

Dr. Lanka Sundaram (Visakha-
patnam): One and a half years.

Shri Gadgil (Poona Central): He is
very much progressive.

Shri K. K. Basu: This is the second
time that we are having a Repealing
and Amending Bill. When the Consti-
tution was accepted by the people of
our country, it was absolutely neces-
sary in the spirit and letter of the
Constitution that certain legislations
should have been reviewed and
amended consequently. We expected
that immediately after the formation
of the new Government, a Law Com-
mission would be appointed....

Mr. Speaker: Order, order. I do
not think it is necessary to go into
that. I do not think I can allow that
kind of argument to go on. The hon.
Member will refuse to see that, what
is sought to be done is to remove the
dead parts of it. He is seeking to
have a review of the entire legislation
of the country. I do not know why
only the Princes should have been
brought in. He could as well have
included, by way of amendment, the
Preventive Detention Act and any
other Act, or sought to have included
any other Act in this. This is not a
legislation for a general review of the
entire Statute book. This is, in fact,
a measure to remove the absolutely
dead parts in respect of which there
can reasonably be no scope for differ-
ence of opinion. I really do not under-
stand how this kind of thing can be
permitted by way of argument in the
guise of opposing the Bill. I do not
think I can allow that kind of speech
to be made in this House. He wants
a review; as he said, a Law Commis-
sion to be appointed, the whole field
of legislation to be reviewed and all
that. That may be done on some
other occasion, but not on the occasion
of this Bill. So, I am putting the
motion to the House.

Shri K. K. Basu: Our submission
was....

Mr. Speaker: I have heard the sub-
mission. It is no use repeating it.

Shri K. K. Basu: If you do not....

Mr. Speaker: I am very clear on
that point.

Shri V. P. Nayar rose—

Mr. Speaker: Nothing now. I gave
opportunities more than twice.

The question is:

"That the Bill be passed."

The motion was adopted.

PARLIAMENTARY CONTROL OF PUBLIC CORPORATIONS

Mr. Speaker: The House will now
proceed with the further discussion
on Parliamentary Control of Public
Corporations.

May I know what time the hon.
Minister is likely to take? The dis-
cussion concludes at 4 o'clock.

**The Minister of Finance (Shri C. D.
Deshmukh):** About ten minutes.

Mr. Speaker: So, we will go up to
3.50 P.M. At 4 o'clock we have to
begin the other business. Dr. Kirshna-
swami.

[**PANDIT THAKUR DAS BHARGAVA** in the
Chair]

Dr. Krishnaswamy (Kancheepuram):
No one can gainsay, Mr. Chairman,
the importance of the subject which
we are discussing. Parliamentary
control over nationalised industries is
of great significance, and the approach
to this question was put in apposite
language in the House of Commons by
the then Leader of the Opposition, Mr.
Winston Churchill, when a similar dis-
cussion took place. He said:

"This is a new field for us to
explore, and we want to do so not
on the basis of party, of Govern-
ment and Opposition, but on the
basis of how best the House of
Commons can deal with this prob-
lem. On this issue, it makes no
difference on which side of the
House we sit. We want to try to

discover how best we can set up the proper relation between Parliament and the nationalised industries."

My hon. friend the Finance Minister yesterday skated on thin ice and parried the proposal for a Parliamentary committee by suggesting that Parliament already exercises sufficient control; he also expressed doubts and fears regarding the constitution of a Parliamentary committee, and the purpose it was likely to fulfil.

But I must point out that we entertain deep misgivings regarding recent developments, particularly the developments that we have been witnessing in the field of a nationalised industries. It is not the issue of nationalisation that has been called into question. It is a question of what type of organisation should be constituted for the purpose of running these nationalised industries efficiently and in the public interest. We know that nationalised enterprises like the post office and telegraphs are subject to detailed scrutiny by Parliament, but other concerns run by corporations and private limited companies tend to fall outside the scope of Parliamentary control. In his speech, my hon. friend the Finance Minister referred to checks that are exercised by the Public Accounts Committee. We know, Mr. Chairman, what checks are exercised by the Public Accounts Committee. Without meaning any disrespect either to the Public Accounts Committee or to the Estimates Committee, I must point out that it is not fitted by its very constitution to go into these questions at considerable length and in great detail. In the first place, the Estimates Committee can find time to consider at the most the working of a single Ministry for a year, and as for the Public Accounts Committee, it has the opportunity of examining these nationalised industries only from the angle of treasury or administrative control. We require an entirely different mechanism to supplement the investigations of the Public Accounts Committee, and that, I think, is the main

argument in favour of the proposal for a Parliamentary committee being constituted to enquire into the working of corporations.

We are in Parliament voting considerable sums of money out of our Consolidated Fund, to these various enterprises, and so long as we continue to do so, Parliament has an inherent right to review and to determine how this money should be spent. A reference was made to the Comptroller and Auditor-General yesterday, and a grievance was made of the fact that the Comptroller and Auditor-General had been rather severe in his criticism in suggesting that detailed Parliamentary scrutiny of this expenditure should be maintained. What else is expected of a Comptroller and Auditor-General, except to insist that if funds are diverted from the Consolidated Fund, there ought to be the strictest control exercised, and the various rules that have been evolved by a succession of auditors through long years should be observed both in letter and in spirit?

My hon. friend the Finance Minister said that some of these private limited companies had been formed as a sort of emergency measure. I can realise the importance of having private limited companies. But the question which I should like to ask Government is this: Was it necessary to have formed these private limited companies at a very early stage? I look upon the funds that are diverted from the Consolidated Fund, as a sort of payment for the constitution of these companies. It is a sort of equity investment in these private limited companies, and so long as these funds are met out of the Consolidated Fund, the Comptroller and Auditor-General has the right to examine and determine according to the rules and procedure that he has evolved as to whether these funds are properly spent.

The Minister of Production (Shri K. C. Reddy): He is doing it even now.

Dr. Krishnaswami: I know, but I am referring to the fact of Sindri

[Dr. Krishnaswami]

being a private limited company. We ought not to have made it a private limited company at all.

Shri K. C. Reddy: What I meant to say is that even in the case of private limited companies, in actual practice, the Comptroller and Auditor-General is auditing the accounts. For instance, in the Sindri Fertiliser Company, and the Hindustan Shipyard, there are resident parties of the Auditor-General, and audit is going on in exercise of the inherent right of the Comptroller and Auditor-General.

Shri A. M. Thomas (Ernakulam): May I know whether there is any provision in their Articles of Association to that effect?

Shri K. C. Reddy: Yes, there is a specific provision in the Articles of Association of all the limited companies providing for such an audit.

Dr. Krishnaswami: But these are not submitted to Parliament, and that is the point which I wish to emphasise.

Shri K. C. Reddy: It is for the Auditor-General to decide as to what course of action he wants to take.

Dr. Krishnaswami: We would be putting the Comptroller and Auditor-General in a very embarrassing position, if we leave it to him to determine the course he should take. I suggest that while it may be proper for us to have funds diverted for the purpose of initial construction, once we decide to have a private limited company, obviously other types of rules will have to be devised, a different system of checks and balances will have to be devised. We might have, for instance, a chartered accountant to go into the accounts, because a commercial firm necessarily operates on different lines from a Government department. I am mentioning this point only to suggest that we ought to have gone into this matter more clearly. We must have a clear idea of the consequences that ensue from the constitution of a private limited company. Once a private limited company has been formed

by the Government, after the construction of the factory, the private limited company should go into the open market and borrow funds for working capital, and submit its balance-sheets and accounts to a chartered accountant. Thereafter we should have a different type of check from a Parliamentary committee.

My hon. friend, the Finance Minister, adopted—he will forgive me for suggesting it—two inconsistent positions. In one breath he suggested that corporations and private limited companies were a mechanism for operating efficiently large scale commercial or industrial concerns, and that therefore they ought to be autonomous. In another breath he affirmed that executive directions were given particularly to corporations which had officials on its directorate. He stated further that these executive directions were invariably carried out by these officials on the corporation. I would like to point out that the executive directions are of sufficient importance

....

Shri C. D. Deshmukh: Directives of the executive, not executive directions. There is a lot of difference between the two.

Dr. Krishnaswami: I stand corrected. I shall say directions given by the executive, shall we say, the Finance Ministry, to the corporation which has officials on the Board of Directors. But there is a grave danger, if these executive directions are given continuously, of the Minister himself becoming an integral part of the management of the industry, which is formed by funds, from the exchequer, and which cannot be subject to parliamentary control, on the ground that it is an autonomous body, but which turns out on examination to be not so autonomous after all! It is a danger which we have to safeguard against. What we are striving for is parliamentary control. We know that directions from the executive may be not in the public interest on several

occasions. In so saying, I am not imputing motives to the Executive, but I affirm that it is wrong in principle and more wrong in practice to depend merely on executive directions for enforcing proper financial control. As has been pointed out by Mr. Robson in his analysis of statutory undertakings and their relations to Parliament, directions given by a Minister to corporations or autonomous bodies lead to a great deal of confusion, lead to Parliament being kept in the dark and this in its turn leads to an absence of financial control. Executive directions, in my judgment, Sir, have to be confined to a very narrow compass. And, particularly in the case of India where there are officers on the Boards of Directors of Corporations, it follows that these executive directions have to be kept within a narrow ambit.

The other matter that was referred to by the Finance Minister is that there are annual reports submitted by these Corporations to Parliament and that discussions take place on them. I do not deny the importance of annual reports that are submitted by bodies like the Industrial Finance Corporation, by the Sindri Fertiliser Company or by the Damodar Valley Corporation. But, I should like to ask Members on the other side: what is the significance of these annual reports from the viewpoint of parliamentary control? I have grave doubts regarding the value of these reports because invariably Parliament is not clear when it is criticising these reports as to whether it is criticising the Board or the Minister. It becomes a purely party affair and it becomes difficult for Parliament to rivet its attention on how a nationalised industry works and what its relation to the national economy as a whole is. Very often, we find the spectacle of Ministers getting up to defend Boards under the impression that it is they that are being criticised, whereas, as a matter of fact, what Parliament has in view is the efficiency of autonomous bodies for promoting the objective of public utility. A roving discussion on an annual report is certainly not the

best method of discussing the efficiency and progress of a major industry.

My friend from Visakhapatnam pointed out that most of these concerns were giant monopolies. I should like to underline this fact. It is because they are giant monopolies that we have to subject them to public control. They are monopolies nationalised to subserve public interest. Who is to be the judge of public interest Parliament or the Cabinet? I venture to think that while the Cabinet can be responsible for the administration of the affairs of this country, Parliament is in the ultimate analysis the real judge of public interest. Complicated questions relating to the pricing of services, shall we say the pricing of fertilisers, cannot be arranged behind the scenes by directions from the Executive to the Board of Directors either of the Sindri Fertilisers or the Damodar Valley Project. (*Interruption.*) I am not trying to score a point but I am trying to point out how we have an interest in the pricing of services to consumers. The point is that in all important matters dealing with the assessment of conditions in which efficient management can flourish, problems relating to employers and employees, problems relating to social interest and public utility, Parliament is certainly the final judge and it is to Parliament that people look for taking a direct interest in such matters. It is too often suggested by some that Parliament might interfere in the day to day administration of these Corporations. A Parliamentary Committee with clear terms of reference cannot and will not convert itself into a perpetual shareholders' meeting or a consumers' complaint bureau. What it will do is to take up those matters pertaining to policy, matters pertaining to relations between employers and the employees. In the case of these Corporations one of the reasons for the Government not having them run as departments is that in these Corporations complicated relations between the employees and the employers are meant to be solved by the Board of Management

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and the Government steps in if at all as an umpire.

I venture to suggest, Mr. Chairman, that it is most important that a Parliamentary Committee should be constituted forthwith to go into these matters. Such a Committee cannot content itself with a post mortem examination of what has occurred in these enterprises. My hon. friend from Baroda said that what he wanted was business-like efficiency. We want business-like efficiency in these nationalised enterprises, though we do not want national enterprises to be run on the criteria on which private enterprises are run. Here it is a case of trying to find out whether we get the maximum amount of work and service for the money that we have expended. My hon. friend the Finance Minister said that we are groping in the dark, as it were, that we were at an early stage in the evolution of nationalised concerns in our country. May I not ask him whether this is not the proper time to have a parliamentary mechanism of control? After all, let us start with a parliamentary committee which goes into this question of how far these enterprises are working efficiently and then later on by gradual experience, by a process of trial and error, let us have some of these restrictions relaxed. The doctrine of self-abnegation propounded by the Finance Minister can come into operation only when a Parliamentary Committee has been constituted, only when accountability of these enterprises to Parliament is assured. I think that in all these important matters it is possible to have a sense of perspective. In the case of corporations i.e. nationalised corporations naturally we want the proposed Parliamentary Committee to concern itself with the question of budgets of revenue and expenditure prepared by these corporations. In the case of some nationalised concerns like Sindri we may have for a long period to reconcile ourselves to deficits. The fertilisers may have to be sold at subsidised prices to the consumer. But then

Parliament which defrays such losses would be in a position to determine the criteria which should be taken into account in selling goods at a loss. The Parliamentary Committee may furnish us with material for putting meaningful questions. Discussions in Parliament would be conducted on more business-like lines; advice given to the Ministry would bear on it the stamp of technical expertness instead of being too vague and general.

Some of the criticisms that have been advanced, namely that it would be practically interfering with the autonomy and initiative of these bodies do not have validity as is suggested by some of my hon. friends opposite.

Sir, today we are handicapped in putting questions in relation to how these Corporations work because of lack of knowledge. Once you make these Corporations accountable to Parliament and once knowledge is available, it would be possible for us, the Members of Parliament, Members of the House of the People who provide these Corporations with funds, to put meaningful questions and to make people to whom we are accountable realise that something important is being done in this great House of the People.

Shri Gadgil (Poona Central): Mr. Chairman, I think I am entitled to contribute something to this debate because I was the principal man concerned with the inauguration of some of these public enterprises, the Damodar Valley Corporation and the Sindri Fertiliser Company. The point really is, as I understand of having parliamentary control, in what form and with what scope. It is not the Government's case, as far as I can understand, that there should be no parliamentary control over investment of public money whether in the form of a Corporation or of a Private Limited Company as one finds in the Sindri Fertilisers, or a joint concern as we find it at Visakhapatnam, or a direct activity conducted by the Government departmentally. It is

nobody's case that there should be no parliamentary control. The question is what should be the scope of parliamentary control. Is it the case that even a little project, before it is worked out, and initiated, must be presented to the Parliament? Is it the case that everything, every nut and bolt of the machinery, and every clause and schedule of every agreement entered into by the Government with some other party should be the subject matter of discussion in this House?

Mr. Chairman: I may draw the attention of the hon. Member to the fact that I propose to conclude the discussion at 4 p.m., and at 3.50 I propose to call the hon. Finance Minister. There are many other Members also wishing to speak. I request him to kindly take as little time as possible, and not take, at the most, more than ten minutes.

Shri Bansal (Jhajjar-Rewari): I may suggest that in view of the great importance of this subject, the discussion may be continued by sitting even after 6.30 p.m.

Several Hon. Members: No, no.

Shri S. V. Ramaswamy (Salem): May I suggest that it be taken on Monday also?

Mr. Chairman: It would be closed today.

Shri Gadgil: If it is agreed, if it is common ground that the minor matters are not to be the subject matter of discussion in this House, then let us understand what can be the mechanism of parliamentary control over investments so far as these corporations and public companies or enterprises are concerned. In the first place, my hon. friend, Dr. Krishna-swami, was very wrong in saying that the Minister defended those schemes in a party spirit. In a parliamentary democracy, the initiative must rest with the government of the day. Therefore, whatever activities are carried on by the Government or on behalf of the Government, the responsibility is that of the Government

of the day. Here, you have an opportunity to throw out the Government if you are not satisfied with the conduct of the Government in this particular sphere or in that particular sphere. That is an overall responsibility. Next, you have in the presentation of the budget that part which deals with capital investment, and in the discussion on the budget or where some taxes are sought to be levied—the Finance Bill—there is another opportunity for exercising parliamentary control. I agree that in these matters the criticism cannot be pointed or specific. But, as has already been said by the Finance Minister and referred to by my friend here, the annual reports of all the public enterprises are placed before this House. I have had to deal for three long years with the annual reports of the Damodar Valley Corporation and I did not notice any lack of interest on the part of the House in them. Several questions were raised, discussions were continued, and to the extent possible, the House was convinced that what was going on was more or less correct. We have yet to reach the goal.

Now, the point really is, will the appointment of a committee, as suggested by Dr. Lanka Sundaram, help the position? That is really the point. My own feeling is that it may be like any other Parliamentary committee. What is the committee going to do? Is it going to interfere with what is being done actually at that moment, or, is it going to suggest long term plans? Is it going to measure the efficiency and standard by mere economy?

Kumari Annie Mascarene (Trivandrum): Scrutinize.

Shri Gadgil: It will be a wrong measure. For example, an Embassy outside may be judged—they may be judged as efficient if they have spent very little, but it is not the test of efficiency. The test there is how far the Embassy has succeeded in keeping good relations between the two countries. Therefore, in any particular public enterprise, what is it that

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we think to be the standard or measure of efficiency? Is it that the cost of production has gone down? Is it that the prices have become less for the consumer or is it because the relations between labour and management are good? These are some of the tests for judging whether the particular nationalized industry is or is not successful. I honestly feel that the concern of Parliament is to see that a proper policy is followed—not whether a few rupees have been spent wrongly or have been spent much more than is desirable. If the expenditure is so gross, it really becomes a matter of policy. It is not that you are paying less attention to the expenditure. But the main criterion is: what was the object of that particular enterprise? If that object is achieved, by and large, Parliament should not concern itself with the details.

Now, we are entering—in fact we have entered on a mixed economy. More and more production will be had on behalf of the Government. Today, there are half a dozen public enterprises. It may increase to 60, 70 or 80. Is it the desire of the Members of this House that they should have detailed information about the 60 or 70 or 80 concerns. I think then the time of the House will be spent in discussing all these things, and other matters far more important will be neglected. Therefore, the point is what should be the mechanism of parliamentary control that will be really appropriate and is enough to meet the situation. I suggest two alternatives. One alternative is that the Finance Minister should have a separate budget for all these industrial projects that are conducted on behalf of Government in a separate statement, so that the criticism may be pointed, the criticism may be specific.

Dr. Lanka Sundaram (Visakhapatnam): Would that include the ordnance factories and the Chittaranjan Locomotive Workshop?

Shri Gadgil: As I said, there are activities which are directly carried

on by the Government and according to my friend here they can be special matters of questions and detailed discussion, this, that and the other; obviously it is not necessary to include them. Where the Government has a predominant interests or exclusive interest like the Sindri Fertiliser Factory, a consolidated report of the activities of the factory, not merely the statement or annual reports of the 50, 60 or 70 firms—that will not help—but a consolidated report should be furnished. Therefore, I am making two suggestions: one is that the budget for all these capital projects which are undertaken by the Government or in which Government have predominant interest should be embodied in one statement and should be put before the House and a day allotted for discussion of the same. Secondly, there should be,—not the small reports, they must be on the Table of the House, because under the provisions of the Damodar Valley Corporation some of them have got to be kept here and similarly, under the Act we passed about the aviation control, those statements will have to be laid here,—but a correct picture about the investment position of this Government, and it must be made readily available in a very simplified form to the Members of the House and that can be done by having a consolidated report before the House. These are the two suggestions I am making. The parliamentary committee is bound to interfere with what is being done every now and then. It will be a rival to the Executive and a venue for lobbying. There are matters which cannot be discussed, because, if they are discussed prematurely, the object may not be achieved at all. You must leave fair discretion to the officers concerned or to the Ministers concerned and when the project is completely ready to be put into action, you have ample opportunity. Otherwise, it is common experience that premature discussion or publicity is responsible for more ills than anything else. So, knowing the fact that we are going more and more towards nationalization, it must

be the concern of Parliament that there should be control over the investment of the public funds by the Government. That is an accepted proposition. The only question is what should be the mechanism? The one suggested in the shape of Parliamentary Committee, I think, is not likely to answer the purpose for which it is conceived. I have suggested some alternatives. There may be many others, and I am sure the Government will consider all those suggestions that may be made hereafter.

Shri N. C. Chatterjee (Hooghly): Mr. Chairman, Sir, there is a proverb in my part of the country which says: "An auntie loves the baby more than the mummie." The hon. Ex-Minister loves the Government more than the hon. Finance Minister. Has Parliament ever made such a fantastic suggestion that it wants to scrutinise the nuts and bolts of the several corporations?

Shri Gadgil: Have you ever seen the questions asked in the course of last five years? One was how many Bengalees were engaged in the D. V. Corporation?

Shri N. C. Chatterjee: Has the hon. Ex-Minister cared to read the Public Accounts Committee Report? Has he read what the Comptroller and Auditor-General has said. The Auditor-General has said that recent developments show a whittling down of parliamentary control on public moneys. Parliament has every right, Sir, to go into this question and we are deeply concerned over this situation. This Parliament should congratulate itself that one of the most important functionaries has been assigned a place equal to the Supreme Court Judge in this country, namely, the Comptroller and Auditor-General and that position is filled by a man of experience, ability who has the courage to call a spade a spade. What has that man of experience and courage said? He says:

"The formation of private companies under the Indian Companies Act for the management of

governmental undertakings is a fraud on the Companies Act and also on the Constitution of India."

Sir, I do not think that this functionary meant to suggest that there has been dishonesty on. But for aught we know it means—as has been stated by Maxwell and Craies' books on Statutes—it is a fraud on the Act, a fraud on the Statute. That means you are paying lip-service to the constitutional framework, but you are violating the spirit of it. That is what this important official has pointed out. He says that money is being taken away from the Consolidated Fund for establishment and transformation of certain concerns into private companies in the name of the President and Secretary to Government, and that is not the proper thing to do.

Sir, taking the subject seriously, every country, every nation which has socialised or nationalised its public undertakings has got to face the problem which this Parliament is facing today. England faced it. You know, Sir, they had nationalised some of their industries. Post-war urge for nationalisation was prompted by the hope that the industries would be profitable and that they would be properly managed, solely in the public interest. After some time they discovered that unless Parliament is more vigilant, and more active, the industries would not be properly run. Therefore, as my hon. friend Dr. Krishnaswami has pointed out, they went into the matter very carefully. Now, what did the British Parliament do? The British Parliament realised that there must be some machinery to supervise and that supervision should be more effective than what was done previously. Therefore, they appointed a committee. That Committee went into the matter at great length and they found out that Members of Parliament will not be doing their duty to the country and to the taxpayers unless they have a voice in the proper administration of these concerns. What is the good of saying that the House of the People is sovereign, that we are the watch-dogs, we are

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the custodians of the national revenues, unless we do something in this direction? That is exactly what the House of Commons did.

A Committee was set up for the purpose of finding out and devising a suitable mechanism to bring about a synthesis between the two aspects, synthesis between control and freedom, synthesis between parliamentary scrutiny and autonomous working of these different corporations. Nobody wants that all initiative should be taken away; nobody wants that they should be kept completely under the control of a Committee in their day to day administration. Nobody wants that. What that Parliamentary Committee recommended was this.

First, they said that a new Committee of the House of Commons should be set up; secondly, they should take over from the Public Accounts Committee the work of looking into the nationalised industries; thirdly, unlike the Public Accounts Committee, the new Committee should have the power and should have the duty to have regard not merely to past financial transactions, but also present financial probity and stability and also future plans and programmes. And lastly, the staff should include an officer of the status of the Auditor-General and at least one professional accountant.

Sir, what is the harm in adopting this course? That has not paralysed the nationalised industries; that has not impeded their efficiency, or their working. This Parliament, Sir, in my humble opinion, should appoint a committee on those lines. If they have succeeded in England why should we not succeed in India? That would bring about the minimum amount of interference in the day to day administration. Nobody wants that a House composed of 499 Members should look into these things from day to day. What we are suggesting is the appointment of a committee to look at it from the point of view of parliamentary

scrutiny. Are we doing our duty? Can we do our duty? Has the Public Accounts Committee done its duty? Has the Estimates Committee done its duty. Let us be frank. Neither the Public Accounts Committee, nor the Estimates Committee has the time or the opportunity to go into the working of these corporations.

Dr. M. M. Das (Burdwan—Reservé—Sch. Castes): Is the hon. Member quoting somebody, or is it his own opinion?

Shri N. C. Chatterjee: This is a fact which I am stating. Let the Chairman of the Public Accounts Committee contradict me.

Dr. M. M. Das: Perhaps, it is your opinion.

Shri N. C. Chatterjee: It is a fact, Sir, not a question of opinion. It is a fact which I am asserting. Let the Minister contradict me, if I am wrong; I shall be happy to be corrected. The Public Accounts Committee really makes a post mortem examination after things have been finished, possibly two years later. What I am suggesting, Sir, is the constitution of a Committee as they have done in England, a permanent committee which will be going into these matters from time to time. That will be a healthy check on these public corporations; they will realise their responsibilities. There will be no question of their making a splash for the purpose of hitting the headlines, or for the purpose of party politics: nothing of the kind.

Dr. Lanka Sundaram: Their procedure will be secret.

Shri N. C. Chatterjee: In fact there will be no publicity; there will be no propaganda. That will be a great check on making impractical suggestions or making propaganda. What I am suggesting, Sir, is that we should accept that suggestion; we should not throw it out. It will do good both to the Government as well as to the undertakings concerned.

The most important thing is that you have a kind of monopoly. When you put up a big corporation, what about the price structure, what about the wage structure. They can indulge in all the painful activities of a monopolist. They can put up any price and hit the consumer. In the interest of the tax-payer, in the interest of the consumer, in the interest of parliamentary democracy, in the interest of discharging our elementary duty, as custodians of public revenues, I appeal to the hon. Minister to pay attention to this suggestion, which is not brought forward in the spirit of a carping critic, but of a friendly critic, to help the Government and to help the industries concerned.

Shri K. K. Basu (Diamond Harbour): Sir, public corporations are organised with a specific purpose, namely that there must be a certain amount of flexibility in their working. But they have a social value also. We fully concede that these corporations must have a certain amount of autonomy. But it is absolutely necessary, in view of the fact that large amounts of public moneys are diverted to these corporations that Parliament should have some sort of control over them. Though we have our Estimates Committee and the Public Accounts Committee, we know from our experience that it is very difficult for them to check the activities of these public corporations.

The House is aware that quite recently a Committee was appointed to investigate into the working of the Damodar Valley Corporation, and it reported that on a particular dam alone about Rs. 1 crore could have been saved. In the case of Hirakud the Public Accounts Committee gave a verdict that a good lot of money could have been saved if it had been properly worked. In view of the fact that as much as about Rs. 540 crores consisting of the Centre's as well as the States' share, is going to be invested in the multipurpose projects, it is absolutely necessary that Parliament should have some control over these

undertakings. I need not go into details. But so far as companies are concerned which are entirely owned by the nation, where the shares are held in the President's name—and we naturally go in for such concerns in respect of such industries as heavy or basic industries which we or the Planning Commission consider necessary for our development and for increasing the national wealth of the country—in these concerns, if we take the normal standpoint of a shareholder of a limited company, the shareholders have a certain say and they must know something about the working of the institution. But here when we ask questions or when we get reports, the Minister says sometimes that "it is difficult to give details because it is an independent organisation, apart from the general information we cannot give details". Only a few months after a scandal comes out in the press there is a big row here or outside and then we have a discussion. We feel as ordinary shareholders, because the shares are in the name of the President as representative of the nation—the nation is the share-holder—so we feel that the representatives of the nation, this Parliament must have a right to know how the money is utilised, how the corporations work, how the private limited companies work.

We have heard allegations—we do not know how far they are true—that the Hindustan Cable Factory is not working to schedule. Reports came in the papers that the experts are not acting properly as a result of which Government will have to order for Rs. 4 crores worth of cable to be brought in, in view of the fact that the factory is not producing in time.

In Sindri the investment has risen from Rs. 10 crores to Rs. 27 crores. We could not properly utilise all the by-products. This investment of Rs. 27 crores is hardly giving 1 per cent. of dividend. The nation, as a shareholder, is losing the dividend which it should have got in Sindri. In this connection there is one point, as the mover of the discussion has said. We know that Mr. B. C. Mukerjee who was in Sindri—I

[Shri K. K. Basu]

do not know his efficiency, whatever it may be—was sent abroad in connection with fertilizer business. But immediately on his return his services were not utilised for Sindri. In respect of this and other problems, as for instance Shipbuilding where there is the question of treatment of labour, the interest of the consumer, the price structure or the manner in which it is working, whether it is working in the larger interests of the nation—in respect of all these matters we feel that it is absolutely necessary that there should be some control of Parliament. Also, where large sums of money are taken either as a loan directly or by the State guaranteeing it, we feel there should be some sort of parliamentary control. I fully agree that such a parliamentary committee cannot go into all the details, but at this formative stage where money is spent by these public corporations like D.V.C. directly or by raising a loan outside for which the nation is the guarantor, we must know how the money is spent. When these corporations become self-sufficient then there may be a possibility of making them autonomous. The hon. Minister should work out how a permanent parliamentary committee may look into such investments. Because under our Plan nearabout Rs. 140 crores is set apart for the industrial sector and Rs. 540 crores on multi-purpose projects. There should therefore be some sort of control by which we, the Members of Parliament, as representatives of the nation could keep a watch over the working of these national undertakings.

Shri C. D. Deshmukh: Mr. Chairman, Sir, I think this debate has suffered from two defects, one, that we are concentrating our attention only on one aspect of a very important general issue and, two, that there have been advanced a great many false analogies.

So far as the general issue is concerned it is that of the efficient conduct of State enterprises. And I myself think it would have been desirable had we had a full dress debate on the general issue of how to manage State enterprises.

The question of parliamentary control or ministerial control is only one, although very important, aspect of this general question. Therefore it is somewhat difficult for Government spokesmen to answer some of the points which perhaps go to the root of efficiency of management rather than the discharge of Parliament's or the Minister's responsibility for financial control.

The second general point I would like to make is that, as far as I can make out, the recommendations made in regard to the nationalised industries by the Select Committee in U.K. have not yet been approved of by Parliament—to my knowledge. Therefore I am surprised at statements made that they have worked very successfully and so on.

Shri Gadgil: Wishful thinking.

Shri A. M. Thomas: They are also groping in the dark.

Shri C. D. Deshmukh: I think so, Sir. So, that is the second point I like to make.

The third point I would like to make is that so far as the Comptroller and Auditor-General's observations are concerned, the issue that he has raised has only a temporary and limited import. One may quarrel with the use of words, but certainly the point he has raised is very important, and, as the House might have gathered from the observations that fell from my hon. colleague, we are well on the way to settling these issues.

So far as regularising the matter is concerned, I have already hinted that we shall have recourse either to some amendment of the Company Law or we might bring a Bill forward in regard to the control of State Corporations. But whichever way we do it, we shall solve the difficulties which the Comptroller and Auditor-General has raised.

I shall not take the time of the House by quoting the various provisions that already exist in regard to audit, that is to say, giving the

Comptroller and Auditor-General the right to audit. The latest instance is the amendment of the Industrial Finance Corporation Act. There we have specifically provided, as we had provided earlier in regard to the State Finance Corporations, that the Comptroller and Auditor-General shall have the right to audit.

The next point I would like to make is that this differentiation between State enterprises and the general business of governance by the executive is apt to be exaggerated. In effect they are the same. They are the discharge of executive responsibility. Now, for certain reasons, partly historical, some very big activities, utility services like Railways, Posts and Telegraphs have never been created into corporations. Therefore they continue to be under the continuous observation and vigilance of the House. For certain other purposes, as for instance for the fancied advantages of so-called business management, we are trying out this organisation of corporations or companies. Now, in regard to these two forms we have not yet made up our mind as to which of them is superior or whether one should be chosen to the exclusion of the other. That is a matter of convenience. So far as Government is concerned I believe there will be advantages in both. Therefore may be that we might both have to put in that amendment that I spoke of in the Company Law and also to provide separately for State corporations.

Shri B. Das (Jajpur-Keonjhar): We have to examine the thing in detail and not jump to any conclusion.

Shri C. D. Deshmukh: That is what I say, that we might favour the form of a company where there is participation with other private interests. And that participation may be of varying degrees. The point I wish to make here is that it is all a part of the executive business of Government. And I cannot really understand the difference of the importance of expenditure, say, in Sindri and the importance of the expenditure in the army. What is it? In the army we are spending Rs. 200

crores—not capital—but Rs. 200 crores every year. And yet Parliament gets only certain prescribed opportunities for supervising this work, and there is no limit on the power of Parliament to ask questions. In regard to State corporations and companies also, as the hon. Member there has suggested, Parliament may indicate that they would like to have certain statements and forms which they would specify or indicate, and we would be only too happy to supply whatever information Parliament wants, at the proper time. My point is it will be only at certain times and in a certain manner that Parliament will exercise that function. That would be usually at the discussion on the annual Budget statement, or there may be special discussions or there may be questions and answers and so on.

4 P.M.

Shri U. C. Patnaik (Ghumsur): The annual budgets of these corporations do not come before Parliament.

Shri C. D. Deshmukh: That was the point that I was making. If Parliament wishes that the budgets of these corporations should come before it, I myself do not see any reason why the necessary information should not be given. It is a matter of issuing directives to the corporations. That we shall ensure, if it is a matter of private companies, in the Bill that we have in mind. In the amendment we might provide that, in addition to other things and exemptions from certain clauses of the Company law, and besides the duties laid on these companies, they must have another prescribed statement giving the necessary details because public money is involved, and audit by the Comptroller and Auditor-General shall be compulsory and in the usual way, these reports will be submitted to Parliament and will be scrutinised by the Public Accounts Committee. I cannot see any obstacle to any of these processes. This matter has been dealt with in two reports: the general issue either of Government administration or of administrative efficiency and conduct of state enterprises.

[Shri C. D. Deshmukh]

I shall not again read out all that. On pages 16 and 17 of Shri Gorwala's report, there is reference to this matter and also on pages 55 and 56 of Mr. Appleby's report, there is reference to this matter. The point is whether, at the present stage, we need such a Committee. As I argued yesterday, we may wait a little and see what patterns we evolve and what experience we gather. No limit, we find, exists in practice over the absolute right of Parliament to ask questions and to elicit information. In the fullness of time, there is nothing to stop us from setting up any body, which, as far as I can see, will be a sort of a combination of the Public Accounts Committee and the Estimates Committee for the special purpose of going into the accounts and affairs of these corporations. Actually, the Public Accounts Committee has been setting up sub-committees to go into certain matters. That is another device which could be adopted. Therefore, at the moment, I think it is inadvisable—it is not a question of being improper, it is a question of being inadvisable—in the opinion of the Government. If we hurry too much in this matter, there is always the danger of our throwing out the baby with the bath water.

Mr. Chairman: Now, we take up Private Members' Business. In regard to the first item, that is the motion in the name of Shri M. A. Ayyangar, we will take it up at 6 o'clock. That is, the consideration of the Report has been fixed to be taken up at 6 o'clock. Now, Private Members' Bills to be introduced.

UNIVERSITIES (EXTENSION OF JURISDICTION TO OTHER STATE OR STATES) BILL

Shri Sivamurthi Swami (Kushtagi): I beg to move for leave to introduce a Bill to extend the jurisdiction of a University of any State in India to other State or States linguistically connected or for any other purpose and to provide for matters connected therewith.

Mr. Chairman: The question is:

"That leave be granted to introduce a Bill to extend the jurisdiction of a University of any State in India to other State or States linguistically connected or for any other purpose and to provide for matters connected therewith."

The motion was adopted.

Shri Sivamurthi Swami: I introduce the Bill.

GOVERNMENT OF PART C STATES (AMENDMENT) BILL

Shri Dasaratha Deb (Tripura East): I beg to move for leave to introduce a Bill further to amend the Government of Part C States Act, 1951.

Mr. Chairman: The question is:

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

The motion was adopted.

Shri Dasaratha Deb: I introduce the Bill.

Mr. Chairman: The Bills standing in the names of Shri Biren Dutt and Shri V. P. Nayar are barred.

TRAINING AND EMPLOYMENT BILL

Shri D. C. Sharma (Hoshiarpur): I beg to move for leave to introduce a Bill to make provision for employment and training for employment and to establish a comprehensive youth employment service.

Mr. Chairman: The question is:

"That leave be granted to introduce a Bill to make provision for employment and training for employment and to establish a comprehensive youth employment service."

The motion was adopted.

Shri D. C. Sharma: I introduce the Bill.