

[The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): I beg to move for leave to introduce a Bill to provide for delivery of books to the National Library and other public libraries.]

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to provide for delivery of books to the National Library and other public libraries."

The motion was adopted.

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[Maulana Azad: I introduce the Bill.]

SALT CESS BILL

The Minister of Production (Shri K. C. Reddy): I beg to move for leave to introduce a Bill to provide for the levy and collection of a cess on salt for the purpose of raising funds to meet the expenses incurred on the salt organization maintained by Government and on the measures taken by Government in connection with the manufacture, supply and distribution of salt.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to provide for the levy and collection of a cess on salt for the purpose of raising funds to meet the expenses incurred on the salt organization maintained by Government and on the measures taken by Government in connection with the manufacture, supply and distribution of salt."

The motion was adopted.

Shri K. C. Reddy: I introduce* the Bill.

PRESS (OBJECTIONABLE MATTER) AMENDMENT BILL

The Minister of Home Affairs and States (Dr. Katju): I beg to move for leave to introduce a Bill to amend the Press (Objectionable Matter) Act, 1951.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to amend the Press (Objectionable Matter) Act, 1951."

The motion was adopted.

Dr. Katju: I introduce the Bill.

GOVERNMENT OF PART C STATES (AMENDMENT) BILL

The Minister of Home Affairs and States (Dr. Katju): I beg to move for leave to introduce a Bill to amend the Government of Part C States Act, 1951.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to amend the Government of Part C States Act, 1951."

The motion was adopted.

Dr. Katju: I introduce* the Bill.

INDIAN TARIFF (THIRD AMEND- MENT) BILL

Mr. Speaker: The House will now proceed with the further consideration of the following motion moved by Shri Karmarkar on the 14th instant:

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

The Minister of Commerce (Shri Karmarkar): Mr. Speaker, Sir, I carefully followed the debate as it emerged yesterday and I propose to refer to the broad points that have arisen.

*Introduced with the recommendation of the President.

[SHRIMATI RENU CHAKRAVARTY
in the Chair]

Firstly, I would like to say a word about the growing competition between silk and art, silk to which my friends, Mr. M. S. Gurupadaswamy and Dr. Das referred. The point was that when the silk industry is suffering, why should we promote the art silk industry and why should it be protected. Ultimately, in such matters, there is the consumer that we have to consider. In giving protection to the art. silk industry, we have by no means relaxed our measures in respect of the promotion of the silk industry. My hon. friend Mr. Gurupadaswamy is perhaps not aware that this year's grants for the promotion of the silk industry by far exceed the earlier grants which we could afford. I am speaking off-hand from memory, but the grants that we have proposed this year comes to round about Rs. 12 lakhs for the development of the silk industry, and one of the schemes that we have supported is the one from the Government of Mysore for the establishment of a research institute for silk. So, in respect of that, I shall not seek the attention of the House for longer than is necessary except to mention that whereas the art. silk industry is justified by the demand of the consumer who is ultimately our master, we have thought it proper to support the art. silk industry. The factories that are in production are dependent upon raw materials imported from abroad. We would also like to encourage the production of the raw material in respect of the art. silk industry.

Next, something was said about bicycles. I am afraid I could not speak with very great patience on this point, because the bicycle industry has been one of the industries that has fully justified—others also have justified—but the bicycle industry is one of the foremost that have fully justified all the support that we have given. A statement was made that the production has not justified the support given to it. If only hon. Members were to glance through the figures

that have been circulated to them—at page 25 of this pamphlet containing the broad review of the industries which are sought to be protected,—they would find that production has been rising substantially. I shall take only recent years. In 1950, the total production of completed bicycles was in the neighbourhood of 103,000. In 1951, this increased to 114,000 and odd. In 1952, it increased to 196,000 and in 1953—only for six months from January to June—production has been 104,353. There has been a slow, but definite, substantial growth in the production of bicycles and we are hoping that at the present pace, we shall be wholly self-sufficient in the production of bicycles so far as our internal requirements are concerned within a period of about two years. In respect of supply of raw materials or any other requirement of the industry, we have all along been readily giving them all the aid that was possible, and I am happy to say that the bicycles industry has fully justified the support that has been given to it.

A reference was made about a fear of some concern being closed down. If in the midst of this protection given to the bicycle industry, any concern is on the point of being closed down, the fault lies probably somewhere in the particular unit itself, rather than in the Government policy of protection to the bicycle industry.

I am afraid my friend, Mr. V. P. Nayar rather misunderstood the observations that I made a little earlier on the Tariff (Second Amendment) Bill. He understood me to say, though wrongly, that there was absolutely no preference granted under the Indo-U.K. agreement. What I said was that when we consider the U. K.-India agreement, we have to consider the balance of advantage and the balance of disadvantage. We have given them some concessions. They have in return given us some concessions. One of the concessions that we have obtained in return, for instance, is the free entry of certain goods. As I mentioned earlier in the debate, some items that go from India are absolutely free

[Shri Karmarkar]

entry goods,—no duty whatever. That has not only helped us to have a good export to the U.K. market but also to some of the other Commonwealth countries as well. We have derived advantage. It is not for me, at the present moment, to go into the detailed assessment, but as I said earlier, we shall continue that agreement so long as we consider, on careful examination, that the agreement is in the best interests of the country.

Then, Madam, something was said about carpentry and masonry, and that was in respect of the appointment of the Members of the Tariff Commission. I will not go into the details, but I should like to say that, with all respect to the observations made, the Tariff Commission has been manned by first-class, able people, and if they have not been able to finish a number of cases they thought they might finish, it is not because that the personnel has been inadequate in competence, but because it is possible that they need a little more reinforcement by adding on of certain personnel either to the Commission itself or to its staff. We are carefully considering that matter.

Then, something was said about sago. Ultimately we have to strike a balance in this also. Now, we do want that tapioca plants should be grown in larger numbers, because the sago industry has to draw upon our indigenous resources; in fact, I should think that in so far as this protection is likely to encourage the promotion and growth of tapioca to a larger extent, it should be beneficial to the agriculturist himself.

One word about foreign capital which is bound to arise in this debate whenever an opportunity arises. What I said was, the policy has been there already. I am rather surprised how my esteemed friend, Mr. Basu, could misunderstand the situation, because the position taken by the Government and the action that has been taken consequent on that position are quite clear. The method of foreign participation, whether in the sector of capi-

tal, or technical personnel is quite clear. We have seen to it that foreign capital in no case dominates the national interest. We allow foreign concerns to come only on such conditions as are ultimately advantageous to the interests of the country. My hon. friend knows that normally, apart from one exception in the case of the oil refineries, we always insist upon a majority capital and majority percentage of management being in our hands.

Mr. Chairman: There is so much talk in the House that I can hardly even hear the hon. Minister. Will those hon. Members who would like to speak go outside and speak?

Shri Karmarkar: Not me, Madam!

It was a welcome suggestion to me also, because I was almost on my last point. Our policy in the matter of foreign capital and foreign technical assistance is absolutely clear. I was rather surprised to hear my esteemed friend Mr. Basu advert to this point as if he spoke in ignorance of the present situation. He has every right to be impatient about any small amount of foreign capital coming in, of foreign personnel being recruited; but we are sustained in our position by the fact that such foreign participation has resulted in advantages to the country.

Shri K. C. Sodhia (Sagar): What about the sericulture industry? The protection afforded to it is about to expire on the 31st of December of this year. Is there any provision in this Bill for giving any protection to the sericulture industry?

Shri Karmarkar: I am afraid that perhaps due to noise in the House my hon. friend was not able to listen to me. We have continued protection to the sericulture industry. Sericulture is one of the industries which has been under our consideration all the while and as I said a short while ago our grant for the development of sericulture industry has been more than doubled, in any case, as compared with the previous year's. The industry will continue to be protected so long as it deserves protection.

Shri K. C. Sodhia: Has it been included in this Bill?

Shri Karmarkar: Not in this Bill.

Mr. Chairman: The question is:

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

The motion was adopted.

Clause 2.—(Amendment of the First Schedule, Act XXXII of 1934)

Dr. M. M. Das (Burdwan—Reserved—Sch. Castes): I beg to move:

In page 2, lines 3 and 4, after "Titanium Dioxide" add:—

"or any other Titanium Compound used in the manufacture of paints".

Madam, for giving protection to the titanium dioxide industry of this country provision has been made in this Bill to impose a protective duty upon foreign titanium dioxide that will be imported into this country. But titanium dioxide manufacture in this country does not suffer only from foreign titanium dioxide that is imported into this country, but also from another titanium compound which is sold in the market under the commercial name of 'Lithopone'. The hon. Minister of Commerce yesterday in his introductory speech also referred to this matter and said that the indigenous titanium dioxide has its main competitor in the foreign product 'Lithopone'. This lithopone, Madam, is a patent of one of the British firms—I am speaking subject to correction,—the Imperial Chemical Industries of England, and unfortunately this firm has been appointed as the Managing Agents of our Titanium Products, Ltd., of Travancore. If my amendment is not accepted, Madam, and this Bill is passed as it is, then this lithopone will constitute the main danger to our titanium dioxide. The question of the use of titanium dioxide produced in our country is intimately linked up with the use of Lithopone which is imported from foreign countries. Lithopone, Madam, is not an absolutely

essential raw material for the manufacture of paints, as it is represented to be. In fact, though Lithopone has a whiter finish, there are other indigenous products which are manufactured in this country, such as zinc oxide, and titanium dioxide which are superior to Lithopone in colour and quality. In fact, the use of Lithopone by the paint manufacturers of our country is more a luxury than a necessity. But today, Madam, when outer appearance has become the main criterion of inner value, the paints that are produced with Lithopone as the base hold the market. Madam, my submission to you and to this House is that if we take into our market two varieties of paints, one with Lithopone as its base and the other with titanium dioxide as its base, more or less of the same value, people will be attracted more by the brighter finish of the Lithopone base and our titanium dioxide will be pushed into a corner. Therefore, in order to create a market for the titanium dioxide that will be manufactured in our country it is absolutely necessary that the import of Lithopone into this country should be controlled, that is a protective duty should be imposed upon it.

Now, Lithopone contains titanium dioxide. If my amendment is accepted, Madam, the Lithopone which contains titanium dioxide as one of its ingredients, will come under this protective measure and its import will be subjected to a protective duty.

My hon. friend piloting the Bill may put forward a plea that it is beyond the capacity of this Government to impose any protective duty upon Lithopone, because Lithopone is included in the items of GATT, General Agreement on Tariffs and Trade. I do not know, Madam, whether our Government because of its membership of GATT has got the authority to impose any protective duty upon Lithopone which is included in its items. But if our membership of the GATT deprives us of the authority of imposing a protective duty on Lithopone, which is essential for the very existence of our new industry, then I do

[Dr. M. M. Das]

not see what benefit we are going to derive out of our membership of the GATT. Formerly, we thought that our membership of the GATT would help us in our competition with Japan. But now Japan has been included as an associate member of the GATT and no assistance in our competition with Japan will be forthcoming from GATT.

My hon. friend the Minister of Commerce went abroad—only the other day went abroad—to attend the meetings of the GATT. I request him to explain to this House these matters in detail.

3 P.M.

Madam, if it is found that the membership of India in GATT deprives us of the authority to impose a protective duty upon lithopone which is essentially necessary for saving this titanium dioxide industry of this country, then this House will have to consider seriously the question whether this country should continue its membership of the GATT or not. I ask my hon. friend who is piloting this Bill whether there is any truth in the criticism that the trade and industry of this country is being sandwiched between the GATT on the one hand and the Imperial Preference on the other.

Mr. Chairman: Amendment moved:

In page 2, lines 3 and 4, after "Titanium Dioxide" add:

"or any other Titanium Compound used in the manufacture of paints".

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): Madam, I am afraid my hon. friend in his anxiety to extend the scope of this protection has missed the relevant portions of the Tariff Commission's report. Paragraph 20(a) of the Report says:

"On the basis of the abovementioned calculations the quantum of duty required to protect indigenous titanium dioxide against the pigment imported from U. K. at levels assumed by us works out to about 38 per cent. as

against the existing preferential revenue duty of 25.2 per cent. But a protective duty by itself will not solve the problems of this industry, and increasing the price of the imported pigment by a protective duty with a view to sustaining the high price of the indigenous pigment is not the solution."

Therefore the suggestion made by my hon. friend cannot be accepted. Because, it is not the intention really to raise the price of the raw material required by the paint industry. We do propose to achieve our object by reduction in the cost of this titanium dioxide. In any event on a price basis titanium dioxide could never compete with lithopone. It is not also true that lithopone is a luxury product. For that matter paint itself is a luxury; some might feel that we don't need paint at all. But paint is required and lithopone is a necessary ingredient in paint manufacture. We know already that one of the ways by which we can make local paint manufacturers consume titanium dioxide is by regulating the import of lithopone. And that is being done today. But I do not want any extension of this protection without an adequate examination. As I have quoted the report of the Tariff Commission, they recognise that at the present cost basis even this protection is not adequate. But we do hope that before long the plant will become more economic and will be able to sell their products at the price that the Tariff Commission envisages.

Nonetheless we do recognise that it will never be a complete substitute for lithopone. And so long as lithopone competes with titanium dioxide we have got to adopt some other method by which we can face that competition, either by manufacturing rutile pigments or by diluting titanium dioxide with balanc-fixe so that the price might go down. There are other methods of dealing with this particular competition. I am therefore afraid that Government is not

able to accept the amendment moved by my hon. friend.

Dr. M. M. Das: Madam, in view of the explanation given by the hon. Minister I would like to withdraw my amendment.

The amendment was, by leave, withdrawn.

Mr. Chairman: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Enacting Formula were added to the Bill.

Shri Karmarkar: I beg to move:

"That the Bill be passed."

Mr. Chairman: The question is:

"That the Bill be passed."

The motion was adopted.

FORWARD CONTRACTS (REGULATION) AMENDMENT BILL

The Minister of Commerce (Shri Karmarkar): I beg to move:

"That the Bill to amend the Forward Contracts (Regulation) Act, 1952, as passed by the Council of States, be taken into consideration."

Madam, as the hon. Members of this House are aware, the Forward Contracts (Regulation) Act was placed on the statute book with effect from 26th December, 1952. It provided for the regulation of such matters relating to forward contracts, the prohibition of options in goods and for measures connected therewith. On receiving the President's assent on the 26th December 1952, only one Chapter of the Act was brought into force on that date. On the 24th August, 1953 the whole Act has been brought into force in the whole of India excepting the State of Jammu and Kashmir.

The question of express repeal the State Acts was left over deliberately for future consideration in order to prevent any vacuum being created in the respective States with regard to the regulation of forward contracts. The State Act continues to be in force by virtue of article 372 of the Constitution and the Adaptation of Law Orders, 1950, until altered or repealed or amended by a competent legislative authority. It was considered not correct to rely on article 254 of the Constitution for the Central Act over-ride the State Act when the former is applied in due course to the particular State concerned. This is because clause (1) of that article relates to a law made by the Legislature of the State, and the State Act may be a law made by the Legislature of the State but a law made by the Provincial Legislature before the Constitution. A repeal section has therefore been found to be necessary.

Madam, the repealing clause in the amending Bill provides that on application of this Act to any goods or class of goods in any State, the corresponding law previously enforced in that State would cease to apply to such goods or class of goods. It is, however, possible that action taken under the previous law, for example in recognising certain Associations, may have to be saved pending further consideration. Therefore the saving clause, and more particularly the proviso, is designed to cover such cases. Thus this will have the effect of repealing the corresponding law in the State with the necessary savings. This will also prevent any vacuum being created in any State in respect of any commodity.

Opportunity has also been taken to amend section 3(2) of the Act so that the Chairman of the Forward Contracts Commission may hereafter be a whole-time or part-time officer as may be best suited in the circumstances. (Cases may also arise when the Chairman may have to undertake or be associated with any enquiry into fields which are not connected with forward contracts or other matters dealt with