

pany. Long after they were made public the documents were presented to the House. To avoid it, to give the first opportunity to hon. Members of Parliament, to know what exactly happened, he said he would have copies circulated to Members first and thereafter the public may get to know it. This is a good precedent that whenever it is not possible to place the papers on the Table of the House when the House is in session, before sending them to the press officially, copies may be sent to me and I will circulate them to Members. The papers may, however, be laid on the Table formally next session.

When I receive the copies I shall circulate them to the Members, i.e., after the Government has made up its mind and taken a decision in the usual course.

Shri Vajpayee (Balrampur): May I know whether the evidence will be placed on the Table of the House.

Shri Jawaharlal Nehru: I ventured to say in the other House about this matter that the Table here is not quite big enough to receive it!

Shri Narayanankutty Menon: You promised the other day that the Lok Sabha Secretariat will take the responsibility of printing it however big it may be, because it is so important.

Shri Jawaharlal Nehru: It can be placed in the Library. It is a tremendous, needless expenditure—it runs to 16,000 pages!

Mr. Speaker: Let us first have a copy in the Library. Thereafter we will see.

12.38 hrs.

COST AND WORKS ACCOUNTANTS BILL—contd.

Mr. Speaker: Now, the House will take up further consideration of the following motion moved by Shri

Satish Chandra on the 6th May, 1950, namely:—

“That the Bill to make provision for the regulation of the profession of cost and works accountants, as passed by Rajya Sabha, be taken into consideration.”

The time allotted is five hours. The time taken already is 17 minutes.”

Shri Prabhat Kar (Hooghly): Mr. Speaker, Sir, the Cost and Works Accountants Bill has come back to the House after the Joint Committee considered and amended certain sections. The hon. Deputy Minister, while placing the Bill before the House for consideration, said that out of seven amendments, six have been moved by me and said that all these amendments were considered by the Joint Committee and the Joint Committee did not think it necessary to accept those amendments. My purpose in again moving those amendments before the House is to see that the purpose for which the Cost and Works Accountants Bill has been placed before the House is not frustrated and I feel that the purpose will not be frustrated if those amendments are accepted.

In this connection, I would like to draw the attention of the House to one thing; namely, in view of the growing industrial developments, it was thought necessary to give the cost and works accountants a status and consider the profession as a separate profession. While placing the Bill before the House, the hon. Deputy Minister has said how the chartered accountants felt about it and how they consider it not desirable to consider the cost and works accountants a separate profession. They considered that the chartered accountants should be allowed to continue to practise or to be termed as cost accountants and there should be no bar placed on the chartered accountants as such. The hon. Deputy Minister has also placed before the House the reason why the

[Shri Prabhat Kar]

Government thought it necessary to bring this Bill. It is because in the present syllabus and curriculum of the chartered accountants, the costing portion is so insignificant that the chartered accountant cannot be considered to have acquired a specialised knowledge of cost and works accountancy.

The need for cost and works accounting has been placed before the House even by the Public Accounts Committee and the Estimates Committee in regard to Government undertakings. Specialised cost and works accounting came into being in India after the second World War, because it was found that the financial accountancy did not go much beyond the recording of the total financial results. Cost accountancy probes into all the stages right from the beginning of manufacture, technical processing and other operational stages. The scope for wastage at these points is enormous and it can only be checked by a proper system of cost accountancy. In the light of the growing industrial development of this country, it has become necessary to consider cost and works accounting as a separate profession and accordingly, this Bill has been brought to give the Institute of Cost and Works Accountants, which was a private company aided by the Government, proper status. This Bill has provided certain rules and regulations guiding the working of cost and works accountants.

I welcome this Bill. I am glad that the Government, even though late, has considered it necessary, in spite of the vehement opposition of the chartered accountants in India, to enact a law with a view to control the profession. My grouse is, while Government considers it is a specialised study and the chartered accountant syllabus and curriculum does not contain that much of costing education, yet the Bill has not provided enough safeguard against persons who are not specialised in cost and works accounting by a specialised study. In the beginning,

when the Indian Institute of Cost and Works Accountants was established, it was established by certain qualified cost and works accountants with the help and patronage of other accountants in other bodies. In their first prospectus, they have made it quite clear that the number of cost accountants available in India is very small compared to the demand for them. It is with a view to meeting this demand that the Indian Institute of Cost and Works Accountants has been founded. It has received personal encouragement from high officials of the Government of India who are actually dealing with cost and works accounting and they have become members of the Council of the Institute. It has also received encouragement from other quarters, high officials, industrial concerns, public utility services, municipal corporations and also eminent public accountants have come forward to serve on the Council of the Institute and guide its activities.

This patronage was there. But if the patrons today are considered to be qualified cost accountants, which according to the present Bill they will be, I object to that. In this country and elsewhere, so many persons have patronised various specialised institutions. But simply because they have patronised the growth of a particular institution, they cannot be considered to be qualified or specialised in that subject. If there is a patron in the formation of a medical college, by no stretch of imagination can it be said that he should also be conferred the medical degree and considered a physician, because he patronised the growth of that particular institution.

Here it is elaborately laid down as to how this institution will function, who are the persons eligible to have their names entered in the registers, etc. There is the question of study, passing examinations and all those things are provided here. Along with it, it has also given a certain right to the persons who have patronised this institution or who were associated

with this institution to acquire the fellowship or to be considered as experts in cost accounting, although they have not made a specialised study of this particular branch of accountancy. In one breath the hon. Minister says that a chartered accountant should not be considered an expert in cost accounting, because the syllabus for chartered accountants does not contain much about costing. But he has also provided in the Bill that some of the patrons, in spite of the fact that they have not acquired specialised qualification, should be given fellowship and considered as specialists in cost and works accountancy and should be allowed to practise as cost and works accountants, although it is a separate profession as such. This is being accepted by Government. That is what I want the House to consider carefully.

Secondly, I would like to stress that in 1947, the institution passed a resolution that the British members who have been fellows or associates of the British institute, should not be enrolled as members of this institution and they shall not be considered as persons having acquired the qualification of the Indian institution. It was stated by the President of the institution that in 1947, the institution took a decision to the effect that since there was a like examination conducted in India, we should discourage the boys taking the British examination. That resolution continues; it has never been withdrawn or revoked up till now. I would like the House to consider this aspect that today there is a possibility of a cost accountant who has been an associate of the British institute being automatically admitted as an associate of the Indian institute. Therefore he will acquire both the titles, that is, AICWA and ACWA, by passing only one examination. There will be cost accountants—there are cost accountants—who will acquire both these titles, AICWA and ACWA, by passing both the examinations. There will be another set of cost accountants who will acquire both these titles without

passing one of the examinations. I do not want that cost accountants, who have passed out from the British Institute, should be debarred from practice. I do not say that. They must be given all the safeguards for practising here in India. But to grant them an automatic Associateship or Fellowship is, I think, unparalleled in any institution anywhere in the world. Without passing the required examination of an institute to acquire the Associateship or the Fellowship is a state of affairs which is unknown in any institution anywhere in the world. Here in the past it was debarred. There is no reason why it should be relaxed now. In the past when there was a dearth of cost accountants this resolution was adopted. When there are more cost accountants today the question of relaxing that provision cannot arise.

I do not know whether the hon. Deputy Minister suffers from this inferiority complex that persons who qualify from the British Institute should be considered much more qualified than those who have passed the examination of the Indian Institute. But the Institute itself....

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): I think the complex is on the other side.

Shri Prabhat Kar: The Institute did not think as such and they passed the resolution in 1947 that persons who will pass out from the British Institute will not become automatically members of this particular Institute.

This is an important thing. I have tried my level best in the Select Committee to impress this on them but I have not been able to convince them. I want to place this particular factor before the House. My point is that when we are today by an enactment bringing into being this Institute of Cost and Works Accountants and by making certain provisions are giving them a status, we should not

[Shri Prabhakar Kar]

lower the status of those cost and works accountants who will be passing the examination here by granting automatic Associateship or Fellowship to persons who will pass out from the British Institute. In that case we will admit that our Institute does not provide for the same study which the British Institute does, with which I do not agree and with which the Institute did not agree in the past and does not agree also today.

Then I come to two other points. One of them is the proportion of the nominated members and elected members. It is now 1:3, although under the Chartered Accountants Act in that institution it is 1:4. We have provided for not more than 12 elected members and not more than 4 nominated members. My apprehension is that the words 'not more than 12 persons' will be taken advantage of. My apprehension is thus that while in the case of the nominated members the number will be four, in the case of the elected members it will be less than twelve because the Act provides for not more than twelve. I would have very much liked the proportion to be the same as in the Chartered Accountants' Institute, but even then as it is a new institution I agree with the proportion of 3:1. But this proportion must be strictly adhered to and advantage should not be taken of the words 'not more than twelve' and 'not more than four' because whereas the nominated members will be four in number the number of elected members will be below twelve. That means that the proportion of 3:1 between elected and nominated members will not be adhered to, I would therefore like the hon. Minister to allay my misapprehension in this matter, that is, the proportion of 3:1 will be adhered to and no advantage will be taken of these particular words 'not more than'. That is why, there was my amendment to delete these words 'not more than' and make it categorical, that is, the proportion shall be 3:1.

My next point, which comes as a corollary of the first, is that the persons who will be at the head of the institution must be persons who have acquired the specialised knowledge by passing the examination of the Cost and Works Accountants' Institute. It should not be left in the hands of persons who have not acquired this specialised knowledge by passing the examination. I have said that I would like these patrons to continue as patrons but I would not like that a professional institution should be controlled by persons who have not acquired the specialised knowledge of that profession. There I would like that at least the Council and the President and the Vice-President should be from among the elected members and must be members who have acquired specialised knowledge by passing the examination. Otherwise, to allow a specialised professional institution to be controlled by persons who have not acquired specialised knowledge by passing the examination, admitting the need of a specialised institution and admitting that there is a difference between the Chartered Accountants' course and the Cost Accountants' course to allow the cost accountants' institution to be controlled by persons who have not passed the cost accountancy examination will be suicidal.

I would in this connection draw the attention of the House to a very queer fact, that is, what will be the result if this institution is allowed to be controlled by persons who have not acquired specialised knowledge by passing the examination? I have seen that the man, who has been a party to the passing of the resolution of the Chartered Accountants' Institute opposing the introduction of this Bill and opposing the Government's idea of considering the cost and works accountants as a separate profession, has been the person who has associated himself also with the resolution of the cost and works accountants welcoming the effort of the Government.

Now, the same man becomes a party to two contradictory resolutions, one opposing the Bill even to consider the cost and works accountants as a separate profession and the other welcoming that the Government has agreed to consider the cost and works accountants as a separate profession. Now, if the institution is allowed to be controlled by this type of persons, I would say that under no circumstance can we conceive that this institution will thrive and really serve better the purpose for which this institution is specially meant. That is why my main point is that it should not be allowed to be controlled by persons who have not passed the specialised examination of the Cost and Works Accountants.

It has been said that we are not allowing all the Chartered Accountants to practise as Cost Accountants. It has also been asked whether there will be any reciprocal understanding between the two institutions. The hon. the Deputy Minister said that he would consider whether the Chartered Accountants cannot be asked to appear in all the papers. I welcome that idea. This is an admission of the fact that there is need for specialised study of Cost and Works Accountancy. By agreeing to consider the question of reciprocal arrangement Government agrees that Chartered Accountants cannot and should not automatically be allowed to practise as Cost and Works Accountants.

The last point I wish to make is this, that the nominated member of Government should not be allowed to interfere in the day to day functioning of the institution; he should not be allowed to interfere in the elections; not only that he should not be allowed to interfere in a manner which will create misunderstanding among the members. There have been complaints in the past about the activities of Government nominated members. Government must give serious consideration to this matter. In the case of the Cost and Works Accountants Bill, I was surprised to

find that certain interested persons offered presents to the Government nominated Member for having helped them in getting the Bill passed. I do not know whether the Parliament and the Minister are responsible for the passage of the Bill or an official member of the Cost and Works Accountants body is responsible for its passage.

I would not like to mention names. I would only draw the attention of the hon. Minister that it has been stated that private and personal letters have been sent to Members that "during his membership of the Council he has been of invaluable assistance to all of us. He himself has been largely responsible for the drafting of the Cost and Works Accountants Bill. We are particularly grateful to him for his services to the cause of the institute. We meet him on such and such date. We shall entertain him to dinner. . . ."

Shri Narasimhan (Krishnagiri): With due deference, may I bring to your notice that the hon. Member is making some allegations about some set of people having approached some official for the part he has taken in bringing this Bill. It does not look justified or quite up to the normal standard of debate in the House to make vague allegations of certain people having approached officials of Government. It is a matter for the Chair to consider.

Shri Prabhat Kar: I am reading from a letter of the Institute of Costs and Works Accountants signed by the Secretary. I am not making any vague allegations. I have not mentioned any names.

Mr. Speaker: Where is that letter?

Shri Prabhat Kar: I have got a copy of it, but I can supply the original if you wish.

Mr. Speaker: How is it relevant?

Shri Narasimhan: My point is whether the hon. Member can be allowed to proceed on that basis.

Mr. Speaker: His contention appears to be that the nominated Members of the institution are unnecessarily interfering with the activities of the institution and they should not be allowed to do so

Shri Satish Chandra: There could be no nominated Members as yet in the Institute of Costs and Works Accountants

Shri Prabhat Kar: Clause 9 of this Bill says that the Council shall be composed of.

“(a) Not more than twelve persons elected by members of the Institute from amongst the fellows of the Institute chosen in such manner and from such regional constituencies as may be specified in this behalf by the Central Government by notification in the Official Gazette, and

(b) not more than four persons nominated by the Central Government”

Shri Satish Chandra: These nominations will take place in future after the Bill is passed. There could be no nominations by Government at present

Mr. Speaker: He is referring to some nominated Member having written this letter.

Shri Prabhat Kar: I do not know what the hon. Deputy Minister is driving at. This Bill will give the status of a statutory body to the Institute of Cost and Works Accountants registered under the Companies Act, on which there is a nominated Member. I would like to know whether the Deputy Minister is contesting that

Mr. Speaker: Assuming it is so?

Shri Prabhat Kar: This was a company known as the Institute of Costs and Works Accountants. This body will be legally dissolved and the new body will have the status of a statutory authority. On the existing institution there is already a nominated

member of Government. I am pointing out that there are nominated members who in the past have played certain roles which have resulted in a difference of opinion among the cost accountants. After this new Act comes into force there will be four nominated Members of Government. Let them not make the same kind of nomination. That is the point I am placing before the House

Mr. Speaker: If hon. Member wants he may say let there be no nominated Members. That is another matter. But if some individual who was nominated has done something or has misbehaved that does not prove that the system of nomination is bad. An elected Member can also misbehave. So far as individual conduct is concerned it does not depend on either nomination or election. If the hon. Member is opposed to the system of nomination I can understand that; that will be relevant at this stage. Any number of instances as the hon. Member has mentioned can be quoted; but that does not advance the discussion of this Bill

Shri Prabhat Kar: My point is that the proportion should be lessened, because there have been allegations in the past, and I do not wish them to be repeated

Mr. Speaker: What the hon. Member means to say is that he does not object to the system of nomination. But some care must be bestowed to see that instructions issued to them are obeyed, and that they do not interfere with the administration. He may now proceed to another point.

Shri Prabhat Kar: I never mentioned any name. My contention is that the proportion of nominated Members should be reduced. There will be four nominated Members while there will be only eight elected Members, because the total number of Membership is only twelve. So the proportion will be 1:2. That will naturally give rise to further misunderstanding amongst the members themselves, and I am

drawing the attention of the Government to this that looking to the past, looking into the complaints lodged, let the Government take note of these things and see that in the future this type of things may not happen. That is what I am trying to draw their attention to.

13 hrs.

And one last word about the study, about the classes and education. There has been so much of discussion in the Joint Committee also. It is necessary that the Cost and Works Accountants' syllabus and the proper imparting of education to the students should also be in the hands of persons who will be responsible to the institution. And I would like that this should be revised every year, because we know there can be differences. In a profession there will be difference between one man in the profession and another. There will be bickerings also. But so far as the education is concerned, let it play its own part in creating proper Cost and Works Accountants, and let it not be left in the hands of persons who are not properly qualified as Cost and Works Accountants. That is what I would request the Government to consider.

As I was pointing out, so far as the Bill is concerned, I have welcomed it. I would only add this, because this Ministry has also placed another Bill before the House and had it sent to a Joint Committee, namely the Companies (Amendment) Bill. Today the Chartered Accountants have acquired a certain status, because under the Companies Act the statement of accounts of the companies should be audited by a Chartered Accountant. Today that provision is there. Now we have felt the necessity of the appointment of Cost and Works Accountants in order to check wastage, in order to properly evaluate the production, etc. But unless there is statutory provision made in the Companies Act for the appointment of Cost and Works Accountants the purpose will not be achieved, because the commercial concerns or industrial con-

cerns will not appoint Cost and Works Accountants so easily. So, in spite of the fact that it will be considered a separate profession, so far as their appointment and the utilisation of their services is concerned it will be left entirely in the hands of the industrialists. It may be that in government undertakings the Government will try their level best to appoint Cost and Works Accountants. But so far as the private sector is concerned, unless there are special obligations put on them it will be difficult for the Government to make the Cost and Works Accountants available to an industry for the betterment of the industrial development or in the national interests. I would therefore like the hon. Minister also to consider this aspect while the Companies (Amendment) Bill is discussed in the Joint Committee, because it is in the hands of the same Ministry. Having given a status to the Cost and Works Accountant, having considered this as a separate profession, having agreed to the need of a special statute, having considered it as a very, very effective measure so far as the checking of the various points of production and processing are concerned, they should make statutory provision in the Company Law, so that the private sector may appoint them and utilise their services and thereby increase production, decrease the cost of production, and at the same time create an atmosphere where the Cost and Works Accountants will also feel happy.

With these words I welcome this Bill and request the hon. Minister to consider some of the amendments that I have given.

13.05 hrs.

REPORT OF PRIME MINISTER ON THE ALLEGATIONS MADE AGAINST SHRI M. O. MATHAL

Sardar Hukam Singh (Bhatinda):
Sir, I lay on the Table the Report of the Prime Minister on the allegations made against Shri M. O. Mathal,