

14.09 hrs.

INDIAN TARIFF (AMENDMENT)
BILL

The Deputy Minister in the Ministry of Commerce (Shri S. V. Ramaswamy): Mr. Deputy-Speaker, Sir, I beg to move:

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

This Bill mainly seeks to amend the First Schedule to the Indian Tariff Act, 1934, in order to give effect to Government's decisions on certain recommendations of the Tariff Commission. Hon. Members will have observed from the Statement of Objects and Reasons attached to the Bill that the Bill seeks—

- (a) to continue protection beyond the 31st December, 1964, in the case of Aluminium and Dyestuff Industries; and
- (b) to discontinue protection with effect from the 1st January, 1965, in the case of soda ash, calcium carbide, caustic soda and titanium dioxide industries.

Copies of the Tariff Commission's reports on all these industries and of Government's Resolutions issued on these Reports have already been laid on the table of the House and notes on each of these industries have also been circulated for the information of Members of this House. The notes circulated to the Members contain the gist of the Tariff Commission's recommendations for the continuance of protection in each case. Hon. Members will no doubt have gone through the documents and I shall not, therefore, take much time of the House by going into the details of these industries. The House is also aware of the composition and functions of the Tariff Commission. A review of the work of the Commission has been circulated to hon. Members already.

I shall first deal with the industries in respect of which protection is pro-

posed to be continued beyond the current year. I take up the case of the aluminium industry first. In 1949, the protection was granted to this industry, and the period of protection was extended from time to time and is due to expire on the 31st December, 1964. In 1960, that is, at the time of the last inquiry, there were two units of the industry and now the industry consists of three units. The ingot capacity of these three units increased from 17,800 tonnes in 1960 to 53,800 tonnes in 1964. Licences have been issued for an aggregate capacity of 60,000 tonnes including 10,000 tonnes to a new unit, Madras Aluminium Co. (Salem Plant) which is expected to go into production by early next year. Another unit, Tandulkar Industries (Private) Ltd. which was licensed for a capacity of 20,000 tonnes could not make any progress and its licence had to be revoked. With the establishment of the additional capacities, the total ingot capacity of the industry would be of the order of 113,800 tonnes by the end of 1967.

Besides two units namely the Aluminium Corporation of India and India Aluminium Co., nine other units fabricate rolled products other than wire rods. The combined capacity of these 11 units increased from 19,000 tonnes in 1960 to 27,100 tonnes at present. This expansion was contributed by two units mentioned above, capacities of which rose by 300 and 7,800 tonnes per annum respectively. Licences have been granted for expansion of capacity to other units.

श्री हुकम चन्द कछवाय (देवास) :

उपाध्यक्ष महोदय, आन ए प्वायंट आफ आडर । क्या इतना महत्वपूर्ण बिल बिना क्वोरम के ही पेश किया जायेगा ?

Mr. Deputy-Speaker: The quorum bell is being rung—Now, there is quorum. The hon. Minister may continue his speech.

Shri S. V. Ramaswamy: When all these licences are implemented, the

rolling capacity would rise from the present 27,100 tonnes to 56,960 tonnes. Moreover, there are a number of small units whose combined capacity is estimated by the Non-Ferrous Metals Manufacturers' Association at 6,000 tonnes and by the Development Commissioner, Small-scale Industries, at 8,000 tonnes per year.

Licences have also been granted to certain firms to manufacture foils. When all these expansion schemes materialise, the capacity for foils including container sheets will increase to 8,400 tonnes by 1967.

The aluminium industry has become quality-conscious and the quality of indigenous aluminium ingots is stated to be comparable to that of the imported ones. The quality of fabricated products and alloys has also attained a high standard.

Taking into account all the considerations the Commission recommended continuance of protection to the industry for a further period of four years ending 31st December, 1968, at the existing rate of duty exclusive of surcharge and the countervailing excise duty. Government have accepted the recommendations.

श्री हुकम चन्द कछवाय : उपाध्यक्ष महोदय, हाउस में फिर कोरम नहीं है।

उपाध्यक्ष महोदय : है।

श्री हुकम चन्द कछवाय : ग्राप गिन लीजिए। मैं चैलेंज करता हूँ कि कोरम नहीं है।

Mr. Deputy-Speaker: The quorum bell is being rung—Now, there is quorum. The hon. Minister may continue his speech.

It is a reflection that within five minutes, the quorum bell had to be rung for a second time. I would request hon. Members to remain in their seats and maintain quorum in the House.

Shri S. V. Ramaswamy: I shall now turn to the dyestuff industry, a section of which was first protected in 1955

for a period of ten years. The Tariff Commission, on the basis of its earlier recommendation, reviewed the industry in 1962 but no change either in the existing *ad valorem* duty or the existing period of protection was recommended by the Commission.

At the time of the first inquiry in 1954, there were only seven units in the industry and at the time of review of the industry in 1962, the number had gone up to 18 in the organised sector and 86 in the small-scale sector. At present, there are 21 units in the organised or large-scale sector and 120 units in the small-scale sector. 12 of the organised units are producing protected and/or non-protected dyes and the remaining 9 only non-protected dyes. The capacity of both the sectors has increased from 2022 tonnes in 1954 to 13,628 tonnes in 1962 and 22,892 tonnes in 1964. The increase is due mainly to the small-scale sector whose capacity has gone up from 3979 tonnes in 1962 to 11,722 tonnes at present.

I may add here that all the essential inorganic chemicals except sodium nitrite and caustic potash are indigenously available but bulk of the requirements of intermediates (primary and complex) for the manufacture of dyestuff is met from imports. There is a scheme to manufacture 47 intermediates in the public sector proposed to be set up at Panvel near Bombay. In addition, some units in the private sector have been licensed to manufacture the majority of intermediates. For ensuring easy imports of intermediates not being produced in the country, the Tariff Commission has recommended up to the 31st December, 1967 concessional duty of 10 per cent *ad valorem* (standard) and nil (preferential) on thirty specific intermediates including 19 intermediates which are already enjoying duty concession up to the 31st December, 1964.

The quality of the dyestuffs manufactured in the country by most of the producers is, by and large, found to be satisfactory though there is a scope for further improvement.

[Shri S. V. Ramaswamy]

On the basis of the comparison of fair ex-works prices with landed costs ex-duty of imported intermediates and the dyes, the Commission has recommended protective duties up to 31st December, 1967, on the following articles at the rates mentioned in the Bill, namely 2-amino-antraquinone, benzanthrone, and beta-oxy-naphthoic acid (B.O.N. Acid). The three items are mentioned in the Bill.

As regards dyestuffs, the Commission has recommended continuance of protection to dyestuffs covered by I.C.T. item Nos. 30(15) and 30(16) for a period of three years ending 31-12-1967 at the existing rates of duty (viz. 20 per cent *ad valorem*). The Tariff Commission also recommended protection to the following till 31-12-1967:

- (a) Naphthols at the existing rate of duty of 50 per cent *ad valorem*.
- (b) Fast colour bases at 100 per cent *ad valorem*.

Government have accepted the recommendation of the Tariff Commission so far as continuance of protection to the industry is concerned. As regards the rates of duty on fast colour bases, benzanthrone and Beta-oxy-naphthoic Acid (B.O.N. Acid), Government consider that standard protective rates should not exceed 75 per cent *ad valorem*, and accordingly it has been decided that the following protective duty may be levied on the articles mentioned against each. The names of these several items and the rates of duty are mentioned in the Bill. The rates of duty mentioned above have been brought into force with effect from 14-12-1964 by notifications published separately in the Gazette of India, dated the 14th December, 1964.

I shall now deal with the industries which are proposed to be deprotected from 1-1-1965. They are soda ash, calcium carbide, caustic soda and titanium dioxide industries. The Tariff Commission recommended con-

tinuance of protection in regard to these four industries also and the details thereof are given in the notes already circulated to the Members of the House.

Under the shelter of protection, these four industries have made good progress and the consumers are generally satisfied with the quality of indigenous products. The Tariff Commission's recommendations for continuance of protection to these industries for some more years have been considered carefully by Government, and, having regard to the progress the industries have made so far and the fact that in the present circumstances there is no likelihood of any unhealthy competition from imports, Government consider that tariff protection to these industries need not be continued beyond 31-12-1964. Government, however, propose to continue the present rates of duty on soda ash, calcium carbide, caustic soda and titanium dioxide on deprotection. As the current prices of caustic soda had revealed an upward trend, the tariff value on caustic soda has been abolished with effect from 1st December, 1964. Simultaneously, caustic soda has been exempted from payment of so much of customs duty leviable thereon under the tariff as is in excess of 40 per cent *ad valorem* (preferential) and 50 per cent *ad valorem* (standard). This has been done as caustic soda is an important raw material, and the industry may not have to bear higher duty on abolition of tariff value on caustic soda.

I move.

Shri Solanki (Kaira): I welcome this Bill. Looking at the report of the Tariff Commission, I also appreciate the splendid work that the Tariff Commission has done.

The items which have been deprotected by this amendment are soda ash, calcium carbide, caustic soda and titanium dioxide. All the four items were recommended for continued protection by the Tariff Commission.

However, not regarding the advice of the Tariff Commission, they are discontinuing further protection.

In the case of soda ash, I think it was reasonable to discontinue the protection, but the other three items have not enjoyed the same period of protection as soda ash. In their report, the Tariff Commission have clearly mentioned the shortage of titanium dioxide. This means that we might have to face shortage in this item which is being deprotected. I would request the Minister to consider giving a further period of protection for this item. Since we are not sure that imports will not have to be made, this item should be protected.

The other two items, calcium carbide and caustic soda, also need at least protection for as long as was given to soda ash, because, in all these items, the prices, as the Minister himself stated, are varying to some extent, and since we are not confident enough to control their prices and assure supplies, they should have been given continued protection for some time.

The reasons for deprotection given in all these items are more or less the same, almost in a parrot-like fashion, namely that since they do not have any unhealthy competition from imports and since there is no need of imports, these items have been deprotected. But, I think the Ministry should have taken care to consider these items one by one on their own merits and then decided on continuation or discontinuation, particularly as the Tariff Commission has recommended continuation, pointing out the anticipated shortage in items like titanium dioxide.

I have nothing more to add.

Shri S. V. Ramaswamy: I have nothing more to add to what I have said already. The whole thing was considered. There is one firm manufacturing titanium dioxide, and that is in Kerala. The reasons have been given as to why discontinuance has been decided upon. Government

have given careful consideration, and feel that in the present circumstances there is no likelihood of any unhealthy competition from imports, a point which the hon. Member is stressing. In view of this, there is no need to continue protection.

Shri Solanki: May I ask one question? The Tariff Commission, while dwelling on the availability of the protected commodities, have clearly mentioned short supply of titanium dioxide. Would the Minister clarify the position as to what would be the supply position in future? When we find that there is a shortage, what are we going to do? And, therefore, why this item is deprotected?

Shri S. V. Ramaswamy: There will be time enough, to consider the position. As at present, there is no shortage of this material, and there is no fear of any unhealthy competition from imports. If there is any new development, there will be time enough to review the position.

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: The question is:

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Mr. Deputy-Speaker: The question is:

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

The motion was adopted.

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

Shri S. V. Ramaswamy: I beg to move:

"That the Bill be passed."

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

14.29 hrs.

OFFICIAL TRUSTEES (AMENDMENT) BILL

The Deputy Minister in the Ministry of Law (Shri Jaganatha Rao): On behalf of Shri A. K. Sen, I beg to move:

"That the Bill further to amend the Official Trustees Act, 1913, as passed by Rajya Sabha, be taken into consideration."

This Bill seeks to give effect to the recommendations of the Law Commission in its Sixteenth Report. India was the first country to appoint a public trustee in 1864. Thereafter, in 1913 the Official Trustees Act came into existence. This Act has been in force for over 45 years. The Law Commission examined the working of the Act, and in its Sixteenth Report observed, and I quote;

"It is on the whole a comprehensive and well-drafted piece of legislation, and it does not require any substantial changes."

No difficulties have been felt in the interpretation of the various sections of the Act, and therefore, they say they are of the opinion that the Act does not require any substantial changes. However, the Law Commission suggested some formal amendments. In pursuance of those recommendations this Bill was introduced in the Rajya Sabha and was passed by the Rajya Sabha.

Clause 2 of the Bill seeks to omit the preamble in the parent Act. The present practice is not to have preambles in the Acts. To bring it in conformity with the present practice

the preamble in the original Act is now sought to be omitted.

In clause 3 of the Bill, clause (2) of section 2 of the Act is sought to be omitted. Clause (2) of section 2 defines "High Court". "High Court" is already defined in the General Clauses Act of 1897. Therefore the definition in this Act is superfluous, and so its deletion is sought.

Clause 4 of the Bill seeks to re-introduce section 3 of the original Act which was omitted by the Adaptation of Laws Order, 1956. In practice, difficulty was found that where the properties which were being administered by an Official Trustee were situated in various parts of the State we had to approach various District Courts. Therefore, the jurisdiction of the High Court is now sought to be provided, and at the same time the jurisdiction of the District Court is retained.

Clause 5 is an important clause which seeks to prescribe minimum qualifications for an Official Trustee. This clause would be on a par with the similar section, section 3, in the Administrators-General Act, 1963. This qualification is required to be fixed, because in many States the same person is Administrator-General and also Official Trustee. Under that Act the qualifications of the Administrator-General are fixed. So also, similar qualifications are now being prescribed for a person to be appointed as Official Trustee.

Clause 6 refers to the qualifications of a Deputy Official Trustee. This, again, would be on a par with the qualifications prescribed for the Deputy Administrator-General in the Administrators-General Act of 1963.

The other clauses are merely formal. In clause 13 it is now sought to delete the word "interest" and substitute it by the word "income", because income is more comprehensive than interest.