, the Deputy Minister in the Ministry of External Affairs, Shri Surinder Pal Singh, stated that in view of BBC's refusal to suspend screening of "Ghost of India" and other televised films portraying India, its life and culture in a tendentious and distorted manner, the decision of the Union Government asking them to wind up their organisation in India with effect from the 29th August, 1970 would now be enforced. He, however, observed that by this decision, Government had not meant any animus against the British Government or people of that country.

Giving a detailed background to the whole controversy, the Deputy Minister stated that in June 1970 the BBC London exhibited two colour films entitled "Calcutta" and "The Bewildered Giant" directed and produced by Louis Malle and Dom Moraes respectively. Both the films were derogatory and biased against India. This fact was brought to the notice of the BBC and the Foreign Office, London by our High Commissioner in the U.K., pointing out that showing of such films was not conducive to the promotion of good relations between India and the U.K. The U.K. Foreign Office, while appreciating our point of view expressed their inability to intervene in the matter as the BBC was an autonomous Corporation, he said.

Continuing, the Deputy Minister said that notwithstanding our representations, the BBC TV started showing another serialized film of seven parts, called "L'Inde Fantome" (Ghost of India) from the 22nd July, 1970 onwards. After they had shown the fourth part of the serial despite our strong representations, the Government, he added, served notice both orally and in writing on the 14th August, 1970 on the BBC representative and correspondent in India asking him to wind up his operations in India.

Replying to a question regarding re-opening of the BBC Unit, the Deputy Minister contended that a distinction would have to be made further, when the BBC went on serializing the objectionable films, ignoring all requests and protests.

As regards the broadcasts by the Radio Peace and Progress, the Deputy Minister contended that a distinction would have to be made between criticism of political leader or political life and denigration of the culture and tradition of the whole country.

Showing of some Indian Territories as Chinese in Russian Encyclopaedia

On September 3, 1970, Shri Kanwar Lal Gupta (JS) moved a motion seeking to disapprove the Government's action in "not sending protest note in writing to the USSR Government for showing large chunks of Indian territory as part of China in Russian Encyclopaedia".

Commending the motion to the House, Shri Kanwar Lal Gupta observed that this cartographic error in Russian maps had been continuing since 1955 and the protests made by the Government had been of no avail. This cartographic error, if allowed to go unchecked, he said, would have serious repercussions. The Soviet Union should, therefore, be asked to issue a corrigenda to the Map. He also demanded of the Government to place on the Table of the House the copies of protest notes sent and the replies received from Russia.*

Intervening in the debate, the Minister of Foreign Affairs, Shri Swaran Singh said that the erroneous depiction of India-China boundary was of deep concern to the Government of India and the Government had been taking this matter up at the proper level with the Soviet Government since 1956. Apart from several verbal representations made through diplomatic channels both in Delhi and in Moscow, he added, written representations had also been made to the Soviet Government in 1956, 1958, 1966 and 1968.

†For the discussion in Rajya Sabha, see p. 146 post.

*The other members who took part in the debate were: Smt. Tarkeshwari Sinha, Dr. Sushila Nayar, Dr. Karni Singh, Sarvashri Sant Bux Singh, Tulsidas Dasappa, R. K. Amin, K. K. Sinha, S. Kandappan, Bhogendra Jha, H. Umanath, Janeshwar Mishra, Chanderjeet Yadav, Prakash Vir Shastri, Pilo Mody, Hem Barua, J. B. Kripalani, Syed Ahmed Aga, R. D. Bhandare, Randhir Singh, B. P. Mandal, S. M. Banerjee:

Continuing, the Minister stated that the Soviet Government in response to these representations, had assured India that delineation of maps had no political significance and that there should be no doubt about the Soviet Union's respect for India's territorial integrity. He assured the House that the Government would convey to the Soviet Union the degree of feeling expressed in Parliament over the matter.

Replying to the discussion, Shri Kanwar Lal Gupta reiterated that the Government should issue a White Paper about this matter and place the correspondence with the Soviet Union on the Table of the House. He also demanded that if the Soviet Union did not respond favourably to our protest notes, the Government should, as a retaliatory measure, publish maps showing Russian territory as belonging to China.

The House later on adopted the motion in the following amended* form :

"That this House in view of the Government of India's action to ban those USSR maps which show large chunks of Indian territory as part of China, recommends to the Government to ban or suitably black out all such maps published by foreign countries wherein any Indian territory has been shown as either disputed or in China or Pakistan."

INDO-G.D.R. Relations

In a statement made in the House on August 3, 1970, Minister of External Affairs Shri Swaran Singh said that the relations between India and G.D.R. had grown stronger over a wider range of subjects like technological economy and cultural matters during the past few years. The stage had now come when the Government felt that these growing economic, commercial, and cultural relations should be reflected officially by establishment of consular relations. The Consulates-General in their respective countries would be opened as soon as it was administratively possible, he said.

Disposal of Indian Property by Pakistan Government

A calling Attention Notice on the "reported decision of the Pakistan Government to dispose of Indian Property and the reaction of the Government of India thereto" was tabled by Sarvashri Kanwar Lal

*The amendment moved by Shri S. M. Banerjee was adopted.

Gupta, Rajendranath Barua, N.P.C. Naidu, N. K. Sanghi and Major Ranjeet Singh. The matter was raised in the House on August 11, 1970 by Shri Kanwar Lal Gupta (JS).

Replying, the Minister of Foreign Affairs, Shri Swaran Singh informed the House that during and soon after the 1965 conflict, the Government of Pakistan took over the Indian properties in Pakistan and declared them as enemy property. He said that the value of properties/assets so seized by Pakistan amounted to Rs. 109 crores approximately, while the Pakistan property seized in India valued at Rs. 27 crores only.

The Minister said that under Article VIII of the Tashkent Declaration signed in 1966, India and Pakistan had agreed to discuss the return of the property and assets taken over by either side in connection with the conflict. Soon after India had expressed its readiness to discuss the question, but Pakistan had not responded. In October, 1968, it was confirmed that Pakistan was disposing of by auction some of the properties and tender notices to this effect also appeared in Pakistan newspapers.

The Indian Government had been drawing Pakistan's attention to the Tashkent Declaration and pressing for reciprocal return of seized properties. The action of Pakistan Government was arbitrary and contrary to international law and a flagrant violation of the Tashkent Agreement. Pakistan was also told, he added, that India would not recognise the title to the property that Pakistan or any third party might claim to have acquired through such illegal sale by auction or other means. There had, however, been no positive response from Pakistan.

He also informed the House that India had not accepted Pakistan's contention that assets seized during the conflict became the property of the seizing Government whose legal right to their disposal was unquestionable.

Detailing measures for settlement of the problem, he said that the Government was of the view that the question of the return of properties should be settled bilaterally. Their efforts to this regard were continuing. Friendly countries had been kept informed of Pakistan's intransigent attitude in this regard, he added.

Answering questions, the Minister said that though the attitude of Pakistan in this respect had been not only intransigent but extremely indefensible by any standards of international behaviour, it would be

wrong for us to think in terms of breaking diplomatic relations with that country. He also turned down another suggestion that there should be no piecemeal talks with Pakistan on any subject and said that this would be a negative policy. He also did not agree to a suggestion of declaring Pakistan an "enemy country" because he felt that it was not a practical and proper approach to deal with a problem which required restraint and statesmanship.

Demand for New Steel Plant in Orissa

A discussion under Rule 193 on the demand for a new steel plant in Orissa was raised by Shri P. K. Deo (Swa.) on August 4, 1970. The notice of motion was jointly tabled by Sarvashri P. K. Deo and S. N. Dwivedi.

Initiating the discussion, Shri P. K. Deo criticised the Government for not conceding the demand of Orissa for a second steel plant purely on political considerations. Location of a steel plant, he said, should be viewed from a national perspective; otherwise it would result in high cost of production of steel which would contribute to the rise in prices of other goods and services and ultimately loss in exports.

He argued that the expansion of steel plant at Rourkela would not fulfil the aspirations of the people of Orissa.

Shri S. N. Dwivedi (PSP) said that economic considerations alone should weigh in the location of new steel plants. He deplored that while considering the location of the three steel plants in the country at the initial stage, the Government had lost sight of such vital factors as locational advantage and transport facilities but was led by some extraneous considerations. In order to meet the shortage of 7 million tonnes of steel in the Fourth Five year Plan, he urged that it was imperative that a new steel plant be set up in Orissa.*

Replying to a three-hour debate, the Minister of Steel and Heavy Engineering, Shri B. R. Bhagat, at the outset decried the *modus operandi* adopted by the people of Orissa and the State Government for pressing their claim for a steel plant.

*Sarvashri Chintamani Panigrahi, Sradhakar Supakar, S. R. Damni, H. N. Mukerjee, C. M. Poonacha, K. Suryanarayana, Brij Bhushan Lal, D. N. Tiwari, S. Kandappan, P. Ramamurti, Rabi Ray, Dr. Karni Singh, Sarvashri Jagannath Shinkre, S. N. Mishra, Tenneti Viswanatham and D. Amat also participated in the debate. For discussion in Rajya Sabha, see Sessional Review: Rajya Sabha.

As regards the demand of Orissa for a second steel plant, the Minister conceded that there were many points of suitability in that part of the country, but a decision would be taken on the basis of an integrated steel strategy on which the Government was working at the moment. The claim of Orissa, he said, would be considered at the time of selection of sites for more steel plants.

Regarding criticism about the allocation of only Rs. 110 crores in the Fourth Plan for the new steel plants, the Minister explained that the figure was kept deliberately low as only preliminaries on new steel plants would be completed upto 1972. The bulk of expenditure would be needed in the Fifth Plan when the actual construction would be commenced, he said.

Rise in Prices of essential Commodities

A Calling Attention Notice on "recent rise in prices of various essential commodities such as soap, vanaspati, drugs, steel etc." was tabled by Smt. Tarkeshwari Sinha and Sarvashri Atal Bihari Vajpayee, Samarendra Kundu, Kanwar Lal Gupta and Prakash Vir Shastri, the discussion was raised in the House on the 5th August, 1970 by Shri Atal Bihari Vajpayee (JS).

Replying, the Minister of Finance, Shri Y. B. Chavan, stated that though the prices of most essential commodities had remained stable in recent weeks, there had been some increase in the general price index for wholesale prices due to the short supply of industrial raw materials. Some price rise during the slack season was a normal occurrence, he added.

Reviewing the price movements of a number of commodities like soap, vanaspati, drugs and steel, he assured the House that the Government did not take a complacent view of this matter and would make a continuous assessment of various aspects of economic and fiscal policies which had a bearing on the price level.

Answering questions, the Minister refuted the suggestion that the Government had no price policy. He added that it was not possible to have a machinery which could ensure whether the prices prevailing in the market were the same as fixed.

The Finance Minister also did not agree to a suggestion that a Price Control Board should be set up as he felt that even in those countries which had such Boards there was a tendency for the prices to go up considerably. He added that a real solution to the problem

lay in increased agricultural production, food procurement, credit policies and the pace of investments and savings.

Manufacture of Cars and Scooters in Public Sector

In a statement made in Lok Sabha on August 10, 1970, the Minister of Industrial Development and Internal Trade, Shri Dinesh Singh said that the Government had decided, in principle, to the creation of an additional capacity of 50,000 cars annually in the Public Sector on a Proven Foreign design. Although the collaboration would be with a foreign company, the bulk of the machine tools required by the project would be procured within the country and maximum reliance placed on the local ancillary industries. The establishment of the car project and the subsequent expansion of the machine tools and automobile industry would create significant additional employment opportunities for the technical personnel in addition to the normal labour force that would be required.

The Minister explained that the estimated demand for cars at the end of the Fourth Plan was around 85,000 vehicles per year which would go up further in the Fifth Plan. The maximum production possible with the present capacity was less than 40,000 cars per annum and he expected the public sector project to fill the bulk of the gap that existed between the demand and supply. He added that the question of the augmentation of the manufacturing facilities in the existing units was also examined. Apart from their designs being old, the existing companies were heavily dependent on support from public financial institutions for their expansion. In the circumstances it was felt that it would be more advantageous to establish the factory in the public sector.

Continuing, he said that Government had also received a number of proposals from private parties for taking up the manufacture of passenger cars in the private sector. With a view to encouraging the growth of indigenous talent and resources, he added, Government have decided to issue Letters of Intent to such of the parties in the private sector as were prepared to take up the manufacture of cars based on completely indigenous designs and without requiring imports or allocation of foreign exchange.

In another statement made in the House on August 18, the Minister for Industrial Development and Internal Trade, announced that the Government had decided to set up a project for manufacturing 1,00,000 scooters annually, with a built-in provision for expansion, in the public sector with foreign collaboration since no indigenously developed design of a scooter was readily available.

Rise in Drug Prices

A discussion under Rule 193 on "the hardship caused by the abnormal rise in prices of drugs used by the common man" was raised in the House on August 20, 1970 by Shri Shri Chand Goyal (JS)*. The notice of the motion was jointly tabled by Sarvashri Jagannath Rao Joshi, Atal Bihari Vajpayee, Shri Chand Goyal, Prakash Vir Shastri, Bal Raj Madhok, K. Lakkappa and Samarendra Kundu.

Replying to the discussion, the Minister of Petroleum and Chemicals, and Mines and Metals, Dr. Triguna Sen explained that the main objectives of the Drug Price Control Order were:

- (a) to bring down the prices of essential drugs whose prices had generally remained high;
- (b) to evolve a scheme of price structure which could be applied uniformly to all firms and all products;
- (c) to curb excessive profits; and
- (d) at the same time to provide sufficient incentives to the industry to continue its growth from the basic stage, develop research facilities and expand in such a manner as to provide diversification of entrepreneurship etc.

Taking advantage of the huge protected internal market, the foreign—owned companies were earning a profit, after tax and before depreciation, which would bring their investment back within two years. The Government on the other hand, he said, was determined to ensure supply of drugs and medicines to the suffering humanity at reasonable prices. The Government would, therefore, not watch helplessly the unbridled profiteering by them at the cost of suffering humanity. He appealed to all concerned including the medical profession to cooperate in bringing down the drug prices. He said that Government had created a special cell in the Ministry of Petroleum and Chemicals for cost accounting of each formulation. This would enable the authorities to scrutinize the extent of the profit margin in each case, he added.

*The other Members who participated in the Debate were Shrimati Tarkeshwari Sinha, and Sarvashri Era Sezhiyan, Bedabrata Barua, N. K. Somani, Tenneti Viswanatham, Ramavatar Shastri, Jyotirmoy Bosu, D. K. Kunte, Shiva Chandra Jha and Manubhai Patel.

Separate flag for Tamil Nadu

A Calling Attention Notice on the "reported statement of the Chief Minister of Tamil Nadu about his letter to the Prime Minister regarding a separate flag for Tamil Nadu" was tabled by Smt. Sharda Mukerjee, Sarvashri Hardayal Devgun, N. P. C. Naidu, P. Viswambharan and S. M. Krishna. The matter was raised in the House on August 20, 1970 by Shrimati Sharda Mukerjee (Cong.0).

Replying the Minister of State in the Ministry of Home Affairs, Shri Ram Nivas Mirdha informed the House that "in June this year a proposal was received from the Tamil Nadu Government in which they had suggested the design of a standard to be flown by the Chief Minister and other Ministers of the State on their cars and residences. The National Flag and the emblem of the Tamil Nadu Government were both represented on the proposed design of the standard. The State Government were of the view that this standard, while keeping the status of the National Flag, would create a sense of distinction and identity especially when flown on the cars of the Chief Ministers and other Ministers and would help to identify the State concerned. As the matter had wide implications and had to be considered in all its aspects, the Minister added, the Government would take a decision after consultation with all the Chief Ministers.

Replying to a question, the Prime Minister Smt. Indira Gandhi pointed out that Tamil Nadu Government had not asked for a separate flag, "but only a standard which was not on par with the national flag but something along with it." Even today, she added, "every State has a separate emblem".

In reply to a demand from various Members for laying on the Table of the House the correspondence between the Prime Minister and the Chief Minister, she observed that it would become a precedent and the "Chief Ministers will be inhibited from saying many things which they want to put in writing."*

Land reform measures and movement for occupation of land

A discussion under Rule 193 on "land reform measures and the recent movement started by certain political parties for occupation of land" was raised in the House on August 19, 1970 by Shri Samar

*For discussion in Rajya Sabha, see page 147 post.

Guha (PSP)*. The notice of motion was jointly tabled by Sarvashri Samar Guha, Shri Chand Goyal, S. M. Banerjee, Shiv Kumar Shastri and Samarendra Kundu.

Replying to a five and a half hour-debate, the Minister of Food and Agriculture, Shri Fakhruddin Ali Ahmed gave an account of the land reforms legislation passed in various States, and said that where the legislation was not considered satisfactory, "action should be taken for amending it instead of adopting (the procedure of) violent methods to bring about changes".

Observing that implementation of land reforms had fallen "far short of expectations", the Minister said that land being a State subject, the Centre could only give guidance in these matters. In this connection he informed the House that Government was setting up an organisation in the Ministry to collect information from the States about the land laws they had enacted and their implementation. Before finalizing the strategy, the Minister said, a Conference of the Chief Ministers would be called very early to decide which land reform measures the various States were prepared to implement and to fix a deadline for it.

Referring to the problem of fixing of land ceiling, he said that this matter was discussed at the Chief Ministers' Conference in November, 1969 and there was a consensus that even though the ceiling might not be uniform, there were grounds for reducing it in a large number of cases; and, as a result of that decision, some steps had been taken in Kerala and Assam for the purpose of enacting laws which would bring down the ceiling to nearly 50 per cent of what had existed previously in those areas.

Expressing Government's disapproval of the movement of occupation of land started by various political parties, the Minister said that "this movement will not only not promote development, but retard agricultural production".

*The other Members who participated in the Debate were Dr. Ram Subhag Singh, Shri Bibhuti Mishra, Prof. N. G. Ranga, Sarvashri Randhir Singh, Atal Bihari Vajpayee, Naval Kishore, V. Krishnamoorthi, K. Suryanarayana, Jogindera Sharma, Vikram Chand Mahajan, Umanath, Syed Bedrudduja, Sitaram Kesri, Ram Sevak Yadav, Prem Chand Verma, Raghubir Singh Shastri, N. P. C. Naidu and Shashi Bhushan, please see Lok Sabha Debate, dated 19-8-1970.

Interim Relief to Central Government Employees

A discussion under Rule 193 on a matter of urgent public importance on the "growing discontentment among the Central Government employees throughout the country because of abnormal delay in the payment of interim relief" was raised on August 1, 1970 by Shri S. M. Banerjee. The notice of motion was tabled jointly by Sarvashri S. M. Banerjee, Samarendra Kundu, K. Ananda Nambiar and K. Lakkappa.

Initiating the discussion, Shri S. M. Banerjee (CPI)* contended that the prices of all essential commodities had shown an upward trend and this increase in prices had affected mostly the salaried persons. He urged the Government to pay interim relief to the Central Government employees without any further delay.

Replying to the resumed discussion on August 31, 1970, the Minister of State in the Ministry of Finance, Shri Vidya Charan Shukla, stated that the Government had in principle no objection to the payment of interim relief to the Central Government Employees. The very fact that they had referred the matter to the Pay Commission showed the Government's anxiety about the matter. The only thing, he observed, was that the Government wanted the payment to be based on some well-considered principles which could only be evolved and found out by an expert body like the Pay Commission. That body, he said, had been asked to expedite its recommendation on the subject, and according to Government information the Commission was giving the matter their most urgent attention. The Commission, he added, was in a very advance stage of their work and it seemed that they would be able to announce their recommendations "pretty soon".

Rejecting the suggestion for bilateral negotiations, the Minister pointed out that the issue was of a very complicated nature and required scrutiny by an expert body.

The Question Hour

During the Session, an average of 869 notices of questions per day with the maximum of 1,255 notices on August 7, 1970 were received.

*The other Members who participated were Smt. Tarkeshwari Sinha, Sarvashri Prem Chand Verma, J. M. Lobo Prabhu, M. L. Sondhi, G. Vishwanathan, R. Umanath, Deven Sen, Samarendra Kundu, Chandrika Prasad and Sheo Narain.

The following is the break-up of the total number of questions received the Session:—

Starred	..	20,888
Unstarred	..	787
Short Notice		927
		<hr/>
		22,602
		<hr/>

Admission of Questions

Out of the total notices of 21,675 both Starred and Unstarred Questions, 772 were admitted as Starred and 4,966 as Unstarred, the number of admitted questions during the Session representing about 26 per cent of the total number of notices received.

Short Notice Questions

Out of a total of 927 Short Notice Questions received, 10 Notices were admitted and answered on the floor of the House.

Daily average of Questions

Each Starred List contained 30 Questions whereas the average of questions in the Unstarred Lists came to 191 as against the maximum limit of 200 questions. Out of 30 questions in the Starred List, 5 questions on an average were orally answered in the House daily. The minimum number of questions orally answered was one on July 29, 1970 and maximum number of questions answered was 9 on August 27 and September 2, 1970.

Half-an-Hour Discussions

615 notices of half-an-hour discussions were received during this Session. Of these, 16 half-an-hour discussions were put down in the List of Business. The admitted notices covered 6 Ministries/Departments.

Out of 16 half-an-hour discussions put down in the List of Business, only 8 could actually be taken up.

Discussion twice postponed, taken up on a third day

Half-an-hour discussion regarding increase of Naxalite activities in the country by Shri Hem Barua, M.P. was originally fixed for August

19, 1970. The discussion could not be taken up on that day for want of time and it was then fixed for Wednesday, August 26, 1970. It could not be taken up on that day also for want of time. The Speaker, as a special case, decided that this half-an-hour discussion might be taken up on August 27, 1970 at 17.00 hours.

Ballot to determine list of Speakers

Members, as usual, evinced keen interest in participating in the half-an-hour discussions. As requests from the Members for participation in the discussion far exceeded the prescribed limit of 4, the names of members were balloted on the dates of discussions in order to determine the first four who might be permitted to ask a question each during the discussion. The results of the ballots, which were held in the presence of Members, were displayed on Notice Board in the Lobby for the information of Members.

Seventy-third Session—Rajya Sabha*

The Seventy-third Session of the Rajya Sabha which commenced on July 27, 1970 adjourned *sine die* on September 7, 1970. During the Session, the House held 30 sittings aggregating to 184 hours and 24 minutes. Some of the important discussions held and other business transacted by the House during the Session are briefly mentioned below:—

Showing of some Indian territory as Chinese in Russian encyclopaedia

On August 6, 1970, Shri M. K. Mohta called the attention of the Minister of External Affairs to the recent edition of the Great Soviet Encyclopaedia containing a political map of Asia showing large chunks of Indian territory as Chinese. The Minister of External Affairs, Sardar Swaran Singh, making a statement on the subject, said *inter alia*, that it was unfortunate that the Soviet publications had been continuously publishing maps indicating wrong delineation of India's northern boundaries in spite of repeated protests by the Government of India. He said that the matter had been taken up with the Soviet authorities who had assured the Government of India that they fully respected India's territorial integrity and any wrong depiction of boundaries in maps did not alter this basic Soviet stand.**

*Prepared by Research Unit, Rajya Sabha Secretariat.

**For discussion in Lok Sabha, see page 135 ante.

Demand of Tamil Nadu for Separate Flag

On August 25, 1970, Dr. Bhai Mahavir called the attention of the Prime Minister to the request of the Tamil Nadu Government for a separate State Flag. In a statement on the issue, the Minister of State in the Ministry of Home Affairs, Shri Ram Niwas Mirdha, confirmed the receipt, in June this year, of a proposal from the Tamil Nadu Government suggesting the design of the standard proposed to be flown by the Chief Minister and other Ministers of the State on their cars and residences. The Government, Shri Mirdha said, would take decision on this proposal after consultation with all the Chief Ministers. Replying to some of the points raised by some hon. Members,* the Prime Minister, Shrimati Indira Gandhi, observed:

“Whether it is the D.M.K. Government or any other Government in this country of any State or any Party, there is no question that the national flag is supreme and remains the only national flag for the entire country, from Kashmir to Kanyakumari, from the Eastern coast Area to the Western-coast Area.”

Some of the other important subjects on which the attention of the Ministers was called during the Session were:—

- (i) Reported attack on the Indian Consulate General in Saigon.
- (ii) Reported decision of the British Government to sell arms to South Africa.
- (iii) Mid-term poll in Kerala on September 17, 1970.
- (iv) Land Occupation Movements in different parts of the country.
- (v) Abnormal delay regarding grant of interim relief to Central Government Employees.
- (vi) Refusal by the B.B.C. to cancel further showing of the T.V. film serial presenting a distorted image of Indian way of life.

*Those who took part in the discussion were Sarvashri A. G. Kulkarni, K. L. N. Prasad, N. R. Muniswamy, Thillai Villalan, Bhupesh Gupta, A.*P. Chatterjee, L. K. Advani, R. T. Parthasarthy, M. M. Dharia, Mahavir Tyagi, A. D. Mani, G. A. Appan, N. G. Goray and S. N. Mishra, Leader of the Opposition. For discussion in Lok Sabha, see p. 142 ante.

Use of "Money power" in Biennial Elections

On July 28, 1970 there was an important short duration discussion under Rule 176 on the subject of 'use of money power in the recent biennial elections to the Rajya Sabha and implications thereof on the working and preservation of parliamentary democracy'.

Initiating a discussion on the subject, Shri Krishan Kant said that the matter was important and vital not only for Parliament but also for parliamentary democracy and institutions. Quoting late Dr. Rajendra Prasad, former President of India, Shri Krishan Kant observed that unless the use of money power in the elections was eradicated, democratic institutions in India would be reduced to a mockery. In order to maintain the parliamentary system in our country in full vigour, it was necessary for all the political parties to join hands and fight this menace. He also appealed to the Government to do something radical in this direction and, if necessary, even to change the election laws so that we may have a clean political set-up. Intervening in the discussion on behalf of the Government, Shri Jagannath Rao, Minister of State in the Ministry of Law and Social Welfare, indicated the concern of the Government with the problem high-lighted by Shri Krishan Kant. He also expressed the Government's intention to make suitable amendments in the Representation of the People Act so that free and fair elections to Parliament and State Assemblies could be ensured.

Clarifying the Government's stand further, the Minister of Law, Shri K. Hanumanthaiya, assured the House that the proposed Bill would be comprehensive that it would give full satisfaction to the House. He observed that this was not only a question of an individual Member or an individual party but it was a question of every party making a common effort towards a common goal. Other Members who participated in the discussion were: Sarvashri Mohan Lal Gautam, M. Srinivasa Reddy, L. K. Advani, Sheel Bhadra Yajee, Dahyabhai V. Patel, S. G. Sardesai, Triloki Singh, N. P. Shahi, Niren Ghosh, Banka Behary Das, G. A. Appan and Pranab Kumar Mukherjee.

Influx of Refugees from East Pakistan

On July 27, 1970, Shri Bhupesh Gupta moved the following motion:

"That the influx of refugees from East Pakistan in recent months and the steps taken by Government to rehabilitate them be taken into consideration."

While moving the motion, Shri Gupta laid stress on the humanitarian aspect of the problem and urged the Government of India to make suitable arrangements for rehabilitating the refugees. He also emphasised the need for opening a dialogue with the Government of Pakistan so that both the countries could develop friendship as enjoined by the Tashkent Declaration. Intervening in the debate on behalf of the Government, Sardar Swaran Singh, Minister of External Affairs, emphasised the international aspect of the problem and said that it was unfortunate that the Government of Pakistan had failed in its primary duty of protecting its citizens which was the basic reason for the influx of the refugees in recent months. He also assured the House that all possible steps would be taken to hold discussions with Pakistan so that the mutual obligations laid on both the countries by the various pacts like Nehru-Liaquat Pact, Mirza-Pant Pact and the Tashkent Declaration are fulfilled. This, he felt, would go a long way in normalising the Indo-Pak relations.

Explaining the rehabilitation aspect of the problem, Shri D. Sanjivayya, Minister of Labour and Rehabilitation, assured the House that this question would not be treated as one for which the responsibility should be borne by the Government of West Bengal alone, but that it would be considered as a national issue. He stated that the expenditure incurred on providing immediate relief would be reimbursed by the Government of India to the appropriate authorities. The Minister acknowledged with gratitude the service rendered by the Ramakrishna Mission and the Bharat Seva Sangam and appealed to all social welfare organisations to render service to these refugees.

At the end of the discussion*, the motion was adopted in the following form:—

“That the influx of the refugees from East Pakistan in recent months and the steps taken by the Government of India to rehabilitate them be taken into consideration and having considered the same, this House urges the Government to take all necessary steps for the quick dispersal and

*Members who took part in the discussion included Sarvashri Sundar Singh Bhandari, M. S. Gurupadaswamy, N. G. Goray, Akbar Ali Khan, A. P. Chatterjee, Mahitosh Purakayastha, Chitta Basu, A. D. Mani and Dwijendralal Sen Gupta. For discussion in Lok Sabha, see Sessional Review: Lok Sabha.

proper rehabilitation of the refugees and also to take every possible initiative in carrying forward India's correct policy of Indo-Pakistan friendship in the Tashkent spirit."

Location of Steel Plant in Orissa

The next important motion was regarding the location of a second steel plant in Orissa. On August 6, 1970, Shri Banka Behary Das moved the following motion:

"That the statement made by the Minister of Steel and Heavy Engineering in the Rajya Sabha on the 30th July, 1970 regarding the location of second steel plant in Orissa be taken into consideration."

Speaking on the motion, the Member said that it was quite evident that the demand for a second steel plant in Orissa was the demand not only of the people of Orissa but also of the entire nation. All the expert committees had given their reports that the case of Orissa stood on a very firm footing. From the point of view of cost also, Orissa had a better case than other places. Even the studies of the Planning Commission had shown that steel plants should be located only in the coal and the ore belt areas of this country.

Intervening in the debate on behalf of the Government, the Minister of Steel and Heavy Engineering, Shri Bali Ram Bhagat said that since Orissa had already a steel plant in Rourkela it was at present not considered necessary to locate another steel plant in that State. As for the Dastur and Company Report, to which Shri Das had drawn the attention of the Government, the Minister said that that Committee dealt only with pig iron complex and not the location of the steel plant. The Minister concluded with the assurance that in the site selection process the Government would certainly include Orissa and the case of that State would be considered along with those of others. The consideration will, of course, be on techno-economic factors together with the need for doing justice to industrially backward areas.*

*Those who took part in discussion were Sarvashri M. S. Gurupadaswamy, A. G. Kulkarni, Niranjan Varma, Godey Murahari, Lokanath Misra, Narayan Prasad Chaudhari, Bhupesh Gupta, Chitta Basu, K. P. Subramania Menon, Bipinpal Das, B. K. Mahanti, G. A. Appan and K. C. Panda. For discussion in Lok Sabha, see Sessional Review: Lok Sabha.

Fourth Five Year Plan

The Rajya Sabha had a full-fledged discussion in connection with the Fourth Five-Year Plan on the following motion moved by the Prime Minister, Shrimati Indira Gandhi, on August 11, 1970:

“That the Fourth Five-Year Plan 1969—74 laid on the Table of the Rajya Sabha on the 18th May, 1970 be taken into consideration.”

Moving the motion, the Prime Minister referred to the objectives of the Plan as also the policies needed to fulfil those objectives. She said that the stupendous problem before the country was to develop and implement the Plan of the people whose needs were not static but constantly changing. She admitted that the Plan was not a grandiose one, as indeed it could not be, because of the limited resources position of the Government. It was, she said, a modest effort for the fulfilment of the twin objectives, namely, the economic development of the country and the attainment of social justice.

Replying to the points raised by various Members during the discussion*, the Prime Minister observed:

“I think all of us have before us a vision of India, an India which is strong and prosperous, a country which will produce some day 100 million tonnes of steel per year and one billion kilowatts of power, when no family will know the pangs of hunger. But this vision has to be translated into reality through hard work and dedication and sacrifice.”

Deprecating the attitude of depression and pessimism displayed by some Members, the Prime Minister made the following observations:

“Some hon. Members have spoken with depression and pessimism. I do not share their attitude. I am optimistic and

*The following Members took part in the debate: Shri S. N. Mishra, Leader of the Opposition, Sarvashri Phool Singh, M. Ruthnaswamy, A. G. Kulkarni, T. Chengalvaroyan, Dr. Bhai Mahabir, Shri Sheel Bhadra Yajee, Dr. (Mrs.) Mangladevi Talwar, Sarvashri S. G. Sardesai, Krishan Kant, Dr. K. Mathew Kurian, Dr. Debiprasad Chattopadhyaya, Sarvashri M. K. Mohta, G. A. Appan, S. Sisodia, Raj Narain, M. M. Dharia, Banka Behary Das, T. N. Singh, Shrimati Vidyawati Chaturvedi, Sarvashri P. K. Mukherjee, K. S. Malle Gowda, Jairamdas Daulatram, Shrimati Purabi Mukhopadhyay, Shri Niren Ghosh, Shrimati Pushpaben Janardanrai Mehta, Sarvashri M. N. Kaul and Bipinpal Das.

know that the people are also optimistic about their future and the plan does not form part of their future.”

The International Situation

On August 26, 1970, the Rajya Sabha had a full debate on the international situation on a motion moved by Sardar Swaran Singh, the Minister of External Affairs, in the following terms:—

“That the present international situation and the policy of the Government of India in relation thereto be taken into consideration.”

Replying to the points raised by Members*, Sardar Swaran Singh made a broad survey of the foreign relations of the country and assured the House that the Government of India wanted to adhere to the policy of non-alignment, peace and anti-imperialism. The Minister felt that India should contribute its mite to end the terrible war which had gripped Indo-China. The Government, he said, continued to hold the view that the withdrawal from Vietnam starting with the American troops could open up a situation where the Paris peace talks might make some progress.

The Government, he said, hoped that sooner or later China would change her hostile attitude towards India and revert to the path of peace and reason. If China was willing to take concrete steps in this direction, India would not be lacking in response. So far as India's relation with the Soviet Union was concerned, the Minister appealed to the House not to mix the question of cartographic misrepresentation about Indian territories in maps drawn up in the Soviet Union with India's general relation with the Soviet Government. The relation between the two countries, he said, was one of cooperation in the field of economic and industrial field, in cultural and political matters and in the sphere of defence needs.

At the end of the discussion, the motion was adopted in the following form:—

“That the present international situation and the policy of Government of India in relation thereto be taken into con-

*Members who took part in the discussion included Shri Shyam Nandan Mishra, Prof. Saiyid Nurul Hasan, Sarvashri Niranjan Verma, Thillai Villalan, Arjun Arora, S. S. Mariswamy, Godey Murahari, A. P. Jain, M. C. Chagla, N. G. Goray, Bhupesh Gupta, Awadheshwar Prasad Sinha, A. P. Chatterjee, Prof. Rasheeduddin Khan, Sarvashri A. D. Mani, Hamid Ali Schamnad and Mohan Lal Gautam.

sideration and having considered the same, this House reiterates its adherence to the policy of non-alignment and peace, anti-colonialism and anti-imperialism and recommends to the Government to further strengthen this policy and carry it forward."

Statements on Government Policies

During this session two important statements were made by Ministers while making announcements of Government policies. One related to the question of Indo-G.D.R. relations. On August 3, 1970, the Minister of External Affairs, Sardar Swaran Singh, announced in the House that the Government had decided to establish diplomatic relations with the German Democratic Republic, on mutual basis, on the level of consulates-general.

In the second statement made on August 10, 1970, Shri M. R. Krishna, Deputy Minister in the Ministry of Industrial Development and Internal Trade, announced that the Government had decided in principle to create an additional capacity of 50,000 cars per annum in the public sector based on a proven foreign design.

Legislative Business

The legislative business of the Rajya Sabha during the session consisted, *inter alia*, of the following important measures:

(i) *The Delhi University (Amendment) Bill, 1970*

The object of this Bill was to permit all private students who were residing in Delhi to take the examinations conducted by the Delhi University. The legislation was necessitated in order to open up an avenue for those students who secured less than 40 per cent marks in their school leaving examinations and consequently could not get admission either in any of the colleges under Delhi University or in the Correspondence courses. The motion for the consideration of the Bill was moved and adopted on July 30, 1970, and the Bill was passed on the same date.

(ii) *The Supreme Court (Enhancement of Valuation for Civil Appellate Jurisdiction) Bill, 1969*

Under sub-clauses (a) and (b) of clause 1 of article 133 of the Constitution of India, the existing pecuniary jurisdiction of the Supreme Court for Civil appellate cases was Rs. 20,000. This Bill sought to raise the pecuniary limit for civil appeal to the Supreme Court, from

Rs. 20,000 to rupees one lakh. The main reason for this enhancement was that the value of any subject-matter had further depreciated and, therefore, it was considered that rupees one lakh should be the pecuniary value of any subject-matter for a suit. This was also the recommendation of the Law Commission as also the opinion of the Supreme Court. The motion for consideration of the Bill was adopted on August 3, 1970 and the Bill was passed on the same date.

(iii) *Indian Medicine and Homoeopathy Central Council Bill, 1968*

A motion for consideration of this Bill was moved in the Rajya Sabha in the last session on May 19, 1970 and thereafter the consideration was postponed to this session. The object of this Bill was to provide for the composition of a Central Council for the three systems of Indian Medicine, namely, Ayurveda, Siddha and Unani, in order to encourage a proper growth and development of these systems of medical care. (The original Bill which provided for a composite council for Homoeopathy and three systems of Indian Medicine was referred to the Joint Select Committee but on the recommendations of the said Committee, it was decided that a separate Bill providing a separate council for Homoeopathy might be brought forward separately). The motion for the consideration of the Bill was moved on August 4, 1970 and adopted on the following day. The Bill was passed with amendments the same day.

On September 3, 1970, the Rajya Sabha also discussed and passed another important measure, namely, the Patents Bill, 1970, as passed by Lok Sabha.

The Constitution (Twenty-fourth Amendment) Bill, 1970

Abolition of Privy Purses and Privileges

On September 4 and 5, 1970, the House took up for consideration the Constitution (Twenty-fourth Amendment) Bill, 1970 as passed by the Lok Sabha. The object of the Bill was to delete Articles 291, 362 (22) and 366 of the Constitution with the intention of discontinuing the Privy Purses and abolishing the privileges of the former Indian rulers. Moving the motion for consideration, the Prime Minister, Shrimati Indira Gandhi, observed:

“We are convinced that the indefinite continuance of hereditary titles and customary rights, special privileges and privy purses, without any relatable functions and responsibilities, are incompatible with the spirit of modern age, the

demands of the changed circumstances and the political and social evolution of the life of the nation along democratic lines."

On September 5, the motion for consideration of the Bill was put to the vote of the House and the House divided with Ayes : 149 and Noes : 75.

The motion was declared as not carried in accordance with the provisions of article 368 of the Constitution of India. The Bill, therefore, could not be passed.*

Continuance of President's Rule in West Bengal

On August 31, 1970 the Rajya Sabha considered a Statutory Resolution regarding the continuance of the proclamation issued by the President on March 19, 1970, in relation to the State of West Bengal. The Deputy Minister in the Ministry of Home Affairs moved the following Resolution:—

"That this House approves the continuance in force of the proclamation issued by the President on March 19, 1970 under article 356 of the Constitution in relation to the State of West Bengal for a further period of 6 months with effect from the 1st October, 1970."

Speaking on the Resolution, the Deputy Minister observed that a further period of President's rule will help that State to attain normalcy in the law and order situation and the extinction of un-lawful activities by anti-social elements. The Minister gave an account of the effective steps taken in this direction during the President's Rule and observed that an extension of the President's Rule was a must for the growth and development of West Bengal and the welfare of her people.

Privilege Issue against Goenka

On September 7, 1970, Shri Mahavir Tyagi, with the consent of the Chairman, sought the leave of the House to raise a question of privilege against Shri Ramnath Goenka. While seeking the leave of the House, Shri Tyagi said:

"I refer you to the reply given on Monday last by my honourable friend Shri Raghunatha Reddy on the question of Shri Ramnath Goenka utilising the National Company's funds

*For discussion in Lok Sabha, see *Sessional Review: Lok Sabha*.

for the purpose of buying IISCO's shares. While giving the detailed reply, we were given to understand that the matter was *sub-judice* and the matter was being inquired into and the case was going on. Two days later, we found a statement issued by Shri Ramnath Goenka. It is for you to see whether it is a contempt or whether it is a question of privilege or not. The Minister makes a statement and on that a private party—Shri Ramnath Goenka, who is my old personal friend, makes these observations. Thereby, even if he has committed a breach of privilege, I would not mind the case being inquired into by the Privileges Committee. After all, friendship does not mean that I should not do my duty. He says that the reply given by the Minister was absurd and maliciously misleading. Then he says that he is being prosecuted because of the critical attitude of "The Indian Express" against the Government. Well, if this is true, I would like to know, Sir, if one individual openly makes a statement, openly contradicting what the Minister himself has said,—it is really a serious question—who is right and who is wrong. If the Minister has committed a breach, well, it is a definite breach if a wrong reply has been given and if the reply is right, then the person who openly criticises the Minister has committed a breach of privilege."

On leave being granted, the House adopted the following motion, moved by Shri K. K. Shah, Leader of the House:—

"That the complaint of privilege against Shri Ramnath Goenka be referred to the Committee of Privileges with instructions to report to this House before the end of the next session."

Democracy arose from Men's thinking that if they are equal in any respect they are equal absolutely.

—ARISTOTLE

POLITICAL AND CONSTITUTIONAL DEVELOPMENTS IN STATES

(June 15—August 31, 1970)

Andhra Pradesh

Demand for Separate Telengana State

On June 16, 1970, the Telengana Praja Samiti President, Shri M. Chenna Reddy said that the Samiti—which has been functioning as a political forum of various groups and parties brought together on the Telengana issue—might soon be converted into a political party. Towards the end of July, the Samiti took a decision to turn itself into a political party by January 1971.*

On June 26, the Governor prorogued the Legislative Council which along with the Legislative Assembly was then in Session. On June 27, the Andhra Governor promulgated an Ordinance—"The Hyderabad Municipal Corporation (Amendment) Ordinance, 1970", dispensing with the necessity to hold elections to the Hyderabad Municipal Corporation for a period of two years and providing for the appointment of a Special Officer from August 3. The term of office of the existing corporators was to expire on August 3, 1970.†

On July 21, during an unscheduled discussion on the Ordinance in the Legislative Assembly, certain Opposition Members questioned its validity and insisted on clarification of certain points by the Advocate-General. Addressing the House on July 22, the Advocate-General stated that the power of the Governor to prorogue either of the Houses was untrammelled by any other provision and further that the Governor's satisfaction of the circumstances for the issue of an Ordinance being 'subjective' and not 'objective', it could not be questioned in any forum. However, passing orders on a stay petition on July 27, the Andhra High Court directed suspension of the Ordinance pending disposal of a writ petition challenging its validity.‡

**Hindustan Times*, June 17 and *Times of India* (Bombay) August 1, 1970.

†*Hindu*, June 27 and 28, 1970.

‡*Hindu*, July 22 and 23, 1970, *Hindustan Times*, July 23, 1970 and *Times of India*, (Bombay) July 29, 1970.

MLA'S detention referred to Privileges Committee

On July 30, six members of the Opposition moved a notice that the leader of the Telengana United Front, Shri N. Ramachandra Reddy, was wrongfully detained and prevented from discharging his duties as a member of the House. The notice stated that the said member was not produced before a Magistrate within 24 hours of his arrest on July 13 and that this constituted a breach of privilege.

Replying to the notice, the Home Minister, Shri T. Vengal Rao, said that on July 13 itself Shri Reddy was taken to Mahboobabad with the intention of producing him before the local Magistrate the next morning, but Shri Reddy complained of a heart attack; on medical advice he was immediately shifted to hospital. After obtaining a certificate from doctors that Shri Reddy was not in a position to be removed, police intimated all facts and reasons for not producing him before the Magistrate and applied for his remand for a few days. Later, on an application for bail on behalf of Shri Reddy before the Sessions Judge of Warangal on July 15, Shri Reddy was ordered to be released on bail. In the circumstances of the case, the Home Minister said, no breach of privilege was involved. The Speaker, however, held that the case needed a thorough probe into all its legal and factual aspects and referred the matter to the Privileges Committee.*

Speaker Resigns after clash with Government

On July 31, the Speaker of the Andhra Pradesh Legislative Assembly, Shri B. V. Subba Reddy, resigned after the House voted against an opinion held by him. According to the Speaker, delay on the part of three Ministers in placing certain Annual Reports and other papers before the House constituted contempt of the House. In some cases, he said, the delay had run to some years, despite the statutory obligation to place the paper before the House promptly. Two of the three Ministers apologised for the delay. The Chief Minister, while deploring the delay, contended that it did not constitute contempt of the House. The Speaker held that this was not a matter on which an apology from Ministers could be accepted, as several instances of a similar kind had occurred in the past. He then put it before the House to decide whether the delay constituted contempt or not. The result of the voting was: Ayes-60; Noes-86; abstention-1.

**Hindustan Times*, July 31, 1970.

After announcing the result of the voting, the Speaker said: "The House is of the opinion that no contempt has been committed. I have said already that, in my opinion, contempt has been committed. I should not be in the Chair, now." Calling on the Deputy-Speaker to occupy the Chair, he then took leave of the House and left. Later, in the evening, Shri Reddy sent his resignation letter to the Deputy-Speaker, Shri Vasudev Nair.*

Bihar

Increase in allowances and amenities of MLAs

The Bihar Assembly adopted, on July 1, 1970, the Legislators' Salary and Allowances (Amendment) Bill—a non-official legislation, seeking to enhance the salary and conveyance and daily allowances of Members. By this measure the salary of MLAs has been increased from Rs. 250 to Rs. 300, the conveyance allowance from Rs 50 to Rs 100 per month and the daily allowance from Rs 20 to Rs 30. The Bill also provides additional facilities to Members by way of Railway travel and telephone services. The new measure is tentatively estimated to cost the Exchequer Rs. 20 lakhs more per annum.†

Gujarat

Privilege Motion against Opposition Members

The resumed budget session of the Gujarat Assembly came to a close on June 18. A privilege motion against four Opposition members, who had earlier challenged before the State High Court the validity of the indefinite adjournment of the Gujarat Assembly on March 28 last, was referred to the Privileges Committee on the closing day. Moving the privilege motion, Shri Pratap Shah (Congress-O), said that the four members had committed a breach of privilege and contempt of the House inasmuch as they had resorted to challenging the validity of its proceedings before an outside agency. The four members, of their part, pleaded that they had moved the High Court to strengthen the dictates of justice and to uphold the rule of law and that it was not their intention to cast aspersions on the Chair or to show any disrespect to the House. Having heard the members, the Speaker said that there was a *prima facie* case for such a motion being brought forward. The motion was ultimately admitted and the issue referred to the Privileges Committee.‡

**Indian Express*, Aug. 1, and *Hindu* Aug. 1, 1970.

†*Indian Express*, (New Delhi) July 3, 1970.

‡*Free Press Journal*, Bombay, June 19, 1970.

Twenty-eight MLAs Quit Swatantra Party

Twenty-six Swatantra MLAs announced, on August 11, their resignation from the primary membership of the Swatantra Party and formed a separate regional party called the Gujarat Praja Parishad. The new party claimed to have a strength of 28 in the Assembly, including its leader, Shri Jaideepsinhji of Baria and his deputy, Thakore Chandrasinhji of Dhol, both of whom had resigned a week earlier*.

Kerala*Exit of Achuta Menon Ministry and Imposition of President's Rule*

On the advice of the Chief Minister, Shri Achuta Menon, the Kerala Governor dissolved the State Assembly with effect from June 26. A month later, on July 27, the Chief Election Commissioner announced that mid-term poll in the State would be held on September 17. Five days after the announcement of the date of the mid-term poll, the Achuta Menon Ministry resigned, and on August 4 President's rule was imposed in Kerala. This was the fifth time in 14 years (Kerala State was born in 1956) that the State of Kerala was put under President's rule. The President's proclamation under Article 356 of the Constitution and the Governor's report stating that he was "unable either to find another Chief Minister or to constitute a new Council of Ministers" were placed on the Table of the Lok Sabha on August 4, by the Minister of State for Home Affairs, Shri K. C. Pant.*

Maharashtra*Resignation of Revenue Minister*

Shri D. S. Desai, Maharashtra Revenue Minister, resigned from the Cabinet on July 4 and the resignation was accepted by the Governor the following day. While Shri Desai declined to give any reasons for his resignation at that time, later, at a public reception on August 2, he disclosed that he quit the Cabinet because of differences with the Government's approach to problems of vital concern to the poor and downtrodden masses.†

**Hindustan Times*, August 12, 1970.

***Hindustan Times*, June 27, July 28, August 2 and 5, 1970.

†*Hindustan Times*, July 5 and 6 and August 3, 1970.

Both Houses adjourned' following Opposition Pressure over Border Issue

The 14-year old Maharashtra-Mysore boundary dispute was the chief topic of discussion during the monsoon session of the Maharashtra Legislature. Early in the session, during the debate on a no-confidence motion against the Naik Ministry, the Opposition made the alleged failure of the State Government to settle the Boundary dispute as one of the main planks of its attack. The motion was defeated on August 11 by 177 votes to 48.*

But soon thereafter, the Opposition made persistent attempts to get the House adjourned *sine die* as a protest against the Union Government's alleged failure to solve the dispute. On August 18, while pressing for an adjournment motion on the Boundary issue, Shri K. N. Dhulup, leader of the Opposition, would not allow the conduct of any proceedings, if the ruling party did not agree on a *sine die* adjournment. On the adjournment motion being disallowed by the Deputy Speaker, Shri K. T. Girme, on the ground that a Calling-attention notice on the subject had been admitted and would be taken up on the following day, Opposition members raised slogans demanding immediate solution of the boundary dispute and adjournment of the House. Finding it difficult to conduct the proceedings, the Deputy Speaker then adjourned the House till 1.00 P.M. on the following day.**

Again, on August 21, as the House reassembled, the leader of the Opposition urged the Speaker, Shri T. S. Bharade, to adjourn the House *sine die*, to express the Marathi-speaking people's "strong feelings" over the delay in settling the dispute. As there were continuous interruptions and slogans-shouting by Opposition members, the Speaker adjourned the House till August 27.

On the same day (that is, August 21), a similar situation developed in the Maharashtra Legislative Council. Following a statement by the Chief Minister, Shri V. P. Naik, on the Maharashtra-Mysore border dispute, the Chairman, Shri V. S. Page, suggested that members discuss the issue without rancour. Opposition member, however, continued to obstruct the proceedings and, amidst noisy scene, the Chairman adjourned the House till August 27.***

*Free Press Journal, August 11, 1970 and Hindustan Times, August 12, 1970.

**Times of India, August 19, 1970 and Hindustan Times, August 19, 1970.

***Hindustan Times, August 22, 1970.

Orissa*Strains in Ruling Coalition: Jana Congress demands Mid-term Poll*

The existence of the 42-month-old Swatantra-Jana Congress Ministry in Orissa was threatened by differences between the two partners when, on August 6, the State Committee of the Jana Congress passed a resolution seeking dissolution of the State Assembly and a mid-term poll on the ground that only fresh elections could restore stability to any Government in the State. On August 17, the Chief Minister, Shri R. N. Singh Deo, told newsmen that in the event of the Jana Congress quitting the coalition, the Swatantra party would carry on the Government on its down. The Chief Minister, however, expressed the hope that the Jana-congress would have second thoughts on its resolution suggesting an immediate fresh poll in State.*

Subsequently, by a resolution adopted on August 24, the State Council of the Swatantra Party rejected the Jana Congress demand for a mid term poll in the State. It further authorised its President and the Chief Minister, Shri Singh Deo, to "take such steps as may be necessary to provide a stable administration to the people of Orissa till the next general elections so long as Government enjoys the confidence of the State Assembly."**

Punjab*Increased Allowances and Amenities for Legislators*

On June 27, the Governor promulgated four Ordinances to give more facilities, allowances and amenities to members of the State Assembly with retrospective effect from April last. The members' fixed monthly allowance was raised from Rs. 400 to Rs. 500, while the rate of daily "halting allowance" for attending Assembly sessions and official meetings was increased from Rs. 25 to Rs. 35. Each MLA would also now for the first time get a single nontransferable pass to travel free without any limit by buses of the State Roadways, and two first class non-transferable passes, one for himself and the other for his wife, to travel 8,000 kilometres free of charge, on each pass in a year

**Times of India* (Bombay), August 17, 1970 and *Hindustan Standard*, August 18 1970.

***Hindustan Times*, August 23, 1970.

by rail in India. Every member would also be entitled to have a telephone installed at any place within his constituency or at the place of his permanent residence.*

Break-up of Akali-Jana Sangh Coalition

Following differences over the affiliation of some colleges to the Guru Nanak University at Amritsar, the Jana Sangh, junior partner in the ruling alliance, separated itself from the Chief Minister, Shri Prakash Singh Badal's party—the Sant Akali Dal—on July 1. The final break-up was preceded by the resignation of all the four Jana Sangh Ministers in the Badal Cabinet on June 30. Their resignations were accepted by the Governor with immediate effect.**

Change of Affiliations

Within four days of the Akali-Jana Sangh split, as many as seven MLAs defected from the ruling Akali Dal, reducing its strength to 42 in the Assembly which had then an effective strength of 103, including the Speaker. However, on July 20, Shri Badal announced at a Press Conference that all the seven MLAs, who had left his party recently, had returned to his fold. Six of these MLAs were present at the Press Conference.***

In view of the political uncertainty created by the Akali-Jana Sangh split and the consequent defections, several opposition members alleged that the Badal Ministry no longer enjoyed the majority support in the Assembly.

The Governor issued a notification on July 8, summoning the Punjab Assembly for a special session on July 24, 1970.****

Congress (R)'s attitude towards Badal Ministry

On July 22, the Parliamentary Board of the Congress (R) decided to extend indirect support to Shri Badal by asking its party legislators to remain neutral during the voting on the no-confidence motion scheduled for July 24.@

**Hindustan Times*, New Delhi, June 29, 1970.

***Ibid.*, July 1, 1970.

****Hindustan Times*, July 5, 1970 and *Times of India* (Bombay July 21, 1970).

*****Hindustan Times*, July 9, 1970.

@*Hindustan Times*, July 22 and 23, 1970.

Censure motions against Badal Ministry fall through

As scheduled, the Punjab Assembly met in a special session on July 24. However, both notices of no-confidence motions, one sponsored by the C.P.I. and the other by the Jan Sangh, fell through for want of requisite support. The motions could gather the support of only 19 members against the minimum of 21 required to admit them. The supporters of the motions included all the 7 members of the Jan Sangh, the 8 members of the Gurnam Singh Group and the C.P.Is. 4 members. The 27 Congress (R) MLAs who were present in the House stayed neutral in accordance with the directive from their High Command.*

Rajasthan*Preventive Detention Ordinance*

The Rajasthan Preventive Detention Ordinance was promulgated by the Governor on June 17. The Ordinance empowers District Magistrates to take action against any person with a view to preventing him from acting in any manner prejudicial to the security of the State, maintenance of public order or maintenance of supplies and services essential to the community. The Ordinance provides that the maximum period for which any person can be detained in pursuance of any detention order under the Ordinance will be three months.**

Tamil Nadu*Salary and Facilities for Deputy Chairman, Government Whip and Leader of the Opposition*

The Government of Tamil Nadu decided to grant the Deputy Chairman and the Leader of the Opposition in the State Legislative Council a salary of Rs. 500, house rent allowance of Rs. 100 and conveyance allowance of Rs. 100 per mensem. They would also be provided with a car and the services of a stenographer each at Government cost. The Government Whip in the House would besides his existing salary of Rs. 250 per mensem, also receive house rent allowance and conveyance allowance of Rs. 100 each per mensem, a staff car and services of a messenger. These

**Hindustan Times*, July 25, 1970.

***Indian Express* (New Delhi), June 29, 1970.

facilities would be effective from June 1 this year pending necessary amendments to the Tamil Nadu Payment of Salaries and Removal of Disqualification Act, 1951.*

Uttar Pradesh

Government defeat during Snap Vote

The Charan Singh Ministry was defeated in the Vidhan Sabha on June 30, when a motion moved by the Chief Minister demanding suspension of an SSP member, Shri Anant Ram Jaiswal, was negatived by 117 votes to 115 in a sudden division. When the motion moved by the Chief Minister was lost by a margin of only 2 votes, the Opposition demanded that the Government should resign, as negativing of the Chief Minister's motion amounted to a vote of no-confidence in the Ministry. Rebutting the argument of the Opposition, the Education Minister, Shri Sripat Mishra, said that once the Speaker named a member it was obligatory on the part of the Leader of the House to move a motion urging for the suspension of the recalcitrant member, to protect and uphold the authority of the Speaker. The Government had accepted the result, but it did not affect the Chief Minister's position, he added. Later, during the day on June 30, the Chief Minister sought and the Assembly expressed, confidence in his Cabinet by a voice vote, without the Opposition demanding a division.**

Assembly division held "null and void"

Later, on July 8, the Speaker Shri A. G. Kher declared that the division that took place on June 30 on the Chief Minister's resolution seeking the suspension of the SSP leader Shri Jaiswal, was "null and void" and "infructuous". This decision was conveyed by letter by the Speaker to leaders of various parties after inquiring into the various irregularities in the division pointed out in the House. The irregularities found were, *inter alia*, that (i) some members had jumped into the House from the gallery to take part in the voting after the doors of the main hall and the lobby had been closed for the division (ii) signatures of some members present in the House or absent were found to be forged.

**Conparlist*, July 1970, p. 6

***Hindustan Times*, July 1, 1970.

Congress (R) Minister resigns

The Governor, on the advice of Chief Minister Shri Charan Singh, accepted the resignation of Information Minister, Shri Genda Singh—one of the representatives of the Congress (R) in the B.K.D.-led Ministry—on July 11, 1970. Shri Genda Singh, who had submitted his resignation on June 11, had not given any reasons in his resignation letter. But, in an interview on June 12, he was reported to have said that he had no “political differences” with the Chief Minister, whom he would continue to assist as a member.*

Expansion of Cabinet

On July 19, the five-month old Charan Singh Ministry was expanded for the second time to take into it two more Cabinet Ministers (including one who was already a Deputy Minister and was promoted to Cabinet rank), two Ministers of State and six Deputy Ministers, all belonging to the BKD, raising its strength to 46. Immediately after the new Ministers were sworn in at Raj Bhavan, a reshuffle of portfolios was announced affecting as many as 9 Cabinet Ministers. In the 46—member Ministry, the Congress (R) now had a strength of 26, comprising 13 Cabinet Ministers, 7 Ministers of State and 6 Deputy Ministers, while the BKD's representatives numbered 20 including 10 Cabinet Ministers, 2 Ministers of State and 8 Deputy Ministers. It may be recalled that after the exit of the C. B.Gupta Ministry, a 10—member BKD Ministry, led by Shri Charan Singh, was installed on February 17, 1970. To make it a coalition Ministry, it was expanded for the first time on April 19, to include Congress (R) representatives.**

UNION TERRITORIES

Delhi*DMC backs demand for Statehood*

The ruling Jana Sang Party in the Delhi Municipal Corporation, on August 3, joined the Opposition in demanding statehood for Delhi. At the weekly meeting of the Corporation on that day, a resolution urging the Central Government to take immediate steps to establish a State Assembly and popular set-up for the Delhi territory was unanimously adopted. The resolution was passed after an

*Ibid., June 12, 13 and July 12, 1970

**Hindustan Times, July 20, 1970

unscheduled discussion on the question of the future set-up of Delhi. An Opposition councillor raised the issue in view of the Union Government's decision to give statehood to Himachal Pradesh. The Mayor, Shri Hans Raj Gupta, allowed the discussion since both the ruling party and the Opposition supported the demand.*

In reply to criticism by some Opposition members, the Jan Sangh leader, Shri Kedar Nath Sahni, explained why his Party had resiled from its earlier opposition to the idea of statehood for Delhi. He said that the Jan Sangh had hoped that the Centre would do justice to the people of Delhi, but it had realised now that the Central Ministers were unhelpful and indifferent to the needs of Delhi, and Delhi's problems could be solved only if it had a full-fledged State Government.**

Goa, Daman and Diu

Split in the Ruling Party

In the later half of June, the ruling Maharashtra Gomantak Party was split by internal differences. On June 19, two Ministers, Shri Anthony D'Souza and Shri Gopal Rao Mayekar, submitted their resignations to the Chief Minister, Shri Dayanand B. Bandodkar. With the acceptance of their resignations on July 1, the strength of the Bandodkar Ministry was reduced to two. Meanwhile, on June 23, seven members of the ruling party, including the two who had resigned from the Cabinet announced withdrawal of their support to the Bandodkar Government. The "rebels" had elected the party Vice-President, Shri K. B. Naik as their leader in the Assembly. The party position in the 32-member Assembly (including the Speaker) as on June 25, was reported to be: Maharashtra Gomantak Party (Bandodkar group)—10, Maharashtra Gomantak Party (Naik Group)—7, United Goans Party—12, Independents—2, Speaker. †

On July 28, the seven "rebel" Maharashtra Gomantak MLAs met the Lt. Governor and handed over a letter formally withdrawing their support to the Ministry headed by Shri Bandodkar. They urged him to seek immediate resignation of Shri Bandodkar and to recommend to the President immediate dismissal of the Ministry. ††

**Indian Express* (New Delhi), August 4, 1970.

***Ibid.*

†*Hindustan Times*, June 20, 24 and July 2, 1970 and *Hindu*, June 26, 1970.

††*Hindustan Times*, July 29, 1970.

Meanwhile, there were reports of a "cross alliance" among members of the Maharashtra Gomantak Party and the United Goans Party—the main opposition group in the Assembly. The Maharashtra Gomantak Party rebels were reportedly ready to talk with the United Goans Party, while on the other hand some dissidents in the United Goans Party were said to have pledged their support to Shri Bandodkar to enable him to continue as the Chief Minister.*

Bandodkar Wins Confidence Vote

The existence of a "cross-alliance" was demonstrated when the Goa Assembly met in August in a special two-day session to test the strength of the Bandodkar Ministry. On August 21, at the end of a two-day debate, the Assembly adopted by 17 votes against 14 a motion moved by the Chief Minister, seeking confidence in his Ministry. In the voting, besides the 9 members of the Maharashtra Gomantak Party, two Independents, one nominated and five members of the United Goans progressive group voted for the motion, while seven members of the United Goans and seven Maharashtra Gomantak rebels voted against it.**

Himachal Pradesh

Centre accepts Himachal Plea for Statehood

The Union Government announced its decision in the Lok Sabha on July 31 to grant Statehood to the Union Territory of Himachal Pradesh. The Bill to give effect to the decision will be introduced in Parliament "as early as possible", said Shri K. C. Pant, Minister of State for Home Affairs, in reply to an unstarred question. The surprise announcement was actually made by the Prime Minister, Shrimati Indira Gandhi, who drew the attention of the House to the written reply, immediately after the Speaker announced that the Question Hour was over. Welcoming the Prime Minister's announcement, the Chief Minister of Himachal Pradesh, Dr. Y. S. Parmar, said that the announcement fulfilled the long-cherished desire of the people of Himachal Pradesh. @

**Hindustan Times*, July 24, 1970.

***Free Press Journal*, August 22, 1970.

@*Hindustan Times*, August 1, 1970

Manipur and Tripura

Demand for Statehood Conceded

An announcement regarding the acceptance in principle of the demand for grant of statehood to Manipur and Tripura was made by the Government of India in both Houses of Parliament on September 3, 1970. According to the Prime Minister, Shrimati Indira Gandhi, the Government appreciated "the aspirations of the people of Manipur and Tripura to have the status of their territories raised to Statehood, and fully realise the strength of feeling behind these aspirations. Government have taken note of the special circumstances of these territories. . . . We accept the demands in principle, but details have to be worked out keeping in view the importance of coordinated approach to the problem of development and security of the North-Eastern region. . . ."

The tyranny of a prince in an oligarchy is not so dangerous to the public Welfare as the apathy of a citizen in a democracy.

— MONTESQUIEU

BOOK REVIEW

Education, Science and National Development By D. S. Kothari,
Asia Publishing House, Bombay—New Delhi pages 96,
Price Rs. 12.00

Dr. D. S. Kothari, an eminent educationist and at present Chairman, University Grants Commission, needs no introduction. The present work, published in 1970, is largely a compilation of his two lectures delivered in Bombay in April, 1968, under the auspices of the Dadabhai Naoroji Memorial Prize Fund. Refreshing and illuminating for those engaged in the task of sorting out problems connected with the growth of education, it deals with the various challenges—such as, the medium of instruction, scientific and technological terminology, and quality of education—keeping in view the overall requirements of the community.

Tracing the history of education in this country. Dr. Kothari says: "Shakespeare was more important than *Ramayana* and *Shakuntala*, Greek and Latin more prestigious than Sanskrit and Arabic. . . . Ignorance of their own heritage led people to believe that it was not worthy of serious study. The centre of gravity of India's intellectual life, whatever it was, moved away from India, and has not been recaptured yet." Very few would disagree with this.

Despite the phenomenal growth in education since Independence, the number of illiterates in India is increasing obviously for the reason that the efforts have failed to keep pace with the population explosion. Seventy out of hundred adults are illiterate. Out of every hundred who enter primary schools, nearly half do not go beyond class IV. Thirty out of every thousand of the population in the relevant age-group are in higher education. Possibly, the only consolation could be that the "same phenomenon in varying degrees is met with in nearly all developing countries."

Referring to the "gap", Dr. Kothari has rightly regretted that there is inadequate appreciation of the role of education in the general development of the country. The lack of awareness is evident even at the highest political level. This might, primarily, be the

reason for non-acceptance of the Education Commission's recommendation that the total expenditure on education which is at present only 3 per cent of the gross national product should go up to 6 per cent by 1986. He has emphasised that the yearly growth of expenditure on higher education should be at least 20 per cent over the next five to ten years in view of the "critical" stage of educational development.

On the question of medium of instruction, Dr. Kothari has advocated the three-language formula, now virtually in abeyance all over the country. He has asked the people to set aside their prejudices and "see the language problem as part of a large sociological and evolutionary problem." To bring home the point, he has said that the people certainly need regional languages which should be further developed, but "even more so, we need to give them a new strength and a new purpose by making them part of a framework in which an important role would be that of the 'world language' and of an internal link language."

The last part of the book is devoted to "Knowledge and Commitment." The treatment of the subject is rather sketchy, with the result that Bhagwad Gita, Theodosius Dobzhansky, Mahatma Gandhi, Science and Spiritualism, Asoka and the lesson he drew from Kalinga, have got somewhat mixed up. A few more pages might have given the author better opportunity to develop his thesis.

Though small in size, the book provides valuable guidelines to the researchers interested in any of the topics discussed by Dr. Kothari. It has a good deal of reference value, although the figures are bound to become partly out of date over a period of time.

—KRISHAN KANT, M.P.

SUMMARIES OF BOOKS

*First Report from the Select Committee on Nationalised Industries.
(Session 1969-70) on BANK OF ENGLAND*

A Select Committee "to examine the Reports and Accounts of the Nationalised Industries established by Statute whose controlling Boards are appointed by Ministers of the Crown and whose annual receipts are not wholly or mainly derived from moneys provided by Parliament or advanced from the Exchequer" was set up in 1956. In 1969, the Bank of England was included in the Committee's Order of Reference with a stipulation that the Committee shall not examine the following activities of the Bank:

- (i) activities in the formulation and execution of monetary and financial policy, including responsibilities for the management of the gilt-edged money and foreign exchange markets;
- (ii) activities, as agents of the Treasury, in managing the Exchange Equalisation Account and administering Exchange Control; or
- (iii) activities as a banker to other banks and private customers.

The Select Committee appointed for the Session 1969-70 inquired into the working of the Bank of England. Part III of its Report discusses the application to the Bank of some of the principles set out in the Report of the Nationalised Industries Committee of 1967-68 on "Ministerial Control of the Nationalised Industries" and also covers the financial relationship between the Bank and the Government, and Part IV considers the question of accountability of the Bank to Parliament.

Control of Investment: The Treasury exercise no control whatsoever on the Bank's own "internal investment", having no statutory powers to do so. The Select Committee was disturbed to find that

*First Report from the Select Committee on Nationalised Industries (1969-70), pages (ii) and (vii).

the Bank, unlike other nationalised industries, does not employ the techniques of investment appraisal. As regards the argument that the Bank provides services and not a saleable product, it is no less important, say the Committee, that the costs of such services should be known. Although the Bank's activity in employing capital and labour may be "a very minor aspect of its activity as compared to its success or otherwise in managing the foreign exchange markets", the Committee observes that "without any external check on investment the Bank may be inclined to be less careful than other nationalised industries." The Committee have questioned the fact that "while other nationalised bodies employing public funds find themselves subject in their capital expenditure to various tests, the Bank should be subject to none."

The Select Committee have, therefore, recommended that "some attempt should be made to ensure that the Bank applies the same techniques of investment appraisals as are employed in relation to other nationalised industries".

Ministerial Directions: As in the case of other nationalised industries, the Bank of England Act, 1946 lays down that "the Treasury may from time to time give such directions to the Bank as, after consultation with the Governor of the Bank, they think necessary in the public interest". This provision has, however, never been used. The Select Committee have accepted the views of the Treasury that directions could be given only on matters of major policy in respect of which no Governor could fail to acknowledge the right of the Government to decide.

Publication of Accounts: Since 1964 the Bank has never published regular Accounts, other than the Weekly Bank Return and that Return, according to the Permanent Secretary to the Treasury, "does not give any clue to the specific problem of the general overall state of their accounts."

During evidence, the following arguments were advanced by the Bank|Treasury for non-publication of Accounts:—

- (1) There is no provision in the Bank of England Act of 1946 for publication of Accounts;
- (2) 275 years of history of non-publication of Accounts "ought not to be cast lightly aside";
- (3) A Central Bank needs flexibility in its operations, flexibility which it can exercise without what it is doing being detected *i.e.* the ability to do "good by stealth".

- (4) publication of accounts would threaten the Bank's independence.

The Select Committee have pointed out that the independence of the Bank is guaranteed by the Bank of England Act, 1946 and that publication of accounts in itself would not deprive the Bank's Court of its responsibility for the organisation of the Bank, its staffing, its method of working, its investment policy, etc. The Committee have cautioned that the over-riding importance of banking secrecy should not be allowed to obscure the issue and expressed the view that publication of accounts by the Bank would not hamper Bank's international obligations or its position and relationship with its customers. "Any institute which is protected by secrecy and shielded from scrutiny is in danger of becoming unselfcritical and complacent", the Committee add.

The Committee have accordingly recommended that "the Bank publish, or be required to publish, full accounts comparable in scope to those published by other nationalised industries", for these "accounts would form a basis for discussion of the Bank's efficiency and its problems". Figures in these accounts should be given under three broad heads (1) Assets and Liabilities (2) Income and Expenditure and (3) Profit and Loss. The Committee have recommended that the Annual Report should in future be published together with the annual accounts.*

The Select Committee are of the opinion that the publication of accounts would not cause any possible damage to the Bank's internal management or affect the present situation in which the Treasury exercised no influence on the selection of the Bank personnel below the level of Directors.**

Public Accountability: Though the Bank is not constituted like a Government department, it acts very much as an arm of Government in its operations in the markets, in its implementation of monetary policy, and particularly in its giving of advice to the Government. The Select Committee thought that "if the Bank is to be publicly accountable for its work in these directions it should be so primarily through the Treasury or to the same extent as the Treasury".

**Ibid.*, pages LXXVII to LXXX and LXXV.

***Ibid.*, page lxii.

The Select Committee have observed, "The problem created by the Bank's specially privileged position is that apart from the Bank Court there really is no judge of the efficiency of the Bank. At present an area of the Bank's activities—the Banking Department and what is sometimes called the affairs of the Bank—is left free of public supervisions to an extent that is not usual in public industries."*

Accountability to the Treasury: In order to make the Bank more accountable to the Treasury, a suggestion was made that the "head of the Treasury" should have a seat *ex-officio* on the Court of the Bank. This suggestion has not found favour with the Select Committee, because first the policy function of the Court is limited, secondly, it will not be in keeping with the practice of not appointing representatives of Government departments to sit on the boards of public bodies. The Committee have expressed the feeling that the Bank should publish accounts which would form a basis for discussion of the Bank's efficiency and its problems.**

Accountability to Parliament: At the end, while observing that "it is in the public interest that the facts should be known about public bodies", the Select Committee have expressed their belief that "proper interests of the Bank would in no way suffer if much of the traditional secrecy which has for so long surrounded its activities were to be dispelled", and that besides publishing its accounts the Bank ought to be answerable to Parliament in much the same way as other nationalised industries.

According to the Committee, the *raison d'être* of an inquiry by the Select Committee on Nationalised Industries is to benefit Members of Parliament by informing them about what the industry does, how it does it, and how it sees its functions in a wider context. The Committee have, therefore, expressed the hope that future Committees would review the work of the Bank with the benefit of full accounts.

The Committee also do not believe that "it need be any more difficult to preserve the balance between the right of Parliament to seek to learn how the Bank is being managed and the rights of management to get on with managing without outside interference, than it is in the case of other public corporations".

**Ibid.*, page lxxxiv.

***Ibid.*, page lxxv.

The general conclusions arrived at by the Select Committee are:

“In all principal respects the nationalised Bank of England, although unique in its status and responsibilities, should be treated with regard to its own affairs in the same way as other public corporations. The Bank should publish accounts. Its capital expenditure programme should be submitted to the annual investment reviews and the Bank should make use of the same objective criteria with regard to capital expenditure as do other public corporations. The Bank should make charges designed to recover costs for services, including those performed for the Government. The profits of the Bank, after appropriate provision for working capital and reserves should be surrendered to the Government. In respect of its own affairs the Bank should be examined from time to time by future Nationalised Industries Committees.

It is a matter for consideration whether in those areas where the Bank operates as an arm of Government its activities, along with those of the Treasury, should be subject to examination by a Select Committee on Economic Affairs.”

The Political Economy of International Oil and the Underdeveloped Countries by Michael Tanzer

[Published by Neacon Press Boston, 1969, pp. 433]

This study discusses the impact of oil on the underdeveloped countries within the broad context of the major international forces affecting this commodity which throughout its history has been a “political resource *par excellence*”. The title, “The Political Economy of Oil”, as the author observes, is meant to stress power relationships which dominate the international oil industry; for, this is an industry in which in a real sense the “economics” are simple while the “politics” are complicated.

The book is divided into three parts. Part One analyses the general position and goals of the major international forces affecting world oil—these forces being identified by the author as: (1) the international oil

companies; (2) Western home governments of the companies (3) the oil-exporting underdeveloped countries; (4) the Soviet Union; (5) world-organisations; and (6) the oil-importing underdeveloped countries.

The international oil companies comprise:

- (a) the seven major integrated international oil companies which essentially dominate the international oil industry (the "international majors")—Standard Oil of New Jersey, Royal Dutch Shell, Mobil, Texas Oil, Gulf Oil, Standard Oil of California, and British Petroleum; and
- (b) the 20—30 generally smaller oil companies which have ventured into the international oil industry during the 1950s and 1960s in a significant way (the "newcomers" or the "international minors")—e.g., Phillips Petroleum, Standard Oil of Indiana, ENI, etc.

The fundamental aim of all the companies, according to the author, is the same, viz. profit maximization.

In this Part issues—such as whether oil exploration should be undertaken by the State or instead left to private enterprise, location and ownership of oil refineries, costs and prices of oil transportation—are examined.

Part Two of the book furnishes a detailed analysis of the history of the petroleum industry in India over the last two decades. In this Part, the author describes the evolution of the Indian oil industry and discusses in detail government-oil company relations in the context of Soviet offer to provide cut-rate barter oil; the question of oil prices; the struggle over public *versus* private ownership of oil refineries in India; and the policies of crude oil exploration and oil by-products.

On the oil policy in India, the author *inter alia* observes:

- Over the last twenty years, oil policy in India has been the focus of a continuing series of struggles. The struggles have taken place between the Indian government and the foreign oil companies, as well as within the government, and have brought into play the power of foreign governments and international economic institutions.

- For the established international oil companies, the profitability of India has always been as an outlet for exter-

nal low-cost crude oil or refined products. Thus, for the companies the key goals have been maximum prices for their oil and control of the refining and marketing facilities. On the other hand, the concerns of the Indian government have been to minimize the foreign exchange burden in the oil sector and to ensure indigenous control through government ownership.

The Indian Government has pursued various policies aimed at reducing the country's dependence on the established majors, including: (a) trying to force reductions in the imported crude oil and refined products prices of the established majors; (b) working with other foreign oil companies through joint ventures; (c) expediting the development of government exploration, refining and marketing efforts, largely with Soviet aid. The Indian Government's efforts to dominate the oil industry in India have brought strong negative reactions from Western governments, particularly the United States, and the major international financial organizations, especially the World Bank. This Western pressure has been particularly obvious in recent years in the case of fertilizer projects, a frequent adjunct of oil refineries.

Basic Policy Choices

India, like other underdeveloped countries, faced three basic policy choices with regard to the crucial question of ownership in the oil industry: (1) having total government ownership, which in India would have meant nationalisation of the existing companies; (2) leaving it all to private enterprise, which in practice means private foreign oil companies (3) allowing both private and government activity, either in separate operations or in joint ventures. As to the policy actually pursued by the Government, the authors points out—

While the Indian government has been theoretically committed to the first of these alternatives, government monopoly, in practice it has chosen the third alternative, involving "peaceful coexistence," albeit with continual conflict. In the years since passage of the 1956 Industrial Policy Resolution reserving energy to the government, not only has the government failed to take complete control of the energy sector, but in fact the private sector in both coal and oil has continued to grow. Moreover, the "public sector"

growth in oil (and fertilizers) has partly been illusory. Joint-venture projects are now defined to be in the public sector if the government owns at least half of the equity even if operational control resides with the private sector.

The question of public *versus* private sector, the author reminds, is of the utmost practical significance for the development not only of the energy sector but the whole economy of an underdeveloped country. The basic reason is that in most underdeveloped countries the growth of the private sector in the crucial areas of mining and manufacturing for all practical purposes means the growth of foreign private investment. The difficulty with foreign private investment for the underdeveloped country, he points out, is that it generally remains concentrated in highly profitable, narrow segments of the economy, with the profits being exported to the foreign country rather than circulating throughout the indigenous economy, where it could stimulate widespread economic development.

Part Three contains case studies of underdeveloped countries like China, Mexico, Iraq, Argentina, Brazil and Cuba which have different energy and petroleum problems. Finally, the author summarises the problems, prospects and possible strategies of the underdeveloped countries in the sphere of international oil.

Oil Problems of Underdeveloped Countries

The author diagnoses the basic problems of the underdeveloped countries in the arena of international oil thus:

The international oil industry is presently dominated by vast, enormously powerful, private profit-maximizing corporations of developed Western nations, particularly the United States. The strength of these corporations partly derives from their control of various economic and geographic levels of the industry, and in particular of the huge quantities of low-cost crude oil in the oil-exporting underdeveloped countries. In addition, because within their own home countries the companies are powerful institutions as well as vital to the overall economy, they can usually count on the full support—economic, political, diplomatic and military—of their home governments and the Western-controlled international organizations in any struggle with the underdeveloped countries. This is particularly important because the economics of the international oil industry

generally bring the profit-maximizing goals of the companies into direct conflict with the economic development-cum-political independence goals of the underdeveloped countries.

Aims of International Oil Companies

Speaking of the broad aims of the international oil companies *vis-a-vis* the oil-importing underdeveloped countries, the author's analysis is that, in the matter of exploration, since the companies generally have large quantities of low-cost crude oil outside the oil-importing countries, they have little incentive to explore for oil within the countries and a great incentive to keep the governments from undertaking exploration. In the area of refining, the companies' main interest is in obtaining outlets for their external crude oil, hence they generally seek to prevent government ownership of refineries, particularly since this might lead logically to greater governmental efforts in the field of oil exploration. As for transportation, the companies' control over the international tanker fleet provides the underlying basis for reaching their goal of getting the higher profit-maximizing price for providing these services.

Future Trends in Oil Industry

Except in the event of a major collapse in the economies of the developed countries, the author is of the view that the demand for oil should increase over the foreseeable future. At the same time, the already proven physical supply of oil is so great as to be more than adequate to meet this demand. This supply, according to him, is, in fact, likely to increase even faster than the demand, thereby tending among other things to drive the price of oil lower in the future. This is basically due to the gap between price and cost in the international oil industry, which is still so great as to encourage cut-price marketing by those who already have large amounts of crude oil. Also, this gap will promote additional exploration for oil by new-comers in highly promising areas like North Africa. In the coming years one should expect much more vigorous overseas exploration programmes by French, German, Italian, and Japanese oil companies, possibly subsidized by their home governments.

According to the author, insofar as this results in continued price cutting, it raises opportunities for benefit to the oil-importing countries. At the same time, the dispersal of power within the international oil industry among more companies and countries offers the possibility to each oil exporting country to greatly strengthen its control over its own oil industry.

Some suggestions

In the end the author has some suggestions to offer. In the oil-importing underdeveloped countries, the government officials—the author suggests—ought to integrate into their planning the fact that, in the short run at least, oil is a scarce and expensive resource. Recognition of this can influence other key strategies such as the kind of transportation investment to be made or the types and location of industrial factories. This does not, however, obviate the fact that in the long run, unless these countries develop indigenous crude oil supplies, their economic development is likely to be hampered. It is so, because the country will have to rely on less desirable but locally available fuels or else will be forced to utilize scarce foreign exchange for oil imports.

In most oil-importing underdeveloped countries, if a major exploration effort is to be undertaken, the task will perforce fall to the State. Until the time an oil exploration effort is undertaken and proves successful, important opportunities still exist for the oil-importing countries to improve their oil position. One way would be for them to become increasingly knowledgeable about the economics of the international oil industry in general, and pricing in particular, so as to bring all possible power to bear to minimize the oil-import bill. Another possibility which might be pursued concurrently would be to attempt to work out mutually profitable State-to-State deals with the oil-exporting countries. From a long-run viewpoint, one economic basis for such arrangements lies in the fact that there is a large gap between the price paid for oil by the importing countries and the revenues received by the exporting countries, which gap is far greater than the real costs of production and transport.

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APPENDIX I

Statement showing the work transacted during the Eleventh Session of Fourth Lok Sabha.

1. PERIOD OF THE SESSION—27TH JULY TO 4TH SEPTEMBER, 1970	
2. NUMBER OF MEETINGS HELD—29	
3. TOTAL NUMBER OF SITTINGS HOURS—181 HOURS AND 05 MINUTES.	
4. NUMBER OF DIVISIONS HELD—18	
5. GOVERNMENT BILLS :	
(i) Pending at the commencement of the session	30
(ii) Introduced	11
(iii) Laid on the Table as passed by Rajya Sabha	5
(iv) Returned by Rajya Sabha with any amendment/recommendation and laid on the Table	Nil
(v) Referred to Select Committee	1
(vi) Referred to Joint Committee	Nil
(vii) Reported by Select Committee	2
(viii) Reported by Joint Committee	Nil
(ix) Discussed	13
(x) Passed	10
(xi) Withdrawn	Nil
(xii) Negatived	Nil
(xiii) Part-discussed	Nil
(xiv) Discussion Postponed	Nil
(xv) Returned by Rajya Sabha without any recommendation	3
(xvi) Pending at the end of the session	36
6. PRIVATE MEMBERS' BILLS :	
(i) Pending at the commencement of the session	257
(ii) Introduced	28
(iii) Laid on the Table as passed by Rajya Sabha	Nil
(iv) Returned by Rajya Sabha with any amendment and laid on the Table	Nil
(v) Reported by Joint Committee	Nil
(vi) Discussed	3
(vii) Passed	1*
(viii) Withdrawn	Nil
(ix) Negatived	1
(x) Circulated for eliciting opinion	Nil
(xi) Part-discussed	1
(xii) Discussion postponed	Nil
(xiii) Motion for circulation of Bill negatived	Nil

* (Amendments made by Rajya Sabha agreed to by Lok Sabha)

(xiv) Referred to Select Committee	Nil
(xv) Pending at the end of the session	283
7. NUMBER OF DISCUSSIONS HELD UNDER RULE 193	
(Matters of Urgent Public Importance)	
(i) Notices received	160
(ii) Admitted	9
(iii) Discussion held	9
8. NUMBER OF STATEMENTS MADE UNDER RULE 197 :	
(Calling-attention to matters of urgent public importance)	
STATEMENTS MADE BY MINISTERS	24
9. HALF-AN-HOUR DISCUSSIONS HELD	8
10. STATUTORY RESOLUTIONS :	
(i) Notices received	4
(ii) Admitted	2
(iii) Moved	2
(iv) Adopted	1
(v) Negatived	Nil
(vi) Withdrawn	1
11. GOVERNMENT RESOLUTIONS :	
(i) Notices received	} Nil
(ii) Admitted	
(iii) Moved	
(iv) Adopted	
12. PRIVATE MEMBERS' RESOLUTIONS :	
(i) Received	6
(ii) Admitted	6
(iii) Discussed	2
(iv) Withdrawn	Nil
(v) Negatived	Nil
(vi) Adopted	1
(vii) Part-discussed	1
(viii) Discussion postponed	Nil
13. GOVERNMENT MOTIONS :	
(i) Notices received	2
(ii) Admitted	2
(iii) Moved	Nil
(iv) Adopted	1
(v) Discussed	1 (Part discussed of last session)

14. PRIVATE MEMBERS' MOTIONS :		
(i) Received		342
(ii) Admitted		73
(iii) Moved		1
(iv) Adopted		1
(v) Discussed		2(1 Part discussed of Last session)
(vi) Negatived		Nil
(vii) Withdrawn		Nil
15. MOTIONS REGARDING MODIFICATION OF STATUTORY RULE :		
(i) Received		1
(ii) Admitted		1
(iii) Moved	}	Nil
(iv) Adopted		
(v) Negatived		
(vi) Withdrawn		
(vii) Part-discussed		
16. NUMBER OF PARLIAMENTARY COMMITTEES CREATED, IF ANY, DURING THE SESSION		Nil
17. TOTAL NUMBER OF VISITORS' PASSES ISSUED DURING THE SESSION		22793
18. MAXIMUM NUMBER OF VISITORS' PASSES ISSUED ON ANY SINGLE DAY, AND DATE ON WHICH ISSUED		1677 on 2-9-1970
19. NUMBER OF ADJOURNMENT MOTIONS :		
(i) Brought before the House	}	NIL
(ii) Admitted and discussed		
(iii) Barred in view of adjournment Motion admitted on the subject		
(iv) Consent withheld by Speaker		
(v) Consent given by Speaker but leave not granted by House		
20. TOTAL NUMBER OF QUESTIONS ADMITTED :		
(i) Starred		772
(ii) Unstarred (including Starred Questions converted as Unstarred Questions)		4,966
(iii) Short-notice Questions		10
21. NUMBER OF REPORTS OF VARIOUS PARLIAMENTARY COMMITTEES PRESENTED TO THE LOK SABHA		
(i) Estimates Committee		1
(ii) Public Accounts Committee		1
(iii) Committee on Public Undertakings		NIL
(iv) Business Advisory Committee		2
(v) Committee on Absence of Members from the sittings of the House		1
(vi) Committee on Subordinate Legislation		1

(vii) Committee on Petitions	1.
(viii) Committee of Privileges	1.
(ix) Committee on Private Members Bills and Resolutions	3
(x) Committee on Government Assurances	1
(xi) Committee on the Welfare of Scheduled Castes and Scheduled Tribes	3.
(xii) Joint Committee on Offices of Profit	1
(xiii) Rules Committee	NIL
22. NUMBER OF MEMBERS GRANTED LEAVE OF ABSENCE	8
23. PETITIONS PRESENTED	3
24. NUMBER OF NEW MEMBERS SWORN WITH DATES AND CONSTITUENCIES :	

Sl. No.	Name of Members sworn	Date on which sworn	Constituency
1.	Shri Avedh Nath	27-7-1970	Gorakhpur (Uttar Pradesh)
2.	Shri Niral Enem Horo	27-7-1970	Khunti (Bihar)
3.	Sbri Chandoolal Chandrakar	27-7-1970	Durg (Madhya Pradesh)

APPENDIX II

Statement showing the work transacted during the 73rd Session of Rajya Sabha

1.	PERIOD OF THE SESSION—27TH JULY TO 7TH SEPT. 1970.	
2.	NUMBER OF MEETINGS HELD.	30
3.	TOTAL NUMBER OF SITTING HOURS—184 HRS. 24 MIN.	
4.	NUMBER OF DIVISIONS HELD.	8
5.	GOVERNMENT BILLS :	
	(i) Pending at the commencement of the session	15
	(ii) Introduced	2
	(iii) Laid on the Table as passed by Lok Sabha	7
	(iv) Returned by Lok Sabha with any amendment/recommendation and laid on the Table.	2
	(v) Referred to Select Committee	NIL
	(vi) Referred to Joint Committee	1
	(vii) Reported by Select Committee	NIL
	(viii) Reported by Joint Committee	1
	(ix) Discussed	19
	(x) Passed	13
	(xi) Withdrawn	NIL
	(xii) Negatived	1
	(xiii) Part-discussed	NIL
	(xiv) Returned by Rajya Sabha without any recommendation	3
	(xv) Discussion postponed	1
	(xvi) Pending at the end of the session	9
6.	PRIVATE MEMBERS' BILLS :	
	(i) Pending at the commencement of the session	42
	(ii) Introduced	10
	(iii) Laid on the Table as passed by Lok Sabha	NIL
	(iv) Returned by Lok Sabha with any amendment and laid on the Table.	Nil
	(v) Reported by Joint Committee	NIL
	(vi) Discussed	2
	(vii) Passed	NIL

(viii) Withdrawn	1
(ix) Negatived	NIL
(x) Circulated for eliciting opinion	1
(xi) Part-discussed	1
(xii) Discussion postponed	NIL
(xiii) Motion for circulation of Bill negatived	NIL
(xiv) Referred to Select Committee	NIL
(xv) Pending at the end of the session	51
7. NUMBER OF DISCUSSIONS HELD UNDER RULE 176 :	
(Matters of Urgent Public Importance)	
(i) Notices received	43
(ii) Admitted	3
(iii) Discussion held	3
8. NUMBER OF STATEMENTS MADE UNDER RULE 180 :	
(Calling-attention to matter of urgent public importance)	
Statements made by Ministers	26
9. HALF-AN-HOUR DISCUSSIONS HELD	5
10. STATUTORY RESOLUTIONS :	
(i) Notices received	1
(ii) Admitted	1
(iii) Moved	1
(iv) Adopted	NIL
(v) Negatived	Nil
(vi) Withdrawn	1
11. GOVERNMENT RESOLUTIONS :	
(i) Notices received	1
(ii) Admitted	1
(iii) Moved	1
(iv) Adopted	1
12. PRIVATE MEMBERS' RESOLUTIONS :	
(i) Received	14
(ii) Admitted	14
(iii) Discussed	2
(iv) Withdrawn	1
(v) Negatived	NIL

(vi) Adopted	NIL
(vii) Part-discussed	1
(viii) Discussion postponed	NIL
13. GOVERNMENT MOTIONS :	
(i) Notices received	4
(ii) Admitted	4
(iii) Moved	3
(iv) Adopted	2
(v) Part-discussed	1
14. PRIVATE MEMBERS' MOTIONS :	
(i) Received	87
(ii) Admitted	42
(iii) Moved	2
(iv) Adopted	1
(v) Part-discussed	NIL
(vi) Negatived	NIL
(vii) Withdrawn	NIL
15. MOTION REGARDING MODIFICATION OF STATUTORY RULE :	
(i) Received	} NIL
(ii) Admitted	
(iii) Moved	
(iv) Adopted	
(v) Negatived	
(vi) Withdrawn	
(vii) Part-discussed	
16. NUMBER OF PARLIAMENTARY COMMITTEES CREATED, IF ANY, DURING THE SESSION	
	1
17. TOTAL NUMBER OF VISITORS' PASSES ISSUED DURING THE SESSION	
	5726
18. MAXIMUM NUMBER OF VISITORS' PASSES ISSUED ON ANY SINGLE DAY, AND DATE ON WHICH ISSUED	
	1010 (on 5-9-70)
19. NUMBER OF MOTIONS FOR PAPERS UNDER RULE 175 :	
(i) Brought before the House	NIL
(ii) Admitted and discussed	NIL
20. TOTAL NUMBER OF QUESTIONS ADMITTED :	
(i) Starred	767
(ii) Unstarred (including Starred Questions converted as Unstarred Questions)	1697
(iii) Short-notice Questions	4

21. NUMBER OF REPORTS OF VARIOUS PARLIAMENTARY COMMITTEES PRESENTED TO/LAID ON THE TABLES OF THE RAJYA SABHA :	
(i) Public Accounts Committee	1
(ii) Committee on Public Undertakings	NIL
(iii) Business Advisory Committee	NIL
(iv) Committee on Subordinate Legislation	NIL
(v) Committee on Petition.	NIL
(vi) Committee of Privileges	NIL
(vii) Committee on the Welfare of Scheduled Castes and Scheduled Tribes	3
(viii) Joint Committee on Offices of Profit	1
(ix) Rules Committee	NIL
22. NUMBER OF MEMBERS GRANTED LEAVE OF ABSENCE	5
23. PETITIONS PRESENTED	1

APPENDIX III

1. Statement showing the activities of the State Legislatures* during the period 1st May to 31st July, 1970

Session held	• Legislation • • • • •												Committee that met	
	Govt. Bills Passed		Private Mem-bers Bills Passed		Starred	Unstarred	Short Notices		Names		Sittings held	No. of reports presented		
	Recd.	Admtd.	Recd.	Admtd.	Recd.	Admtd.	Recd.	Admtd.	Names	Sittings held	No. of reports presented			
1	2	3	4	5	6	7	8	9	10	11	12			
Part of 17th Session (3 sittings)	1	29	35*		Andhra Pradesh Legislative Council								2	
One (From May 19 to July 3, 1970—29 sittings)	7	780	521		Bihar Legislative Council								5	
							207	153	Assurances Committee Business Advisory Committee	4				
									Housing Committee	3				

* During the period under review, the Legislatures of Haryana, Himachal Pradesh, Jammu and Kashmir, Madhya Pradesh, Maharashtra, Meghalaya, Mysore, Nagaland, Orissa, Pondicherry, Tamil Nadu and Tripura were not in session. Data regarding the working of the Committees in the Legislatures of some States, received from the concerned legislature Secretariats have been included in the statement. No information was received from the Legislature Secretariats of Andhra Pradesh (Assembly), Assam, Bihar (Vidhan Sabha), Jammu and Kashmir (Assembly) and Uttar Pradesh (Vidhan Sabha).

The statement does not include any statistics pertaining to West Bengal (where the Assembly was brought under Presidential Proclamation with effect from March, 19, 1970 and ultimately dissolved on July, 30, 1970) and Manipur. In the case of Kerala, where the Assembly was prorogued on March, 26, 1970 and dissolved with effect from June 26, 1970, the statement, contains information only regarding the number of sittings of the various legislative committees which met before the dissolution of the Assembly.

* includes previous session questions

Haryana Vidhan Sabha		
No Session	Committee on Government Assurances	13 ..
	Committee on Subordinate Legislation	18 ..
	Estimates Committee	11 ..
	Library Committee	3 ..
	Public Accounts Committee	11 ..
Jammu & Kashmir Legislative Council		
No Session	Committee on Government Assurances	1 ..
	Committee on Petitions	1 ..
	Committee on Privileges	4 ..
	General Purposes Committee	4 ..
	House Committee	1 ..
	Library Committee	2 ..
	Rules Committee	1 ..
Kerala Legislative Assembly		
No Session**	Committee on Estimates	4
	Committee on Govt. Assurances	2
	Committee on Petitions	3

* Budget Session which had been adjourned sine die on March, 28, 1970 met by order of the Speaker.

** Kerala Legislative Assembly was dissolved with effect from June 26, 1970. The last session of the Assembly was prorogued on March 26, 1970.

	1	2	3	4	5	6	7	8	9	10	11	12
Orissa Legislative Assembly												
No Session												
								
										Committee on Estimates		
										Committee on Government Assurances	5	
										Committee on Petitions	1	
										Committee on Public Accounts	8	
										Committee on Public Undertakings	9	..
										Committee on Subordinate Legislation ?	3	
Punjab Vidhan Sabha												
One (From July 24 to 28, 1970—3 sittings)	6	154	112	78	64	1	1	1	1	Business Advisory Committee	1	1
Rajasthan Vidhan Sabha												
One (May 11-20, 1970 (Seven Sittings)	2	623	145	264	173	17	6	6	6	Committee on Estimates	20	
										Committee on Govt. Assurances	18	
										Committee on Govt. Undertakings	30	..
										Committee on Petitions	17	1

Himachal Pradesh	
No Session	
..	Assurances Committee 7
..	Delegated Legislation Committee 10
..	Estimates Committee. 11
..	House Committee 3
..	Library Committee 4
..	Petitions Committee 2
..	Privileges Committee 1
..	Public Accounts Committee 19
..	Rules Committee 3
Tamil Nadu Legislative Assembly	
..	Committee on Estimates '6
..	Library Committee 2
..	Petitions Committee 1
..	Privilege Committee 2
..	Public Accounts Committee 11

APPENDIX IV

List of Bills passed by the Houses of Parliament and assented to by the President during the period 1st June to September 5, 1970.

S. No.	Title of Bill	Date of assent by the President
1.	The University Grants Commission (Amendment) Bill, 1970.	3-6-70
2.	*The Supreme Court (Enlargement of Criminal Appellate Jurisdiction) Bill, 1970.	9-8-70
3.	The Special Marriage (Amendment) Bill, 1970.	12-8-70
4.	The Army, Air Force and Naval Law (Amendment) Bill, 1970.	13-8-70
5.	The Dock Workers (Regulation of Employment) Amendment Bill, 1970.	28-8-70
6.	The West Bengal Appropriation (No. 2) Bill, 1970	29-8-70
7.	The Delhi Shops and Establishments (Amendment) Bill, 1970.	29-8-70
8.	The Indian Post Office (Amendment) Bill, 1970.	29-8-70
9.	The Delhi University (Amendment) Bill, 1970.	4-9-70
10.	The Appropriation (No. 3) Bill, 1970.	5-9-70
11.	The Contract Labour (Regulation and Abolition) Bill, 1970.	5-9-70
12.	The Appropriation (Railways) No. 3 Bill, 1970.	5-9-70
13.	The Patents Bill, 1970.	19-9-70

* Private Member's Bill.

APPENDIX V

Subject-wise List of Bills passed by the State Legislatures during the period 1st May to 31st July, 1970

Administration

ANDHRA PRADESH

1. The Hyderabad Municipal Corporation (Amendment) Bill, 1970.
2. The Andhra Pradesh Gram Panchayats and Andhra Pradesh Panchayat Samitis and Zilla Parishads Act (Amendment) Bill, 1970.†

GUJARAT

The Gujarat Municipalities (Amendment) Bill, 1970.

UTTAR PRADESH

*The U.P. Town Improvement (Amendment) Bill, 1969.

The U.P. Kshetra Samiti and Zilla Parishads (Short-Term Measures) Bill, 1970.

The U.P. Village Panchayat and Area Committee (Extension of Tenure) Bill, 1970.

The U.P. Abolition of Public Premises Contract (Re-enactment and Validation) Bill, 1970.

*The U.P. Public Land and Premises Law (Amendment and Validation) Bill, 1970.

The U.P. Muslim Wakf (Second Amendment) Bill, 1970.

†Passed on 3-8-1970.

*Awaiting assent.

Education**GUJARAT**

The Gujarat Education Cess (Amendment) Bill, 1970.

PUNJAB

The Punjabi University (Amendment) Bill, 1970.

Financial**BIHAR**

The Bihar Appropriation (No. 2) Bill, 1970.

UTTAR PRADESH

The U.P. Contingency Fund Bill, 1970.

The U.P. Motor Vehicles (Passenger Tax) (Amendment) Bill, 1970.

The U.P. Profession, Trade, Earnings and Employment Tax (Amendment) Bill, 1970.

The U.P. Excise (Second Amendment) Bill, 1970.

The U.P. Appropriation Bill, 1970.

The U.P. Appropriation (Regularisation of Excess Expenditure during 1964-65) Bill, 1970.

Land & Agriculture**BIHAR**

The Bihar Tenancy Law (Amendment) Bill, 1970.

*The Bihar Land Reforms (Amendment) Bill, 1970.

The Bihar Tenancy (Amendment) Bill, 1970.

The Bihar Consolidation of Holdings and Prevention of Fragmentation (Amendment) Bill, 1970.

*Awaiting assent.

*The Bihar Privileged Personal Land Tenancy (Amendment) Bill, 1970.

RAJASTHAN

The Rajasthan Tenancy (Second Amendment) Bill, 1970.

UTTAR PRADESH

*The U.P. Consolidation of Holdings (Amendment) Bill, 1970.

Parliamentary Affairs

BIHAR •

The Bihar Legislature (Members' Salaries and Allowances) (Amendment) Bill, 1970.

PUNJAB

• The Punjab Legislative Assembly (Allowances of Members) (Amendment) Bill, 1970.

The East Punjab Ministers' Salaries (Amendment) Bill, 1970.

The Punjab Legislative Assembly Speaker's and Deputy Speaker's Salaries (Amendment) Bill, 1970.

The Salaries and Allowances of Deputy Ministers, Punjab (Amendment) Bill, 1970.

RAJASTHAN

The Rajasthan Legislative Assembly (Officers and Members' Emoluments) (Amendment) Bill, 1970.

UTTAR PRADESH

The U.P. State Legislature (Prevention of Disqualification) Bill, 1969.

The U.P. State Legislature (Salaries and Allowances of Officers) (Amendment) Bill, 1970.

Social Welfare

PUNJAB

The Punjab Scheduled Castes Land Development and Finance Corporation Bill, 1970. •

*Awaiting assent

APPENDIX VI

Ordinances Issued during the period 1st June to 14th August, 1970

S. No.	Subject	Date of Promulgation	Date on which laid before the Houses	Date of cessation	REMARKS
Centre					
	The Delhi University (Amendment) Ordinance, 1970.	20-6-70	28-7-70	4-9-70	Replaced by Legislation
STATES					
Andhra Pradesh					
1.	The Hyderabad Municipal Corporation (Amendment) Ordinance, 1970	27-6-70	27-7-70		Replaced by Legislation
2.	The Andhra Pradesh Gram Panchayats and Panchayat Samitis and Zilla Parishads Acts (Amendment) Ordinance, 1970.	10-7-70	27-7-70		-do-
Bihar					
	The Bihar Tenancy Law (Amendment) Ordinance, 1970.	6-5-70	8-5-70		-do-
Haryana					
1.	The Punjab Sugarcane (Regulation of Purchase and supply) Haryana Amendment Ordinance, 1970.	31-3-70			
2.	The Punjab Agricultural Produce Markets (Haryana Amendment) Ordinance, 1970.	7-5-70			
3.	The Punjab Urban Immovable Property Tax (Haryana Amendment) Ordinance, 1970.	22-6-70			
Jammu & Kashmir					
1.	The Jammu & Kashmir Criminal & Election Law (Amendment) Ordinance, 1970.	11-6-70			

1	2	3	4	5	6
2.	The Jammu & Kashmir General Sales Tax (Amendment Validation) Ordinance, 1970.	22-6-70			
	Kerala				
1.	The Kerala Surcharge on Taxes (Amendment) ordinance, 1970	26-4-70			
2.	The Agricultural Income-Tax (Amendment) Ordinance, 1970	26-4-70			
3.	The Kerala Agricultural Workers' Payment of Prescribed Wages and Settlement of Agricultural Disputes Ordinance, 1970.	25-4-70			
4.	The Kerala General Sales Tax (Amendment) Ordinance, 1970.	14-5-70			
5.	The Kerala Drugs (Unlawful Possession) Ordinance, 1970.	15-5-70			
	Madhya Pradesh				
1.	The Madhya Pradesh Panchayat (Amendment) Ordinance, 1970.	15-5-70			
2.	The Madhya Pradesh Unoccupied Lands (Special Provisions) Ordinance, 1970.	26-5-70			
3.	The Madhya Pradesh Ancient Monuments and Archeological Sites and Remains (Amendment) Ordinance, 1970.	6-6-70			
4.	The Madhya Pradesh University Law (Amendment) Ordinance, 1970.	30-6-70			
5.	The Bhopal University Ordinance, 1970	1-7-70			
6.	The Madhya Pradesh Sahitya Upakram (Special Provision), (Amendment) Ordinance, 1970.	8-7-70			
7.	The Madhya Pradesh Agricultural Produce Markets (Amendment) and (Validation) Ordinance, 1970.	30-7-70			
	Mysore				
1.	The Mysore Sales Tax (Amendment) Ordinance, 1970.	9-6-70			
2.	The City of Bangalore Municipal Corporation (Amendment) Ordinance, 1970.	9-6-70			

1	2	3	4	5	6
Orissa					
1.	The Orissa Land Reforms (Amendment) Ordinance, 1970.	2-2-70			
2.	The Orissa Prevention of Land Encroachment (Amendment) Ordinance, 1970.	30-6-70			
Punjab					
1.	The Punjab Legislative Assembly (Allowances of Members) (Amendment) Ordinance, 1970.	24-6-70	24-7-70	11-8-70	Replaced by Legislation.
2.	The East Punjab Ministers' Salaries (Amendment) Ordinance, 1970.	24-6-70	24-7-70	3-8-70	-Do-
3.	The Punjab Legislative Assembly Speakers' and Deputy Speakers' Salaries (Amendment) Ordinance, 1970.	24-6-70	24-7-70	20-8-70	-Do-
4.	The Salaries and Allowances of Deputy Ministers, Punjab (Amendment) Ordinance, 1970.	24-6-70	24-7-70	3-8-70	-Do-
Rajasthan					
1.	The Rajasthan Land Revenue (Amendment) Ordinance, 1970.	2-6-70			
2.	The Rajasthan Legislative Assembly (Officers and members Emoluments) (Amendment) Ordinance, 1970.	11-6-70			
3.	The Rajasthan Preventive Detention Ordinance, 1970.	17-6-70			
4.	The Rajasthan Panchayat Laws (Amendment) Ordinance, 1970.	25-6-70			
5.	The Rajasthan Urban Improvement (Amendment) Ordinance, 1970.	15-7-70			

Lok Sabha

(Party-wise)

Sl. No.	Name of Party/Group	Strength
1.	Congress Party	224
2.	Congress Party (Opposition)	63
3.	Swatantra Group	35
4.	Jan Sangh Group	33
5.	D.M.K. Group	25
6.	C.P.I. Group	24
7.	C.P.I. (M) Group	19
8.	S.S.P. Group	17
9.	P.S.P. Group	16
10.	United Independent Parliamentary Group	26
11.	B.K.D. Group	10
12.	Unattached	26
	Vacancies	4
	TOTAL (excluding the Speaker)	522

II, Rajya Sabha

(As on August 4, 1970)
(State-wise)

Name of the State	Seats	Cong. res	Cong. res(O)	Swatantra	Jan Sangh	S.S.P.	P.S.P.	Communist	Communist(M)	Ind. I	Others
1	2	3	4	5	6	7	8	9	10	11	12
Andhra Pradesh	.	.	.	.	.	.	.	.	.	.	.
Assam	18	9	4	1	..	..	..	1	..	2	& I T.U.F.
Bihar	7	5	..	..	..	1	..	..	..	1	
Gujarat	22	8	3	..	2	4	1	2	2	2	
Haryana	11	..	7	2	..	..	..	..	..	2	
Jammu & Kashmir	5	4	1	..	..	..	..	..	..	..
Kerala	4	4	..	..	..	..	..	..	..	..
	9*	..	..	..	..	..	..	2	2	..	4 (**2 M.L.; 1 RSP; 1 ISF)
Madhya Pradesh	16	10	1	..	4	..	..	..	..	1	
Maharashtra	19	12	1	..	..	..	1	1	1	1	3 (@1 SMS; %2 Rep.)
Mysore	12	1	7	..	..	..	2	2	..	2	..
Nagaland	1	1	..	..	..	..	..	..	..	..	2 (Jana Congress)
Orissa	10	1	2	4	..	..	1	..	..	..	..
Punjab	7	3	..	..	1	..	..	..	..	..	3 (Akali Dal)
Rajasthan	10	5	1	1	2	..	..	..	..	..	1 (B.K.D.)
Tamil Nadu	18	1	4	3	..	..	..	..	1	1	8 (DMK; 2 ML)

	1	2	3	4	5	6	7	8	9	10	11	12
Uttar Pradesh	.	.	34	13	9	1	4	3	..	1	..	1 2 (B.M.P.D.)
West Bengal	.	.	16	3	1	..	..	..	2	5	2	4 (I.F., I.B. Marx; I.F.B.; I. Bangla Congress)
Delhi	.	.	3	..	1	..	2	..	..	..	..	..
Himachal Pradesh	.	.	3	3	..	..	..	..	..	..	..	..
Madhya Pradesh	.	.	1	1	..	..	..	..	..	..	..	..
Rajasthan	.	.	1	..	..	..	..	..	..	..	..	..
Tripura	.	.	1	1	..	..	..	..	..	..	..	1 (DMK)
Nominated by the President	.	.	12***	3	..	..	..	..	..	..	..	..
	240	88	42	12	15	8	15	8	5	9	8	15
	28											

*Vacancies 1 (Kerala 1)

& T.U.F. (Telengana United Front)

**M.L. (Muslim League)

@ S.M.S. (Sampurna Maharashtra Samiti)

%Rep. (Republican Party)

***Nominated Members are :-

1. Prof. Rasheeduddin Khan
2. Shri M.N. Kaul
3. Shri Uma Shankar Joshi
4. Shri Isiramdas Daulat Ram
5. Shri M.C. Setalvad
6. Dr. K. Ramiah
7. Shri J. Jayaram Chandraiah
8. Shri Ganga Sharan Sinha
9. Dr. H.R. Bachchan
10. Shri G. Sankara Kurup
11. Shri Joachim Alva
12. Prof. Saiyid Nurul Hasan

(of these 3 nominated Members have joined the Congress Party)

Rajya Sabha
(Party-wise)

Sl. No.	Name of the Party / Group	
1.	Congress Party	88
2.	Congress Party (Opposition)	42
3.	Swatantra Party	12
4.	Jan Sangh	15
5.	S.S.P.	8
6.	P.S.P.	5
7.	C.P.I.	9
8.	C.P.I. (M)	8
9.	Independents	15
10.	Others	28
	Total	230

(Excluding 9 nominated Members who do not belong to any party ; one is vacant).

III. State Legislative Assemblies

States	Seats	Cong (R)	Cong (O)	Swat.	J.S.	CPI	CPI (M)	SSP	PSP	Rep.	other Parties	Ind.	Nom.	Mus- lim	For- ward Block	DMK	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Andhra Pradesh (As on 1-5-70)	288	175	14	19	13	10	8	1	..	2	39a	12	1				284 aa	
Bihar	319	81	31	3	32	25	2	53	18	42b	28	1					316 bb	
Gujarat (as on 6-8-70)	168	7	88	52	1			1	3	..	16						168	
Haryana (as on 13-8-70)	81	53c	6		7					14d	1						81	
Jammu & Kashmir (as on 14-8-70)	75	62			4							3e	3				72f	
Madhya Pradesh (as on 18-8-70)	297	190	..	..	66	1	..	8	3	..	23g	5	1	..	..	..	296h
Maharashtra (as on 23-6-70)	271	191	13		5	8	2	6	7	2	22hh	11	1	1	1		270j	
Mysore (As on 10-8-70)	217	33	127						..	..	43k	12	..	..	..	..	215l
Nagaland (as on 10-6-70)	52	..	..	..	..	..	..	..	..	..	52m	..	..	..	..	..	52
Orissa (as on 14-8-70)	140	25	3	48	..	7	1	1	21	..	27n	5	..	..	..	..	139o
Punjab (as on 7-8-70)	104	28	..	1	7p	4	2	2	1	..	57q	2r	..	..	..	..	104
Rajasthan (as on 18-8-70)	184	113	1	28	18	1	..	6	..	..	11s	6t	..	..	..	..	184
Tamil Nadu (As on 1-6-70)	235	8	41	12		3	10	1	4	1	1u	3					231x	

Uttar Pradesh (as on 30-4-70).	426	136	7	4	42	4	1	32	3	98y	5	423
Goa, Daman & Diu (as on 1-8-70)	32									.29(i)	3	32
Himachal Pradesh (as on 12-8-70).	63	43(ii)		7	2						11	63
Pondicherry (as on 4-6-70)	30	7	3		3						2	15
Tripura (as on 13-8-70)	30	27			1	2						30

- a. Telengana United Front-28; Peoples Democratic Group-4, Jana Congress-7.
- aa. Excluding the Speaker; 3 seats are vacant.
- b. Janta-12, Loktantrik Congress Party-9, BKD-8, Shoshit Dal-6, Hul Jharkhand-7.
- bb. Excluding the Speaker; 2 seats are vacant.
- c. Including the Speaker
- d. Haryana United Front
- e. National Conference
- f. 3 seats are vacant
- g. Lok Sevak Dal-18; Pragatishheel Vidhayak Dal-4.
- h. 1 seat is vacant
- hh. Peasants and Workers-21, Hindu Sabha-1
- j. One seat is vacant.
- k. Samyukta Vidhayak Dal.
- l. Excluding the Speaker; 1 seat is vacant.
- m. Nagaland Nationalist Organisation (Ruling)-43, United Front of Nagaland-9.
- n. Jana Congress-25, Progressive-2
- o. Excluding the Speaker; one seat is vacant.
- p. One member has no voting right as per Supreme Court orders;
- q. Akali Party-49, Shiromani Akali Dal (Gurnam Singh Group)-7, Shiromani Akali Dal (Panj Kaunsaali)-1.
- r. Hon'ble Speaker and the Deputy Speaker,
- g. Bharatiya Kranti Dal.

- t. Including the Speaker.
 - u. Including 1 affiliated Member.
 - v. Tamil Arasu Kazhagam.
 - x. Excluding the Speaker; 3 seats are vacant.
 - y. Bhartiya Kranti Dal-94, Hindu Mahasabha-1, Muslim Majlis-2, Kisan Mazdoor Party-1.
- (i) Maharashtra Gomantak Party-17, United Gouans Party-12.
- (ii) Including 3 nominated.

N.B. Cong (B) in this statement stands for the Congress led by Shri Jagjivan Ram, and Cong. (O) for the Congress led by Shri Nijalingappa, both at the Centre as well as in the States.

1.

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