

[Mr. Speaker]

Committee on Public Accounts,
namely:—

Date for nomination	Date for withdrawal	Date for election
27-9-1954	28-9-1954	29-9-1954

The nomination to the Committee and the withdrawal of candidature will be received in the Parliamentary Notice Office upto 3 P.M. on the dates mentioned for the purpose.

The election, which will be conducted by means of the single transferable vote, will be held in Committee Room No. 62, First Floor, Parliament House between the hours 11 A.M. to 1-30 P.M.

INDIAN TARIFF (SECOND AMENDMENT) BILL—Concl'd.

Mr. Speaker: The House will now take up the clause by clause consideration of the Indian Tariff (Second Amendment) Bill, 1954. The amendments also are there.

Of the total time of seven hours allotted to this Bill, five hours, or to be exact, 4 hours 59 minutes, have been availed of on the consideration motion which was adopted yesterday. As already agreed upon by the House, the clause by clause consideration stage will continue for one hour, i.e., up to about 12 o'clock. Thereafter, the third reading will be taken up and the Bill disposed of at 1 P.M. I think we shall have voting immediately there and then, and then we will proceed further with the other business.

After this Bill, the House will take up consideration of the Administration of Evacuee Property (Amendment) Bill, for which 4 hours have been allotted

We will now proceed further with the Bill. Clause 2, Mr. Nayar.

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

Shri V. P. Nayar (Chirayinkil): May I seek a clarification Sir? There are only a few amendments. Will the House be discussing all the amendments together, or amendment by amendment?

Mr. Speaker: I think the amendments to clause 2 may be taken together and then the amendments to the Schedule also may be taken together. The only amendments are by the hon. Member Mr. Nayar.

Shri V. P. Nayar: Yes, Sir. The amendments to clause 2 and the amendments to the Schedule are related to each other. They are partially consequential to each other.

Mr. Speaker: Is it his idea that clause 2 and the Schedule should be put together before the House?

Shri V. P. Nayar: Yes.

Mr. Speaker: I have no objection if the hon. Minister agrees.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I have no objection either, Sir.

Mr. Speaker: So, we will take up clause 2 and the Schedule together. He can move all his amendments.

Shri V. P. Nayar: I beg to move:

(1) In page 1, after line 9, insert:

“(a) in column 4, for the heading ‘Standard rate of duty’ the heading ‘Rate of duty’ shall be substituted;”

(2) In page 1, after line 9, insert:

“(a) column 5 headed ‘The United Kingdom’ and all entries thereunder shall be omitted;”

(3) In page 1, line 27, for “December 31st, 1958” substitute “December 31st, 1955”.

(4) In page 5, line 19, for “100 per cent” substitute “90 per cent”.

(5) In page 5, lines 31 to 36, for

"75 per cent. *ad valorem* or Rs. 6,000 per car or cab, whichever is higher" substitute "70 per cent. *ad valorem* or Rs. 5,900 per car or cab, whichever is higher."

One of my amendments seeks to take away the difference between the various types of duty levied—"standard duty" and the "preferential rate of duty"—on articles which are the produce of or manufactures of the United Kingdom or a British colony. I move this amendment because it is possible for me to understand why even at this time a preference to these articles should be shown, in respect of imports from the United Kingdom or a British colony.

I have not been able to gather from any of the documents which have been made available to us or from any of the publications of the Government which I could lay hands upon, how Government could justify at this point of time, a preference being shown to the manufactured goods from U.K. and its colonies. The question of the preference given to British interests has been raised several times in this House, but unfortunately, we have not had a categorical answer. We have not been given any facts or circumstances or figures which could or would justify Government's continuing this preference to manufactures from the United Kingdom and the British colonies. We could have understood if a corresponding advantage has been shown, in which India could have got reciprocal concessions by giving this preference to the British colonies and the United Kingdom. Several times, when we have raised this question, the hon. Minister has either gone away from the point, or has stated that Government are compiling details.

This question came up even in regard to the Indian Tariff (First Amendment) Bill, which we discussed a few days ago. I raised this point

specifically, and when, after the hon. Minister had replied, I found that he had not touched this aspect, I put a question again about it. His answer was, "I shall use another occasion to explain". Unfortunately, during the discussion on this Bill, that occasion has not come yet. I do not know what the circumstances and facts are which warrant the consideration of such continued protection being given to manufactures from the United Kingdom and the British colonies.

It is a very easy matter, so far as I could see, because I have here some figures which happen to be the latest which I could get, and which show the nature of the interests involved, as also the extent of the trade with the British colonies and the United Kingdom, for which preferential treatment has been given. I do not know whether Government have brought out other reports which contain the latest figures, but these happen to be the latest, so far as I could lay hands upon. I refer to the Fiscal Commission's Report of 1949-50, in which there is a detailed account of how and to what extent preferences operate.

For the information of the House, I shall read some portions from the Statement on pages 314 and 315 of the Fiscal Commission's Report. This is a statement showing the value of total imports of different preferred articles and the value of imports of those from the United Kingdom in 1938-39 and 1948-49. In 1938-39, 47 per cent. of the chemicals, drugs and medicines of all sorts came from the United Kingdom. The figure remained at 47 per cent. in 1948-49. If you take another article, "cycles, parts of cycles and accessories thereof, excluding rubber tyres and tubes", 90 per cent. of the articles in 1948-49 came from the United Kingdom, while ten years earlier, it was only 80 per cent. If you take electrical instruments, apparatuses and appliances, then again, the figure was only 41 per cent. in 1938-39, but it rose to 70 per cent. in 1948-49. In regard to copper rod, and manufactures of copper of all

[Shri V. P. Nayar]

sorts, only 31 per cent. of the imports came from the United Kingdom in 1938-39, but 88 per cent. came to India in 1948-49 from the United Kingdom. I can multiply examples, but shall not. In regard to barbed or standard wire and rope, it was 82 per cent. in 1948-49.

Here, in this chapter on the working of the Indo-British Trade Agreement, I find that Government estimated in those days that at least ten per cent. of the entire exports were covered by such preferential articles. I would like to know from the hon. Minister how much we lose by showing these preferences. Sir, I ask this question to the Minister. If we do not import these articles from the United Kingdom or any colony of the United Kingdom, then what will be the revenue duties we get? And if we imported them from the United Kingdom or the colonies of the United Kingdom, what will be the revenue duties which we derive from those imports? Unless the answer to these questions is given, I am afraid Government cannot substantiate by any means whatsoever, the continuance of a preferential duty.

We have several times tried to ascertain by putting questions, by raising points in discussion, and by seeking clarifications when the hon. Ministers had replied, to find out the answers to these, but always we have found that whenever a specific question was asked, Government have been either on the defensive or were beating about the bush. I want the hon. Minister to tell us to what extent and to what sum of rupees this preferential duty will be covered and to what extent Government of India will incur a loss, if all these articles which are now provided for in the Schedule are shown a preference, when they are imported from the United Kingdom and its colonies.

Sir, may I speak on all the amendments together?

Mr. Speaker: Yes.

Shri V. P. Nayar: Then, Sir, there is another amendment on the automobile industry. The other day, showed a photograph of a Soviet car which was offered not by the Soviet Union, but by a firm of exporters in Amsterdam. I was surprised to hear after my speech Shri Bansal saying that it was all a story. Well, there are stories which are very real. I shall come to some of them later.

But in the matter of automobiles, I am glad that the hon. Minister of Commerce and Industry has said that at least for purposes of use of his Ministry, he is prepared to order for two cars, and to exploit the possibilities of manufacturing similar types of cars here.

About the present attitude of Government to the automobile industry, I am very much worried. I sat in the Library only day before yesterday and went through all the questions in this Parliament from its very first session, on the automobile industry, and I have here extracted some of the answers. It has been and it may be argued that the automobile industry has to be given all the help by Government. I do not deny that. But what is the present position of the automobile industry? Yesterday, the hon. Minister said that it is not a matter in which the foreigners have control. Maybe, the capital invested by foreigners is only ten or fifteen per cent. but I still hold that the overall control of the manufacturing plants is with the foreigners. in almost every way, so far as we can understand.

You know, Sir, that the automobile manufacturing units in India are not depending upon material from India. Still, Government say that by about the middle of June 1954, the automobile manufacturing units will manufacture about sixty-five per cent. or seventy-five per cent. of all the automobile components. I happen to know details of some of the component parts. I ask the hon. Minister

how long it will take to manufacture cylinder blocks differential gear and crankshafts in this country. I can give the instances of several other parts also, which have to come from outside.

My point is that the automobile industry is tied up with certain British interests, and in some cases with certain American interests. I referred the other day to the fact that the Hindustan Motors is in combination with the Morris group. In answering a question yesterday, the hon. Minister himself said that the Wills Overland Corporation of the U.S.A. is in partnership with the firm Messrs. Mahindra & Mahindra, for the manufacture of jeep. We do not know whether the jeeps manufactured in India will be cent per cent Indian. He did not commit himself to any answer in that regard.

We have been importing Rs. 6 crores or Rs. 7 crores worth of automobiles and spare parts, as given out by the hon. Minister in answer to a question on the 26th August 1954. We also find that Government have had no kind of control for the price-fixing of the automobiles. In answer to another question, the hon. Commerce Minister said, and very categorically too, that Government have at present no idea to control the prices, because they know that the industry is not yielding any profit! I ask, Sir, to whom is the industry not yielding any profit. I say, Sir, there is a combination; a tie-up. If the Hindustan cars are manufactured in the Hindustan Motors factory, almost all the materials necessary, partly manufactured or wholly manufactured, are got down from the Morris concerns in U.K., and the whole profit goes to them. Why should a Hindustan-10 car assembled or made in India at this time cost over Rs. 10,000, when it is well-known that India has the cheapest labour, and when for everything else, every Government help is given. And yet, Government say that this industry is not yielding any profit.

It does yield a profit and that profit is concealed. I do not know how far the Government have made a probe into it. This is a matter which agitates me. At this time, the Government estimate that the overall demand of automobiles in India, including trucks and heavy duty vehicles, will be round about 20,000. If only we are able to reduce the price of cars and trucks and if we are able to get 10 H.P. cars for anything like Rs. 5,000 each, I am sure each Member of Parliament would have a car for himself. The total demand would not have been 20,000 but it would have been 2,00,000. That is a point which Government have missed. And when I say that here is an offer from another country with whom we have a trade agreement which provides for our getting the technical know-how or installing a factory, the spokesman of the biggest interests in India gets up in this House and says that it is a story. I know certain stories, as I told you before.

I know stories about certain representatives who went for the GATT Conference—I am saying this with a full sense of responsibility.—The GATT had come under fire from one side and defended by the other side of the House. In the last GATT conference, India's delegates also participated. I heard at Bombay a real story about some of the GATT representatives who were briefed to go there coming back—and I suppose Mr. Ghamandi Lal Bansal also knows it—unloading their briefs there and filling up their brief cases with very costly 19-jewelled watches. One of them, I understand, declared to the Customs authorities that they were toy watches! I do not wish to...

Shri T. T. Krishnamachari: On a point of order. This is an unsubstantiated statement making a charge on one of the Members of Parliament. Can that be made on the floor of the House?

Shri V. P. Nayar: I never said....

Shri B. Das (Jajpur-Keonjhar): It is a story.

Shri V. P. Nayar: I never said that any Member of Parliament was involved. I said that one of the Members of Parliament also went for the GATT conference and he may be knowing all about this. But this is a real story that I heard, that at the time when the declaration was made before the Customs, the watches were declared as toy watches. Further....

Mr. Speaker: Order, order. How are we concerned with all this? The only point which he wishes to make—if I understand him correctly—is that foreign interests in this country are trying to do their best to manipulate support in the form of representations from the Indian people in conferences held outside....

Shri V. P. Nayar: Yes, Sir.

Mr. Speaker: That is all. He need not go into further details.

Shri V. P. Nayar: I am satisfied that that is the only point....

Shri T. T. Krishnamachari: I would like to say this. My friend, Mr. Bansal, did make a complaint in regard to non-delivery of goods which were at Customs. The matter was gone into by the Finance Ministry. There was a declaration made and duty has been paid in a matter like this, where it is not merely that the hon. Member behaved in a proper way but he had to come and represent to Government against non-delivery of the goods and the whole matter has been gone into by Government, a statement of this nature, I think, should not be allowed to go unchallenged.

Mr. Speaker: If I understood him correctly, he has not referred to any Member of Parliament specifically.

Shri V. P. Nayar: I know it....

Shri T. T. Krishnamachari: The position, may I submit, is this. He mentioned the name of Mr. Bansal. He also referred to persons who went to the GATT. One of the persons happens to be my colleague, Mr. Karmarkar. Then there was

Mr. Bansal and a couple of officials. The whole area is restricted to these four people.

Shri V. P. Nayar: I was saying this with a full sense of responsibility, because I heard it from very reliable quarters in Bombay. I did not name anybody, I did not say who did it, but this was the version I heard. If my friend, Mr. Krishnamachari, says that it is so and so, I do not vouch for it and I do not have any responsibility for that. I only wanted to bring to the notice of this House that when the interests of this country are concerned, and when our representatives go to other places and other conferences, they do not, as a matter of fact, take these aspects into account. On the other hand, they indulge in something else. And I had referred to this because when I gave a photograph and read out an offer, Mr. Bansal referred to it as a story. It was in that connection that I referred to Mr. Bansal, and not in the other context. Mr. Bansal got up and said that it was a story and that the Soviet Union held an exhibition in Bombay and cars were offered at Rs. 25,000 each. I never mentioned that the Soviet Union had offered cars to India direct. It is for the Commerce and Industry Minister to say. I only stated then that a firm which was exporting Soviet cars and which was situated in Amsterdam wrote to an Indian firm that they were prepared to offer this car for a price of \$70,000 or so. I do not wish to proceed further on this matter.

Then you will find that the duty on glass beads and false pearls has been increased. I have here a notification, a press cutting from the *Hindustan Times* dated 25th August 1954—I was searching in the Library to get the original notification from the Ministry, but I could not get it—in which I find that the rates of duty on precious stones, cut and uncut, have been reduced from 25 per cent.—what it was in those days—to 5 per

cent. On the other hand, you are increasing the duty on glass beads and false pearls. I hope I am correct. This is a position which I cannot understand. After all you are importing glass beads and false pearls only to the tune of Rs. 5,000 or Rs. 6,000 a month and not more. The import statistics show that it is not very much. You know that false pearls and glass beads are used for ornaments mostly by the lower income groups, while on the other hand, you have reduced the duty on precious stones, cut and uncut. One argument seems to be that uncut stones had been giving some work to India's workers—the diamond cutters. It is said that they had some difficulty and, therefore, in order to promote their interests, the duty on precious stones had been cut. I would like to know from the Commerce and Industry Minister how many of these diamond cutters represented to the Government of India that because there was 20 per cent. duty on diamonds, their work was suffering. The point is that the duty on an article which is to be consumed by the ordinary people, by the common man, on such an article the duty is raised. We could have understood it if the local industry was suffering very much. I do not stand for reducing the duty on false pearls or glass beads or making their entry free of duty at all. But we all know that in the matter of diamonds and cut and uncut stones, the people who use them are not the common people. They always go to the richest class who can afford to buy them. Even if the duty was enhanced cent per cent, you will find that the richest people will go in for diamonds. So why should Government, on the one hand, reduce the duty on diamonds and precious stones, cut and uncut, and on the other, increase the duty on glass beads and false pearls? This is a point on which I would like to get an answer from the hon. Minister.

There are other points also which may perhaps come within the scope of the amendments. Reference has

been made to GATT and to Imperial Preference and all that. They are very much related to the subjects dealt with in the amendments. If you permit me, I shall speak on them; otherwise, I shall take my chance in the third reading stage.

Mr. Speaker: It will not be in order to speak about them in the third reading stage.

Shri V. P. Nayar: Then I will speak about them now. The hon. Minister said many things about GATT. On the 12th and 13th April this year, when we were discussing the budget of the Commerce and Industry Ministry, these questions were posed. The answers given by Mr. Krishnamachari's colleague, Mr. Karmarkar, were most unsatisfactory. I expected that as a Member who represented India in the GATT conference, he would give us some more details about it. The GATT, as I understand it, is committed to removing of quota restrictions and as such, it must necessarily have a policy of negating protection. That is my understanding of the GATT. That policy necessarily means the flooding of markets of under-developed countries with goods of industrially advanced countries. Even Mr. Karmarkar, I find, is quoted in the *Commerce* dated 31st October, 1953 as adhering to this view. He has been quoted as follows—this is at page 824—

“My delegation feels that the success of this new international experiment will, to a great extent, depend on the policies adopted by the highly industrialised countries to liberalise trade, lower tariff barriers and to assist countries in the process of industrial development, by providing more capital and technical assistance. Production must be stepped up...”

It is a long quotation and I do not wish to read the whole quotation. Here Mr. Karmarkar's views are very

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clearly shown. Then may I ask: have the leading countries liberalised imports in respect of articles which we send in order that we may also have a policy of liberalisation of imports which we receive? Is there a reciprocity which warrants this? The U.K. was also represented at the GATT and I may be permitted to read one or two sentences from the remarks of the U.K. representative. He said:

"Any attempt to cure the chronic unbalance which exists today is doomed to failure, unless there is a fundamental change in American commercial policy. A large range of potential exports to America are faced with tariff rates 50 per cent., 60 per cent., or even more. There are notorious difficulties of customs valuation which vastly increase the real burden of tax. There is the Buy American Act. There is the discriminatory shipping policy. There are the very reciprocity provisions which inhibit the unilateral lowering of trade barriers, which is axiomatic to a solution of unbalanced trade."

May I know from the hon. Minister whether this policy has changed at least in respect of the United States of America? Otherwise, what warrants a change in the import policy of Government? I am not going into the merits of the liberalisation of the import policy, because the points which I raised at the time of the general discussion were not answered. I put it this way. The danger in the policy of liberalisation, as we have now, is greater, because this Government has no control over the falling prices of commodities in other countries. Is that not so?

I also pointed it out at that time, and the hon. Minister did not give an answer to this, that countries like Japan have subsidised their exports. Here is an answer, which I got to a question which I put, from Mr. Krishnamachari himself yesterday.

Mr. Speaker: Order, order. Hon. Members need not carry on talks. They disturb the House because of the sound arrangements in the House.

Shri V. P. Nayar: Yesterday, I had a question, No. 682, which referred to the price of Soda Ash. My question was:

"Will the Minister of Commerce and Industry be pleased to state the lowest price quoted in applications for *ad hoc* licences for Soda Ash during 1954 (July-December) and the prices quoted by firms which were ultimately granted such licences?"

This would not come within the ambit of the articles dealt with in this Bill, but, I am pointing out the real difficulty which we will necessarily have to experience in case we go on liberalising our imports. In answer, the hon. Minister said:

"Applications received only up to the 12th August, 1954, were considered...."

I never found, although I searched all the papers in the Library, any notification specifying the 12th August as the last date for the receipt of applications. Probably, it is the practice.

"...The lowest price quoted was £15 per long ton C.I.F. Indian Port. The prices quoted by firms who were granted licences ranged from £15-11-0 to £16 per long ton C.I.F. Indian Port."

Shri T. T. Krishnamachari: It is £15-11-0.

Shri V. P. Nayar: In my copy it is so; probably there is a scratch.

The hon. Minister already said yesterday, that in the matter of every import licence for bigger sums, he personally goes through the licences.

Shri T. T. Krishnamachari: After they are granted.

Shri V. P. Nayar: But, that is not what you said yesterday.

Shri T. T. Krishnamachari: That was what I said.

Shri V. P. Nayar: Anyhow, the fact remains that the hon. Minister has personal knowledge of all these licences, either granted or rejected when the licences cover a fixed sum. I do not know how big the sum should be to make the file go to the Minister; but, I presume, a lakh of rupees and more.

Sir, I know in respect of this article that from firms which quoted higher than £16, subsequently, quotations came which were far low. I know at least the case of one firm, I speak subject to correction, the firm of Bedel Soyer & Co., which has been given an import licence for importing Soda Ash to the tune of Rs. 6 lakhs or so. They originally quoted some rate and finally the rate quoted was different. I speak about this instance because I find from other sources that Japan has surplus of soda ash and it can reduce the prices and there is still a danger that even if you raise the tariff wall to 100 per cent. the possibility of Japanese goods or the goods of some other country—where export is subsidised by the States for purposes of their own.

There is another question which is very much relevant to this and that is the import policy. Yesterday the hon. Commerce and Industry Minister said in reply to debate that he was glad that there were no questions of policy in this House. No Member had asked any question about policy.

Shri T. T. Krishnamachari: Fewer questions.

Shri V. P. Nayar: Fewer questions? All right. He agreed that there were only fewer questions in respect of the import policy. I remember I had sent in some questions and the hon. Minister also answered them in his usual evasive way. With regard to this policy of liberalisation, I find that there were some restrictions on quotas. Government changed a rule under which the issue of *ad hoc* licences were permitted. Government say that they are

liberalising. I do not want to go into details because I can see your anxiety to press the bell. I would only say that this policy of liberalisation is a matter in which I can justly say that charity begins at home. I can say, if you permit me, I can quote instances after instances how it has been manipulated. Yesterday Mr. Krishnamachari said that he personally goes through every case of permit granted. I do not want to refer to names.

There was a question which was answered in respect to soda ash, sodium sulphide and Blanc fixe. In the case of these only one licence was given on the *ad hoc* basis. Previously there was a rule that *ad hoc* licences could be given only in cases of commodities which were declared to be essential and that too to the tune of only Rs. 25,000. Rules were changed and *ad hoc* licences were issued for imports from U.K. and United States. What we did in this and what he did, the hon. Minister knows. We wrote to Panditji, the Leader of the House and he himself declared in the House that the hon. Member can seek his remedy by writing again to the Prime Minister. I say on the floor of this House that the policy of liberalisation which is now adumbrated by the Government started first with a firm in which the hon. Minister himself is interested. He may say that he has no interest. After all, blood is thicker than water; we know that. But, there have been several instances. I made an effort through our Research and Reference Section to get a list of the permits. You know, every week or fortnight the Government bring out a 500 or 600 page book which details all things about import licences granted etc. Amidst this sort of work in Parliament it is impossible for Members of Parliament to peruse all these 250 or 300 books and then find out which permit has been given to whom and for commodity. I do not like to mention names. But, I know that there has been something wrong with the approach of the import section of the Government.

Sir, I do not wish to say anything more and I think you have shown

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me as much indulgence as possible. I would like the hon. Minister, when he gets up to reply, to answer the points which I raised, without any bias, and I would also request him to give me a categorical answer to the various points which I have pointed out with regard to discrimination or differentiation in import duty and about the GATT and the vagaries in the import policy.

Mr. Speaker: Amendments moved:

1. In page 1, after line 9, insert:

“(a) in column 4, for the heading ‘Standard rate of duty’ the heading ‘Rate of duty’ shall be substituted;”

2. In page 1, after line 9, insert:

“(a) column 5 headed ‘The United Kingdom’ and all entries thereunder shall be omitted;”

3. In page 1, line 27, for “December 31st, 1958” substitute “December 31st, 1955”.

4. In page 5, line 19, for “100 per cent.” substitute “90 per cent”.

5. In page 5, lines 31 to 36, for

“75 per cent. *ad valorem* or Rs. 6,000 per car or cab, whichever is higher” substitute “70 per cent. *ad valorem* or Rs. 5,900 per car or cab, whichever is higher.”

I think I will call upon the Minister. There are 20 minutes now.

Shri T. T. Krishnamachari: My hon. friend Mr. Nayar had made a charge that points raised by him are not being answered to his satisfaction. Of course, we are here to give satisfaction to hon. Members, no matter from what section of the House they come, but I do think that in expecting us to answer questions, the questions should be posed in a manner in which we would be able to answer them. The questions should not be posed for purposes of some other reason which might, perhaps

enhance the political prestige of the particular group concerned, but do not serve any purpose so far as the policy of Government is concerned. It must have some relevance to the subject on which you are discussing. After all, I am not a superman. I come reasonably well prepared to answer questions on any particular issue which we place before the House. Anything incidental, ancillary and supplemental to these issues, I try my best to answer. In fact, Sir, yesterday, I had made a request to you to give me half an hour for reply and it happened the debate collapsed and I had an hour. I spent 59 minutes in trying to the best of my ability to answer the questions raised by hon. Members and I do think I devoted quite a lot of time to the questions which were pertinent to the issues that were before the House. Well, if Mr. Nayar does not get satisfaction, I must only point out to him that the Government is not good enough to be able to give satisfaction, a fact which he realises all the time.

In regard to the particular amendments, the main basis of his charge was this question of preference. This matter has been raised before the House a number of times. Practically we bring in two Bills every session—certainly one Tariff Bill every session—and during the last 2½ years—in the life time of the House—I think we had 8 or 10 Bills. Apart from this there are opportunities like budget discussions. I miss my friend Dr. Lanka Sundaram, who is really the expert of Imperial Preferences. Sir, I had promised that we will have an evaluation of this particular matter and I did have an evaluation of this. I have got the report here but I do not propose to place it before the House because Government do not consider it in the public interest to disclose the findings of a committee which we appointed. I think it will not benefit the country as a whole to place these reports before the House.

Before going into the details raised by my hon. friend Mr. Nayar, I would also like to mention that, so far as GATT is concerned, about which I expanded to a considerable extent yesterday, the whole issue is now hanging fire. The question will have to be decided one way or another by the end of this year or early next year. The attitude of the various powers who are the promoters of this idea of an International Trade Organisation, to which this General Agreement on Trade and Tariffs is an ancillary body, is that they have departed from that idea. The idea of free international trade has now been restricted to trade within certain groups, and it is quite possible that the GATT itself might indicate considerable changes. So far as we are concerned, I believe it is in 1949 that, there was a discussion in this House on the Havana Charter. I remember that as a private member I took part in it; because I felt the Havana Charter, as it was framed, gave ample powers in the hands of the under-developed countries to safeguard their interests and we should, as a big country but nevertheless under-developed, not stand in the way of international understanding in regard to removing as much of the barriers of trade as is possible. Sir, all honour to this country and those who were in charge of the destinies of this country at that time, we were probably almost unique in taking up that stand while some of the big powerful countries did not agree. I also remember, in 1951, when I had the honour of representing India leading India's delegation to the Economic and Social Council, certain amendments were sought to be made in regard to restrictive practices by one of the bigger countries. I had pointed out to them: 'Here is a country which is under-developed but prepared to ratify the Havana Charter while quite a number of bigger countries were not able to do it'. I said, we would not agree to any piecemeal introduction or examination of restrictive practices unless the whole structure was approved by bigger countries. So, it is a matter of which

I am personally cognizant, and I would humbly suggest, not only to my hon. friend Mr. Nayar but also to other Members of the House, that nothing will be gained now by an examination of this position because the whole thing is in a melting pot. I can also give them an assurance—provided they have faith in our assurance; an assurance given by a person in whom the other party has no faith is of no value—if my assurance is of any value, that we will try our best to see that as an under-developed country we do maintain our existing position.

Sir, even yesterday, speaking about quantitative restrictions, I did say that, while I do not like quantitative restrictions for various reasons: because of the necessity to exercise discretion by the executive in the matter of imposing these restrictions—which, to me, has been the main difficulty—and also, because of certain imbalance which it imports in the structure of our whole trade and shuts out people who have no established quota from coming into the trade; we cannot altogether do without it in view of the fact that we have an expansion programme and the necessity for us to conserve our foreign exchange would be a very primary factor once our programme gets under way. Therefore, in a matter like this, hon. Members of this House should take a reasonable view. Having in view the interests of this country, they must agree that the Government's approach to this problem is pragmatic and essentially based on the needs of the country. There is no point in quoting Fiscal Commission's report and telling me that there has been a particular appraisal. I have an appraisal of the position in regard to Imperial Preferences and I am prepared to take the House into confidence in regard to one particular fact. In 1951-52 we gave preferential treatment to about Rs. 52 crores worth of imports while we received preference over export amounting to Rs. 205 crores. My hon.

[Shri T. T. Krishnamachari]

friend Mr. Nayar wants me to tell him the duty portion of it; how much we benefited. I am afraid, I am not in a position to say that, but the most important items on which we received preference are: tea, cotton, cotton piece goods, coir yarns, mats and mattings, carpets, hides and skins. I can also tell my hon. friend Mr. Nayar, who is an indefatigable student, to refer—if he would—to the *Economic Journal* published by the Royal Economic Society of U.K., June 1954 number, in which there is an evaluation of Imperial Preferences, a quantitative analysis made by Sir Donald Macdougall and Mr. Hutt, both of whom are fairly well-known economists. The evaluation is not from the point of view of India. It is from the point of view of United Kingdom, but you will find that the relative position assigned to Indian imports into England and exports to India shows that the picture is not one about which we can say: 'well; we have given away a lot'. In fact, it shows our preferences so far as U.K. is concerned, the percentage margins are extremely small. There is no preference up to 49·8 per cent. on the goods that go to U.K. so far as India is concerned. The margin of preference is only on 2·6 per cent. of the goods. The highest percentage is in regard to 7·62 per cent. to 10 per cent. on about 30 per cent., and you find, compared to other countries, the percentage of preference that we give is extremely meagre. As indicated in the quantitative analysis, we roughly get preference for four times the goods we ship out to England. Hon. Members will find that the picture is changing; it is not static; it changes from year to year and sometimes from month to month. As it is, at present, it is not a picture which is to the disadvantage of India.

It is not a question of the Government being on the defensive or Government beating about the bush. But, one thing, Government's intention is defensive. I am prepared to take the

offensive if any hon. Member likes it. I am prepared to carry the battle into other people's sphere. Nor do I want to beat about the bush. So far as I know, I am prepared to mention it. One instance in which a personal reference has been made by the hon. Member. I have dealt with this matter on a previous occasion during the budget discussion. It does happen that my sons are doing some business and the firm carries my name. It is unfortunate that it is so, but it cannot be helped. My sons are my sons and my name is one to which I have a claim. It is also unfortunate that I have done some business in the past and if in certain parts of India it has goodwill, I cannot ask them not to have my name—it is all that I can give them. About the particular instance that is referred to, his leader wrote to the Prime Minister and the Prime Minister sent him a reply and I think that ought to be satisfactory. When I got to know about it, I told the Prime Minister that I was prepared to have an enquiry if that was so, but the Prime Minister said "This is a matter which comes within my cognisance and I do not propose to go on further into it". While it is very embarrassing for a Minister even remotely to be accused of having shown favour to his sons, in this particular instance I have mentioned to the House that it is a matter completely outside my cognisance, because at the time I took over, the Prime Minister knew that my sons were doing business and he said, "Any matter in which your sons are concerned, or somebody related to you or somebody from your sons' firm, the file had better be sent over to me for disposal". Those are the instructions and whether the licences are granted or refused, it is a matters between the Prime Minister and the parties concerned. This was categorically stated in the House and whether they believe me or not, in this matter I have no concern and I do not propose to have any concern. If they feel that the Government is not doing the right thing, the obvious

thing to do is to raise the matter, not with myself, but with the Prime Minister. I would apologise no more for it because I cannot apologise for a fact. My sons are doing my business and unfortunately or fortunately they carry my name.

In regard to the automobile industry, my hon. friend seems to be singularly informed. He knows the cylinders, the gadgets and the things that are put on the chassis and everybody knows that every driver is not an automobile engineer. There are about fifty to sixty thousand drivers in the country and not all of them are automobile engineers and hardly 5,000 of them know what to do when the car goes out of order. We often see the D.T.S. buses standing in the various corners of Delhi at night on this account. Because one has travelled in a car or one knows how to drive a car, it does not necessarily follow that he is an automobile engineer and knows everything about the car. The fact is that the automobile industry here is dependent on foreign collaboration. Our automobile people are able to change their model sufficiently quickly so that the tastes and ideas of our people will be satisfied in a larger measure than what it is today. That is how the industry can grow. Even in Russia—I do not know if my hon. friend has gone there, but I have not—initially when the automobile industry started, they bought the discarded jigs etc. of the Fords and set up their industry and it is a copy of that, of course, with the permission of the Fords. I do think we are striving our best in regard to the automobile industry. I announced yesterday in the House that I shall try to import one or two cars which my hon. friend mentioned, and we have just begun to see if anything can be manufactured in this country. We have no prejudices and we have no curtains at all so far as this country is concerned. Any country in the world can trade with this country and we are not afraid of trade with the biggest of capitalist or

the biggest of communist countries, and we do profit by all the friendship that we can obtain from the countries in the world and make use of it for the benefit of our people.

The question of false pearls and glass beads and precious stones was tied up. In the case of false pearls and glass beads, we have a local industry and I really agree with him that we have a quantitative restriction, which is rather rigid, and that is why the imports have been so small, which difficulty is unfortunate. Often the trade is in the hands of pedlars. It is for this reason that since this goes particularly to the local industry and to freeze the imports to the extent that is possible, we have raised the duty on false pearls and glass beads. It is definitely intended to give protection. The hon. Deputy-Speaker comes from a district where these are made; it is a cottage industry and a very good one, and I do not want that industry to suffer. That is why we have raised the duty.

So far as precious stones are concerned, the views on the use of articles which are luxuries, so far as my party is concerned, are well known and we do not want to depart very far from what is necessary for our austerity attitude. We do not want to encourage people to go in for diamonds or other precious stones. My hon. friend has really touched the point that we have a trade in this country. There are artisans who work on these stones and we found that the policy of Government of imposing a high duty of 25 per cent or banning of imports had made that trade difficult. In Surat, there are a number of co-operative societies working on it. We have to allow these people to import on reasonable terms and then export them in a finished way—it is a two-way traffic. I might have done a mistake here or a mistake there, but the great intention is to help our people who have acquired a technique and that technique should not be lost and the living of those people should not go.

[Shri T. T. Krishnamachari]

That represents more or less the extent to which I am able to deal with the points raised by Mr. V. P. Nayar. So far as his amendments are concerned, we have no intention at present of departing from our policy of giving protection to the U.K. At the moment, the advantage is on our side, but it may not be very big. The advantage might disappear and the point was raised here that Mr. Thorneycroft has been told that the U.K. would not import Indian cotton piecegoods because India charges heavy duties and has a quota restriction. We cannot afford to take the duty away. We have to get the revenue. If England makes a change and something happens and various changes take place, naturally it is the time for a review. I can give the assurance to the House that the interests of India are quite safe even if we had this imperial preference. Nevertheless, the amendments are merely intended to elicit a statement of policy, and I think I have satisfied him.

Shri V. P. Nayar: Yesterday I raised the point—and it is a very vital point also—that in so far as the Government allowed the participation of foreign capital, it was confined to certain strategic industries wherein Indian capital was shy. May I know whether it is not a fact that in recent years, foreign capital has been allowed to flow into this country even for setting up a chocolate factory, typewriter factory and so on? Do Government consider that these are also industries of strategic importance in which Indian capital is shy?

Shri T. T. Krishnamachari: I have spoken already on this question. I said that the Government's policy is not a static policy. We began with a particular premise and if that premise is not satisfactory, we are prepared to enlarge it from one stage to another. We started with 70 and 30 per cent., but it goes on. Actually, I

was told by a very learned member of the Federation of Indian Chambers of Commerce that in a discussion amongst them, they found that since consumer industries were not best suited for this country, perhaps the Federation might not be disinclined to allow foreign capital to come into the consumer industry. I can also mention that a very learned economist told us in 1948 that it was much better to allow foreign capital to come into the consumer industry so that it is not a difficulty as you may think. I keep the challenge still to ourselves. These instances have occurred now and again. It may be that in regard to typewriters—my conscience is quite clear—though I did not grant the licence, when we are reviewing the whole policy, we might grant a licence. The foreign technical 'know-how' in regard to typewriters cannot be approached yet by us. There are bound to be instances where my hon. friend, Mr. Nayar, and I will differ, but unfortunately the judgment happens to be left with this Government and not with the Government of Mr. Nayar, as he desires.

12 NOON.

Mr. Speaker: I am now putting the amendments to the vote of the House. Does he want me to put them all together or.....

Shri V. P. Nayar: All together.

Mr. Speaker: I am putting them all together.

The question is:

(1) In page 1, after line 9, insert—

“(a) in column 4, for the heading ‘Standard rate of duty’ the heading “Rate of duty” shall be substituted;”

(2) In page 1, after line 9, insert—

“(a) column 5 headed ‘The United Kingdom’ and all entries thereunder shall be omitted;”

(3) In page 1, line 27, for "December 31st, 1958" substitute "December 31st, 1955".

(4) In page 5, line 19, for "100 per cent." substitute "90 per cent".

(5) In page 5, lines 31 to 36, for "75 per cent. *ad valorem* or Rs. 6,000 per car or cab, whichever is higher" substitute, "70 per cent. *ad valorem* or Rs. 5,900 per car or cab, whichever is higher."

The motion was negatived.

Mr. Speaker: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Mr. Speaker: The question is:

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

The motion was adopted.

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

Shri T. T. Krishnamachari: I beg to move:

"That the Bill be passed."

Mr. Speaker: Motion moved:

"That the Bill be passed."

Kumari Annie Mascarene (Trivandrum): I rise to oppose this Bill on the general ground that the administration of the Ministry, as far as trade and commerce is concerned and as far as tariff protection is concerned, has adopted a policy of discrimination towards States. To begin with, I have been looking into the table of industries which are given protection or in which cases protection is continued and I find that the titanium industry—the only industry

in India and in Travancore-Cochin—has been left out. Perhaps it comes under some other schedule or some other table. Even if it is so, I wish to point out that the administration of the Ministry with regard to that protection has been one, not suitable to the development of industries in our country but suitable to the outsiders. Titanium industry is the only one of its kind in India raw material for which is found in abundance in Travancore-Cochin. It is an industry started a few years ago by the Dewan Government in which 51 per cent. of the capital is invested by the Government of the State and 49 per cent. by foreign industrialists. That industry suffered during the last few years and I had the privilege of moving an adjournment motion here which your goodself ruled out on the reason of its being a State subject.

After that, the Minister seems to have taken some interest in the industry and recommended a loan from the Industrial Corporation. Before the loan was granted I was asked my opinion with regard to the amount of loan to that industry as the industry is situated in my constituency and the employees are my voters. I had given sufficient reason to say that the industry is exploited by foreigners with the intention of running down the industry and importing titanium products from abroad. I had given them sufficient reasons not to give any loan unless the condition is laid down that they will develop the industry. Rs. 15 lakhs have been given.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

During the last holidays, I had been to the factory myself and had gone through the details with regard to the development of the industry. I notice that out of Rs. 15 lakhs, Rs. 9 lakhs has been spent on foreigners as arrears of pay. They maintain a top heavy administration and 75 per cent. of the capital invested is going for that expenditure and the capital

[Kumrai Annie Mascarene]

that is now invested in the industry is confined to about 6 lakhs of the loan and there is no hope that the industry will survive even with the loan. I had a talk with the manager of the industry, an industrialist from England. He was unwilling to give me details but I pressed him and he was forced to give me details as a Member of Parliament. He told me that Rs. 9 lakhs is consumed for arrears of pay. I had warned the Industrial Corporation with regard to this.

With regard to the distribution of the titanium products soon after the industry was started, there was a rush of titanium products and the distributors were agents from our own industry and we had a very good stock. In last May, I regret to point out, the distributing agents were changed from them to T. T. Krishnamachari & Co. and the result is the amount distributed had fallen very short and we are now losing. After giving Rs. 15 lakhs from the Industrial Corporation and after the industry had begun to revive, the distributing agents were changed last May. May I ask you: is it not with the influence of the Ministry accepting responsibility for self-seeking rather than developing the industries in my State?

An Hon. Member: What do you mean?

Kumari Annie Mascarene: Messrs. T. T. Krishnamachari & Co. have got their agents for the distribution of almost all industrial products and a decision has already been taken that the responsibility should be changed to Messrs. T. T. Krishnamachari & Co. Am I to understand that it is by the divine grace of God or by the influence of the Ministry? However much the Prime Minister may support his son sticking to profession, I wish to point out that the Ministries should be, like Caesar's wife, beyond suspicion... (Interruptions). I must

say that the Industry and Commerce Ministry has been the influence; that is my suspicion. I quite agree with Mr. Nayar's view that there is discriminating policy. Of course, as head of the Government he may not object but as a representative of the nation I object to Ministers employing their sons as distributing agents of industrial products, especially when they hold the industry and commerce portfolio.

The next question is with regard to the paint industry. You all know that paint is a commodity which is very widely used in this country—a country of 365 million people. There is almost no single activity without painting. For so many things we are importing paint today. Titanium dioxide when it goes through some chemical process of linseed oil produce paint; that is a very cheap process to produce paint. There is vast scope for expanding that industry in Travancore-Cochin State. I suggested to the management—the foreigners there—that there is scope to expand this industry. He said: no. Here is a foreigner who is allowed to ride roughshod over the raw materials and manufactured products. What is this Ministry doing? It is the only industry in the whole State and there are only few such industries in the whole world. When you have got raw materials bountifully from nature why should we not develop and expand it for the benefit of our country? As I am interested in artist's paint I can tell you that paint which is not even one ounce costs Rs. 1-2-0, that is paint manufactured in our own country on a very small scale. That means that you are giving every scope for imported paint to ruin our own industry. I am telling the hon. Minister with due respect to his position—I have great respect for his position and for his person—these are facts, facts that stare us in the face, facts that ruin my country, facts that give unemployment to many a voter of mine

I am in duty bound to present before this House this kind of Ministerial administration, and I wish to say that I condemn such policy and that hereafter you cannot expect the people who are in that State and who are suffering from unemployment, principally due to the negligence and maladministration of these Ministries, to come after and support you. They are all complaining to me "what are you doing there?" Here is an industry which has Rs. 15 lakhs loan given and here it is going down, and all the fifteen lakhs of rupees are allowed to be spent for foreigners. It is my duty to represent before you and before this august House that that Ministry requires a moral and other reforms in administration.

Shri L. N. Mishra (Darbhanga *cum* Bhagalpur): I had no intention to participate in this stage of the discussion on this Bill, but the speech delivered by my friend Mr. V. P. Nayar has provoked me to say something. Mr. Nayar said something and I asked him some questions yesterday, but my questions are still unreplied. Day before yesterday he talked of some economic theories as regards deficit financing, and I put some questions, but my questions are unreplied. Today he was too much uncharitable to the G.A.T.T. He spoke something which I think is highly derogatory to the prestige of the House in respect of an international body like that.

The House is aware of the fact that this G.A.T.T. is an international organisation like the International Monetary Fund or the World Bank, and it has been doing good many economic services to the free world. It is of course a fact that G.A.T.T. has not been as successful as other such organisations like the I.M.F. or the World Bank. But the success that it has achieved in the field of international trade and other things cannot go beyond notice. I admit that there is some difference in its method of working and in its field so far as its relations with other international organisations are concerned. But we

must admit that it has been much helpful in the expansion of world trade, and it has been an assurance of automatic expansion of the tariff concessions to all its members and a safeguard against discriminatory treatment in the commercial world.

We are aware of its help, experienced by many low tariff countries, in settling international disputes so far as world trade is concerned. We must be obliged to it for the help in the settlement of our dispute with Pakistan so far as jute was concerned. But Mr. Nayar has no praise for it, nothing but condemnation for that organisation.

I do not think that any harm has been done to India for remaining a member of the G.A.T.T. I do not know which of the protected industries has suffered as a result of our membership of this organisation. I want to know on what item we have lost in revenue as a result of our membership of that organisation. I do not know if our Government has lost any revenue in any respect.

I admit, as I said, earlier, that it has not been very much successful, as compared to the other organisations. But we are aware also of the difficulties which it has been experiencing from its birth, due to the Korean War and other economic forces which dominated the world in 1952. Therefore, to condemn the organisation outright and to say that India is losing by its membership of the organisation is not justified. I think India is perfectly justified to remain a member of this organisation. I have nothing more to say.

Shri Jhunjunwala (Bhagalpur Central): With all the praise I have for the hon. Minister for his administrative ability, quick decision and timely action on all the matters, I do not see eye to eye with his policy on certain matters.

The liberalisation of quantitative control—with all the arguments which the hon. Minister has put forward—I have not been able to follow. This

[Shri Jhunjhunwala]

liberalisation of quantitative control will in my opinion stand in the way of the development of our industry. The hon. the Commerce Minister has put forward one plea for the liberalisation of this quantitative control, that is, when there are more goods in the market the consumers will be able to get things at a cheaper price. If I may say so, it is not because of the liberalisation of the quantitative control that the consumers will get goods at a cheaper price. Of course, when there are more goods in the market, certainly the tendency of the seller is to bring down the prices.

But the greatest obstacle in the way of bringing down the prices of foreign materials which had been brought here was that the quotas were confined only to established dealers. They have sufficient funds in order to keep up the market price. They have holding power, and they could hold the things and sell at their price. From the very beginning it is being pointed out to this House that it is a great injustice that these quotas should be confined only to established dealers. Various questions were put in this House, and we had the occasion of examining the Secretaries and Ministers also in the Estimates Committee, and we put straight questions to them as to what is the principle behind it. They could not give any satisfactory reply. The only reply they could give was that "We want to keep up the pattern of trade". What was the pattern of trade? There were so many foreign import and export houses here. It was the interests of those people that the Government by confining big quotas to these established dealers were protecting and they used to charge the prices to the consumers at their own sweet will. Now it is said that by bringing in the relaxation of control and putting in more consumer goods in the market they will bring down the prices of consumer goods. What will it result in? Whatever may be the temporary advantage to the consumer, it will stand in the way of the development of our industries.

The hon. Minister's pet slogan is consumer's preference. This is all right. He should have heart for the consumers and he should see that the consumers get things at a cheaper and proper price and that they get the proper materials also. But, he should not forget the long-term interests of the country also. Now, the slogan "consumers' preference" should be changed into "consumers' patriotism." If the consumers could not get goods according to their taste, they will go in for the home-made goods. The home-made goods may not be to their taste. But, if they satisfy his needs, the consumer should forego his convenience, put up with a little psychological inconvenience and go in for the country-made goods, even though he may have to pay a higher price for a particular time. If there are sufficient consumer goods brought from outside in the markets, naturally, there will be a temptation and the consumers will purchase those things in preference to the country made things. If there is a shortage of consumer goods brought from outside, which will be sold at a cheap rate, certainly the people will go in for the home-made-things. They may not like them for the time being; but they will have to purchase these things, Naturally, our industry will develop. This is the only point which I wanted to bring home to the hon. Minister.

There is the question of quantitative restrictions. There are many points which he has said in favour of liberalising imports. They have got some place; but our country at present requires that there should be quantitative restrictions. Our people should, instead of purchasing foreign goods at a cheaper rate, though they may be better looking, go in for home-made things. That can only happen when they find that they have no other alternative except to purchase Indian-made goods. If we go back to the year 1905, when there was the *swadeshi* movement, when the textile mills were started, there were restrictions put that we should weave only such and such counts. We had

to purchase those things in spite of our unwillingness to do so simply out of patriotism. And now our textile industry can compete in world market both from the points of view of quality and price. I would request the hon. Minister to change this slogan "consumers' preference" into "consumers' patriotism."

Shri Tulsidas (Mehsana West): I was not present here in this House when these discussions took place on the Bill. Therefore, if I say something which has already been said, I hope you will pardon me.

I have read in the press reports of certain observations by certain hon. Members. I would like to inform this House that this Ministry had appointed a committee which was called the Import Control Committee in 1950-51 and I had the privilege of one of the Members. I know the difficulties that we experienced, when we made that enquiry with regard to import control. The various interests concerned pointed out various difficulties. In those years, particularly, there was the question of foreign exchange difficulties. We could not, therefore, suggest liberalisation of imports as is now being suggested in this Bill. Increase in import duty and liberalisation of imports are very healthy. We always felt in that committee that that would possibly be the most ideal thing. But, we had also to consider the various interests, the consumers' interests, industries' interests and so on. One cannot apply a standard principle for a particular type of control policy. Whether in a particular commodity, there should be quantitative control or increase in import duty or whether there should be a complete ban, it is very difficult to prescribe a standard formula. We felt at that stage that each case had to be considered from its own angle and that we should strike a balance between the two. This is what I feel in connection with the present Bill. In the industries which have been suggested for import liberalisation there is no case for any restriction and they have increased the import duty.

Therefore, the industries' interests would not be affected.

I fully welcome this measure. But I do feel that we have to consider this aspect every time whenever any question of import policy in respect of a particular commodity has to be taken into consideration. I feel that we cannot completely rule out quantitative control. There is a certain amount of consumers' prejudice against particular goods which are manufactured in this country. People go in for foreign goods even though the price is higher and even though in the country the industry has got the capacity to produce much more than the demand in the country. There was an instance of one industry, where the production capacity of the industry was very much higher than the total demand in the country. Still, it was not possible for them to produce to the installed capacity, because there was no demand and there was a certain amount of consumers' prejudice. Imports were allowed, and even with an increased import duty, it was not possible to sell the goods which the industry was producing. In this respect, we shall have to consider why quantitative control should not be applied. I think, in such cases it is necessary that quantitative controls must be there.

Then, there is the question of foreign capital which was raised by my hon. friend Shri V. P. Nayar. As the hon. Minister said, we cannot have a static policy. But, I would like to bring to his notice that we have also to see that our industries are not ruined as it happened in the case of the match industry. Every match factory which was put up by Indian capital was completely ruined by foreign capital. That situation may arise. Therefore, it is difficult to follow a static policy. We have to consider each industry in its own way and find out whether, by having foreign capital imported into the country, industries financed by foreign capital and the Indian industries can flourish together. That would be most desirable. But, the

[Shri Tulsidas]

experience in this country has been otherwise. In whatever industry foreign capital came, and in this country,—there are one or two industries which I can cite: for example, the cigarette industry and the match industry—the industry which was run by the Indian industrialists was completely ruined. It may be that perhaps in the initial stages these industries did not have the know-how or they were working on their original Indian ideas. However, we want these industries also to be run by Indian industrialists. After all, in every country, there is always the idea that each industry should be run by its own nationals. Therefore, to that extent, one has to consider whether foreign capital which is brought into this country does not create a situation which was created in the case of the two industries that I cited. That is one thing which I wanted to bring to his notice. I know the hon. Commerce and Industry Minister has got this aspect in his mind, but I do feel that this has to be weighed in future whenever foreign capital has to be imported into this country, particularly in the consumer industries.

I find in the statement which was put up by the Finance Minister that there has been a certain amount of bias in the Government with regard to these export duties and import duties. That is, somehow or other, considered as one of the sources of revenue. Now, Sir, I can understand that import duty is a source of revenue which has to be considered, that it will benefit the larger interests of the country. But, with regard to export duty, I find a reference made here in the statement, that they have reduced the export duties and have thereby given a certain amount of relief. The history of the export duties in this country has been that when certain commodities were in short supply all over the world and we were still surplus in those commodities and allowing a certain amount of those commodities to go outside the country, then, at that

stage, it was necessary that the export duties should be levied. But, as a principle, the export duty is absolutely against the interests of the country. We want exports to take place from this country, and whatever commodities we allow to export, the export duty should not, in principle, be considered as a source of revenue. It should be considered merely for an extraordinary situation like what happened soon after the war. I do not think the export duty is at all in the interests of the country. It definitely is a burden on the agriculturists in the country because we are exporting their commodities from here. The same thing with regard to the export duty on other commodities. I can assure you that somehow or other the export duty has created a rather bad name for India outside the country, and this has been a source of dissatisfaction in most of the countries who used to buy our products, whether it is agricultural commodities or manufactured goods. To that extent the export duty has to be weighed from that angle and should not be considered as a permanent source of revenue as it has been pointed out here in the statement of the hon. Finance Minister.

Then, Sir, I find that there is also the other point which has been put in this statement, *viz.*, that even if there is quantitative control, the middleman makes the profit and that profit has to be mopped up by the exchequer by allowing the larger liberalisation of imports. I do not know whether that would be mopped up by the exchequer. I can assure you that profit will definitely go to the hands of the consumer which is a better thing. I do not think that the plea that has been put up here that the profit will be mopped up by the exchequer is correct. To the extent of increase in duty it perhaps does, but I do not think the entire profit will be mopped up. It is a good thing that this benefit is given to the consumer.

With these remarks I welcome this measure.

श्री शिबभूति स्वामी (कुष्टगी): सभापति जी, पिछले दो दिन से इस बिल पर जो बहस चल रही है उसको और हमारे मिनिस्टर महोदय ने जो एक्सपोर्ट इम्पोर्ट पालिसी के बारे में बयान दिया और हमारे श्री अशोक मेहता ने जो इस विषय में बहुत कुछ कहा उनको तुलना करने से हिन्दुस्तान की इंडस्ट्रियल पालिसी हमारे सामने आ जाती है। मेरी समझ में इम्पोर्ट और एक्सपोर्ट पालिसी में इस बिल में जो लिबरलाइजेशन किया गया है वह हमारे देश की सनत को बढ़ावा देने वाली पालिसी नहीं है। लिबरलाइजेशन पालिसी से हिन्दुस्तान में जो चीजें पैदा होती हैं उनको और हमारी सनत को बढ़ावा नहीं हो सकता। रा मंत्रीरियल के लिये ड्यूटी लगानी चाहिये ताकि रा मंत्रीरियल का एक्सपोर्ट कम हो, अलबत्ता फिनिश गूड्स में आप लिबरलाइजेशन से काम ले सकते हैं और आज हम देखते हैं कि हमारी गलत और लिबरल पालिसी की वजह से हमारे घरेलू उद्योग और कौटुंब इंडस्ट्रीज तरक्की नहीं कर रही हैं और उनको तरक्की देने के लिये यह जरूरी है कि हम अपना जरूरी रा मंत्रीरियल का सामान दूसरे देशों में जाने से रोकें और उस पर ड्यूटी बगैरह लगायें और उसमें लिबरलाइजेशन न बतें। हमें जो देश में गृह उद्योग हैं उनको हर प्रकार से बढ़ावा देना चाहिये और सहूलियतें और संरक्षण देना चाहिये जैसे आपकी साइकिल इंडस्ट्री है इसको प्रोटेक्शन जरूरी है और आप दे रहे हैं। देश की टैक्सटाइल इंडस्ट्री को पिछले सौ वर्ष से प्रोटेक्शन दिया जा रहा है और यह देना जरूरी है क्योंकि तभी फॉरैन चीजों से वह कम्पिट कर सकती है, उस इंडस्ट्री को सूत और कपास में अन्दरूनी तौर पर प्रोटेक्शन मिलता है। तो मेरे कहने का मतलब यह है कि जो हमारे देश की बीसक इंडस्ट्रीज हैं उनको बढ़ावा देने के लिये एक्सपोर्ट और

इम्पोर्ट पालिसी का रिवाइज होना जरूरी है। इन्हें रा मंत्रीरियल खिन् की हद हमारे उद्योगों को जरूरत है उनके एक्सपोर्ट पर ड्यूटी लगाना चाहिये लेकिन फिनिश गूड्स पर जो ड्यूटी लगायी है वह में बिलकुल गलत पालिसी समझता हूँ। हां रा मंत्रीरियल के बारे में आप एक्सपोर्ट में लिबरल मत रहिये और ड्यूटी अवश्य लगाइये। बस और अधिक न कहते हुये चाहता हूँ कि सरकार इस ओर ध्यान दे और इसके अनुसार अपनी एक्सपोर्ट और इम्पोर्ट पालिसी चलाये जिस से हमारे देश के जो गृह उद्योग हैं बीसक इंडस्ट्रीज हैं वह तरक्की करें। वर्तमान रूप में जिस प्रकार यह बिल है उसका मैं पूरा समर्थन तो नहीं कर सकता, तथापि मुझे आशा है कि सरकार मेरे सुझाव पर सहानुभूति पूर्वक विचार करेगी।

Shri T. T. Krishnamachari: Mr. Chairman, Sir, this is the third time that I rise in regard to this particular motion.

Shri V. P. Nayar: All the amendments were discussed together. Otherwise, you would have had to rise several times more.

Shri T. T. Krishnamachari: I am grateful for whatever small mercies are conceded to me.

An Hon. Member: Small mercies?

Shri T. T. Krishnamachari: The point really is this. There was a sledge-hammer attack by my friend Kumari Annie Mascarene on me. It is, of course, always embarrassing for any person to answer a personal attack. She probably had something to do with titanium dioxide. I know she had asked some questions in this connection. I am not aware what other connections she had.

Kumari Annie Mascarene: And they were all disallowed.

Shri T. T. Krishnamachari: Well, sometimes, the Chair is wiser than the Members.

The Tariff Commission has gone into the case of titanium dioxide and have

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submitted a report to the Government. The Government issued a resolution on it dated the 9th December, 1953. The Tariff Commission has recommended—the report is available in the Library—that the Travancore Titanium Products Limited should maintain their selling price of titanium pigments at or below Rs. 140 per cwt. for anatase and Rs. 154 per cwt. for rutile. In order to enable the company to reduce the price to the above level, it recommended that a subsidy of Rs. 300 per ton on sales of titanium dioxide of both types should be paid to the company subject to a maximum of Rs. 2,70,000; that a surcharge of Rs. 2 per ton on the export of ilmenite should be levied; that a refund of customs duty on titanium tetrachloride used by the company as raw material should be made. Government's decision was this. In paragraph 2 of the resolution, Government have said:

“Government agree with the Commission about the need to increase the consumption of titanium dioxide in the country. The recommendations of the Commission regarding the grant of a subsidy to the Indian Company do not however need to be implemented at present because the Company has since received a large export order which is expected to enable it to maintain economic production even without a subsidy. Further, as the industry proposes to confine its production to the anatase type of titanium pigment, no relief regarding the import duty on titanium tetrachloride would be needed by it.”

Kumari Annie Mascarene: What about titanium dioxide?

Shri T. T. Krishnamachari: As for titanium dioxide, what they are selling is the anatase type of titanium pigment.

There are other recommendations of the Tariff Commission, referred to in para. 4 of the Ministry's Resolution,

in sub-para. (a) to (k). In para. 5, Government say:

“Government will take suitable steps to help in the implementation of these recommendations as far as possible. They take this opportunity of drawing the attention of the industry to recommendations (j) and (k) in the preceding paragraph regarding the steps to be taken by them to reduce costs and popularise the use of titanium dioxide in the country.”

Kumari Annie Mascarene: I want one clarification. Have this Government ever asked for auditing their accounts, after giving them Rs. 15 lakhs?

Shri T. T. Krishnamachari: As a matter of fact, that sum of Rs. 15 lakhs was given by the Industrial Finance Corporation, and not by Government. Therefore, the question of audit functions is a matter for the Industrial Finance Corporation. Government have not given this money.

Kumari Annie Mascarene: But Government have recommended.

Shri T. T. Krishnamachari: Beyond this paragraph 5, I do not know what has been done. So far as I am concerned, the House has to take my word for it that I know nothing about this. I did not ask them to give an agency to anybody. But I shall certainly make enquiries whether the Ministry in making the recommendations in para. 5 did mention any specific person or recommended any specific person for being given an agency. Beyond that, I think, my hon. friend is drawing vividly from her imagination.

Kumari Annie Mascarene: I directly got this information from the manager of the Travancore Titanium Products Limited, that Messrs. T. T. Krishnamachari & Co., will be given the agency.

Shri T. T. Krishnamachari: We will make enquiries as to whether anybody has recommended any particular

firm. That enquiry will be made, and the results of the enquiry will be sent to the Ministry of Parliamentary Affairs, and will be available to Members of the House. Beyond that, I do not propose to say anything on that particular matter.

Shri V. P. Nayar: May I ask a question of the hon. Minister? Is it a fact that Government have invited some German firm to manufacture barium chloride in India by the use of titanium products, and if so, who are now functioning as the agents of that German firm?

Shri T. T. Krishnamachari: Government do not invite anybody. I do not think we have got any specific enquiry now being made in regard to barium chloride. Government have taken no initiative in the matter yet. Probably, they might, under the Industrial Development Corporation. There may be many things. In fact, I have representations made to me by people in Salem that something must be done in that regard. But we have not moved in that matter, we have not taken any steps in the matter.

My hon. friend Shri L. N. Mishra was good enough to speak in support of Government's policy in respect of the GATT. I am very grateful to him for it.

Shri Jhunjunwala is a very good friend. He approves of me personally, but he does not approve of my policies, for that measure of approval, I am grateful. But where there is disapproval, I should only consider it from a personal point of view as being unfortunate. But nevertheless, I do not think what he said has really convinced me that my policy is wrong.

The fact really is that in regard to consumer demand, a mere banning of the use of certain articles does not provoke a demand. Of course, they say, nature abhors a vacuum, but so far as the question of supply and demand is concerned, unless there is a supply, the demand does not come; and if the supply is choked off, the demand dies. After all, people are accustomed to use certain things, and

they would not use those things, if the things are not available, and they would be going in either for other substitutes, or they would deny themselves the use of those articles. Therefore, if you really want to industrialise this country—and industrialisation in the country means production of certain of the consumer goods, because all producer goods or producer equipment are merely intended ultimately to produce consumer goods and raise the consumer's standard of living—we have to create a demand. If supposing we want our people to use X, a particular article, in consumption we have got to get them use that particular article. And this question of getting them to use it is rather difficult. Of course, the hon. Member mentioned about consumers' preference. I will say consumer propensity, not so much in that abstract term in which it is mentioned by 'econometricians' but in the one that you use in actual practice. Consumer preference grows with more consumption goods being available.

I would like to mention to the House an experiment which has been carried on in England, in regard to retail distribution. Normally, a retail shop has got a salesman; people go and ask for a particular commodity, and the salesman tells them the price and sells that article, or probably he wants to sell them some other thing, and therefore says, but this is cheaper or this is better. But what is now being done in many places in the U.K. is not to have this kind of selling. They have shops in which all the goods are exhibited, and people go and pick out what they want, go to the counter, lay it on the counter, get the bill drawn up, pay for it and then go. This has in many cases, according to statistics, increased the offtake from the shops, sometimes to as much as four hundred per cent. A man goes to a shop to buy a tooth-paste, but he finds something else which is good, and then he recollects, probably I need this too, so better have this also, and so, he takes that article also; then he finds something else, and then something else and so on; ultimately,

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he takes all those things, pays for them and then goes. So, it is a question of a person seeing things. That is why we have a shop window. If a woman goes to a sari shop, her husband goes with her for the purpose of buying only one sari; but the woman finds other saris also there, and unless the husband severely frowns, she buys two and comes away. The same case is true when a person like myself goes to a book-shop. I go to buy a particular book, and I find something else: probably, it looks attractive, probably the jacket is good, or probably what is contained in the title page is good, and I buy it.

So, the question of a consumption propensity is developed by sight, and by other things that occur at the moment. So, there is no point in saying, you ban the goods, and the demand will rise. It may be that in the particular sphere in which my hon. friend is working, it is right. But from the point of view of a person who knows a little more about it, from the point of view of a person who is guided by the people that know the psychological and other factors that contribute to an increase in demand, I am afraid, my hon. friend Shri Jhunjunwala is not right.

Shri Tulsidas spoke about foreign capital. I do not think he was very vehement about it; he was in his usual way. But one thing he mentioned about the bias of Government in regard to import and export duties. I have mentioned, and I think my colleague the Finance Minister has mentioned it once or twice, that while we use import duties as a means of producing revenue, we do not use export duties purely as a means of producing revenue. Export duties incidentally produce revenue, and we are glad about it, because we would like to have the money. But we are always prepared to reduce export duties or abolish them altogether, if we find that the foreign buyer who buys these goods finds that the prices are high, and therefore, they inhibit the buying on the part of the

foreigner. While we have to shoulder the loss and make good the loss by other means, we are always prepared to treat export duties merely as a measure of mopping up the extra amount received by our people—more than what they should—rather than as a method of having a stable revenue. We do not expect export duties to be stable revenue, and if the hon. Member thinks that we have other ideas, I may assure him that that is not the idea. But, probably in implementing that policy, we do not go as far as Shri Tulsidas wants us to do. Sometimes, Government make a mistake.....

Shri A. M. Thomas (Ernakulam): For example, in the case of pepper.

Shri T. T. Krishnamachari: In the case of pepper, unfortunately, the position is this. When I almost decide to see that there is a need for reduction, I find that the prices go up.

There was a time when we felt that we had reached the rock-bottom and we were scratching our heads, worrying about the reduced prices. Next week, my office told me that the prices had shot up. Well, it is not a question of disinclination on my part; it is a question of the market operating more in my favour than in the favour of Mr. Thomas and his friends.

Shri A. M. Thomas: Even now it is not above Rs. 1,300.

Shri T. T. Krishnamachari: That is a matter of opinion. Unfortunately, rightly or wrongly, the decision rests with Government. I am stating the policy, and in the implementation of the policy the question is of adjusting the rival claims between the money that should go into the hands of the trade and the producer. And some portion should go to the State. In this, I am afraid, Government have to be the arbiters. Maybe, that we are often not good arbiters, but our position is that of arbiters, and we have to justify our position to the country. While you might tell me that the particular decision that we

take is not the method of implementing a policy, basically, I submit, the policy is right, because we are not considering export duties as a part of our stable revenue.

I am sorry I am not conversant with any other language than Tamil and English. So I could not understand what my friend, Mr. Sivamurthi Swami said. Perhaps it was not intended for my ears. So I leave it at that.

Shri V. P. Nayar: That is very unfair.

Shri T. T. Krishnamachari: In this third reading discussion which has gone far beyond the subject of our discussion, Government have tried to the extent of their ability to provide answers, satisfactory or otherwise, as hon. Members individually think about them.

Mr. Chairman: The question is:

“That the Bill be passed.”

The motion was adopted.

Mr. Chairman: The House will proceed to the next business. The Minister of Rehabilitation—he is not in the House.

Shri V. P. Nayar: I would like to know what is the procedure in such cases.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): We will start now.

Shri V. P. Nayar: Where is the Bill? You introduce it.

Shri Satya Narayan Sinha: It was scheduled to start at 1 o'clock.

Shri V. P. Nayar: The Minister in charge should be here. We should not be left in the lurch like this.

Shri A. M. Thomas: We will adjourn now and assemble after ten minutes.

Shri V. P. Nayar: Let us hear the Minister of Parliamentary Affairs for a change.

Shri Satya Narayan Sinha: Unfortunately, I have not got the Bill with me.

Shri R. K. Chaudhuri (Gauhati): Can we say anything? I wish to address this House.

Mr. Chairman: Order, order. The Bill was to be taken up at 1 o'clock. But on account of the paucity of speakers on the non-official side, the hon. Minister was asked to reply and he finished his speech early.

Shri T. T. Krishnamachari: If I had known it, I could have dragged on.

Shri Nambiar (Mayuram): We want to proceed with the next Bill. (*Interruptions*).

Shri R. K. Chaudhuri: On a point of order. Are we sitting as Members of the Lok Sabha here now? (*Interruptions*).

An Hon. Member: No.

Mr. Chairman: Does the hon. Member want to say that because the Minister is not here, he has ceased to be a Member of the Lok Sabha?

Shri Nambiar: Unless he is a Member, how can he raise a point of order? (*Interruptions*).

Shri V. P. Nayar: I would suggest that the House do adjourn for five minutes.

Shri N. C. Chatterjee (Hooghly): May I make one suggestion to you? Let us utilise this interval profitably. You may remember

Mr. Chairman: Order, order. Unless there is a motion before the House, how can I allow discussion?

Shri N. C. Chatterjee: I am putting a motion if nobody else will.

Mr. Chairman: I think we will now adjourn for five minutes.

(The Lok Sabha then adjourned.)

The Lok Sabha re-assembled at four minutes past One of the Clock.

[PANDIT THAKUR DAS BHARGAVA in the Chair.]

Shri Sivamurthi Swami: Sir, I make a submission that the Chair should direct that the hon. Minister