

I will say that there is no question of witch-hunting in making the selection. Do not think like that. I am very much against this idea of witch-hunting. Piloo, I may tell you as a friend also....

MR. DEPUTY-SPEAKER: You please tell me also.

SHRI L. N. MISHRA: Sir, I am putting it in inverted commas and you will understand what I mean by it.

Regarding that closed mill, I will only say, if this was so, it was because of the fact that it was closed for more than 3 months or so. Maybe, there was power failure. I will look into it.

SHRI S. M. BANERJEE: I come from U.P. and I know this is utterly mismanaged.

SHRI L. N. MISHRA: I can only say that I will look into all these things.

I beg to move:

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

MR. DEPUTY-SPEAKER: What about Mr. Mavalankar's point?

SHRI L. N. MISHRA: No, Sir, I am not going to accept it.

MR. DEPUTY-SPEAKER: Now, the question is:

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

The motion was adopted.

16.12 hrs.

INDIAN TARIFF (AMENDMENT) BILL

MR. DEPUTY-SPEAKER: We will now take up the Indian Tariff (Amendment) Bill. Shri L. N. Mishra.

THE DEPUTY MINISTER IN THE MINISTRY OF FOREIGN TRADE (SHRI A. C. GEORGE): On behalf of Shri L. N. Mishra....

SHRI JYOTIRMOY BOSU (Diamond Harbour): Sir, when the Minister is present in the House, how can anybody else move the Bill, on his behalf? How can anybody else be delegated like this, when he is actually present in the House? (Interruption)

MR. DEPUTY-SPEAKER: Order please. I would expect that you treat this Chair and House with a little respect. If you or somebody else handles the baby, I have no objection, but you should have informed me.....

THE MINISTER OF FOREIGN TRADE (SHRI L. N. MISHRA): I am so sorry, Sir. I sent a letter I should have gone away because Iraq Minister is coming; I have other engagements; that is why I asked him...

MR. DEPUTY SPEAKER: If the Minister is not serious about it, we will skip it over and go on to the next item. I am not saying anything else. I have just now been informed from the Table that the letter is not there.

SHRI L. N. MISHRA: I beg to move.....

SHRI JYOTIRMOY BOSU: The hon. Minister has said this. He has confessed that he had other engagements including meeting the Minister of Iraq and therefore, he would not be able to attend the House. What he is saying is thoroughly unconvincing, because he is still sitting in the House. How very genuine was he in his expression! Sir, this should be considered very seriously.

MR. DEPUTY-SPEAKER: Let us not argue about this. A Minister can delegate his authority to his junior. Even if he is in the House, another Minister can move it. But the only

[Mr. Deputy-Speaker]

thing I expect is this. The Chair should be informed. But, in this case, I have not been informed.

In any case, as a special case, you can move it.

SHRI JYOTIRMOY BOSU: Don't go to the Press again....

SHRI A. C. GEORGE: Mr. Deputy-Speaker, Sir, I beg to move:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

As the hon. Members may be aware, protection to the dye intermediates industry is due to expire on 31-12-72. The Tariff Commission has reviewed the performance of this industry and has submitted its report thereon. Government's resolution containing their decisions on the report together with copies of other connected papers have been laid on the Table of the House.

I shall now refer very briefly to the dye intermediates under consideration. This is a good example of an Indian industry which has developed greatly under protection. Starting with the finished dyestuffs, we have moved on to the manufacture of the intermediates from which the dyestuffs are made.

Protection to three intermediates was granted in 1964 and to 50 in 1968. Before the period of protection of 53 dye intermediates was due to expire by 31st December, 1971, the commission reviewed the progress of the development of the industry and submitted an interim report, recommending the continuance of the protection granted to the industry beyond 1971 and till the end of 1974.

Hon. Members will recall that on the basis of the interim report of the commission and pending the receipt of its final report, protection granted to 53 intermediates was extended last year only by one year up to the end

of the current year, that is, 31st December, 1972. In the present report, in deciding the level of protective rates of duty on various intermediates, the Tariff Commission has taken into consideration all relevant factors such as the existing installed capacity of the industry, its tendency or otherwise to meet the present and anticipated demand, the need of imports and the degree of foreign competition as also the overall requirements of the particular dye intermediates where such requirement is substantial.

In this connection, the Tariff Commission has also borne in mind the rationalised pattern of rates of duty in the Indian Customs Tariff. After careful examination of all these factors, the commission recommended, and the Government have accepted the following, namely (1) continuance of the protection, until 31st December, 1974, on (a) 31 dye intermediates at the existing rate of protective duty, (b) two intermediates at the enhanced rates of duty and (c) four dye intermediates at the reduced rate of duty, (2) withdrawal of tariff protection from and levy of revenue rates of duty after 31st December, 1972 on (a) 15 dye intermediates at the existing rates and (b) one dye intermediate at the reduced rate and (c) grant of protection to 19 fresh items on dye-intermediates till 31st December, 1974.

Details of these dye intermediates and the level of protection will be found in the note already circulated to hon. Members as also in the Bill. The commission has also made a number of other recommendations in its report. The decisions taken on these recommendations have been announced in the resolution which has been placed on the Table of the House. Necessary action is being taken by the Ministries concerned for their implementation. The Bill incorporates the decision of the Government referred to earlier. I do not want to take any more time. I beg to move that the Bill further to amend the Indian.

Tariff Act, 1934, be taken into consideration.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

SHRI JYOTIRMOY BOSU: This Tariff Commission is a quasi-judicial body for what it is worth. As far as we are concerned, we have known it to be a body, through its recent activities, for the monopolists, by the monopolists and of the monopolists. The functions of the commission as defined in the report of the Tariff Commission Reviewing Committee are:

"Inquiries into initial grant of protection, inquiries into matters relating to prices of specific commodities, whether protected or not, on reference to it by Government as well as under its *suo motu* powers, inquiries into the question of continuance of protection of an industry..".

There is thus a series of matters which come under its purview. But the Tariff Commission by its activities has created a sheltered market for the monopolists, and thereby the monopolists have greatly gained. Here is one quotation from the *Hindustan Times* dated the 15th December, 1972, which says:

"Indiscriminate protection: It has little surprised that the chairman of the Planning Commission should express concern over the price-fixing policies of the Tariff Commission. Addressing a seminar in New Delhi, Prof. D. R. Gadgil...."

—now, late D. R. Gadgil; may his soul rest in peace:—

"...is reported to have stated that the static-view-cost taken by that body had contributed to recent price increases. The tariff commission came into

being in the thirties, when the slogan of the day was discriminating protection. Much has happened since that time; Indian industry has undergone a complete transformation, but the Tariff Commission does not appear to have moved with the times."

Most uncomplimentary remarks. It has become in fact a government department.

Here is another clipping from the *Indian Express* dated March 20, 1970:

"In recent years, the quality of the Tariff Commission's studies of industrial cost structure etc has not been such as to inspire confidence. In fact, the Tariff Commission does not seem to function as a quasi-judicial body but as a government department.

In 1967, the Tariff Commission Review Committee Report, with which Dr. V. K. R. V. Rao was associated, has said things of importance and value. They said:

"We would, therefore, suggest that since our economy is passing through a phase of inflationary pressure, provision for contingency allowance should be avoided while fixing prices in the industry which should be able to absorb a small increase in costs".

Then:

"In the Committee's view, it is necessary to take immediate steps to inquire into the actual degree of protection enjoyed by different industries at present with a view to determining the extent of over-protection or under-protection that obtains in respect of each of them."

"The Committee is of the view that these matters require to be examined with a measure of urgency so that the allocation of investments in the domestic economy is not adversely affected. The Committee

[Shri Jyotirmoy Bosu]

recommends that the Tariff Commission should be asked by the Government immediately to undertake an assessment of the extent of protection available to (i) industries which continue to be protected industries; (ii) industries which in the recent past have been de-protected...."

This is the position.

The Commission have claimed that wherever they have recommended price fixation, they have brought about stabilisation. This is not a reality. Look at the case of sugar, the case of tyre, that of vanaspati and of motor car. They have, in fact, helped monopolists to grow, prosper and fatten themselves.

The case of dyestuffs is very interesting. It is a monopoly control affair. The Monopolies Inquiry Commission have this to say in their report, on p. 22:

"Group XIII—Dyes, Explosives, Coke-oven by-products and coal tar distillation products:

Amar Dye took the second place in Naphthols with Atul Products Ltd. leading with 53.3 per cent. In Vat Dyes, Indian Dye Stuff Industry Ltd. was the leading producer with 51.4 per cent., Atic Industries (an associate of Atul Products) following with 44.5 per cent."

Now the firm of Kasturbhai Lalbhai which controls both Atic Industries and Atul Products controls over 65 per cent of the Indian dye-stuff industry and is one of the 75 large business houses. The continuance of protection to the industry is unwarranted. Prices have shot up by 133 per cent. This is what the report says:

"The prices of dyes in 1965 and 1967 are shown in Appendix XVI. Although the prices of dyes went up in some cases by as much as 133 per cent, there were also noteworthy instances of a significant fall...."

This is the position.

"Several other consumers have also stated that prices of Indian dyestuffs are very high as compared to imported dyestuffs".

A worker abroad gets 7-20 times the wages of a worker here. Still their dyestuffs cost much lower than ours. This is brought out on page 83. They go on to say:

"One cotton mill has pinpointed the high prices of naphthols AS-LB while another has said that the prices of vat dyes are on the high side. Some consumers have qualified complaints by saying that the prices of indigenous dyes are higher having regard to their quality".

So, in quality it is inferior and in price it is much higher.

Sir, I want to say this. The work should be reviewed. It has been said in the Tariff Commission's review of the work as follows:

"The combined capacity utilisation in case of the 53 protected intermediates and 18 groups of Dye-stuffs, however, declined by 17 per cent and eight per cent respectively. Since the capacities of some of the producers are common for a number of sub-groups of the Dye-stuff industry and are interchangeable among different groups, the capacity utilisation in case of these groups is not strictly comparable."

Therefore, it is not even making the fullest utilisation of the built-in capacity. I feel that the Government is trying to do something for the monopolists, by the monopolists and of the monopolists who are collecting money for its elections. That is what they have been doing.

SHRI K. BALADHANDAYUTHAM (Coimbatore): Sir, this amending Bill has been brought forward on the report of the Tariff Commission. As Mr. Jyotirmoy Bosu pointed out, the

Tariff Commission has come under a lot of criticism in the past and the protection that is being given does not seem to be a protection for the consumer but it has always become a protection not only for the monopolists but also for producing sub-standard products. Most of the goods produced which are sheltered under this protection have been sub-standard and they do not compare with foreign products. As such, when they bring an amending Bill to extend the protection for another two years, the Government has to examine whether they are in a position to guarantee lower prices and also the standard quality. If the Government is not in a position, and if the Tariff Commission does not help them in this matter, there is no point in going on extending protection. I am not against extending the protection but it must go hand in hand with the authority of the State to ensure quality as well as cheaper prices, because the consumer is hard hit. Thus prolonged protection and non-utilisation of capacity even with regard to the dyestuff intermediates show that in ensuring protection to the consumer the Government must take more serious steps and see that, as Shri Jyotirmoy Bose said, the Tariff Commission does not act hand in glove with the monopolists.

\*SHRI J. MATHA GOWDER (Nilgiris): Mr. Deputy Speaker, Sir, I rise to say a few words on the Indian Tariff (Amendment) Bill, 1972 on behalf of my party, the Dravida Munnetra Kazhgam.

Sir, I am very glad that the Ministry of Foreign Trade has circulated a note on the Indian Tariff Amendment Bill, which gives a detailed background and the necessity for bringing forward this legislation. This Note is very helpful for all the Members to understand the provisions of the Bill and I wish to pay my compliments to the hon. Minister of Foreign Trade. I wish that the other Ministries also

emulate this worthy example and circulate a Note giving the background and other relevant information in regard to the Bills that they may move in this House. I need not say that such a note will enable the hon. Members of this House to participate actively and interestingly in the discussion on such legislative measures.

In the note, 18 dye-intermediates units are in the large scale sector and a few in the small-scale sector are mentioned under item 2, Number of existing units. When the Government can give the exact number of dye-stuff units in the large scale sector, they have stated as 'a few' in the small scale sector. I would like to know from the hon. Minister how many units are there in the small scale sector, which are manufacturing dye-intermediates.

Here, I would like to refer to another connected issue. It is stated that 14 dye-intermediates have been given certain concessions in the customs duty. I would like to know from the hon. Minister whether these 14 dye-intermediate enjoying concessional customs duty are in the large scale sector or the concessions are being enjoyed by the small scale units. If the units in the large scale sector are given this concession in customs duty, I wonder whether it is at all necessary for the Government to give such a protection to the units in the large scale sector. It is axiomatic that the small scale units should get maximum incentives possible so that they become established. I do not approve that the Government should in any manner try to give tariff protection and concession in the customs duty to the units in the large scale sector. I would like the hon. Minister to inform the House whether the concession in the customs duty is being enjoyed by the units in the large scale sector.

Sir, for the purpose of continuing the protection to dye-intermediates upto 31st December, 1974, this Bill

\*The original speech was delivered in Tamil.

[Shri J. Matha Gowder]

has been introduced by the Government. On the basis of the recommendations made by the Tariff Commission as a result of frequent reviews, the protection to dye-intermediates is extended every two years. The Tariff Commission conducts a detailed review frequently to find out whether the protection to the dye-intermediates should be continued or it should be discontinued and also whether any new dye-intermediates should be given protection. After that the Commission submits its Report to the Government. As a thorough study has already been made before the recommendations are forwarded to the Government, it is incumbent on the Government to accept the recommendations of the Tariff Commission in full and formulate suitable legislative proposals to give effect to those recommendations. But I find that the recommendations of the Tariff Commission are not accepted *in toto* by the Government. In 1968, the Tariff Commission in its report recommended that 23 dye-intermediates should be given concession in customs duty. But the Government gave this concession in customs duty only to 18 dye-stuffs. If the Government were to implement the recommendations of the Tariff Commission only partially, then there would be no need for the Tariff Commission at all. There would also be no need for the kind of frequent reviews as are now being conducted by the Tariff Commission. The tariff protection and the concession in customs duty are required by the dye-intermediates because the units are still in the infant stage and the Tariff Commission has convinced itself that they do require Government's assistance. I would like to suggest that the Government should not in any case alter the recommendations made by the Tariff Commission. I do not think that the Government on their own conduct a survey again on the recommendations made by the Tariff Commission. I would like to appeal to the Foreign Trade Ministry that wherever the Tariff

Commission recommends tariff protection and customs duty concession, the Government should incorporate all the recommendations in full in the legislative measure formulated by them.

With these words, I conclude.

MR. DEPUTY-SPEAKER: The hon. Minister.

SHRI JYOTIRMOY BOSU: We cannot understand this. Decadence has set in. On a debate like this, there is not a single person to speak on such an important economic issue, with the massive mandate and the majority they talk about. I see eminent men like Shri K. D. Malaviya present; we should like to hear their views.

MR. DEPUTY-SPEAKER: It is upto them.

SHRI K. D. MALAVIYA (Domariaganj): Shall I answer this one point? The principle of giving protection is a sound one. The Tariff Commission recommends for certain transitional period.

MR. DEPUTY-SPEAKER: Therefore, it does not need ...

SHRI K. D. MALAVIYA: Why should I stand up and say and repeat the thing.

SHRI A. C. GEORGE: My job in a nutshell has been made easier.

SHRI JYOTIRMOY BOSU: No nutshell business here. Do not go to the press after speech-making; your Ministry is known for this.

SHRI A. C. GEORGE: These amendments were discussed and hon. Members touched on the functioning of the Tariff Commission. Reference was made to the merit of including or excluding various items. I do not want to go into the definition or the basic concept behind the Tariff Commission. Just before I spoke the learned Member Shri Malaviya explained it.

**SHRI JYOTIRMOY BOSU:** Where is the office of the Tariff Commission? Do you know?

**SHRI A. C. GEORGE:** How is it relevant here?

**SHRI JYOTIRMOY BOSU:** I am asking you.

**SHRI A. C. GEORGE:** I am answering you.

It is a well accepted principle that in a developing economy tariff protections are given according to the regulations made in that behalf and are used in a discriminatory way so that at some particular point when the industry attains age and stands on its own, and comes to it take off stage, it is left off like this or if the industry is still suffering from early difficulties, definite protection is given. For this purpose quite often variations are made and things are reviewed. In the present stage of development in our country, I need not reiterate what I said earlier. As I pointed out in the beginning we were importing dye-stuff.

Now we are in a stage where we are manufacturing dye intermediaries and we can almost completely eliminate import of dyestuffs. At this stage the necessary tariff protections review periodically is absolutely essential.

The point made by Shri Matha Gowder is well met in the explanatory note attached to the Bill itself. It is our intention that these industries which need sophistication and skill are well protected and every effort will be made to see that the onslaught of the imports does not retard their progress.

**SHRI JYOTIRMOY BOSU:** Why is it dearer than the imported stuff and poorer in quality?

**SHRI A. C. GEORGE:** This is a vicious circle. At one stage we make a demand that every encouragement

must be given to the indigenous industry. Unless we give sufficient protection to our indigenous industry, we would not be able to reach the standard we expect. So, it is a vicious circle. Unless we give protection, the industry will not grow. Unless the industry grows, we will not be able to take off the tariff barriers. (*Interruptions*). Sir, will you protect me from this running commentary?

**MR. DEPUTY-SPEAKER:** It is part of the parliamentary game, unless it goes beyond limits.

**SHRI A. C. GEORGE:** At any point of time in the process of protection, anybody can point out that the product has not reached the stage of high standard. But to disparage the Indian product as sub-standard may not be highly to the advantage of the industry to grow. In this process of protection, I admit that in a developing economy, at one point of time our standard may not be according to the international standard. That is why we give protection to the child to grow. In the meanwhile, you cannot ask him to run. (*Interruptions*).

I think Mr. Bosu is convinced about my arguments and I would conclude by thanking the members who participated in the discussion.

**MR. DEPUTY-SPEAKER:** The question is:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

*The motion was adopted.*

**MR. DEPUTY-SPEAKER:** We take up clause-by-clause consideration. There are no amendments. The question is:

"That clause 2, clause 1, the Enacting Formula and the Title stand part of the Bill."

*The motion was adopted.*

Clause 2, clause 1, the Enacting Formula and the Title were added to the Bill.

**SHRI A. C. GEORGE:** I beg to move:

"That the Bill be passed".

**MR. DEPUTY-SPEAKER:** The question is:

"That the Bill be passed."

*The motion was adopted.*

16.40 hrs.

**RESOLUTION RE: RECOMMENDATIONS OF RAILWAY CONVENTION COMMITTEE**

**MR. DEPUTY-SPEAKER:** We take up the next item—Resolution by Shri T. A. Pai.

**THE DEPUTY MINISTER IN THE MINISTRY OF RAILWAYS (SHRI MOHD. SHAFI QURESHI)** rose—

**MR. DEPUTY-SPEAKER:** You are holding the baby? You should have informed me earlier.

**SHRI MOHD. SHAFI QURESHI** Sir, on behalf of Shri T. A. Pai, I beg to move:

"That this House approves the recommendations made in paras 1.1, 2.31, 3.18, 3.19, 3.27, 3.28, 4.12, 4.13 and 5.11 of the Report on Accounting Matters of the Committee appointed to review the rate of dividend payable by the railway undertaking to General Revenues as well as other ancillary matters in connection with the railway finance vis-a-vis the General Finance, which was presented to Parliament on the 15th December, 1972.

That this House further directs that the action taken by Government on the other recommendations made in

the Report should be reported to the next Parliamentary Committee which may be appointed to review similar matters."

At this stage, I would only move the resolution. After the hon. members have spoken, the minister would give the reply.

**\*SHRI JAGADISH BHATTACHARYYA (Ghatal):** Mr. Deputy-Speaker, Sir, we are discussing the report of the Railway Convention Committee. The report of the Committee contains many recommendations but the motion that is now being discussed in the House has given stress to only a few recommendations. I feel Sir that a report of this nature should be discussed along with the discussion on the Budget provisions of railways because if such discussions are held separately then due to the paucity of time we are unable to have a proper discussion of the recommendations of the report.

We have noticed that payment of dividend forms one of the most important subjects of all the reports of the Railway Convention Committee. But in actual practice this payment of dividend is nothing but a paper transaction because we find that payment is made from the General revenue and dividend is not paid in the true sense of the term. Last year when the report of the Convention Committee was discussed in this House, the then Minister of Railways Shri Hanumanthaya had stated that in Socialistic countries of Europe, the practice of paying dividend to the general revenue from the earnings of the public sector undertakings existed. We also want this Sir, the Railways are the biggest public sector undertaking in the country and a huge sum of public money has been invested into it. It would be indeed good if we are able to give a part of the profit of the railways to the general revenue. This will on the one hand facilitate undertaking many projects for

\*The Original speech was delivered in Bengali.