

**Mr. Deputy-Speaker:** The question is:

"That clause 1, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 1, as amended, was added to the Bill.*

*The Title and the enacting Formula were added to the Bill.*

**Sardar Majithia:** I beg to move:

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

**Mr. Deputy-Speaker:** The question is:

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

*The motion was adopted.*

#### REPEALING AND AMENDING BILL

**The Minister of Law and Minority Affairs (Shri Biswas):** I beg to move:

"That the Bill to repeal certain enactments and to amend certain other enactments, as passed by the Council of States, be taken into consideration."

Sir, this is one of the usual Bills which do come up before Parliament from time to time in order to remove from the statute book Acts which have either become obsolete or which have spent themselves out and so on. You find three schedules in the Bill. The first schedule deals with Acts which are going to be repealed; the second schedule includes a number of Acts which are declared to be no part of the laws of India and the third schedule contains a list of Acts which are proposed to be amended in the manner indicated.

[MR. SPEAKER *in the Chair*]

Sir, I do not think that there is any objection in respect of any of the Acts included in these three schedules. It is more or less of a formal nature and I move that the Bill be taken into consideration.

**Mr. Speaker:** Motion moved:

"That the Bill to repeal certain enactments and to amend certain other enactments, as passed by the Council of States, be taken into consideration."

**Shri V. P. Nayar** (Chirayinkil) rose—

**Mr. Speaker:** I think if the hon. Member wishes to make a speech, we shall adjourn at this stage and take up the other subject because there are hardly two or three minutes.

**Shri V. P. Nayar:** I will just speak for a minute.

**An Hon. Member:** He may be on his legs.

**Mr. Speaker:** I have not allowed him to speak. I will have it in mind that he was on his legs.

#### PARLIAMENTARY CONTROL OF PUBLIC CORPORATIONS

**Dr. Lanka Sundaram** (Visakhapatnam): I am raising this debate on Parliamentary control of Public Corporations with a sense of tremendous urgency. This is not an academic discussion, Sir, nor am I speaking with any sense of levity or only with the desire to score a few debating points. Frankly, Mr. Speaker, Sir, my intention is to strengthen.....

**Mr. Speaker:** I just forgot to mention one thing. The matter is, of course of great importance and I find a large number of hon. Members are anxious to say something. Therefore there should be some time limit. I do not want just now to impose any time limit but we must bear in mind that the discussion must end at some time.

**Dr. Lanka Sundaram:** I am entirely in the hands of the Chair, Sir.

**Shri S. V. Ramaswamy** (Salem): The matter is of very great importance and it involves a lot of expenditure of the public money in these corporations. Therefore the debate

may be extended during the next week, if one hour is not enough. That is my submission, Sir.

**Mr. Speaker:** I feel a little confounded. I certainly agree that the matter is one of great importance. But I do not know whether the debate should be discontinued and we get a day at a very late stage later on, because if it loses continuity, then the effect is gone. That is how I feel about it. I shall see as to how matters proceed. And, if necessary, we might sit for a little time more today—very little because I do not like all of us to be late to return. I may say that the Minister may reply tomorrow. That would be a better arrangement. Let there be continuity instead of putting it off to next week.

**Dr. Lanka Sundaram:** Mr. Speaker, I was saying that I am raising this discussion with a sense of urgency and not merely to score a few debating points. Frankly, Sir, I was saying a minute ago that my intention is to strengthen the hands of the Ministers *vis-a-vis* the departments, and more than this, Sir, to put beyond a shadow of doubt the competence of the House of the People to investigate into the working of the public corporations which have come into existence during the past few years. There is not one single Ministry which is concerned with this debate. I have listed down here as many as 9 Ministries—maybe there are one or two more—which may be concerned with the question under discussion. The Production Ministry, the Defence Ministry, the Irrigation Ministry, the Transport Ministry, the Communications Ministry, the Natural Resources and Scientific Research Ministry, and even the Rehabilitation Ministry are involved in the discussion which is now taking place. To show the tremendous importance of the discussion, I have listed down here, in particular, the corporations and companies for which the Production Ministry is responsible:

Sindri Fertilisers and Chemicals  
Penicillin Factory

D. D. T. Factory  
Dry Core Cable Factory  
Machine Tools Factory at Jalahalli  
Hindustan Shipyard.

It is not my intention, Mr. Speaker, to give the complete list of the corporations and companies which will come within the purview of this discussion. I have only stated these in order to pin-point the great importance of the vast sums of money—of the national resources involved in the operation of these companies.

Ever since India declared for nationalisation and mixed economy, various corporations and companies have come into existence. In the first place, there is a category for which the entire finance is found by the Government, that is the taxpayer's money, e.g. the Damodar Valley Corporation, Hirakud, Sindri Fertiliser, Hindustan Cable, Hindustan Aircraft etc. There is another category, in which there is part Government investment, that is in the sense of being tax-payer's money, and part private investment. I have got two examples for this—the Hindustan Shipyard and the Tata Locomotive and Engineering Co. Finally, Sir, from another angle, there is a third category—that is a category of establishments not incorporated under the Companies Law most times, such as the Chittaranjan Locomotive Works and the ordnance factories of the Defence Ministry, which are entirely departmental institutions without any autonomy at all. I have made an attempt to arrive at the probable investment of public money involved in all these corporations, but I regret to say I could not get any authoritative final figure. I will quote here a few figures in respect of a few of these corporations which will illustrate my point.

Bhakra-Nangal (July 1953) Rs. 51  
crores

Damodar Valley  
Corpn. (Sept. 1953) Rs. 47.45  
crores

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Hirakud (September 1953) Rs.  
25.48 crores

Hindustan Shipyard ... Out of Rs.  
14 crores of appropriation of Plan-  
ning Commission, 3 to 4 crores of  
rupees have been spent.

Sindri Fertilisers & Chemicals  
Rs. 27 crores.

There is a steel plant project short-  
ly to come into existence and it is  
estimated to cost Rs. 80 crores. You  
know, Sir, that a second steel plant  
plan was announced in yesterday's  
papers. In other words, there will be  
about 400 or 500 crores of public  
money involved in the capital struc-  
ture of these institutions.

**The Minister of Finance (Shri C. D. Deshmukh):** Sorry to interrupt. Bhakra-Nangal and Hirakud are not corporations; they are not companies either. The money is spent by the Government concerned. In the case of Bhakra-Nangal, it is spent by the Punjab Government and in the case of Hirakud by the Orissa Govern-  
ment.

**Dr. Lanka Sundaram:** Where does the Central Government come in?

**Shri C. D. Deshmukh:** In the case of Bhakra-Nangal, the financial control and a certain amount of technical and administrative control are through a joint Board of Rajasthan, Punjab and PEPSU plus the Central Government—that is only for administrative purposes. Therefore, those figures will have to be deducted from the total.

**Dr. Lanka Sundaram:** I am grateful to the hon. Finance Minister. There is lack of a common pattern for all these corporations and companies and I am only developing a general approach to the problem, and I quite concede the point that there are what you call Special Boards, several provincial Governments, sometimes the Government of India coming in these projects.

Sir, from another angle this ques-  
tion is very fascinating. The Ameri-  
cans have arrived in Damodar Valley

Corporation and Bhakra-Nangal; the British for the Telephone Industries Ltd.; the Germans for the Steel Plant; the French for the Shipyard; the Swiss for the Ambernath Machine Tools Factory. I am most anxious to draw the attention of the House to one important point, namely, the manner in which these corporations and companies are sought to be incorporated first. I will not have the time to go into details, but it is clear that departmental heads, both at the Centre and in other places in India, are entrusted with the preliminary negotiations and the preliminary plans being drafted for these corporations and companies, and it is not my purpose to go into the juicy scandals, which are very well known to the country, as to the manner in which officials of the Government have been going abroad very frequently to bring into existence the preliminary engagements with foreign firms etc., and also in regard to the purchase of foreign equipment even before the corporation is incorporated. The point I am making is this. From the beginning I have noticed that the Ministers do not come into the picture at all—certainly not the House of the People—as a general broad proposition, but there are exceptions, Mr. Speaker, and I would only like to pinpoint the major issues involved in this discussion. Once these things are incorporated or brought into existence either under the law of the land or by executive action, these officers become absolutely impervious to public control and public criticism, and jobs are given in a manner which, I am sure, this House cannot possibly be happy about. I know the case of one eminent I.C.S. officer of the Food Ministry now building ships. I know the case of another who was recently in charge of Sindri, who then came to the Secretariat and who is now twiddling his thumb as a Member of the Revenue Board of a State Government—all within a period of one year. There is the case of the Secretary-General of the External Affairs Ministry who is the Chairman

of the Shipyard Company today. I need not waste the time of the House at the manner in which a Police officer was put in charge of Civil Aviation till about a year ago. From the beginning these corporations are run *ad hoc* by the officers of the Government and neither the Ministries nor the House know the correct picture. As I said, we don't know...

**Shri B. Das (Jaipur-Keonjhar):** The House will come into the picture.

**Dr. Lanka Sundaram:** I am grateful to the father of the House, and I have the greatest respect for him for the work he has done as Chairman of the Public Accounts Committee, and I am sure I will be seeking his assistance—his reports—very soon in the course of this discussion.

These companies and corporations are run without any regard to the principles of commercial management and considerations of economy and efficiency. Vast trading interests of these institutions involve dozens of crores of rupees. These corporations and companies are run as so many office files, with the result that, as Mr. Das said a little while ago, the position of the House in relation to the management of these institutions, involving hundreds of crores of rupees, becomes a matter of vital interest today. The Public Accounts Committee is there, but, as you know, it comes into the picture and holds an inquest perhaps one or two years after the money is spent. There is the Estimates Committee of which I have the honour to be a Member for two years, and you may take it from me that up to the moment we could not take in hand one single case of a corporation or company which has been incorporated by the Government of India. I am only making a reference to this because there is neither the time nor the opportunity for either the Public Accounts Committee or the Estimates Committee to take a grip of the problems involved here. In parenthesis, I would say that the Public Accounts Committee have made a valuable contribution in this

regard and I will quote the recommendations of the Public Accounts Committee very soon. The basic position is that these Committees are already overburdened with work and they have neither the opportunity nor the time to go into these questions fully.

Here, Sir, I would like to make reference to the answer given by my hon. friend Shri Reddy to a question put to him on the 16th November 1953 with reference to Sindri Fertilizer. The question was regarding government's reluctance to supply information in connection with the nature of agreements entered into by the Sindri Fertilizers & Chemicals Ltd. Here is the answer which Shri Reddy gave—

"Such a right does not vest absolutely in the shareholders under the law. What is disclosed to the shareholders is dependent upon the discretion of the Directors in accordance with the merits of the case and exercised within the framework of the law of the Company's Articles of Association. An important consideration is that while shareholders should be given information regarding the activities of the Company, there should be no disclosure which is likely to affect the interests of the Company adversely."

Who are our shareholders of the Sindri Factory? The Rashtrapati is the principal shareholder and only one share is held by the Secretary of the Ministry concerned—this is the answer given to the House by the hon. Minister of Production when he was questioned on this matter. It was here that the Prime Minister intervened. I am quoting his statement as contained in the debates of this House dated 16th November 1953:

"Government seeks your guidance in such matters. Autonomous organizations and Government and State organizations, in carrying on their day to day work, enter into contracts and undertakings and normally even Government does not interfere. Of

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course, as my hon. friend on the other side said,"

he was pointing to me, and then said:

"this House can always interfere in anything and nobody has challenged the right of this House to interfere. It is a question of the propriety and desirability of such petty matters..."

And what are the matters referred to? I have listed them: the agreement of the Sindri Fertilizers with Messrs. Karl Still for the installation of a coke oven plant involving vast sums of money, and the second one is the agreement with Messrs. Associated Cement Co. Ltd. for the sale of sledge to them involving vast sums of money—in the second case, it is from year to year. Now, at this stage, Mr. Speaker, you intervened, but in this case you were not prepared to give a detailed ruling. I am referring to this because of the relevancy of the debate, procedural, as regards the right and competence and desirability of the House to have some procedure to take, but also of the activities of these corporations.

This was your statement: I am quoting it:

"But my reaction is that the House is entitled to have all information that is reasonably necessary and just to judge whether the administration of a particular corporation, which is autonomous, is being carried on properly or not."

But also, you said:

"But it ought not to enter into the day to day details or very minor details so as to interfere with the autonomy of the particular corporation."

I am here to declare very categorically that none is interested in the day-to-day working of these corporations or in any minor details. The question is, accountability,—

accountability not only in the technical accountancy sense but also in the political or constitutional sense. It is a matter of importance.

Let us examine the constitutional position. To my mind, barring a few which were incorporated by law passed by this hon. House and Parliament generally, most of these corporations have come into existence as a result of cabinet decisions. In other words, they have been formed by executive action, by executive action without any reference to parliamentary sanction. And here, Sir, I will refer to the articles of the Constitution which are relevant for our discussion Article 114 (3) says:

"...no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law passed in accordance with the provisions of this article."

Then, Sir there is article 266(3) which says:

"No moneys out of the Consolidated Fund of India or the Consolidated Fund of a State shall be appropriated except in accordance with law and for the purposes and in the manner provided in this Constitution."

Sir, the main burden of my argument today is that these two articles have not been observed in the case of most of these corporations and companies. This is a wide statement, but I am prepared to stand by it.

Now, let us see, Sir, what was the position as regards the investigations of the Estimates Committee and the Public Accounts Committee. I would be brief, because I know the House is very much interested in hearing many other hon. Members who wish to participate in the debate. I am quoting from the Fifth Report of the Estimates Committee for 1951-52 with reference to the Damodar Valley Corporation. Paragraph 46 of the report says:

"The Committee feel that the present administrative and financial set up of the Corporation is most imperfect, illogical and open to criticism."

Then, Sir, in paragraph 105 of the same report, the Committee says:

"The whole position is far from satisfactory. The autonomous character of the D.V.C. has been taken to extreme limits. The D.V.C. has developed strange conceptions of its autonomy and tried to bypass the authority or advice of the Government. The Government in turn failed to keep it within limits, although necessary power is vested in them to do so."

What happened after the Estimates Committee reported? An *ad hoc* committee was appointed by the Ministry concerned, presided over by Mr. P. S. Rau. Here, I have got the relevant quotation which appeared in most of the newspapers of the 14th July. The Estimates Committee is one of the principal statutory organs of this House to exercise financial control, and to introduce economy and efficiency. And yet, after the report was presented to this honourable House, a small committee of officials was set up, and this is the verdict and the challenge of this *ad hoc* committee. I am quoting:

"Full parliamentary control over statutory corporations in charge of river valley schemes would have the effect of placing them in a position worse than that of Government departments."

Now, Sir, with your permission, I would read three small extracts from the findings of the Public Accounts Committee, which, to my mind, are most important for today's discussion. In paragraph 7 of the report of the Public Accounts Committee for 1950-51, the following occurs. I am quoting:

"We feel that there has been a tendency on the part of the Government to start all sort of

schemes without adequate planning or even ensuring the initial or regular supply of the requisite technical staff whether on the administrative or on the accounts side and it consequently gave rise to confusion. The lack of proper appraisal of commercial accounting principles made the confusion worse confounded."

In paragraph 8 of the same report, the Public Accounts Committee said:— I am quoting:—

"We share the views held by the Comptroller and Auditor-General that his functions and responsibilities should be defined in explicit terms in the Statute itself providing for the setting up of a Corporation."

Then, Sir, comes the third report of the Public Accounts Committee for 1952-53. Actually, it is the report of the Sub-Committee presided over by my hon. friend, Acharya Agarawal, and accepted and endorsed by the Chairman of the Public Accounts Committee. I am thankful to the Chairman for reminding me of this. This is what they say:

"The Sub-Committee doubt the constitutional propriety of Government converting State Industrial undertakings into private limited companies, of which the President and one or more officers become the share-holders. Such a course not only detracts from Parliamentary Control, but also affects the audit control of the Comptroller and Auditor-General which the Sub-Committee regard as essential on behalf of Parliament."

And finally, Sir, the *coup de grace* of no less a person than the Comptroller and Auditor-General, is here, on the manner in which these corporations and companies are managed. I am quoting, Sir, from the statement made by the Comptroller and Auditor-General to this sub-committee of the Public Accounts Committee on the 13th December, 1952, and incorporated in the report of

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the main Public Accounts Committee. The House must bear with me, because this extract is very important, and in fact my whole argument hinges upon this particular extract. I am quoting:

"These 'Private Limited' Companies are, in my opinion, a fraud on the Companies Act and also on the Constitution, because money cannot be taken away from the Consolidated Fund for the establishment and transformation of certain concerns into Private Companies in the name of the President and Secretary to Government. Under the Companies Act, a Company can be formed by a group of persons. The President or the Secretary to Government is not a person. These officers do not have any personal financial interest in the Company, and their joining together cannot constitute a Company in the correct sense of the term. Further to convert a Government concern into a Private Company solely by executive action is unconstitutional. While recognizing that the management of industrial and business concerns differs from normal day to day activities of administration and that special organization and delegation of authority more in accordance with the speedier business practices may be necessary, the Government should have the backing of suitable Parliamentary enactment for the setting up of corporations."

There is another point involved, which is also part of the statement made by the Comptroller and Auditor-General. It reads thus:

"There is another important point involved in this procedure of creating a Private Company. Under the Indian Companies Act, Private Companies are to be audited by Auditors nominated by the Board of Directors. The Comptroller and Auditor-General

will not, therefore, have any automatic right to audit such a Company. It is likely to be argued that his audit control is thus ousted."

"It is true that the Company may request him to be the Auditor if necessary by incorporating suitable provisions in its Articles of Association, but this would be..."

Some of the corporations do bring in the Auditor-General in this way.

"...but this would be neither proper nor binding as the Comptroller and Auditor-General's duties and functions are prescribed by Parliament, and cannot be regulated by the Articles of Association of a Company. Furthermore, even if he undertakes audit on a 'consent' basis, on payment of fees, he can only submit his Audit Report to the Company, and not to Parliament through the President. Parliament cannot watch through the Public Accounts Committee the regularity of the operations and the financial results of any such Company. These observations also apply to concerns in the form of Private Companies in which Government take substantial share capital or guarantee against losses."

Finally, Sir, the Auditor-General said:

"I regard the entire procedure adopted in these cases as unconstitutional and invalid, and hold that I have a right to exercise audit on the accounts of the Company on the basis that by an improper diversion of funds they should not escape my audit scrutiny."—

the diversion being from the Consolidated Fund of India, and he added:

"I may mention that the creation of such Companies through executive action is expressly

prohibited in the U.S.A., and the Congress has specifically to legislate in the matter."

This, as I said earlier, is the *coup de grace* of the controversy or the position in regard to the management and activities of public corporations and companies in India. I would be brief now.

Ever since England was committed to nationalisation,—and even before nationalisation under the Labour Government became a cardinal factor of national policy—the House of Commons accumulated a lot of experience on these matters. It so happened that in December 1951 the House of Commons appointed a Select Committee to investigate into the question of nationalised industries. This Committee submitted two reports. The second report which is most important and relevant for present purposes made the following recommendation, namely, that a permanent Committee of the House of Commons should be constituted charged with the power and duty not only to investigate "both present and past financial probity and stability but future plans and programmes" (that is both into the past as well as into the future) of public corporations in Britain which are managing nationalised industries. Then, Sir, the Select Committee of the House of Commons recommended that "a new Committee of the House of Commons should be set up which would take over from the Public Accounts Committee the work of examining the accounts of these nationalised industries." It also suggested—I think, to my mind, it is a very important recommendation, worthy of the consideration of this hon. House—that the staff of the proposed Select Committee on nationalised industries should include a person of the status of the Comptroller and Auditor-General and at least one professional accountant. Under the recommendations of the Select Committee, each Corporation should publish annual reports, including "the best estimate it can make of the percentage in-

crease or decrease since the date of its establishment in the average cost to the consumer of its products or services taken as a whole."

Here is the sum total of the position in the United Kingdom. There is one other point I would like to mention. Each one of these corporations in India today—whether they belong to the Defence Services, to the Production Ministry or any other Ministry—has become a monopoly, a monopoly without competition, whether it is producing fertilisers at Sindri, or building ships at the shipyard at Visakapatanam, or making telephones at Bangalore, or even making ordnance stores in various ordnance factories. There is absolutely no competition at all, with the result that the consumer angle has been completely forgotten. I would like to develop this point, but I have no time. But the House will bear with me if I say that each one has become an *imperium in imperio*,—small kingdoms, completely assigned to, shall we say, the overlordship of the officer who happens to be the Managing Director or Chairman. I have no quarrel with anybody, as far as these officers are concerned. But in the national interest something must be done immediately to ensure (a) that the control of the Minister becomes effective—and I know from personal experience what is happening in the shipyard that it is not so, and (b) the authority of this House is maintained.

Before I conclude, I would, Sir, with your consent, like to refer to an answer which was given by my hon. friend the Production Minister, Shri K. C. Reddy, in reply to a question of mine regarding the shipyard at Visakapatanam. He said that Government do not have the estimates as to the manner in which the French firm is going to reorganise or remodel the yard—costs are not made known, maybe they are to be made known now. This is only one illustration; but this can be multiplied by my hon. colleagues times out of number.

Finally, Sir, I suggest the creation of a parliamentary committee—apart

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from the Public Accounts Committee and the Estimates Committee—under your direction, to sit all the year round, specifically charged with the task of looking into the affairs of these various categories of corporations, companies and institutions. Some of them, as my hon. friend the Finance Minister pointed out, are not even incorporated under any law at all. This, I am convinced, will strengthen the hands of the Ministers, will affirm and enforce the authority of Parliament and will give more than everything else. Sir, to the tax payer an assurance that his moneys are properly husbanded. I am making this suggestion with the request that Government will look into this matter in the national interest.

In the end, Sir, I should like to say that I have not raised this debate for hitting the headlines, or in a mood of levity. It is not a political problem, Sir. It has nothing to do with party politics. And sitting in the lobby for the past several days, I knew the intensity of feeling of several of my hon. friends opposite who share these views. This is a matter which has got to be discussed dispassionately, constructively. I, Sir, commend to Government, my suggestion as far as the Parliamentary Committee goes.

**Mr. Speaker:** Is the Government prepared to say anything at this stage? If they do, members following may know what the Government's view on this question is.

**Shri C. D. Deshmukh:** Government point of view would be more or less a full reply to what the hon. Member has said. There is no information to be given. but I have got to controvert many of the points which the hon. Member has made. So, it will really be a reply to the speech made by the hon. member. It might be better if we had also the views of the other members. Then Government could give a comprehensive reply.

**Mr. Speaker:** I was thinking somewhat differently. If the House could know what Government thought about the general propositions made out by the first speaker, perhaps it might be helpful to the other speakers to shorten the debate or to criticise further. That was what I was thinking.

**Shri C. D. Deshmukh:** Would there be another opportunity for the same speaker to speak again on behalf of Government?

**Mr. Speaker:** Yes.

**Shri V. B. Gandhi** (Bombay City—North): We should have a chance.

**Mr. Speaker:** The hon. member will have a better chance, if he knows what Government's views are.

**Shri C. D. Deshmukh:** In that case I could perhaps begin by making a brief contribution to the debate at this stage.

It seems to me, Sir, that the hon. member has mixed up two or three different issues. It would be necessary to get them out of the way. The first one is the formation of companies without recourse to legislation. Now that was done as a sort of emergency measure for making certain arrangements in regard to the production of certain materials like the fertilisers and so on. That was not a final decision and it is in our thoughts that at the appropriate moment either we might come forward with legislation authorising the setting up of State Corporations for business or industry by Government or alternatively we might introduce in the Companies Law (Amendment) Bill which is before the House a separate chapter in regard to companies which are owned either wholly or predominantly by the State. While we admit that, by and large, there is a great deal of substance in what the Comptroller and Auditor-General says—although we do object to the use of the word "fraud" so to speak....

**Shri N. C. Chatterjee** (Hooghly):  
Fraud on the Constitution.

6 P.M.

**Shri C. D. Deshmukh:** I concede that the position should be regularised. I would like to add that the hon. Member's impression that whatever has been put into these companies from the Consolidated Fund, is done without an appropriation is not correct. No money can be paid out of the Consolidated Fund without some appropriation of some kind or the other. Therefore, Sir, the real issue is not so much of paying out of moneys out of the Consolidated Fund, or the form of organisation, but (a) the powers of the Comptroller and Auditor-General and (b) the authority of the executive as well as Parliament over these organisations, especially in regard to financial matters, that is to say, financial control. In regard to the position of the Comptroller and Auditor-General, when we bring forward that particular legislation which we have in mind or when we insert that chapter, undoubtedly we shall make a provision there which will ensure that the Comptroller and Auditor-General is enabled to exercise the functions which the Constitution intended that he should exercise. In the case of organisations which are owned entirely by Government there, of course, there is no question; it will always be provided that the Comptroller and Auditor-General shall audit. The doubts will arise in respect of companies or corporations, maybe—and they are likely to be companies rather than corporations—in which Government have only a share. Now, some limit would have to be indicated above which the whole concern would be regarded as sufficiently a State concern to attract the exercise of the functions of the Comptroller and Auditor-General. And at the appropriate time I have no doubt that the House will be invited to give its thought to these matters and we might remove any doubts that might be lingering in the mind of the Comptroller and Auditor-General or in the minds of the Public Accounts Committee.

The next issue is: what financial control is exercised by the executive

over these corporations? Undoubtedly there is, so to speak, an act of self-abnegation here. That is to say, the executive refrains from exercising the day-to-day financial control that it exercises over other kinds of disbursements. There are various kinds of this kind of relinquishment or suspension of the rights of the executive. But as a result of experience certain patterns are being evolved and where for the sake of facility of administration or for the elimination of red tape, we invest that body, maybe a company or a corporation, with financial powers, certain precautions are taken. One precaution which is invariably taken is that the Financial Representative, at a very high level—either a Joint Secretary or Secretary is attached to that concern as a director. Now, when he exercises his powers, although it is not said in so many words that everything shall be done with his concurrence, in practice that result is bound to follow. Because, if he is over-ruled, well, then he can report the matter to the Ministry of Finance; and the Ministry of Finance can then take up the matter with the corporation and move Government to make the necessary changes which will ensure that financial advice is taken.

That, Sir, is parallel to the position of the Finance Ministry in Government itself. There is no constitutional provision that the Finance Minister will not be over-ruled in matters of judging financial propriety. But at the same time it has never happened that a Finance Minister—or, shall I say a self-respecting Finance Minister—has ever been over-ruled. Because, either as a result of discussion in the Cabinet, where there is difference of views, he acquiesces in a certain decision where a matter of grave principle is not involved, or the alternative is he leaves the Cabinet—or he should leave the Cabinet. So far as the Rules of Business under article 77 are concerned, it is laid down that no department shall, without the previous concurrence of the Department of Revenue and Expenditure, issue any orders which may—(a)

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involve any abandonment of revenue or involve any expenditure for which no provision has been made in the Appropriation Act, or (b) involve any grant of land or assignment of revenue or concession, grant lease or licence of mineral or forest rights or a right to water power or any easement or privilege in respect of such concession, (c) relate to the number or the grade of posts or to the strength of a service or to the pay or allowances of government servants or to any other conditions of their service having financial implications, or (d) otherwise have a financial bearing, whether involving expenditure or not.

So, these, Sir, are very wide provisions. And although these are Rules of Business made by the President under article 77 (3) under the advice of the Cabinet, and impliedly thereby they can be altered, they could not be altered unless, as I say, the Finance Minister himself concurs in them. As I said, there is a strong representative of the Finance Ministry.

Then, usually, we find that there is also the power either provided for by executive orders, or where there is an enactment, by a provision of the law itself that Government shall issue directives to the corporation. That is a very useful power which extends to the exercise of authority both in the administrative as well as in the financial sphere. As an instance, I might state that in regard to the Damodar Valley Corporation, at one time, when certain high paid appointments were made, a directive was issued that no appointments can be made without the approval of the Government if the salary exceeds Rs. 2,000 per month. That kind of directive can always be issued. That, Sir, is the general pattern.

Why is it that the Executive Government is prepared to devolve or suspend some of its powers? There is always a balance to be sought between the desirability of ensuring that public funds are well spent and the desirability of having the work pro-

perly done, that is to say, to ensure that red tape is eliminated. At what stage precisely one should be stressed to the exclusion of the other is a matter of judgment and also a matter of experience. We are at the beginning of our experience and it may be that as we gain experience,—in that I include any observations made by the Comptroller and Auditor-General as well as by the Public Accounts Committee—and distil the principles out of those observations and any reflections that occur to us out of any remarks that may emerge out of discussions like this, then, we shall be better able, so to speak, to decide the precise pattern of financial control to be followed. But, I should like to make one point and that is, that it would never be desirable to insist on the same kind of financial control that is exercised in regard to other executive fields which may be regarded as departmental executive fields, because, if we were to try to do that, then, we should be following a procedure which would be defeating its own purpose.

Next, I come to the control of Parliament. The hon. Member quoted something from the U.K. As far as I can discover, the Public Accounts Committee is never eliminated. I do not know whether I misunderstood him. Anyway, I make the statement that all reports and accounts issued by the corporations are presented to Parliament and consequently are subject to scrutiny by the Public Accounts Committee. It is the Comptroller and Auditor-General who does not always figure in these matters. But, as the hon. Member himself has pointed out, there is now a move that an officer should be appointed to audit, who shall have a status equal to the Comptroller and Auditor-General. Therefore we may take it that it is ensured that Audit is carried out. But, the point that I wish to make....

**Dr. Lanka Sundaram:** If I may intervene, the recommendation that

I quoted was for a Parliamentary Committee with the assistance of an officer of the status of the Comptroller and Auditor-General. I am talking of Parliamentary Committee.

**Shri C. D. Deshmukh:** I shall deal with the Parliamentary Committee last. That is the main proposal that the hon. Member has made. But, I think he did make a statement that the Public Accounts Committee is eliminated.

**Dr. Lanka Sundaram:** I did not say so.

**Shri C. D. Deshmukh:** I say that the Public Accounts Committee can never be eliminated. Then, he said that this arrangement is not very satisfactory because the Public Accounts Committee can come in only for *ex post facto* judgment. My reply is that in the nature of things, the Public Accounts Committee must come in for exercising *ex post facto* judgment. In other words, the method of financial control by the executive must be distinguished from the method of financial control by the legislature. The two things are not the same. In other words, Parliament is by constitutional checks and balances, holding certain critical positions. But, they are not the same as are held by the Executive.

Parliament comes in when moneys are appropriated. Parliament comes in when the Public Accounts Committee reports on how these appropriations have been used, and when the Public Accounts Committee considers this there is no document that can be withheld from the Public Accounts Committee. They can ask for all the accounts of the particular concern concerned. I think much has been made of the answer given by my hon. colleague in regard to the furnishing of lists of contracts. It may be that certainly, as the Prime Minister pointed out, if Parliament does insist that all the contracts must be placed before the House, they have a right to demand, but as a matter of practical prudence it may be

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that these things are not necessary. In other words, public officers who exercise certain functions carry their heads, so to speak, on a platter and ready to be knocked off if it is shown and proved afterwards to the satisfaction of Parliament that they have not properly carried out their duties. Therefore, I do not see how there has been any detraction from the authority of the Parliament exercised through the Public Accounts Committee by the mere creation of Corporations with the knowledge and consent of Parliament. Let us now confine this issue to the very clear and over-simplified case of a Corporation created by an Act of Legislature. Therefore, Parliament itself would be invited to exercise a certain measure of self-denial, or at least to agree to a measure of self-denial by the executive in its financial controls. And if that is the situation, well then, if experience proves that the thing is not working properly, then it may be that we may have to revise the whole basis of what we call our mixed economy. It may be that we find that our bureaucracy is not capable of handling some of the matters which have been entrusted to them.

The hon. Member referred to a Food Secretary having been appointed as Managing Director or something of the Shipyard and the Secretary-General being appointed as the Chairman of the Shipping Corporation. He probably does not recall that that particular person had been for umpteen years in the Commerce and Industry Ministry.

**Dr. Lanka Sundaram:** What about the policeman controlling civil aviation?

**Shri C. D. Deshmukh:** So, if one has to commiserate with anyone, one has to commiserate with the External Affairs Ministry and not with the shipping yard. In other words, he was very well qualified to be Chairman of the Shipping Corporation.

Now, so far as these negotiations are concerned, the hon. Member is

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under a very wrong impression. I myself can vouch to this that I have been concerned at almost every important stage with the negotiations, from the financial point of view, in regard to the oil refineries or with negotiations that are going on in regard to steel today. Indeed, so far as steel is concerned, there is an *ad hoc* Committee of the Cabinet which includes the Prime Minister, the Production Minister, the Commerce and Industry Minister, myself and one or two other Ministers who consider important aspects of all draft agreements from time to time. And if we sent an officer to negotiate an agreement, well, he used to ask for our instructions telegraphically and used to receive them.

Therefore, I do not think that Parliament should feel any sense of disquiet in this necessary process of finalising, or first drafting and then finalising, these agreements. Also, at the proper time we are always ready and anxious to place these agreements before the Legislature. I believe that the oil refinery agreements have already been placed before the Legislature.

Therefore, my main point is so far as governance is concerned, there must always be an element "in arrears" so to speak. That is to say we must stand the judgment and if we are found wrong, then take the medicine. That position can never be corrected by any other machinery that you may set up.

Lastly, the hon. Member has referred to the setting up of a Parliamentary Committee. Now, it is entirely within the authority of Parliament if they wish that they must...

**Dr. Lanka Sundaram:** Hear, hear.

**Shri C. D. Deshmukh:** That is a truism, Sir, which does not deserve any cheer at all. So, if Parliament were to wish that there should be such a Committee, certainly there should be one. But I would urge

certain considerations before Parliament makes up its mind. As I said, a balance has to be struck somewhere. We want a fairly adequate financial control of the kind appropriate for that particular body—if it is legislative control, it is then for the legislature, if it is executive control, it is then for the executive. We might as well say that a small sub-committee of Ministers should be formed who should visit Sindhri from time to time. That also is another variation only in the executive field. Now I say that so far as the legislative field is concerned, having in regard all the attributes of the exercise of financial control, it seems to me that at this stage of our industrial expansion and development, there is a danger of our trying to go too far, and immersing ourselves too much in the administration. I have taken note of the hon. Member's observation that it is not his intention that there should be any kind of day to day interference, and indeed as I understood him, it was his object to be fully informed about what is going on. And that is where I join issue with him. Is it necessary for Parliament to be informed from day to day or session to session, as to how a particular corporation is being run? Is it not better to enable the executive to manage these, and then to call the executive to account in the way in which Parliament always calls the executive to account? That is a consideration which Parliament will have to bear in mind, before they take a decision on this matter.

I shall have another opportunity of elaborating what I have said, but these are the main issues which seem to me to arise out of this proposition.

**Shri V. B. Gandhi:** Mr. Speaker Sir, the issue that this House has clearly to understand, to begin with, is this. Are Government doing anything, in their management of State-owned and State-controlled industries, by which the control of this Parliament is being diminished or reduced beyond a point at which this Parliament has a right

to expect to have that control? That is the main issue, and the choice before this Parliament is as follows: Shall we have public corporations, shall we have our industries managed by statutory corporations, by public limited companies, or even by private limited companies with the advantages that go with such management, as well as with a portion of our control surrendered within well-defined limits? Or shall we have none of these things, but retain our Parliamentary control over all expenditure in the old unrestricted manner? These are the two choices before this House.

Now, this House has obviously made the choice in favour of public corporations, because there are several statutory corporations which have been set up with the sanction of this House. After that, certain other forms of management by private limited companies have been set up. Now what this House has to consider is whether because of these new forms of management through private limited companies, this House has suffered any diminution in its control over these enterprises and undertakings, as compared with the control that this House can exercise over industries managed by public corporations. We shall deal presently with these three issues. First, talking about public corporations, we all know that the greatest experiment in this respect was made in the United Kingdom, during 1945—50, when a number of industries were nationalised. And in most of these industries, the British Parliament preferred, as its chosen instrument, the public corporation. Now, we also have, as I said, some such corporations like the Damodar Valley Corporation and the very recently formed Air Corporations. Now, it is very clear that in a number of ways our public corporations have been patterned after the British model and, therefore, when we talk of parliamentary control over these public corporations, we also have to accept the

British idea of surrendering some part of Parliament's control over such corporations.

Now, Sir, here I would not go very much into detail, but I will only read one statement made by Mr. Herbert Morrison, Lord President of the Council and Leader of the House of Commons on this very pertinent issue. Here Mr. Morrison says:

"A large degree of independence for the Boards in matters of current administration is vital to their efficiency as commercial undertakings."

A large degree of independence is vital.

"A Minister is responsible to Parliament for action which he may take in relation to a Board or action coming within his statutory powers which he has not taken."

Now the Minister's action is defined within certain limits in this clause. We shall come to that presently.

"This is the principle that determines generally the matters on which a question may be put down for answer by a Minister in the House of Commons."

Not beyond this limit—the limit within which the Minister has powers *vis-à-vis* the Corporation under the Act.

"Thus the Minister would be answerable for any directions he gave in the national interest and for the action which he took on proposals which a Board was required by statute to lay before him."

Now, this is very important, Sir—the latter part of it—what I am going to read.

"It would be contrary to this principle and to the clearly expressed intention of Parliament in the governing legislation if Ministers were to give in replies in Parliament or in letters information about day to day matters."

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It would be contrary to the principle, as he says.

"Undue intervention by the Minister would tend to impair the Board's commercial freedom of action. The Boards of socialised industries are under an obligation to submit annual reports and accounts which are to be laid before Parliament. In the Government's view, it is right that Parliament should from time to time review the work of the Boards on the basis of the reports and accounts presented to Parliament."

Now, these are the well defined limits within which Parliamentary control can be exercised within which questions can be put down for answer by a Minister, and the Minister is answerable only in respect of those powers that under the Acts creating or governing those corporations he has been given.

Now, Sir, the intention of Parliament as well as of this House can be very easily understood in respect of our control. In most of the British Acts, there is this provision—I am sure many of us know—that a person shall be...

**Shri K. C. Sodhia (Sagar):** Are we to be guided by these Acts?

**Mr. Speaker:** Order, order. He should address the Chair.

**Shri V. B. Gandhi:** I shall also presently refer to our Act.

**Mr. Speaker:** He should address the Chair. The hon. Member need not mind the interruption. The time is very short.

**Shri V. B. Gandhi:** I am sorry, Sir.

Now, in most of the British Acts, there is this provision. 'A person shall be disqualified for being appointed or being a Member of the Board so long as he is a Member of the Commons House of Parliament'.

A Member of Parliament is altogether disqualified from being even a member of the Board. The same provision obtains in the Damodar Valley Corporation. It is in very similar phraseology.

**An Hon. Member:** That is most disheartening.

**Shri V. B. Gandhi:** Now, Sir, that shows how the whole underlying idea is to maintain and preserve the independence of these Corporations from frequent interference of Parliament.

Another point made was about the private limited companies that are being set up here. The question that we have to ask ourselves is this. Is this Parliament in its exercise of control over these undertakings in any way placed under a handicap or is it asked to surrender any more of its control because of these private limited companies than it would be in the case of the statutory Public Corporations? Sir, if we carefully study the conditions obtaining under these two systems of management, that is one by the Public Corporations and the other by the Private Limited Companies, we find that the powers of this House to control are more limited under the Acts governing our Public Corporations than in the case of Private Limited Joint-stock Companies. Sir, the powers of the Minister in the matter of giving directions in respect of general policy etc. and the items in which the Minister shall give instructions are well defined; whereas such definition does not obtain in the case of Private Limited Joint-stock Companies. Therefore, in the case of Private Limited Joint-stock Companies the Minister is answerable to this House in a greater variety of questions concerning them than in the case of the Public Corporations.

I will take a few points raised by Dr. Lanka Sundaram. He said something about the officers of the Government being placed in positions of

power. Then he himself supplied a reply by asking what kind of commercial management is possible with these officers who were either in the Food and Agriculture Ministry and are now placed in charge of a ship-building company or others. The whole thing is, it is not the officer or the person who is placed in that position that matters, but the conditions of freedom, efficiency and flexibility under which he is allowed to function. This same officer in a Government department will find himself trammelled and held up at every stage by all those traditionally known Government procedures, but placed in charge of a commercial concern, he can act with decision and flexibility. If we take a businessman like our friend Mr. Tulsidas Kilachand and place him in charge of a Government department, he will find that his efficiency, his freedom, his flexibility have been considerably affected.

**Shri M. S. Gurupadaswamy** (Mysore): But what is the point?

**An Hon. Member:** He has forgotten.

**Shri V. B. Gandhi:** Sir, with these words, I conclude.

**Shri U. C. Patnaik** (Ghumsur): Mr. Speaker I will not take the time of the House with a speech but I will put a few questions, notice of which I have already given to the Ministry. In view of the hon. the Finance Minister's speech, I had to change the form of one or two questions. It is these—

(1) Private limited companies have been formed and been working for some length of time without appropriate legislative enactments. Will Government be pleased to indicate when such legislation will come into existence?

(2) Does not the appropriation of money from the Consolidated Fund of India for financing such corporations till such Parliamentary enactment, constitute a violation of the provisions of Article 266(3) of the Constitution?

(3) Although reports are being placed before Parliament and the P.A.C., about the working of some of these corporations, why are not the estimates relating to the receipts and expenditure of these concerns, private limited companies, placed before Parliament, like the annual budget relating to other departmental expenditure?

(4) Have any rules or regulations been framed or directives issued—

(a) for the management of the business of these companies,

(b) for the appointment of Directors, official and non-official, laying down the qualifications and experience required for such personnel,

(c) what steps have been taken to guard against nepotism and corruption in such appointments?

(d) who will be responsible for mismanagement, corruption and inefficiency in the running of these concerns, and what authority is to take disciplinary action against such persons?

(5) Does not the Board of Directors appoint the Auditors and have the power of reappointing them, thereby circumventing the control of official audit?

(6) What is the remedy if there is collusion between the management and the Auditors who are dependent upon them for appointment, reappointment and remuneration? What steps have been taken to ensure control of the Auditor-General over this expenditure?

(7) Is there any proposal to prevent the same firm of auditors or the partners of the same firm from being re-appointed after two or three years, to avoid *mala fide* practices, if necessary, by making special provision in the Companies Act or otherwise?

(8) Has Government finalised any scheme for enabling Parliament to

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exercise effective control over the expenditure of these concerns while reserving the minimum autonomy necessary for day to day administration of the concerns?

(9) A few questions regarding two or three individual concerns:—

(a) Regarding Sindri, when there is undisposed, accumulated stock, why has Government committed itself to get fresh stock under the T.C.A.? Having deputed the General Manager for a study tour in foreign countries, how is it that he was relieved immediately after his return to India, for appointment to a new post in the Air Corporation?

(b) Regarding Hindustan Shipyard, what steps have Government taken to build smaller type of sea-going vessels conforming to designs of Naval and Fishery experts on the Danish or other models?

**Mr. Speaker:** Questions regarding individual corporations will be beyond the scope of this discussion.

**Shri U. C. Patnaik:** Then, Sir, another question is: what steps have been taken to assess the idle capacity of the plants and machineries in these concerns and to ensure that the same is being fully utilised? And Sir, what steps have the concerned Ministries been taking to ensure that the foreign experts that they are importing are really qualified for their present posts and that Indians are being trained as their understudies? These are the questions, Sir.

**The Minister of Production (Shri K. C. Reddy):** Sir, I would like to have some information and guidance from you. Various questions have been raised by the hon. Member Mr. Patnaik relating not only to general principles with regard to this subject that is being debated—Parliamentary control over public corporations—but also to the various items in respect of various companies. You said they should not go beyond the scope of the debate. Several questions have

been asked, and the later parts of his questions relate to various concerns. I do not know if the time for the debate has been extended. Unless it is done, it is not possible to give a satisfactory answer.

**Mr. Speaker:** I am prepared to give time for the debate, but not to enlarge the scope of the debate. That is why I told the hon. Member that he was going beyond the scope of the subject. Those questions need not be taken seriously into consideration, for a reply, on this debate.

**Shri Tulsidas (Mehsana West):** I have been listening with great interest to the speech of Dr. Lanka Sundaram, and the observations made by the hon. Finance Minister. Sir, when the air services were nationalized, or rather when industries are nationalized, it has to be borne in mind that the managements of these nationalized industries should be run on businesslike principles. I know that the Government adopted the procedure of forming private limited companies or corporations and thereby allowing these industries to have more flexibility and pliability in management. Sir, this is also a very important factor with regard to the management of industries. As the hon. Finance Minister just now mentioned it is most vital to having the industries run and managed in a proper manner. I know that when an industry is nationalized or when a corporation is formed for running it on a nationalized basis, it should have the ultimate aim of having the larger interests and good of the people. This means that when a private enterprise runs an industry, the yardstick is profit, while in a nationalized industry the yardstick is to see that the community at large gets the manufactured article or the services at a reasonable price. Now, Sir, I know that most of these industries which are nationalized are run with this motive.—i.e. in the larger interests of the community. Sir, the fundamental point is this that it is rather difficult to give a very catego-

rical answer: what would be the proper thing to do? We know in the private sector also, there are different modes of management. We have the managing agency system. We have also the system wherein the Managing Director is appointed and we have also the system of having the Board of Directors managing a particular concern. Now, Sir, in all these three modes of management in a private enterprise, each one is playing its part and in particular categories of industries or trade, a particular mode of management has been useful. You know, Sir, that in banking and insurance there is no question of Managing Agency; banking and insurance are managed by Board of Directors. Certain companies have managing directors, but the Board of Directors manage the concern. But, Sir, behind all this management, whether it is by the Managing Agency, or the Managing Director, the appointment is by the Board of Directors.

But the fundamental point is to whom are they to account. In this particular case, in the case of nationalised industries, the accountability is to the people. When a particular industry is nationalised, or a particular industry is put on a nationalised basis, we have to take into consideration that we are doing it in the larger interest of the country and therefore the accountability will have to be to the people and to this Parliament which is representative of the people. Therefore, one cannot get away from the fact that when an industry is nationalised, or put on a nationalised basis, a certain amount of—you may call it 'interference',—control by Parliament is necessary and must be there. I know that it is not possible to run a nationalised industry on the same lines as it is run by the private sector. Therefore, this small disadvantage, or advantage, whatever it is, has to be taken into consideration from the time that industry is started on the basis of a nationalised industry or is nationalised. This factor has to be taken into

consideration: we cannot get away from that fact.

Dr. John Matthai, speaking the other day in Bombay said:

"An important consideration to bear in mind was that parliamentary scrutiny and vigilance were the only effective substitutes for the element of profit which in private enterprise provide, however inadequately, a motive as well as a yardstick. Where profit element did not operate as in Government concerns, the attempt made by the executive to reduce parliamentary control to a minimum was fraught with danger and should be carefully watched."

Unless we take that into consideration we cannot think of making a proper pattern for this. I have gone through the Select Committee Reports of the House of Commons, which has studied the pros and cons of nationalised industries. I have also got some experience in a Corporation run by Government (the Hindustan Shipyard) from which I feel that due to certain factors imposing conditions on the management, it would not be possible to run a State corporation on the same line, as is done in the private sector. Therefore, whatever corporations or private limited companies are formed, this factor will bear fundamentally on the management of the company or corporation. In a corporation, due to want of flexibility there are certain handicaps in the matter of taking decisions. In private sector a decision is arrived at across a table. If in a private sector a decision is wrong it ends in losses. In public limited companies and in private limited companies run by Government, a decision takes a little longer time than in a company managed by private enterprise. And if decisions are wrong, then there are losses. But it does create, apart from losses, something—if I may use the expression—not in the larger interests of the country, namely, that it creates higher costs, it makes the

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article costlier to the people and one has to go into how the corporation works. Naturally, to a certain extent it does go against the larger interests of the country.

But we have accepted a mixed economy. We must have certain industries in the public sector and certain industries in the private sector. We have defined certain categories which will be in the public sector and mentioned the reasons why these industries are required in the public sector. For instance, in respect of things like Defence industries, we must have them in the public sector whether it costs more or less, in the larger interests of the public. Similarly there are certain industries which cannot be started in the country unless and until they are started by the public sector, on account of the reason that the technical know-how or the resources required are not available in the private sector.

Now I shall refer to other point which we have to bear in mind with regard to these industries when they are nationalised. I would take the example of air services which have been nationalised. At that very moment I mentioned that the question of retrenchment will have to be faced, that being a nationalised Corporation we shall have to retrench, with all eight companies coming in. There again, Parliament says: no, we cannot have retrenchment, we must continue them.

**Shri B. Das:** Not Parliament, the labour community.

**Shri Tulsidas:** In Parliament we did have a discussion and so many people did ask for an assurance that there will be no retrenchment whatsoever.

**The Deputy Minister of Communications (Shri Raj Bahadur):** But then we took note of the growing and expanding nature of the services.

**Shri Tulsidas:** Either you carry out expansion, or with the same amount

of people the cost will be higher. All the losses will have to be met from the exchequer.

Therefore, what I feel is that whether the industry is nationalised or put up as a corporation—statutory corporation or private limited company,—we shall have to take that factor into consideration. And I feel that when Government decide on any issue, they must consider this fact that they must nationalise only such industries or put them up as a corporation where the private sector cannot function. These qualifications—you may call them—have to be borne in mind. And unless those are taken into consideration it will not be possible to run them in that manner.

There is another point which Dr. Matthai made the other day and I think it is very important. He said:

“If, for any special reasons, it was considered necessary to run Government undertakings through public corporations, it was essential that the incorporating statute should provide for greater parliamentary scrutiny than, for instance, the present enabling Central legislation regarding road transport. Where a business called for energy, drive, enterprise, specialised management etc., the proper solution was not to shelter officialdom from parliamentary scrutiny but to leave such business in the hands of private enterprise subject to the general control of Government. For Parliament to agree to extend the domain of the executive into untried fields of administration and in the process surrender its own responsibility was bad alike for Parliament and for the executive.”

I think he has put this point quite properly by expressing his views in this manner. I feel that it is no use trying to set up some Committees or some sort of control. Even when

an industry is nationalised and run by the Government, the handicaps or weaknesses which are there will have to be taken into consideration and they are bound to be there, whatever type of control we have. Of course, we must have control over the public sector.

What I feel is this. In the UK, they have gone into this matter thoroughly and after going into the pros and cons, they have definitely decided to form a Committee of the House to go into this matter. On these lines, if we have also a Committee in this country, then we will have a certain control. But, this Committee should not go into the day to day affairs. Naturally, it will not be possible for us to go and interfere with the day to day affairs of these corporations. In this report of the Select Committee on Nationalised Industries, they say, after going into all these things,

"We were impressed by the suggestion of Sir Frank Tribe that it would be of great value to the Committee if the great public corporations should be encouraged to prepare statements of their anticipated revenue and expenditure. This would enable it to satisfy itself that the corporation was genuinely trying to comply with its statutory requirements of breaking even, taking one year with another, and it would give it a means of comparing what had been expected at the beginning with the actual outturn."

Another point that I would like to make is this. If in a country like England, where they have technical people available in larger numbers than we have in India, in spite of that, they have found that they should have a Committee of this nature, to have proper accounts and control on these corporations. Though our country is not small.—I realise that

we are not a small country like England yet we have to develop a lot economically and—we will have to have a certain amount of control of this nature. We must also have a provision by statute that the day to day management should not be interfered with. We may have a person who may look after and run these industries with authority from the Government and from Parliament, in the manner Parliament desires, and he should have enough authority, so that in that particular sphere, Parliament may not come in. But, he has still to account for the broader policy on the financial side of the industry. That is what I feel, Sir.

**Mr. Speaker:** I think we may better adjourn now. There are only five minutes to Seven. We shall take up this matter tomorrow. After Question-hour there is a Bill, the Repealing and Amending Bill. When that is finished, we go up to 4 o'clock. That is the utmost limit for this discussion and it must come to a conclusion at 4 o'clock. Then private Members Business will begin.

**Shri K. K. Basu** (Diamond Harbour): That may take a long time.

**Mr. Speaker:** It may now become very short. There is no other alternative because the whole thing will be repeated.

**Shri K. K. Basu:** I only wanted to submit that if it is possible, this one hour should be given tomorrow immediately after the Repealing and Amending Bill is over.

**Mr. Speaker:** That Bill has to be put through. That is also partly discussed. That will not take a long time. It ought not to take more than five minutes.

The House may now adjourn.

*The House then adjourned till Half Past One of the Clock on Friday, the 11th December, 1953.*