

Monday, 13th November, 1944

# COUNCIL OF STATE DEBATES

(OFFICIAL REPORT)

VOLUME II, 1944

(8th to 21st November, 1944)

## SEVENTEENTH SESSION

OF THE

## FOURTH COUNCIL OF STATE, 1944



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# CONTENTS

	PAGES.		
<b>Monday, 8th November, 1944—</b>		<b>Wednesday, 15th November, 1944—</b>	
Members Sworn	1	Questions and Answers	157—164
Questions and Answers	1—13	Motion <i>re</i> Food situation— <i>Continued</i>	165—207
Notices of Motions for Adjournment— Disallowed	13—16	<b>Thursday, 16th November, 1944—</b>	
Information promised in reply to questions laid on the table	16—19	Members Sworn	21
Statements, etc., laid on the table	19—35	Questions and Answers	209—21
Advisory Board of Archaeology	35—38	Bills passed by the Legislative As- sembly laid on the table	229
Message from His Excellency the Governor General	36	Resolution <i>re</i> Rights of Indians do- micated in Dominions, Colonies, etc.— <i>Continued</i> —Adopted	229—236
Committee of Petitions	36	Resolution <i>re</i> Recruitment of offi- cers for civil administration dur- ing the war—Negatived	236—253
Congratulations to recipients of Honours	37	Resolution <i>re</i> North Bihar epidemic—Adopted	253—260
Governor General's Assent to Bills	37—38	<b>Friday, 17th November, 1944—</b>	
Death of the Honourable Mr. Kumarsankar Ray Chaudhury	38	Questions and Answers	261—271
Statement of Business	39	Short Notice Question and Answer	271
<b>Thursday, 9th November, 1944—</b>		Statements, etc., laid on the table	271—278
Members Sworn	41	Standing Committee for the Depart- ment of Industries and Civil Sup- plies	278
Questions and Answers	41—46	Motion <i>re</i> Position of India s in South Africa—Adopted	279—283
Resolution <i>re</i> Temporary withhold- ing of a part of the pay of all persons in military service— Withdrawn	46—53	Statement of Business	303—304
Resolution <i>re</i> Coal situation— Negatived	54—71	<b>Monday, 20th November, 1944—</b>	
Resolution <i>re</i> Placing of all Special Tribunals under the control of High Courts or of a neutral De- partment—Withdrawn	72—75	Questions and Answers	305—315
Resolution <i>re</i> Rights of Indians do- micated in Dominions, Colonies, etc.— <i>To be continued</i>	75—79	Short Notice Question and Answer	315—316
Statement of Business	79	Statement, etc., laid on the table	316
<b>Monday, 13th November, 1944—</b>		Indian Patents and Designs (Tem- porary Amendment) Bill, 1944— Considered and passed	316
Bill passed by the Legislative As- sembly laid on the table	81	Coffee Market Expansion (Second Amendment) Bill, 1944—Consi- dered and passed	316—317
Resolution <i>re</i> Industrial Commis- sion to review existing industrial situation, etc.—Negatived	81—105	Delhi Joint Water and Sewage Board (Amendment) Bill, 1944—Consi- dered and passed	317
<b>Tuesday, 14th November, 1944—</b>		Public Debt (Central Government) Bill, 1944—Considered and passed	317—324
Members Sworn	107	<b>Tuesday, 21st November, 1944—</b>	
Questions and Answers	107—118	Members Sworn	325
Notice of Motion for Adjournment— Disallowed	118—120	Questions and Answers	325—332
Bills passed by the Legislative As- sembly laid on the table	120	Short Notice Question and Answer	332
Standing Committee for the Depart- ment of Industries and Civil Sup- plies	120	Information promised in reply to questions laid on the table	332—354
Advisory Board of Archaeology	120	Statements, etc., laid on the table	354—361
Motion <i>re</i> Food situatio— <i>To be continued</i>	120—156	Resolution <i>re</i> Permanent food and agriculture organisation of the United Nations—Adopted	361—378

## COUNCIL OF STATE

Monday, 13th November, 1944

The Council met in the Council Chamber of the Council House at Twelve of the Clock, the Honourable the President in the Chair.

### BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules I lay on the table a copy of the Bill further to amend the Code of Criminal Procedure, 1898, for certain purposes, which was passed by the Legislative Assembly at its meeting held on the 10th November, 1944.

### RESOLUTION RE INDUSTRIAL COMMISSION TO REVIEW EXISTING INDUSTRIAL SITUATION, ETC.

THE HONOURABLE THE PRESIDENT: Honourable Members, we will now proceed with the discussion of the Resolution which has been postponed to this Session. To that Resolution the Honourable Mr. Hossain Imam has given an amendment. I shall therefore first call upon Mr. Hossain Imam to move his amendment.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : May I, Sir, just crave your permission to just read the amendment and reserve my speech till the end ?

THE HONOURABLE THE PRESIDENT: That is very unusual. You will take all the consequences. I will not be responsible for it afterwards. I have never heard of a thing like this, to read the amendment and not make a speech. The usual thing is for the Honourable Member who moves the amendment to make a speech.

THE HONOURABLE MR. HOSSAIN IMAM: Will I have a right of reply ?

THE HONOURABLE THE PRESIDENT: On an amendment you do not have the right. I cannot help that. I am not going to change the usual procedure.

THE HONOURABLE MR. HOSSAIN IMAM: Then I would rather not move the amendment.

THE HONOURABLE MR. M. N. DALAL (Bombay : Non-Muhammadan) : If he does not move the amendment, are the other members who have already spoken at the last session entitled to speak now.

THE HONOURABLE THE PRESIDENT: If he does not move the amendment, those Honourable Members will not be entitled to speak. But I shall not put the amendment to the vote then.

THE HONOURABLE MR. M. N. DALAL: Would it be possible with the permission of Government to let him move the amendment now and let him speak on it later on ?

THE HONOURABLE THE PRESIDENT: I am not going to depart from the usual procedure. The debate will proceed. The Honourable Mr. Dalal.

THE HONOURABLE MR. M. N. DALAL: I have already spoken on this Resolution at the last session, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : May I make a suggestion ? I have already spoken because I moved the Resolution which stands in my name.

THE HONOURABLE THE PRESIDENT: But you will be entitled to a reply later on.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Would you allow me to explain to the House the reasons for which discussion on the Resolution was deferred to this Session ?

**THE HONOURABLE THE PRESIDENT:** That you can explain with my permission.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Of course with your permission, Sir. I have no right to speak otherwise.

**THE HONOURABLE THE PRESIDENT:** Kindly confine yourself to the reasons only.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Sir, in the debate on my Resolution which took place on the 15th of March last my Honourable friend Sir Akbar Hydari suggested that the discussion might be deferred so that he might be able to explain later on the lines on which Government was proceeding. He assured us that Government had an open mind so far as the question of the appointment of an Industrial Commission was concerned, but that they were thinking whether a better alternative could not be devised. He thought that he would be in a better position to explain, a few months later what Government were doing or intended to do. The reasons why he wanted to postpone the discussion were first that it would be necessary to survey the industrial development which had taken place during the war. "We are now busily engaged" he said "in surveying the industrial development which has taken place during the war. Information is being gathered from Departments of Government and from industrialists themselves as to the industries which have been encouraged, under what terms those industries have been encouraged; what undertakings have been given to the industries and so on. I submit that without such information in the hands of the planners, whether they are an Industrial Commission or anybody else, it will not be possible to plan future industrial development."

**THE HONOURABLE THE PRESIDENT:** Are you not anticipating the opinion of the Honourable Sir Ardeshir Dalal when he sums up the position on behalf of the Government? The very fact that the Government has not placed before us any alternative proposal by way of amendment shows that they have no other alternative proposal.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** I am drawing attention to the remarks made by Sir Akbar Hydari in the last Session in order to indicate to the Planning and Development Member and also to the House the points on which our attention must be focussed now and to get information about the scheme which we expect the Government to place before us at this stage.

**THE HONOURABLE THE PRESIDENT:** I expect those views will be placed before us. We will proceed with the discussion now.

• **THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official):** Sir, it is difficult to understand how the amendment could be moved under the circumstances—

**THE HONOURABLE THE PRESIDENT:** The Honourable Member is not moving the amendment. The House need not trouble itself with the amendment.

**THE HONOURABLE SIR A. P. PATRO:** The real fact seems to be that there have been certain admissions by the Honourable Member then in charge. According to him, certain matters have to be investigated before the picture can be completed.

**THE HONOURABLE THE PRESIDENT:** The Honourable Member said something on the question of nationalization on the last occasion, and you wish to differ from that. Do I understand you to say that? You say that the Honourable Member on the last occasion made certain admissions. I want to know what those admissions were and with reference to what subject.

**THE HONOURABLE SIR A. P. PATRO:** Admissions as to the necessity of having a commission of inquiry to examine the subject.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** What does the Honourable Member refer to?

**THE HONOURABLE SIR A. P. PATRO:** The Honourable Mover has just now read out extracts from the speech of the Honourable Member then in charge showing how it was possible that most of these points could be discussed. Therefore it is

necessary, in the present Resolution, to review the existing industrial situation. Now, unless we have an idea of how we are situated and what is the position which we occupy—

**THE HONOURABLE THE PRESIDENT:** You can proceed. I shall watch you and if you refer to anything which is not relevant, I will stop you.

**THE HONOURABLE SIR A. P. PATRO:** Unless we have an idea of how we are situated and what is the position which we occupy, it is not possible for anybody to make any suggestions. Then again, the Resolution asks the Commission to recommend measures for the full and rapid industrialisation of the country with the object of raising the general standard of living of the masses. These objects are very laudable, and could be achieved if the present industrial situation is altered for the better. Then the Resolution proceeds to ask the Commission to indicate the lines along which State ownership and control of industry should be extended.

The object of the Resolution is, it will be seen, very comprehensive, and this object can be attained only if people are willing to work for it. But in this case it is not known whether people would be willing to work for it. In order to ascertain the exact position, it should be ascertained first of all where we stand and what we should do for the development of industries. What is our position in the industrial world today? That has to be ascertained first. In order to ascertain that, a Commission will be required, and that Commission will have to visit several towns. Take, for instance, cotton weaving. This industry has been going on for a number of years, and at present it is in a flourishing state. But this is because of internal consumption. Foreign imports are not available; they are practically prohibited from coming into India. So, if the present condition continues, the prosperity of India is assured. But it cannot continue for long. It cannot continue for long after the war. India was importing a particular type of cotton for the manufacture of the best materials produced by the cotton textile industry. That type of cotton is not grown in India. It should be encouraged by the State. Government should subsidise the cultivators and thereby enable them to grow the particular type of cotton which is necessary for the production of the best material by the Indian mills.

Then, take the steel industry. There is difficulty no doubt in developing this industry. It is only one firm, the Tatas, that has the monopoly of steel manufacture. No other firm has come forward. The fact that there is no competition is a fact which must be noted. It is a fact which is to the discredit of India. In the case of the iron and steel industry a considerable amount of expansion is necessary in order that it may be able to compete with foreign manufactures. The industrial situation can be considerably improved if measures suitable for the rapid development of our industries are adopted through Government or private agency.

The question is whether Indian industry can be developed by means of private agency or by means of Government agency. This question has been dealt with by experts. It seems to me that the position at present is this, that neither Government nor private agency would be able to have the command of all that is necessary for the purpose of securing a very adequate development. There must be a combination of the two agencies. If there is a combination of the two and there is no conflict between them, then healthy growth of industry in this country is assured. The mills run by Government are in a very unsatisfactory state, and in spite of experts and overseers and other officers available, private agencies find themselves in an unfavourable position. It was to avoid this that the amendment was suggested. But I am one of those who rely solely upon Government agency. Government agency means meddling with things and making a mess of things. Government must concern itself with making experiments for, say, two or three years, and if the experiment is successful, then it should leave it to private agency.

The Resolution speaks of raising the living wage. When wages are fixed, how is it possible to improve the general condition and the standard of living of the workmen? There must be a general improvement of wages in relation to labour in the long run, and this may tend to improve the efficiency of labour, but this should not lead to extravagance. The wages of labour must be definitely laid down and known. It is not in many cases, as I have said, a blessing to have state ownership and control of industry. With private agencies the first difficulty is finance. Financial experts are needed, and unless capitalists in the country agree to such a

[Sir A. P. Patro.]

scheme, it is useless to speak of state control. We must consider in this connection the scheme of the Bengal Millowners or what is known as the Bengal scheme or the Bombay scheme as it is called. Funds may be found from out of the savings we have in England or loans may be taken in India. It may be difficult to make Great Britain part with funds which are in her possession as a debtor and I do not see any immediate prospect of England repaying our debt. If the whole of the money is kept out of our hands, then the position which England adopts is a very difficult one perhaps to maintain.

Now the commission will be a non-official commission, and it will be a five-year plan in accordance with which a move will be made to promote the industrial growth of the country. In India we have got a number of industries, industries of a very weak nature, but the whole thing depends upon how far Government will be able to co-operate with the people and establish really good industries. That is the whole problem. Whether you have a European Commission or an Indian Commission matters very little, but there should be such recommendations as will lead to growth of industries, and this will be possible only if we can get enlightened men willing to work as a commission. I therefore submit that this resolution, though very helpful, does not at present lead to any practical result.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, I had no intention of debarring the house from having the right of speaking on the amendment. Therefore, I wish to move the amendment, and I crave your permission for speaking at any time later.

THE HONOURABLE THE PRESIDENT : It is unusual for a member to withdraw, and then ask for permission to move his amendment. But this is a very important debate, and I would like to give everybody an opportunity of expressing his views. As a matter of indulgence I will allow you now to move your amendment.

THE HONOURABLE MR. HOSSAIN IMAM : I wish to move :

"That for the words "to indicate the lines along which state ownership and control of industry should be extended" the following words shall be substituted, namely, "to devise a scheme for the immediate nationalisation of all key industries in British India".

This, Sir, is not a substantive amendment. It only clarifies the meaning which was conveyed by Pandit Kunzru. I think I would reserve my speech to the end.

THE HONOURABLE MR. M. N. DALAL (Bombay : Non-Muhammadan) : Mr. President. So far as the amended Resolution is concerned, I must declare my disapproval of it, because it says—

"to devise a scheme for the immediate nationalisation of all key industries in British India."

I would like to cite here the instances of the Railways and the Food Department which have been nationalised to some extent, and which, in my opinion, have not been very successful.

THE HONOURABLE SIR MAHOMED USMAN (Leader of the House) : I would like to question that statement.

THE HONOURABLE MR. M. N. DALAL : The Railway Department is nationalised : it is run by Government—

THE HONOURABLE THE PRESIDENT : If any member disagrees with him, I will let him have his say.

THE HONOURABLE MR. M. N. DALAL : To devise a scheme for the nationalisation of all key industries is a very revolutionary principle. It may upset the whole capitalist order and throw it into disorder. Speaking on the original resolution I have given my support during the last Session of the Council of State to my Honourable friend Pandit Kunzru. However, much water has flowed under the bridge since then Government have appointed a Post-war General Policy Committee, and a Post-war Industrial Committee with adequate representation of both provinces and States. I, for one, Sir, therefore, feel that the appointment of another Industrial Commission would mean overlapping of activities. However, I am in entire agreement with the principle enunciated in the Resolution of my Honourable friend Pandit

Kunzru, viz. that the present industrial policy of Government requires reorientation. The industrial history of India is a sorry tale. It is a long series of missed opportunities, and, if I may say so, neglect on the part of the Government of India. During the present war high hopes were entertained, but unfortunately it has proved to be a saga of missed opportunities in the industrial annals of this country. The present war has helped agricultural countries like Canada and Australia, and industrial countries like the United Kingdom and the United States of America to a considerable degree. The standard of living in the United States of America has considerably increased, and the economic well-being of these countries is on a much higher plane. Industrial production in the United States of America today is  $2\frac{1}{2}$  times more than what it used to be—in the pre-war period of 1935-39. Manufactories in the United States of America are today  $3\frac{1}{2}$  times more than in the prewar period of 1935-39. Now, Sir, let us take the case of Australia. Australia was hardly producing any steel in the pre-war period, but during the last five years of war it has been producing  $1\frac{1}{2}$  million tons. India which has been producing steel for the last thirty years has not been able to exceed the figure of Australia, viz.  $1\frac{1}{2}$  million tons. However, we are told that Australia in the next two years will increase her production to  $2\frac{1}{2}$  million tons. War provides unusual opportunities to a country for its industrial expansion. It is a matter of great disappointment that several demands on the part of Indian industrialists to start key industries like shipbuilding, aircraft and automobile, have been unceremoniously turned down by our Government on one pretext or other. Industrial production in India since the beginning of the war has not exceeded, by any stretch of imagination to more than 20 per cent. of its pre-war level.

Then, Sir, let us take the export and import policy of the Government. India has been made to export manufactured goods and raw materials to satisfy the demands of the United Nations. For instance, cotton piece-goods were exported when they were necessary to cover the bare bodies of the people here. Foodstuffs were exported in the beginning and I think that was one of the main causes of the debacle in Bengal. Even coal was exported with the result that today we feel the pinch of it and our industrial production has been lessened. I hope Government will take care to see at least that we do not have to close down some of our industrial concerns. Coming to the recent policy of importing consumer goods in this country, there has been a certain amount of agitation—and rightly—from the beginning. The consumer goods imported are artificial silk fabrics, artificial silk yarn, thread books, chemicals, cotton piece-goods,—others, cotton sewing thread, crockery, cutlery, razor blades, cycles and parts, etc., etc. It can be seen from these items that if Government had really made an attempt since the beginning of the war they might have been able at least to manufacture some of these articles in this country through indigenous production. When the Honourable the Commerce Member was asked in the other House on the 25th February, 1944, what action Government took to see if it was possible to manufacture these indigenous articles in this country, his reply was "No special consultations with the local manufacturers were held in this behalf". Government, Sir, in my opinion, have rushed to encourage the import of these consumer goods without ascertaining, let alone encouraging, its manufacture in this country.

Then, Sir, the appointment of an all-white Commission to establish the fertiliser industry in this country, the non-association of a single Indian in the machine tool industry and the importation of more and more foreign exports have been looked upon in this country with a certain amount of apprehension. It appears, Sir, that it is almost impossible, as has been said by many a prominent Indian industrialist, to establish any new industry in this country without the importation of foreign capital and foreign control. India is not against foreign capital, but all that the Indian industrialists desire is that this foreign capital should be at least, to some extent, be under the control of the nationals of the country. Foreign combines with their vast financial resources and with their world-wide contact on offering uneconomic competition to wipe off the industries which the nationals of the country are trying to build in their own home. There is a widespread belief in this country that the nitrogen industry and the establishment of the fertiliser industry are to be given at least to start with to the Imperial Chemicals Company, Limited. I might

[Mr. M. N. Dalal.]

say, not without justification, that in accordance with the repeated demands from the public and several commercial associations, the nationals of the country should be interested in this industry from the very start and that when the industry is switched over from State control and State ownership to private control and private ownership, the nationals of the land should be given some share in its management. Government have not made any definite declaration on this point. You will, Mr. President, agree with me that the fertiliser industry which is so closely connected with the manufacture of explosives in this country is of vital importance to our national defence and therefore the nationals of the country must be interested in so vital an industry. Sir William Clarke, the then Commerce Member of the Government of India in 1916, was asked what Government's policy was regarding the industrial expansion of this country and he said:—"The building up of industries with Indian capital, with the control and management in the hands of Indians is the special object we all have in view." We are aware, Sir, of the bitter experience we have had of foreign and British combines like the Swedish combine in the match industry, Lever Brothers in the Soap industry and the Imperial Chemical Company, Limited, in the Chemical industry of the country. We would therefore like to be given a guarantee by Government that in the post-war period no further vested monopolistic interests will be created so as to hamper the industrial expansion of this country. Mr. President, Japan after the war is bound to be eliminated out of the economic sphere of the world. India, by virtue of its geographical position, its resources and its industrial status is bound to take Japan's place. India is a creditor country with very large sterling assets to her credit in England. If only these could be utilised to import capital goods and machinery and spare parts for our key industries, if only our Government would give a new orientation to their industrial policy and adopt a well-laid economically competitive industrial policy, India would reach the stage of Japan of the pre-war days in less than two decades.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadian): With the underlying object of the Honourable Pandit Kunzru's Resolution there can be no disagreement. The objective of that Resolution is the industrialisation of India. The Honourable Pandit Kunzru wants a more balanced economy than we have at present. He wants an economy which would emphasise both agriculture and industry and more industry than agriculture is what is needed. The machinery he suggests for thinking out a plan for industrialisation is an Industrial Commission. I think there are very good reasons why we should have a small Commission which will think out a plan for the industrialisation of a future independent India. I say a future independent India, because I think it will be nothing short of a calamity that we should have planning of any kind whatever under a Government dominated by foreign vested interests and responsible to an alien imperialism the only object for which is to maintain its hold over this country. Planning requires much control, much regimentation of life. Only a Government which has its roots in the soil, which is in touch with the people, and which is responsible to the people can undertake planning on a very large scale. This was recognised by the authors of the Bombay Plan in their introductory remarks in the pamphlet which they issued in explaining the Bombay Plan. While ideologically I am for greater State control and greater State ownership, while ideologically I would nationalise many of the key industries, I also know that in this country those ideological considerations have got to be viewed in the light of existing conditions and I am not sure that I would in existing conditions welcome an army of bureaucrats responsible to District Magistrates, Commissioners, Governors and Viceroys, responsible to no Indian authority, aided by Executive Councillors who are merely advisers.

THE HONOURABLE THE PRESIDENT: Am I to understand that you object to Government doing spade work?

THE HONOURABLE MR. P. N. SAPRU: No, Sir, I am trying to explain my attitude to the amendment of Mr. Hossain Imam. Personally my inclination is in favour of what I would call socialisation of industry. Socialisation of industry in existing circumstances would lead to a Fascist regime and therefore I am not prepared



until I know what the constitutional future of this country is going to be to support what I think Mr. Hossain Imam calls nationalisation of key industries. I would rather put up in existing conditions with the private capitalist than have an army of bureaucrats who will be amenable to no other authority than His Majesty's Government. That is proposition No. 1. My proposition No. 2 is that before you can have effective planning—and there has been a great deal of loose talk about planning in this country—before you can have effective planning, you must clearly have an idea of what you are going to plan for. You must have a proper census of your production. You must have a proper idea of your needs, of what you want in food, in clothing, in various other industries, of what consumer goods you want, of what capital goods you want. You must have a proper census of your needs taken. It is only when you have proper production statistics and when you have proper census of your needs, that you can begin to say to yourself that this is the target which we are going to achieve in 5 years, this is the target which we are going to achieve in 10 years. Further we must have a reviewing commission at the end of 5 years to see whether the target which are wanted to achieve in 5 years has or has not been achieved. If it has not been achieved, why has it not been achieved. This type of machinery is required and this type of machinery is very difficult. Planning has succeeded in Soviet Union because the means of distribution and production are under State control. You had a different kind of planning in Germany and Italy. You had the Fascist type of planning and I am sure that I do not like that Fascist type of planning. I would rather go cautiously if I am to have the Fascist type of planning. It may be that Liberal economics has something to teach India in her present stage of development and, therefore, it may be that until we come to possess Governments which are answerable to the people the best method is to proceed by the old tried method of liberal economics.

THE HONOURABLE MR. HOSSAIN IMAM : What about the Russian method ?

THE HONOURABLE MR. P. N. SAPRU : If you eliminate British power in this country, I have no objection to the Russian model. I know that British power is not going to be eliminated in this country. I am not going to work along the Fascist model. That being my standpoint, I think it will be a good thing if the work which is being done by Post-war Reconstruction Committees is reviewed by a small committee of 5 or 6. The difficulty is that if you get an Industrial Policy Committee of about 30 people which meets once a year for just a couple of days, if people come and make some sort of speeches and those speeches are recorded in a summary form and the Member goes ahead with his plans, you do not get the attention of the people focussed there on any particular point. If on the other hand you have a commission of 5 or 6 people, they can go round the country, they can visit the various industrial centres, they can contact industrialists, they can contact public men, they can contact officials, they can give you a sketch of what they think should be done and can be done in the immediate future. Just as one man cannot do all the job, so 50 men cannot do efficiently what 5 men can do or 6 men can do. Five or six is a good number, because it enables different view points to be represented and you get the wisdom of this country in that Commission and when that Commission reports you can go ahead with your plan. It is generally assumed that the object of a reconstruction plan in this country must be first of all the rehabilitation of old industries. I agree that rehabilitation of old industries must have priority. Our existing industries will need to have their plants renewed, their machinery improved. They must have priority, I quite agree. But you will not be able to find by merely doing this full employment for your people and that ought to be the object of any social security plan. The question of industrialisation must be viewed as part of a wider scheme of social security. You will not be able to provide full employment for your people unless you have new industries started also ; and before you start a new industry you must be reasonably sure that that industry will succeed. One way of ensuring that that industry is going to succeed is to have control over capital issues. Don't allow any industry unless it has been licensed to start. The right method is to find out what industries you really need to start at this juncture and then to see what are the various directions in which you can help those industries. In the case of some industries, the Government's job will be to provide them with technical assistance ; in the case of other industries, it can provide them with research facilities ;

[Mr. P. N. Saprū.]

in the case of a third class of industries, it may be necessary for it to go a little further and provide them with protection against foreign competition. We shall have to examine the case of all the industries individually so that we may have a coherent plan. In building up the India of the future necessarily greater attention will have to be paid by us to heavy industries than to the production of consumer goods.

Now, Sir, when I was going through the Reconstruction Committee's proposals I was rather struck with the emphasis that it lays upon the training of personnel. At page 27, in paragraph 16 of the second report on Reconstruction and Planning it is stated :—

"The most serious difficulty facing the expansion of industry will be the dearth of technical staff, especially for the higher technical and managerial posts. Efforts are being made to arrange for the despatch of promising young men to the U. K. for this type of training. It may be necessary to obtain a quota for Indian students at the universities and technical colleges in the U. K. in view of the very large influx of British students expected at the end of the war."

Sir, I hope that it is not the object of Sir Ardeshir Dalal's Department to create a class of specialized unemployed for the present educated unemployed in this country. By merely giving a more technical direction to your education, by providing people with full facilities for technical training of a higher type, you do not create industry, and you do not provide for employment. I know that you have also to get in time leaders who will be able to run industries. But I think there is a danger that this aspect may be ignored, namely, that the sending out to England or other countries in large numbers of Indian students for training in special positions will not by itself help to establish industry. There must be a reasonable guarantee that industries will be established before you think of training personnel for manning those industries. It is like putting the cart before the horse if you concentrate far too much on providing special training for Indians in foreign countries.

THE HONOURABLE THE PRESIDENT : I have not understood you properly. Do I understand you to say that you object to foreigners coming to India and doing the work, and you also object to our sending our men to foreign countries to learn the work ?

THE HONOURABLE MR. P. N. SAPRU : No, I do not object to that.

THE HONOURABLE THE PRESIDENT : That is the trend of your remarks.

THE HONOURABLE MR. P. N. SAPRU : I am sorry if I have not made myself understood. What I say is this. By merely importing experts from England or other countries, or by merely sending Indian students for expert training in England or other countries, you will not be able to create industries. If we train large numbers of Indian students in England or other countries, then we may be creating, *if we hope not simultaneously with this process created industries*, a class of specialized unemployed in place of the present class of general educated unemployed.

THE HONOURABLE THE PRESIDENT : How are industries to be established without trained men ? You say industries should be established, but you have not explained how industries should be established without the necessary training being given to people.

THE HONOURABLE MR. P. N. SAPRU : It is not necessary that you should train people before you establish an industry. The iron and steel industry in this country was established without sending out 2,000 young men for training in the various technical branches of that industry. How was the sugar industry established in this country ? I do not want my position to be misunderstood on this question. I do not say I am opposed to sending out young Indians for superior training in foreign countries. As a matter of fact, I would welcome that step. What I say is that by merely providing for superior personnel you will not create industry. You have to create other conditions also before industry can flourish in this country. In other words, you will have to revise your fiscal policy. You will have to make it more liberal than it is today. You may have to go in for a system of grants or subsidies to industries. You may have to think of various other expedients before industries can be built up and established on a firm basis in this country.

Before I close, I should also like to say that I am rather getting sick of this talk of excessive central direction. If we are to have popular control, then it is necessary that we should not neglect the base, and it may not be possible for a Centre remote from the common concerns of the people to exercise that amount of popular control under a planned economy which in the interests of civil liberties it may be desirable to exercise over officials. Therefore, I should like to know what share the Provincial Governments will have in this planning.

**THE HONOURABLE MR. V. V. KALIKAR** (Central Provinces : General) : Sir, I entirely agree with the principle underlying the Resolution moved by my Honourable friend Pandit Kunzru. I must state definitely that I am not an industrialist, but from what I have seen of some industries, especially the Tata industry at Jamshedpur, I have come to the conclusion that if proper facilities are given to Indians and if the Government of the day is sympathetic towards Indians, Indians will not lag behind any other country in starting industries in this country. Various Commissions and Committees have stated in their reports that India is rich in raw materials. The Industrial Commission reported in 1918 or 1919, and even after 25 years full effect has not been given to the recommendations of that body. I am not going to recount here the past sins of the Government. I am encouraged in making certain remarks in this debate because of the advent of a great industrialist in the Government of India. I know, Sir, if my Honourable friend, Sir Ardeshir Dalal, is free from the interference of Whitehall, he will not only raise the status of the present industries in India, but will also try his utmost to start heavy basic industries in India which will not only manufacture consumer goods, but also capital goods.

**THE HONOURABLE THE PRESIDENT** : You have not seen the remarks of Sir Ardeshir Dalal before the other House : otherwise you would not have spoken like this.

**THE HONOURABLE MR. V. V. KALIKAR** : I am encouraged to make these remarks on account of his being a member of the Executive Council, and I hope he will not only raise the status of the present industries, but will also try to promote basic industries in India. From the information I got at Tatas I think they could build locomotives in India if proper facilities were given to them, but the past history of India is very very unfortunate and regrettable. Even after the beginning of the war, in 1942, when my Honourable friend, Pandit Kunzru, moved his resolution here about Home Guards, we had the sorry spectacle of being told by the then Commander-in-Chief that in India we were not able to manufacture sufficient number of rifles to equip our soldiers. After that, Sir, I made an attempt, in 1942, to impress upon Government by bringing forward a resolution that a conference of industrialists and labour leaders should be held, and a plan laid down by which heavy basic industries should be promoted, and whatever difficulties there might be in the way of starting these industries should be removed. Unfortunately, Sir, the Member in charge at that time, my Honourable friend, Sir Homy Mody, opposed that resolution. I am glad to find, Sir, that there are now post-war Committees, but I am quite sure, in my mind that unless Sir Ardeshir Dalal is free from the influence of Whitehall he will not be able to make any progress in starting heavy industries in India. Sir Ardeshir Dalal said, if I am right, that he would not be here for a day more if the Government of India were not genuine in post-war planning, but if we take the attitude of the British imperialist and capitalist during the war, he will have to put up a very tough fight with the British capitalist in order to start industries in India. My Honourable friend, Mr. Dalal has just referred to an all-white Commission sent to India for exploring the possibilities of starting fertilizer industry which was, I believe, referred to in the speech made by the President of the Indian Chamber of Commerce in Bombay. When they received Sir Ardeshir Dalal there, they were apprehensive of the attitude of British capitalists in this matter. What we want is not only that industries should be supported in India which will manufacture consumer goods, such as pins, goggles, brushes, etc., but that industries which will manufacture in India plants which will ultimately make India self-sufficient as regards all her needs. If we had factories in this country which could manufacture locomotives and aeroplanes, then, Sir, in this war all the inconvenience that we felt and feel would not have been there. Then, let us take the case of agriculture. I am an agriculturist

[Mr. V. V. Kalikar.]

I know that we have not got sufficient tractors here to plough our uncultivated lands. If the past or the present Government had taken steps to manufacture tractors in India, if they had taken any steps to manufacture agricultural implements in India—even though some time ago we had as the head of the Government a gentleman who had really the interest of agriculture in India, but could not do much in the interests of agriculture—conditions in India would have been different. My own conviction is that unless you impress upon the British imperialist, upon Whitehall, the need for industries to be managed by Indians, to be financed by Indians, and for industrial training to Indians, no industry in India will be able to service, and raise its head against the competition of foreigners. Mr. Dalal has referred to talks of British manufactures and others, but, Sir, whatever the talks there may be in England for supporting and developing industries in India, I think these talks are all simply for exporting their goods and not to make India self-sufficient in this matter. I think, Sir, the reports of these two committees will not solve the difficulties that have been put forward by my Honourable friend Pandit Kunzru. My Honourable friend Sir Akbar Hydari stated in the last debate that the Government's mind is open on that point, but in the further two sentences he has shown certain difficulties, that he would not be able to find experienced men, that the Commission's report will take some time and that Government will take about 12 to 16 months to consider this report. But I think, Sir, if a small commission of experts, not of ordinary men,—but experts who have got the interest of India at heart, who know and have worked in Indian industries—if that commission thoroughly studies and takes into consideration the needs of India, it will not be difficult for it to come to definite conclusions about starting heavy basic industries in India. I, therefore, Sir, urge on the Government that they should not only plan for starting industries which will manufacture consumer goods but they should also give all facilities to the Indian industrialist to start heavy basic industries so that India will be self-sufficient in this matter.

The Council then adjourned for Lunch till Half past Two of the Clock.

The Council re-assembled after Lunch at Half past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE SIR RAMUNNI MENON (Nominated Non-official): Sir, since this Resolution was originally moved, the Department of Post-war Reconstruction and Development has issued two Reports on Reconstruction Planning. These two reports are fairly comprehensive in their scope and up to date in their enunciation of fundamental economic principles and statement of contemporary trends of thought on economic matters. Altogether they provide very instructive and informative reading. I think the Honourable Member for Post-War Reconstruction and Development and his Department are to be heartily congratulated on preparing these reports.

I readily take advantage of the opportunity to speak a second time which the moving of the amendment has provided, because it enables me to give expression to certain thoughts which a perusal of the second report on Reconstruction Planning has evoked in my mind. In the second report a summary statement of the measures taken for preparing plans for industrial expansion is given. I think all Honourable Members are acquainted with that portion. I shall not go into details, but I shall mention one point. One of these measures is the creation of a Reconstruction Committee for industrial planning, and it is also said that on all important matters of policy this Committee will be consulted. In another part of the report a statement is made of all the important questions of policy that will arise. I mention two of these questions of policy—one is the question of agency and the other of priority. The contents of the Resolution and the amendment which are now before us have a very close bearing on the question of agency. In a part of the report the authors give a very clear analysis of the types of relation which might exist between the State and industry. It is not necessary for me to detail these types, but I shall mention three, State ownership and management, State management, private ownership and

State control. While the Department is careful enough to state that it does not commit itself or the Government to any line of policy, it actually lays down certain lines for the guidance of Provincial Governments and other bodies which might be preparing plans of reconstruction. I think it will not be reading too much into the relevant paragraph in the report to say that the Department, while prepared to concede a policy of State ownership and State management in exceptional cases, would on the whole welcome a policy of uncontrolled, or practically uncontrolled, competitive private enterprise. If my understanding of the attitude of the Department is correct, then I confess that it is an exceedingly retrograde policy. Now, Sir, I am not *au fait* with the state of affairs in England, but from the little knowledge that I have gathered from books and publications on current affairs, I think I am not far wrong in stating that the future economic development in the United Kingdom, whatever else it may be, will not be along the lines of unplanned, uncontrolled private enterprise. It may be that for a very short time a Government may be returned to power which will uphold the pre-war arrangement, but that Government will not last very long. In any case the conditions in this country are materially different. Here we have a country with the grossest inequalities in income and wealth; on the one hand we have the most dazzling wealth, on the other the most appalling poverty. And in such a country after two world wars that a mass of poor, uneducated, unorganised, and helpless people should be exposed to the exploitation of the stronger elements of the community without sufficient protection from the Government is to my mind a most melancholy contingency. Now, there are various possibilities. It may be that in certain enterprises, particularly those which are to be started anew, that the Government will decide eventually to take up the ownership and management. It may be that in others they may be prepared to take up the management, though the concern itself may be under private ownership. It may be that in many others it will be prepared to exercise control without accepting ownership or management in general. Now, the chief objection to the State's undertaking the management of an industry, as far as I can see, is the one based on inefficiency. It is rather surprising to my mind that the Government of India—perhaps I am not correct in saying the Government of India—the Department of Planning and Development should have accepted, as it seems to have accepted, the implication contained in this argument. What does that argument amount to? It simply means this. While an industry can be efficiently managed when it is under private control, it cannot be equally efficiently managed when it is under the control of Government. Today most industries, I take it, are not privately owned; they are company-owned, and they are managed by managers who are paid very high salaries for efficient management. Now, precisely the same sort of management can be entertained under Government control. The only difference will be that while in the one case the highly skilful and competent salaried manager will be tempted to please the directorate by showing very high profits, under Government control he will have no such inducement; his motive, or rather the incentive to him, will be simply that he is performing his professional duty in a most efficient manner. That is the only inducement which any professional man should regard as worth following. Take doctors, lawyers or any other class of professional people. Their concern is not solely to earn money, but to do their work well. I contend that under Government management, the sense of pleasure and pride in having done one's professional duties well would be a sufficient inducement to efficient management. In any case, we have in this country concerns managed by the State which are very efficiently managed—railways, posts and telegraphs, various hydro-electric schemes, and so on. In any event, that one great country, Russia, has set an example to the whole world and for all time by demonstrating that State management is efficient. I therefore hope that the Government of India, whatever reasons they may have for coming to any particular decision, will not be influenced by the plea of inefficiency under State management.

Sir, I do not know what procedure the Government will adopt before coming to a decision on these very important questions of policy, but I hope that whatever that procedure may be, it will at least be possible for the Government to consult public men who can speak on behalf of the community in general, and, in particular, of the consumers, quite apart from that very influential and powerful circle of industrialists, financiers and commercial magnates who have such a strong hold on public opinion

[Sir Ramunni Menon,]

in this country. If they do that, if they take the opinions of those elements, and if they also consult Provincial Governments, as they have undertaken to do, and also if they take the opinions of the Legislatures wherever they exist, I am sure they will be enabled to come to a more correct conclusion on these important questions than if they took the opinion only of those who are directly interested in the enterprise.

One more point—the question of priority. I hope that it is not intended that the question whether a particular industry should be started or not shall be decided on the sole advice of a committee of industrialists. I am not suggesting anything; I am only uttering a word of precaution. I do not think I shall be able to cite an apposite example, but what I shall mention is sufficient to illustrate the point I have in mind. Suppose the capital available is limited, let us say, to Rs. 10 to Rs. 12 crores, and suppose the choice is the starting of chemical fertilizers on the one hand or, on the other, the starting of an aircraft factory, or it may be an automobile factory. Now, to my mind there is no question at all which should have the preference. Even if it means a dead loss on the manufacture of chemical fertilizers and a hundred per cent. gain on the other, I would not invest a single pie in the latter; I would put the whole 10 or 12 crores in the chemical fertilizer.

These are questions which should be considered in the light of opinion received from all quarters. My only concern in having taken up the time of the Council today is to stress the fact that the question of State management or control should not be decided on any very narrow or technical grounds, and that the Government should invite the opinions of all the interests in the country, and not merely the opinions of powerful vested interests which they are evidently consulting. I also hope that before coming to any definite conclusion on these matters the Legislature will be given an opportunity of discussing questions of post-war reconstruction, particularly the various important aspects of policy.

**THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) :** Mr. President, when I gave notice of my amendment I never thought that it would create such a furore in the dovescotes of capitalism as it seems to have done. As I stated in the beginning, it was simply an elucidation of the principles enunciated by the Honourable Pandit Kunzru in his first speech; I tried to give a definite shape to those principles. In his speech the Honourable Mover had laid stress on nationalization of coal, power, oil and like industries. The other day when I had moved a non-official resolution both my Honourable friends, Pandit Hirday Nath Kunzru and Honourable Prakash Narain Sapru, were very vehement supporters of the idea of nationalisation of coal mines. I do not understand how they now reconcile with it their attitude to the proposition which I have enunciated: that is, that key industries should be nationalised. I have not, however, specified the key industries, it will be for this commission to lay down what should be regarded as key industries. We have a report on Reconstruction Planning by the Government of India, and I regret to find that the Government of India is laying too much stress on old exploded theories. In the beginning of the report, while enunciating general objectives in paragraph 4 on page 2, they have laid down principles to which no one in India, or for the matter of that in any country, would object. They are very desirable objectives and aims, but it is not in the enunciation of the principles that the salvation lies. It is in the execution of the plan. When it comes to execution what do we find? The Industries Committee is to be set up from among the foremost industrialists.

**THE HONOURABLE THE PRESIDENT :** Where do you find it?

**THE HONOURABLE MR. HOSSAIN IMAM :** It is on page 24. Here are the words of the Government of India: 'It is intended to set up a representative Industries Committee from among the foremost industrialists in India together with representatives of Provinces and States.'

**THE HONOURABLE THE PRESIDENT :** But that is quite different from what you said.

**THE HONOURABLE MR. HOSSAIN IMAM :** The Public is not represented and seven out of eleven provinces have got the curse of section 93. May be you call the officers of section 93 Governments representatives of the people. There can be no greater traversity of truth than that. They can represent His Majesty

because they are subject to the control of His Majesty's Government, through their Secretary of State who exercises extraordinary powers on the I. C. S. and other services. (*Interruptions.*) We know of many dismissals. It has become more common now than formerly. The principle has been enunciated in the beginning of the report, that there should be a diversification in the location of industries. India is too big a country to have all its industries confined to Bombay and Calcutta. But the profits of steels of Bihar is being taken away by Bombay, and nothing is left to us. I wish to refer to the fact that, while they have enunciated in the beginning, in paragraph 2, that industries should be located, so that all parts of the country may have the advantages of industrialisation, when it comes to execution, this is what the Government of India has to say on the subject, on page 27, para. 14.—

"Industrial development cannot proceed according to artificial Government boundaries; it must depend upon the geography of raw materials, power and market."

Now exactly to these very principle Pandit Kunzru objected and attacked the findings of the last Fiscal Commission, that is, that it has laid too great stress on the availability of raw materials. He cited the case of glass which industry was not protected merely because of the fact that the manufacture of soda ash was not then started in India. Not that soda ash was not available, but merely due to the fact that its manufacture had not been started. Government took shelter behind it, and therefore he wanted that policy should be changed. It is exactly the same policy which Government accepts when it comes to execution. It is being again adumbrated by the Planning Department. We cannot have this kind of thing. Is that the principle which England has accepted for her textile manufacture? Does she grow cotton? And what about Japan? Does she grow her own cotton? And yet these two have been very successful. Now we ask that the locations of industries must be considered not only with reference to power, etc., but also in terms of the benefits they will confer. We are face to face with established interests, interests which are not always favourable to Indian public.

Mr. President, it will perhaps come as news to the House that the Corporation Tax and the Excess Profits Tax on Corporations collected by Government over a four year period ending on March 31st, 1943, is less than Rs. 50 crores, whereas the contribution of the Posts and Telegraphs and the Railways during the same period has been of the order of Rs. 66 crores. I must state that the figures represent actual receipts: I do not go by estimates because estimates might err. Here you have before you a clear example of how a State industry is able to help the State in times of stress. Posts and Telegraphs have been making noble contributions although it employs only 100,000 men and the Railways employ nearly eight lakhs. At the moment the number of people employed is reported to be three million—we are not able to get the official figures because it is not in the public interest to inform the peoples of India what has happened. Now, as I have said, these two commercial departments of Government—Railways and Posts—have borne a greater burden and share in the war costs than all the private industries of India combined together. Is that not a reason why the country should concentrate more on state capitalism than on private capitalism? I am no admirer of Government, and if I say anything in its favour it should not be taken as a kind of empty compliment. I do feel that Government has made mistakes, but there is a world of difference between private exploitation and Government exploitation which consists in the application of surplus money from the pockets of those who have got more than enough to the more needy.

Then, Sir, one aspect of industrialisation can never be lost sight of. It is a patent fact which however is not noticed except by one who is careful to find things for himself. The higher appointments in the industries are monopolies and are reserved for the next of kin of the capitalists. There is no desire or arrangement for their equitable distribution. Tatas are the best of a bad lot. Even there, you will find, that though all communities are represented, there is a preponderance of a certain people. I must say there is a little representation of my people also which I do not find in other industries of the same type. I am grateful to them for their small mercies. I cited this instance to show how it fails to bring about equitable distribution of the national dividend. The trouble which arises here is due to the fact that industries which are run by private capital are run with the specific idea of profit, for the capitalist and as long as you have private capital that must be the

[ Mr. Hossain Imam. ]

driving force, but if the State intervenes and creates all the circumstances necessary for the flourishing of industries, if it should provide you with protection, if it must help you in getting the executive by means of training why not part of control and profit. Sir Ardeshir Dalal has taken a very good initiative in training young men for executive posts. In spite of what my Honourable friend Mr. Sapru may say I entirely approve of this scheme and I hope that my people the Muslims will also receive their due share in this dispensation by Government. But, as long as you had the old conditions of things, the private capitalist really risked his capital. He knew nothing as to what the future had in store for him. He had no help except the very minor help which he used to receive from the State in those days. Sir, private capital had then every right to pocket the profit. But what risk he now takes? But, here, in the whole of this report, I find no mention of the specific control methods which the Government have in view. The question of cotton production and organisation of the industry as has been successfully done in Japan, is a possibility, but nothing has been laid down specifically on that question. Then there is the question of ownership, of participation, control and management. These are the three headings under which they divide the subject. I am referring to page 9, items 8 (b) and (c). The division at present contemplated is that only those industries which may be necessary in the interests of the country but not remunerative must be shifted on to the State's shoulder. An example has been given of the ammonium sulphate industry. In this connection, Sir, I should have expected that the Government would give us a day extra to consider their plan because it is a very important one. It involves a decision on whether this industry should be concentrated at one place or it should be regionalised. Then it involves the question of who should manage it. All these questions are too big to be discussed now. In this connection I hope Government will give us a day for that discussion. But, Sir, I was surprised that while the Honourable Pandit Kunzru was critical of the reported intention of giving up the locomotive manufacture to private firms, one of his lieutenants was keen on having this industry transferred to private capital. The Railways have been managed by the Government and they should continue to be managed, and supplied if possible even with rails, by the Government themselves.

Mr. President, in conclusion I would say that in the new order of things we wish that the State should not only carry the burden but it should also reap the benefit of industrialisation and thereby do equity and justice and equalise the national dividend in a proper manner.

THE HONOURABLE MR. G. S. MOTILAL : (Bombay : Non-Muhammadan) :  
 Sir, I rise to give my support to the Resolution which was moved in the last session and which has come up for discussion again today. Sir, the reason for the postponement of the discussion of this Resolution was that the spokesman for the Government on that occasion promised to give us something more tangible later than he was in a position to give on that date. We were expecting to hear that something more tangible, and that tangible thing was only received by us a day before the discussion, and what was received was Part II of the Report of the Reconstruction Committee of Council and not Part I. I do not understand why it is considered that Part II alone contains something tangible. Within this short time we have scanned through the pages here and there and gathered some impression of its contents. However, these are not Government's plans. They are only Departmental views, and Government are not responsible for any one of them. They can take a line of action which may be absolutely contrary to the principles enunciated here for the consideration of the Government and for public opinion. Public opinion is sought on this report. It has taken more than eight months for Government to produce this Report. I do not know why Part I of the Report has not been sent to Members. Is it so very unimportant or of such little value that it need not have been sent to the Members of this House? My Honourable friend Mr. Hossain Imam has suggested that a day should be allotted for discussion. It is open to him to ask for it —



**THE HONOURABLE THE PRESIDENT :** He won't have a holiday since he is asking for so many days for discussion.

**THE HONOURABLE MR. G. S. MOTILAL :** I am sure he could ask for a day or even two days. But what I am saying is this. Soon after the last war an Industrial Commission was appointed. It was appointed so late that other countries had already gone ahead of us, made their plans, put them into operation and gone on with the development of their industries, while the Commission in this country was roving about and it was then that I had first met my Honourable friend Pandit Kunzru in Bombay. The Commission went round the country and reported after a long time, when decisions were taken, plans made and industries started in other countries. We should not wait any longer. This Report says that "it is desirable that Departments of the Central Government and each Province and State (of a suitable size) should now prepare a definite plan for post-war development over the whole range of subjects including finance. For the purpose of planning, it may be assumed that hostilities in the eastern theatre might cease by the end of 1945—"

**THE HONOURABLE MR. HOSSAIN IMAM :** Too optimistic.

**THE HONOURABLE MR. G. S. MOTILAL :** I do not think, Sir, it is too optimistic. We all hope and wish that hostilities will cease by the end of 1945. The country is fed up and tired of hostilities and the miseries that have fallen on the country. I am sure Mr. Hossain Imam will also benefit by it and would welcome the termination of hostilities. We should at any rate be prepared for it. If the hostilities end, are we to say, "We were expecting that they will continue for another year or two or three and therefore we are not prepared for it?" I am sure that we should be prepared for peace to come even earlier and we should have our plans ready. Government have been considering something tangible and public opinion is to be invited on certain principles that have been enunciated. Of course there will be difference of opinion on those principles. But one thing is certain, everybody wants industrialisation of India. Government want it now because they have realised that even for the very existence industrialisation of the country is necessary. Without industrial development India would not have been able to help in the war in the manner in which it has done, to the extent it has done. It has been acknowledged that India's men and material have been of very great value in winning the war in the Middle East and then in Italy. But for this little and halting development which has taken place, India would not have been in a position to give. If you had not the textile industry, the people of India would have been today even without the cloth that they have got and the help which the textile industry has given for clothing of the army and for sending goods to other countries has been very valuable. If India had not developed the sugar industry—most of it is concentrated in Bihar and the United Provinces and I do not grudge it; I do want that each Province should have its due share of industries, I look upon India as one unit—if it had not been for the development of the sugar industry, there would have been a veritable famine of sugar. I can mention some other industries. The steel industry is a very important industry. For a number of years it suffered and suffered. It is only statesmen who were then in a position to see ahead and impress upon the Government of India that the steel industry is one of national importance and it must be given protection: and after protection today it is in a position to stand on its own legs. But if this had not happened, may I know how we could have turned out ammunition and the war material which has gone out of India and which will again be very useful in winning the war in the East? India has a large population. Every inch of land, so to say, is cultivated and the "Grow More Food" campaign will bring some more. It is a growing population. But if it is content only with food and if it requires nothing else, then agriculture alone will suffice. But humanity needs many more things and for all that industrial development is necessary. Therefore, Sir, I urge that a Commission should be appointed as suggested in the Resolution, in the terms of the Resolution, Commission which will enjoy the confidence of the public of this country. The position that existed some years ago does not exist today. Capital is not now shy. Enterprise is not lacking. People are ready to plunge themselves into enterprise and even Government Departments have recognised that they should now control so that there may

[Mr. G. S. Motilal.]

not be undesirable overlapping of industries. Such is the position today compared with what it was a few years ago when they said that capital is shy, capital is not forthcoming. Capital is now not shy. It is now dancing in the air and on the floor, so is enterprise also prepared to take its chances and risks. One ground that is mentioned in this report is that technical knowledge is not available in India. The difficulties of technical knowledge need not come in our way. Didn't Tatas and other industrialists import technical experts from other countries? But import them only for the purpose of teaching your own people. Once you train your people, then naturally others have no more right to say that they shall keep on and continue to stay in this country. Sir, as you are looking at the clock, I shall also try to cover only one or two more points. I do not want to miss them. I shall therefore not say anything more on this, but I shall say something about the amendment of my friend Mr. Hossain Imam. I do not agree with that amendment. Not that I am opposed to nationalisation and State control of such industries as are necessary in the interest of the State. First of all we must realise that he wants immediate nationalisation of key industries. What is nationalisation? I should like to understand the significance of this word from him. What he wants is that there should be State management and State control. Is the State one which he can say is his own? Let there be a National Government first. If there is a National Government, then he can talk of nationalisation of industries. First of all the State must be your own, it must be under your control; it must be amenable to your wishes; your interest must guide it. In that event I can understand the talk of nationalisation. Even private enterprise can be national. In the conditions of today it is better nationalisation if my Honourable friend has control of industry or if I have control of industry or some other countryman of mine has control of industry. Apart from that private enterprise provides better management. Government is planning. There is this food shortage. Government is having control. We do not get good food. There is this mismanagement and that mismanagement. Government cannot do these things as efficiently as private enterprise can manage. Therefore, Sir, Pandit Kunzur's suggestion is the right one. The Commission should be authorised to examine and report when and where nationalisation of industry should come. I do not want that private individuals should make phenomenal wealth out of the misery of people. Government is responsible for that also. I feel it in my mind that if Government wanted to avoid it, they could have done so or at any rate they could have reduced it. They are interested in the Excess Profits and that is the easiest way of getting it. Therefore there has been this phenomenal wealth on the one hand and extreme poverty on the other. I do not at all favour this sort of arrangement. But as Pandit Kunzur has said, leave it to the Commission to consider it. Let them consider all the circumstances, whether all the industries should be nationalised, whether any industry can be nationalised and if so when. It is for the Commission to consider these things. Sir, with these words, I support the Resolution.

THE HONOURABLE SIR ARDESHIR DALAL (Planning and Development Member): Sir, I have already said on behalf of Government that it is the fullest intention of Government to foster industries in the country to the largest extent possible and in the quickest manner possible. There can therefore be no question of Government not being in sympathy with the Mover of the Resolution. The only question is as to the best method by which we can arrive at our common objective. At the outset of his speech the Honourable Member Pandit Kunzur has emphasised three points. First, he has pointed out that it is 25 years since the last Industries Commission reported and that it is high time we considered what further progress in industrialization in the country has been made and what gaps still remain to be filled. The second point he emphasised was that Government should embark upon a policy of fostering industrialization to the extent to which the resources of the country permitted. The third point which he made was that not only should existing industries be expanded and new industries brought into being, but that also Government should consider the extent to which they would associate the State with the ownership, management and control of industry.

With regard to the first point, the war has very forcibly brought home to us the gaps in our industrial structure. Among the most important ones, as pointed out by

the Honourable Mover himself, are the lack of industries for the manufacture of various types of machinery, of machine tools, boilers and other power plant. While I share in the general disappointment that the industrial progress of India has not been on the same scale as that of Canada or Australia during the war, I may point out that substantial progress has been made during the war in the matter of industrialization, and in that respect I would draw the attention of the House to the two volumes of Dr. Thomas' book which has recently been published under the auspices of the Supply Department. When I come to explain the machinery which Government proposes to adopt, I shall state how they intend to fill in the gaps in our industrial structure.

As for the second demand that measures should be adopted for the fullest and quickest possible industrialization of the country, Government are in complete accord with the Honourable the Mover.

As regards his third point about the part to be played by the State in the ownership, management and control of industry, it is a very important point which is seriously engaging the attention of Government. I would invite the Honourable the Mover's attention to what I stated to the Industries Committee on the subject recently in Bombay. It has not yet been possible for Government to come to any final decision on the various issues. It is true that we already have large-scale industries like railways, telephones and telegraphs, which are run by Government. There may be other industries on a scale so large that it is beyond the resources of private capitalists to enter into them; in such cases Government will undoubtedly take them up. There may be industries which, although they are very important in the national interest, it would not pay the private capitalist to take up; they may not be remunerative enough—for instance, the fertilizer industry; in that case also Government will take them up.

Then there is, of course, the very important field of public utilities. The question of the exact measure of association of Government with or their control over public utilities requires very careful consideration, and on that point Government have not yet made up their minds. But there can be no doubt that in this respect as well as in respect of important basic industries perhaps a large measure of control may have to be exercised by Government in the future than has been the case in the past. It is not therefore quite correct for my Honourable friend Sir Ramunni Menon to say that the second report on Reconstruction Planning merely states that, barring a few rare instances, all the industries would be completely left to uncontrolled management of private enterprise.

The Honourable Mover has devoted a large part of his speech to the consideration of the question of protection to industries on the lines laid down by the Indian Fiscal Commission. I agree generally with him that the conditions as laid down by the Fiscal Commission have been too rigid. They have also been somewhat too rigidly interpreted by many of the Tariff Boards. There have been considerable delays in the Tariff Boards in arriving at their conclusions, and there have also been delays on the part of Government in implementing the recommendations of the Tariff Boards. For my own part, I do not like the expression "discriminating protection", because the word "discrimination" is likely to be misunderstood. As I have already stated in Bombay, Government are reconsidering the policy of protection. They intend to liberalise that policy, and in order to avoid the delays that have taken place in the past they intend to consider the appointment of a permanent Tariff Board.

Perhaps at this stage, before I come to the main question of the recommendation regarding the Commission, it may be as well for me to answer some of the points made in the course of the debate this morning. My Honourable friend Mr. Dalal stated that the policy of Government in importing consumer goods was such as to cause hardship to existing industries that have been built up. I am assured that such is not the case and that only such imports of consumer goods are allowed as are required because the existing industries cannot fulfil those requirements. Then he stated that he apprehended that it was the intention of Government that the nitrogen and the fertilizer industries should be made over to the I. C. I. I can assure him that that is far from being the intention of Government. He stated that he hoped that

(Sir Ardeshir Dalal.)

when the industry was turned over from the State to private enterprise the nationals of the country would have some share in the management. I can assure him that they will have full share in the management. He stated that they might be permitted to import machinery. I have already mentioned during the meeting in Bombay that industrialists may place their orders direct with manufacturers both in England and the United States for the import of machinery for capital goods, only registering their requirements with Government.

My friend the Honourable Mr. Sapru stated that he was not in favour of nationalization because it would introduce a fascist regime, and that he would therefore prefer to wait until a national Government came into power. But no matter what the Government that comes into power, nationalization must inevitably involve a sort of fascist regime. Then he stated, very rightly, that there should be.—

THE HONOURABLE MR. P. N. SAPRU : On a point of personal explanation. Logically I am in favour of nationalization, but what I said was that until you have a popular Government or a national Government, nationalization under existing conditions might lead to fascism.

THE HONOURABLE SIR ARDESHIR DALAL : That is quite right, Sir, but no matter what the Government is, any regimentation of that character will involve what I think the Honourable Mr. Sapru will characterise as fascism.

Now, with regard to the census of production and the census of requirements that Mr. Sapru wanted, that again theoretically, is perfectly correct. It would be very desirable, if it was possible, that we should have proper census of production and proper statistics of our requirements before we started on planning, but unfortunately it happens that we have not got them, and if we were to wait, before we begin planning, for all these, it would take us years. Personally, it is not my intention that all planning should be stopped, because the statistics of production and things of that kind are not available. Therefore we are trying to do the best with what is available.

I was rather surprised to hear the Honourable Mr. Sapru's remarks with regard to technical training. It seems that you cannot put forward any proposition, however good or beneficial to the country you may think it to be, without somebody or other objecting to it. Now, technical training, I thought, was the very first step in the matter of planning the development of the country, and, therefore, I thought that even if nothing more could be done in the beginning, if you could train a certain number of young Indians for posts of trust and responsibility in the various technical branches, it would be something achieved. I was surprised, therefore, to hear the Honourable Mr. Sapru object to a very beneficial measure like that. He stated that it would create a good deal of educated unemployment. Well, I may tell him that, so far as technical training is concerned, the first step that Government is taking is to the effect that the majority of men who are sent out for technical training, would be under contract with the Central Government or the Provincial Government, or the private employer, under whom they would engage themselves on their return from their education and training, to serve for a fixed period of years. So they would have their livelihood more or less assured.

He inquired what happened when the Tata Iron and Steel Works were founded. Did we send a thousand men for training abroad before we started the works. No, Sir, that was not the case, but we imported a thousand foreigners. I do not know whether that is the alternative which Pandit Sapru would prefer.

Then, he stated what he wanted was a small commission consisting of a few people for planning purposes. What I understood him to mean was that he required a planning commission. That is something entirely different from the industrial commission which I thought the Honourable Mover desired. If what Pandit Sapru wants is a planning commission of four or five people who will only do planning, that is an entirely different proposition which will have to be looked at from an entirely different point of view. The difficulty in that respect would be that this would have to be a whole-time commission doing nothing else. Does he think that it would be possible to get men of the eminence required to serve whole time on a

responsible job like that for a certain period of time? That is one of the greatest difficulties in the way of a commission of the kind contemplated by the Honourable member.

The Honourable Mr. Kalikar emphasized the necessity of India going in for basic industries. That undoubtedly is our object: we all want basic industries, and he will find, when I explain my proposals further, that it is our intention also that we should go in for basic industries as much as possible.

Sir Ramunni Menon, in a very well-reasoned speech, expressed himself as disappointed, because he thought that we wanted to leave everything to private enterprise entirely unfettered and uncontrolled, the State merely taking some little interest in certain industries which were not profitable enough for the private capitalist. As I have already explained, that is not the case. Government have not yet arrived at any final decision regarding the extent to which it would participate in industry or control industry, but there can be no doubt that there will be a larger measure of control than has existed in the past. For one thing, in the interests of labour there will have to be control practically over all industries in the matter of welfare of labour and for ensuring them fair terms and proper housing. In all such cases there will be Government control which will extend to all industries. Then there are other industries like basic industries and public utility concerns, particularly those which are to be started in the future, over which, as I have stated, there may be a certain measure of control. That is apart from industries which Government may run themselves.

This, Sir, to my mind answers many of the points raised by my Honourable friend, Mr. Hossain Imam. With regard to his amendment it is rather a revolutionary one. He wants all key industries to be immediately nationalised. In the first place, the word "key-industries" is a very ambiguous one. It can be interpreted in a very narrow manner. I presume that by "key industries" he means basic industries. Now many of the basic industries are being run very efficiently by private enterprise today, and even in more advanced countries a general proposition like immediate nationalisation of all basic industries has not been favoured. Even a body like the Fabian Society stated in their last report on Government and Industry that it is the quality of management and the policy pursued in such matters as price and production that matter, and not who owns or controls the industry. I think in this connection perhaps I can do no better than once again to quote the words of Mr. Lyttleton which I quoted in my address to the Industries Policy Committee in Bombay. He has stated as follows:

"I am a businessman, or rather I was a businessman, and I suppose I am by definition capitalist. But if anybody asks me whether there should be more socialism or more capitalism, more Government planning or more free enterprise, my answer would be that there ought to be a great deal more of both. The essence of democracy should be a balance between the organising power of the state and the driving force of the free individual."

Then, Sir, there is a misrepresentation in which the Honourable Member seems to have unwittingly indulged, in that he pointed out that although Government had paid lip service to regionalisation, when it came to actual execution their intentions were very nefarious and entirely different, and although there is no such thing as execution he quoted this in support from page 27 of the report:

"Industrial development cannot proceed according to artificial Governmental boundaries; it must depend upon the geography of raw materials, power and markets."

He stopped there. But it goes on:

"Planning will therefore have to be regional to a certain extent and the recommendations of Provincial and State authorities will have to be coordinated with the practical advice of industry."

Now, I come to the main issue for consideration, namely, the appointment of another industrial commission. The appointment of such a commission has been under the careful consideration of the Honourable Member for Industries and Civil Supplies to my personal knowledge for over a year. But after very careful consideration Government came to the conclusion that in the interests of rapid industrialisation of the country, it would not be advisable to appoint such a commission. The Holland Commission took over two years to report. It is not the intention of Government to wait for such a long time before taking practical measures for the

[Sir Ardeshir Dalal.]

industrialisation of the country. We believe that we can devise other means and other methods by which the industrialisation can be achieved better and in a much quicker space of time. Apart from the question of delay involved, there is a further difficulty regarding personnel. The gentlemen to be selected for these very responsible jobs are all very busy, particularly during war time, and it would not be possible for them to spare a very considerable portion of their time for a very long period which would be required for work on such a Commission. There is also the further consideration that the recommendations of a Commission of this kind can only be of a general nature whereas what we want are practical recommendations for the expansion, development and the starting of existing and new industries. They will not have either the technical equipment or the experience necessary for such a purpose.

The alternative arrangement proposed by Government, therefore, is as follows: We have already appointed a separate Policy Committee on Industries. It will consider general issues of policy regarding industrial development and examine specific plans and proposals for development that may be placed before it. The detailed work of planning and development of specific industries, or groups of industries, will, however, be carried out by Panels of which we propose to appoint something like 20. These Panels will consist of two or three industrialists, assisted by one or more experts and a permanent whole-time officer of the Planning and Development Department. It is proposed to constitute Panels as follows: Iron and steel; Power Machinery (I should like the Honourable Member to note that that will include steam engines, turbines, generators, crude oil, diesel oil and petrol engines and alcohol engines); Engineering Machinery (including Transport-locomotives and wagons, automobiles, aircraft and shipbuilding); Industrial Machinery for the manufacture of textile, sugar, paper, mining, cement, chemical and electric machines; Machine Tools; Engineering Industries, Chemical Industries including heavy chemicals, light chemicals and synthetic products; wood-pulp, paper, celluloid, rayon and plastics; sugar and alcohol; glass-refractories, ceramics, cement; soap, oil-paints, colours and varnishes; electro-chemical industries,—aluminium, calcium carbide, ferro-alloys; cotton textiles; other textiles; non-ferrous metallurgical industries, leather and leather goods; processed foods and drinks, cinema, etc. My Honourable friend will note that the list is a pretty comprehensive one. Our difficulty will be to find the personnel to man them and to secure the requisite number of experts. In this connection, if we have to import some experts from abroad, I hope that he for one will not object.

Besides this, every Province has been advised to appoint an Industrial Committee of its own which will make recommendations regarding the industries which it considers should be established in its own area in the light of its own particular situation. The major States will also be appointing similar committees. One of our principal objects of these Provincial bodies is regionalisation,—to spread the industries as evenly as possible over the different regions, consistent, of course, with the availability of natural resources and markets, because, without natural resources and markets it would be foolish to establish them.

While this is being done, it is not our intention to hold up development for which plans are ready and particularly the rehabilitation of worn out plant and machinery. For this purpose we have already advised industrialists who wish to place orders for plant and machinery, to place them with the manufacturers after registering them with us. The procedure for this purpose is being worked out by Government and we have a Sub-Committee of the Industries Policy Committee coming to Delhi in the first week of December to discuss the question further with us. I trust that in the light of these explanations the Honourable Mover will agree with Government that the machinery which we are proposing will achieve the object which both of us have in view in a more effective and expeditious manner and therefore withdraw his Resolution. (*Applause.*)

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Mr. President, I had two objects in view in moving my Resolution. One was to insure that full publicity was given to the steps taken by Government to bring about the rapid

industrialisation of the country and the other to accelerate the pace of industrialisation. It seemed to me when this Resolution was moved that in the first place the public was not adequately informed about what was being done by Government in order to promote the industrial development of the country and in the second place that their proceedings were exceedingly dilatory. My Honourable friend, Sir Akbar Hydari, who replied on behalf of Government last March, asked me to defer consideration of this Resolution in order that he might be able to inform us during this session of the lines on which Government proposed to proceed. He thought that we would then be in a better position to compare the relative merits of the suggestion made by me and the method that had commended itself to Government. I therefore listened very attentively when my Honourable friend, Sir Ardeshir Dalal, our Planning and Development Member, came to that part of his speech in which he informed the House of the work done by Government for the rapid industrialisation of the country during the interval between the publication of the first report of the Reconstruction Committee of the Viceroy's Executive Council and its second report. I have no doubt whatsoever about the intentions of my Honourable friend. I am perfectly certain that so far as he is concerned he will do his very best to press the Government to industrialise the country with a view to raising the standard of living of the people and enabling the country to protect its integrity and honour. But what we are concerned with today is not merely his intentions or his personal policies but the actual achievements of Government since my Honourable friend Sir Akbar Hydari asked us to wait for the information which he thought he would be in a position to supply a few months later. Sir Ardeshir Dalal spoke of the intention of Government to appoint a number of Development Officers who would be assisted by panels of industrialists and so on. But all this is stated in the first report of the Reconstruction Committee of the Council which was published on the 1st March, 1944. What we would therefore like to know is not what is the method that Government propose to adopt, but what steps have been actually taken by them in order to develop the resources of the country quickly—

**THE HONOURABLE THE PRESIDENT :** Is this interval of 5 months sufficient ?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Eight months, Sir.

**THE HONOURABLE THE PRESIDENT :** Is it not too short a time for any achievement of a substantial character ?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Even if you consider this period too short for the preparation of a full plan, I am sure, Sir, you will allow that it is enough to permit of the preparation of a plan which in its broad outlines—

**THE HONOURABLE SIR ARDESHIR DALAL :** On a point of explanation, Sir. I understood that this was a debate only on the specific issue of the Honourable Member's Resolution for the appointment of a Commission, not a general debate on Planning and Development on which I would have a great deal to say if I had the opportunity.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** If I have referred to the report of the Reconstruction Committee of the Viceroy's Council, it is not in order to deal with the entire subject of planning. I am concerned with planning only in so far as it affects industrialisation. Government want us to accept their own method in preference to the method suggested by us on the ground that it would be quicker and would bring about more extensive and more co-ordinated development than any other plan would—

**THE HONOURABLE SIR ARDESHIR DALAL :** And quickly too.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** I am therefore, entitled to ask my Honourable friend opposite what exactly Government have done through their planning committees in respect of industrial development only. I am not concerned with the general question of reconstruction and planning. I am looking at the task that was entrusted to the Reconstruction Committee of the Viceroy's Council only in so far as it affects the subject matter of the Resolution now before the House. I had hoped, Sir, that Sir Ardeshir Dalal would be in a

[Pandit Hirday Nath Kunzru.]

position to tell us that certain plans had been completed and that the process of executing them would soon begin. But my Honourable friend, if I may say so without disrespect to him, has virtually repeated what is contained in the first report on the progress of reconstruction planning. Sir, I make bold to say that the second report which has very recently been made available to us, though it differs in certain respects from the first report, is on the whole not very unlike the first report. It only enunciates general text-book principles; it lays down no definite plan in regard to any aspect of industrialisation. This is an exceedingly unsatisfactory state of things. My Honourable friend, Sir Ardeshir Dalal, spoke of the difficulty of finding suitable members to work on a Commission like the one that I have suggested. He also referred to the time which such a Commission would take to present its report. And in this connection he drew our attention to the long time taken by the Holland Commission to prepare its report. I have two answers to give. One is that the Government themselves do not seem to me to be proceeding with reasonable despatch. During the last 8 months they do not seem to me—and I say this without any exaggeration—to have proceeded far beyond the stage represented by the first report on the progress of reconstruction. It comes with ill-grace from them in these circumstances to object to the appointment of an Industrial Commission on the ground that it would take a long time to present its report. My second answer is that the Holland Commission took two years not merely because it had a difficult and complicated subject to handle but because the proceedings of the Commission were suspended for some time in order to enable Government to avail themselves of the help of Sir Thomas Holland in creating the Munition's Department and in developing certain proposals relating to industrial development during the war. In view of this, Sir, I do not think that the objection urged by my Honourable friend Sir Ardeshir Dalal against the appointment of an Industrial Commission is a very cogent one. Government till March last had an open mind, as stated by Sir Akbar Hydari, on the question of the appointment of a Commission. They even considered it feasible to have the Commission and Development Officers, with the panels appointed to assist them, to work side by side. The Development Officers with their panels could collect information and could then place it before the Industrial Commission. What has happened during this interval to make Government change their mind on a subject of such importance—

**THE HONOURABLE SIR AKBAR HYDARI:** They were alternatives. If you will read my speech, you will see that.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** It does not appear from the first report on the progress of reconstruction planning that the interpretation placed on what the committee has said, by Sir Akbar Hydari, is correct.

**THE HONOURABLE SIR AKBAR HYDARI:** If the Honourable Member reads my speech during the last session, I said they were alternatives.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** On that point I did not mean to refer to the Honourable Member at all. What I had in mind was the report on the progress of reconstruction planning which was published on the 1st March, 1944. This is what the Committee said in the paragraph relating to industrial planning:—

“The information obtained in this manner—”

that is, in the manner suggested earlier in the report :

“—will be collated by the Industrial Adviser attached to the Department of Industries and Civil Supplies in a form which would facilitate planning. As, however, no one person could have an intimate and accurate knowledge of the various industries involved, there would be an advisory panel of industrialists. Specific points would be referred to committees consisting of two or more members of the panel and the adviser and on their advice definite proposals would be formulated. The question of constituting an Industrial Commission to survey the field is also under consideration, but this survey would take place alongside the factual work which would be done by the Adviser and the panel.”

It is clear from the words quoted by me that the Industrial Commission and the Industrial Adviser with his panel were not two alternative solutions of the same question.



Sir, I attach a great deal of importance to the proper method of discussing the available data and arriving at satisfactory conclusions. We are particularly anxious to promote the industrial development of the country in view of the rapid strides taken by such widely separated countries as, for instance, Australia and Russia to industrialise themselves during the last few years. And when I refer to Russia I do not merely refer to the development that has taken place in its European territories. What I have chiefly in mind is the development that has been brought about in its Asiatic possessions—in Siberia and in other territories, for instance, the Uzbek Republic and the Tazhik Republic. Had these territories—to use the words of Mr. Churchill—been fortunate enough to repose serenely behind the Imperial shield, I am sure they would not have achieved even in two hundred years the cultural and industrial progress which they have achieved in the short space of twenty years. What has been done by Russia in its Asiatic possessions, which did not seem to be well endowed with industrial resources by nature, can certainly be brought about in this country which is in a far better position than the Asiatic republics under the control of Russia. The whole House must have been profoundly disappointed to learn from the Honourable Sir Ardeshir Dalal that the Government are in no better position now than they were eight months ago to tell us what developments can take place in the near future or what actual schemes have been prepared by them which the Industries Department can be asked to execute provided the necessary equipment can be obtained.

Sir, I do not want to take up the time of the House much longer, but I hope you will permit me to refer to the question of protection which found a place in the speech which my Honourable friend Sir Ardeshir Dalal delivered when he met the Indian Merchants Chamber in Bombay. I am glad that he fully agrees with the non-official view that the conditions laid down for the grant of protection are not satisfactory and that they should be modified in the interests of the future development of the country. A similar statement, I remember, was made by Sir Ramaswami Mudaliar in this House about three years ago. Speaking in this House about three years ago, he said he was aware of the criticism to which the recommendations of the Fiscal Commission had been subjected and that he was considering the matter with a view to modifying the conditions in order to help industries whose establishment might be considered desirable during the war. The announcement now made by my Honourable friend opposite, though its scope is wider than that of the announcement made by Sir Ramaswami Mudaliar, carries us no further so far as the actual modifications of the conditions under which protection may be given are concerned. If this is the dilatoriness of the Government in regard to the question of protection, for which no Industrial Advisers or panels or Industrial Commissions or Committees are necessary, how are we to believe that it will proceed with all the energy that it is capable of in dealing with the important subject of industrialization? During the last eight months we have heard of many plans prepared by the departments of Government—plans with regard to roads and communications; with regard to the development of railways, etc.—but we have not had a word from any quarter regarding the development of industries.

Sir, in view of all this it seems to me that a different method from that suggested by Government is not merely desirable but necessary. My Honourable friend Sir Ardeshir Dalal cannot expect to have the Indian public and the Legislature fully behind him unless he creates an atmosphere in the country which in the opinion of the public will be conducive to the rapid building up of Indian industries. I suggest that the appointment of an Industrial Commission is the best way in which he can remove suspicion, enlighten public opinion and mobilise the enthusiasm and energy of the country behind him.

One word more, Sir, before I sit down. The question of the nationalisation of key industries has been brought to the fore by my Honourable friend, Mr. Hossain Imam. Now, I am myself anxious that certain basic industries should be controlled by the State. The words "key industries", however, as appears from the discussions that took place when the Round Table Conference was deliberating, has a very limited meaning. It is applied officially, it seems to industries connected with defence. My object, frankly, is wider. The Government of India have by their own example shown that the State can control not merely munitions industries, but

[Pandit Hirday Nath Kunzru.]

also other industries, for instance, Railways, Telephones, etc. I had hoped, in view of their decision to use the Kanhrapara workshops after the war for the manufacture of locomotives, that the construction of both locomotives and boilers would be a State concern, but I find now that they are thinking of making use of a private agency in this connection. I have not a word to say against the Tatas. I am full of admiration for their spirit of enterprise, for their patriotism, and for the efficient steps taken by them to train up Indian personnel from the top to the bottom. They were engaged in an uphill struggle, but their sense of patriotism and duty to the country made them persevere in their policy, and I congratulate them whole-heartedly on the success achieved by them. It will delight the heart of any Indian who goes to Jamshedpur, to see the Iron & Steel Works run practically from top to bottom by Indians, most of whom have been trained by the Tatas themselves. But the question I am dealing with is one of principle. I am not wholly against the employment of private agencies; I am not enamoured of the Soviet model. I believe that even when State control has been extended in the form of ownership and management a large field will still be left for private enterprise, in which Government should intervene only in order to ensure the welfare of labour and to prevent profiteering by industrialists at the expense of the nation. But in respect of such things as munitions, communications including manufacture of locomotives and boilers, and development of civil aviation, I think the State ought to play a more important part, a much more important part than Government are contemplating. It is a matter of deep regret to us, Sir, that the Civil Aviation Conference is being attended only by the representatives of Government. I wish some non-officials also could have been sent to that Conference to give expression to the public view with regard to the lines on which civil aviation should be developed. But, however that may be, I plead and plead very strongly for a more extensive participation of the State in the development of industries, and in the ownership of those particular industries which may be called basic.

My Honourable friend, Mr. Hossain Imam, says "and industries relating to power." I should like to repeat what I stated during the last session with regard to this matter. I made my ideas on this subject clear then. I have to-day only expanded those ideas, I strongly feel that the role of the State in the development of industries should not be as restricted as suggested by Sir Ardeshir Dalal in the speech to which I have already referred. Sir, I do not wish to prolong the discussion any further, but in view of the debate that has taken place, I think the industrial commission would be a far better agency for the achievement of the object in view than the method suggested by Sir Ardeshir Dalal.

**THE HONOURABLE THE PRESIDENT:** I would first like to clear the amendment out of our way.

**THE HONOURABLE MR. HOSSAIN IMAM:** I am glad to withdraw my amendment.

**THE HONOURABLE THE PRESIDENT:** There is not one member who supports you.

**THE HONOURABLE MR. HOSSAIN IMAM:** It is not on that account that I want to withdraw. I would be the last person to restrict nationalisation, and I am sorry that the words I have used restrict the scope and do not convey my sense. Therefore I withdraw.

**THE HONOURABLE THE PRESIDENT:** I understand you want to press your Resolution.

The question put and the Council divided.

AYES—12

Ayyangar, Hon. Sir N. Gopalaswami.  
Chettiyar, Hon. Mr. Chidambaram.  
Dalal, Hon. Mr. M. N.  
Das, Hon. Mr. N. K.  
Hossain Imam, Hon. Mr.  
Kalikar, Hon. Mr. V. V.

Kunzru, Hon. Pandit Hirday Nath.  
Mahtha, Hon. Rai Bahadur Sri Narain.  
Motilal, Hon. Mr. G. S.  
Roy Chowdhury, Hon. Mr. Susil Kumar.  
Sapru, Hon. Mr. P. N.  
Sinha, Hon. Kumar Nripendra Narayan.

## NOES—24

Buta Singh, Hon. Sir.  
 Charanjit Singh, Hon. Raja.  
 Chinoy, Hon. Sir Rahimtoola.  
 Conran-Smith, Hon. Mr. E.  
 Das, Hon. Mr. Mahendra Lal.  
 Devadoss, Hon. Sir David.  
 Ghosal, Hon. Sir Joana.  
 Gibbons, Hon. Mr. J. M. B.  
 Hissamuddin Bahadur, Hon. Lt-Col. Sir.  
 Hydari, Hon. Sir Akbar.  
 Jogendra Singh, Hon. Sir.  
 Jones, Hon. Sir Cyril.

Khurshid Ali Khan, Hon. Nawabzada.  
 Lal, Hon. Mr. Shavax A.  
 Mahomed Uaman, Hon. Sir.  
 Mealing, Hon. Mr. K. W.  
 Menon, Hon. Sir Ramunni.  
 Mukherjee, Hon. Sir Satya Charan.  
 Noon, Hon. Sir Firoz Khan.  
 Patro, Hon. Sir A. P.  
 Prior, Hon. Mr. H. C.  
 Ram Chandra, Hon. Mr.  
 Sen, Hon. Mr. B. R.  
 Sobha Singh, Hon. Sardar Bahadur Sir.

The Motion was negatived.

The Council then adjourned till Eleven of the Clock on Tuesday, the 14th November, 1944.