

Clause 52

Mr. Deputy-Speaker: The question is:

That at page 15 line 33, after the word "thereof" the words "signed by the Judge" be inserted.

The motion was adopted.

Clause 53

Mr. Deputy-Speaker: The question is:

That at page 17, lines 44-45, the words "or the recording of their statements" be deleted.

The motion was adopted.

Mr. Deputy-Speaker: The question is:

That at page 17, lines 47-48, the words "or, as the case may be their statements have been recorded" be deleted.

The motion was adopted.

Mr. Deputy-Speaker: The question is:

That at page 18 line 7, the words "or recording their statement" be deleted.

The motion was adopted.

Clause 111

Mr. Deputy-Speaker: The question is:

That at page 30, line 11, for the word "substituted" the word "inserted" be substituted.

The motion was adopted.

Clause 112

Mr. Deputy-Speaker: The question is:

That at page 30, line 25, for the words "with the previous sanction of the State Government" the words "with the previous approval of the State Government" be substituted.

The motion was adopted.

INDIAN TARIFF (AMENDMENT)
BILL

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

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

The Bill seeks to amend the Indian Tariff Act, 1934, by making certain changes in the First Schedule to that Act in order to give effect to Government's decisions on the recommendations of the Tariff Commission regarding protection of certain industries. As the House will have noticed from the Statement of Objects and Reasons attached to the Bill, the Commission's recommendations involve the grant of protection for the first time to the industries engaged in the manufacture of caustic soda and bleaching powder, dyestuff, automobile sparking plugs and automobile hand tyre inflators; the continuance of protection to the stearic and oleic acids, oil pressure lamps and cotton textile machinery industries, and the exclusion of tin rollers from the protected categories of cotton textile machinery.

Copies of the Tariff Commission's Reports on all these industries and of Government's Resolutions thereon have already been laid on the Table of the House. The hon. Members must have studied those documents and I need not, therefore, go into details and shall make only a passing reference to some of the important aspects of these industries.

I shall first deal with those industries which are being protected for the first time. Of the four industries coming under this category, caustic soda and dyestuff industries are basic industries of considerable importance to the economy of the country. To take the case of the dyestuff industry first, the Commission have expressed the view that this industry should, in the national interest, be established in the country and developed on sound lines and the protection or

assistance given to it so adjusted that the burden placed on the consumer is limited to what is strictly necessary for promoting and developing the manufacture of dyes. They have pointed out that the industry forms a nucleus around which the organic chemical industry can be expected to develop and that its progress is linked up with the development of other essential chemical industries, such as the heavy inorganic chemical industry and the coal-tar industry on the one hand, and the fine chemical and pharmaceutical industry, explosives, synthetic plastics and solvent industries on the other. The products of this industry will contribute to the strength of national economy in times of peace, and the industry can also be readily adapted to the production of defence materials in the event of a crisis.

Now, I come to the manufacture of caustic soda (including bleaching powder and bleaching paste) which is an important branch of the heavy chemical industries based on salt. Caustic soda has its main use in the country in the manufacture of soap, textiles, papers, oil refining, vanaspathi, explosives and other chemicals. It is also used in the rayon industry which requires a special grade of purity. Bleaching powder is used as a disinfectant and in the manufacture of organic and inorganic chlorine compounds. The Tariff Commission's recommendations for the conversion of the existing revenue duties on caustic soda into protective ones does not involve any additional burden on domestic consumers.

The main ground urged by the Commission in favour of their proposal to impose a protective duty of 15 per cent *ad valorem* on bleaching powder and bleaching paste is that they offer an important outlet for chlorine which is obtained as a by-product in the electrolytic process of manufacture of caustic soda, and that it is essential for the progress of the electrolytic caustic soda industry to afford all possible encouragement to

the development of industries using chlorine.

Let me now come to the automobile sparking plugs and automobile hand tyre-inflator industries. A sparking plug, as is well-known, is a vital component of an automobile engine, its function being to initiate combustion in the engine. The Tariff Commission's enquiry covered all specifications of sparking plugs in 14 m.m. and 18 m.m. sizes, including resistor types but excluding integrally screened types. After estimating the lowest landed cost of sparking plugs of U.K. origin in comparison with the fair ex-works price of indigenous products, the Commission have recommended a high rate of protective duty, namely 92½ per cent. *ad valorem*. The Commission have expressed the view, and Government agree with them, that this enhancement of duty will not lead to any increase in the selling price of a motor vehicle or to any significant increase in its running cost.

Substantial progress has been made in setting up a sparking plug industry in the country, and the programme of manufacture of the Motor Industries Co. Ltd. appears to be technically sound, and its implementation will lead to the complete manufacture of sparking plugs by the end of 1957. The Commission have emphasised the serious handicaps which the infant domestic industry has to contend with in introducing its products in competition with well-known foreign brands, and have urged that unless adequate protection is assured to the infant industry, it will not have sufficient incentive for implementing fully its manufacturing programme and for undertaking further necessary investments. As, however, production has been much too small to make a fair assessment of the quantum of protection, it has been suggested by them that protection be confined for the time being up to 31st December, 1955 and

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that a further review should be undertaken before that period. The Commission's recommendation has been accepted by Government.

With regard to the automobile hand tyre inflator industry, the Commission have observed that the industry supplies an important accessory of motor vehicles and that, given adequate protection, it will be able to consolidate its position and expand production so as to reduce its costs. It is also their view that there is sufficient internal competition in the country to ensure that the benefit of reduction in the cost eventually accrues to the consumer.

Now I come to the second part of the Bill relating to the continuance of protection to the three industries, namely stearic and oleic acids, oil pressure lamps, and cotton textile machinery, for another three years, that is till 31st December, 1957.

Apart from extending the period of protection, an alternative specific duty of 8 annas per lb. is being imposed on oleic and stearic acids. The *ad valorem* duty of 31½ per cent. does not afford adequate protection, as foreign suppliers are able to neutralise the effect of protection by price manipulation. Derivatives of stearic and oleic acids will continue to be included within the scheme of protection on the ground that the production in the country of these derivatives will help to increase the domestic demand for stearic and oleic acids.

In the case of oil pressure lamps, the scope of protection which has hitherto been restricted to such lamps with candle power of 100 to 400 (of all sorts) is being extended to oil pressure lamps, hurricane and hanging types, irrespective of candle power. The need for such extension is twofold: firstly, given some encouragement, domestic manufacturers are in a position to produce all the high-power pressure lamps also; and secondly, the limitation of candle power gave rise to considerable administrative difficulties.

As regards cotton textile machinery, it is proposed to extend protection to fluted rollers of all kinds, and not merely to fluted rollers used in cotton textile spinning ring frames. Similarly, the protective rate of duty of 10½ per cent *ad valorem* is being made applicable to looms of all kinds, cotton, silk, rayon etc. because they differ but slightly from each other.

Lastly, I am glad to say that tin rollers, which are an item of cotton textile machinery, do not need tariff protection any longer. Indigenous rollers are cheaper than foreign tin rollers, and the section of the industry manufacturing these rollers is in a position to withstand foreign competition without tariff protection. Tin rollers were included in the scheme of protection in 1949 and therefore they enjoyed protection for just six years.

I feel I need not take the time of the House any longer at this stage. The House has before it ample material by way of the Tariff Commission's reports and the Government resolutions thereon. I need hardly add that I shall only be happy to listen to all useful points made in the course of the discussion, and try to answer whatever points are raised, which require an answer.

Mr. Deputy-Speaker: Motion moved.

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

Shri Kasliwal (Kota—Jhalawar): The learned speaker who preceded me has said that this Bill is composed of two parts, one which relates to new protection being given to certain industries, and another which relates to the continuance of protection to certain industries.

With regard to new protection being given to certain industries, I welcome the protection given to the sparking plugs industry and the tyre inflators industry. These two components are essential for a self-sufficient automobile industry. And I

think it was but proper for the Tariff Commission to have suggested the grant of protection for these two industries.

Another industry which is now going to be subject to protection is the caustic soda, the bleaching powder and the bleaching paste industry. I welcome protection being granted to this industry also. I would like to draw the attention of the hon. Minister to certain points with regard to this industry, because I feel that there is still great scope for expansion in this industry. The number of units which will go into production by 1955-56 will be 9 with a rated capacity of 37,000 tons and an actual production capacity of 33,000 tons. The demand, however, according to the industrial production chapter in the Five Year Plan, will rise to about 87,000 tons, so that you will see that at the end of 1955-56 there will be a gap between demand and supply of about 50,000 tons, which will be met only from imports from abroad. If the hon. Minister will give attention to this particular aspect, I am quite sure this industry is capable of expanding and supplying the entire demands of the country.

There are two specific points with regard to this industry to which I would like to draw the particular attention of the hon. Minister, and they are these. The first is the lack of adequate transport, that is to say, even today there are no tank wagons available which will properly and adequately carry the caustic soda and bleaching powder to the various places where the consumer industries are established. The second point is the high cost of production of caustic soda. The high cost of production is primarily due to smaller units functioning in this country. If the hon. Minister would see to it that some larger units are established, I am quite sure the high cost of production will be considerably reduced and the demand of the country as a whole so far as this particular commodity is concerned will be met properly.

Now, I come to another industry to which protection has been continued, that is, the stearic and oleic acids industry. I have some criticism to make so far as this industry is concerned, because protection has been continued to this industry till 1957. I just want to give certain figures as to how this industry has been behaving for the last so many years during which it has been receiving protection. Protection was granted to this industry for the first time in 1947. Since then it has, from time to time, been receiving protection. Previously, there were only two units which were producing these acids, the stearic and oleic acids, and their derivatives. Now, the Tariff Commission say that there are really five units, but actually a clear reading of the Tariff Commission's Report will show that there is only one unit, the Navsari Oil Products, which is engaged whole-time in the production of stearic and oleic acids. The other three or four units are not engaged wholly in the production of these acids; they are engaged either in producing vanaspati or some other things. Their production of these acids is only subsidiary. The Tariff Commission have drawn attention to the fact that this industry has not been behaving very satisfactorily. They have said that it is time the industry improved its products. Some of the consumers of these stearic and oleic acids have made representations to the Tariff Commission and they have drawn attention pointedly to certain defects of this industry. I wish to read from page 40 of the Tariff Commission's Report where this representation has been referred to:—

"Certain consuming and importing interests have questioned the industry's eligibility to continuance of protection on the grounds that (i) it has been under protection for over six years and has not been able to stabilise its position; (ii) that despite protection the quality of the products has not been perfected; (iii) that the costs of production as compared with the prices of imported

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products are still high; (iv) that the industry does not enjoy natural advantages in regard to raw materials in so far as tallow and palm oil have yet to be imported; and (v) that the high cost of the acids produced indigenously are likely to affect the interests of consuming industries adversely."

The Tariff Commission have thoroughly examined all these points. So far as certain points are concerned, they have said that the objections are not valid; so far as other points are concerned, they have said the objections are valid, for example, regarding the quality of the product and the high cost of production and all these things. Yet the Tariff Commission have recommended protection to this industry, which really means protection to one single unit, namely, the Navsari Oil Products, up to 1957. I have put in an amendment to the effect that the period should be reduced by one year, that is to say, from 31st December, 1957 to 31st December, 1956. My object in tabling this amendment is not in any way to destroy this indigenous industry but to bring clearly to the notice of the industry that the way it has been behaving has not been either in the interest of the industry or in the interest of the consumers of the products of this industry. I do trust that the Minister will kindly give his thought to the amendment which I have tabled, and will accept it.

Now, I come to another industry--there is not much to say about that industry though--the dyestuff industry. I do think that this is a very important industry, although I am rather surprised that the protection which has been given to this industry is up to 1964. In any case, this matter is liable to review from time to time by the Tariff Commission, and I have nothing more to say on this particular industry.

There is only one more point left for your consideration. In almost all these industries which have been the subject of this Tariff (Amendment) Bill and in regard to which recommendations have been made by the Tariff Commission, there is one point which is continuously coming up before them. They have been recommending all the time that all these industries, somehow or other, have products which are not up to the standard, and they have said that every time the services of the Indian Standards Institution should be utilised. Now, I do not know how far the services of the Indian Standards Institution have been utilised either before, and for what industries, or whether they are going to be utilised now, for raising the standard of the products of the industries which have now been recommended protection by the Tariff Commission. I would very much like the hon. Minister to tell us in what way the services of this Institution are being utilised and in what way their services will be utilised so far as these particular industries are concerned. I would like to know whether you are going to draw the attention of these industries to this and ask them to go to the Indian Standards Institution and see that standard products are being given to them to produce, or whether you are going to ask the Institution to produce the standard goods and tell the industries 'these are the specific kinds of goods which you have got to produce'. I really do not know what is the position. Perhaps this is the first time this particular point has arisen in this House, as far as I am aware, so far as this Tariff Amendment is concerned, and I would very much like the Minister to satisfy the House on this point. That is all I want to say except to repeat that I do hope that so far as the stearic and oleic acids industry is concerned, the hon. Minister will be pleased to accept my amendment, which only means reduction of the period of the protective

duty from three years to two years and nothing more.

Shri Bansal (Jhajjar-Rewari): Before I take up some of the items which are being given protection under this Bill, I would like to ask the hon. Minister as to how is it that the post of the Chairman of the Tariff Commission who retired about two months back, has not been filled. I was hearing about the impending retirement of Shri Bhatt from December onwards. It is not as if it is only a period of a month and a half; his retirement was being talked of even as early as about seven or eight months ago. Is it a sign that the Tariff Commission's work is not considered to be valuable by the Ministry that such important posts as that of the Chairman of the Tariff Commission are left vacant? I also understand that the Tariff Commission is not working with the full complement of its members at present. I think there are only three members at their posts at present, if you go through the Report of the Tariff Commission which came a few months back. I would like to suggest that whenever such Bills come up before Parliament, a brief report or a summary of the report of the working of the Tariff Commission should also be made available to the Members so that they are in a position to find out as to what the Tariff Commission is doing, how many industries are under investigation by the Commission and how many months it is taking in coming to its conclusions.

Dr. Lanka Sundaram (Visakhapatnam): Why only summary? Why not the full report?

Shri Bansal: Full reports of the inquiries are already placed before us. What I want is a summary of the work done by the Commission.

Dr. Lanka Sundaram: In implementation?

Shri Bansal: That is, how many inquiries were referred to it, how much time it took in completing those inquiries, what is the strength of the Tariff Commission and so on.

Shri Karmarkar: He does not want that; he wants the Report of the Tariff Commission on this subject.

Shri Bansal: They are already there. I am concerned with what I want. Dr. Lanka Sundaram will certainly say what he wants when his turn comes.

I say this because after going through some of the reports, I find that the Tariff Commission has taken six months, seven months and, in some cases, even a year, before finalising its reports, after the hearing of a particular industry has been opened. I do not mean to say that the Tariff Commission can complete its work in two or three months' time. But what happens is that a particular industry is referred to the Tariff Commission, the Commission sends out an elaborate questionnaire, and after the receipt of the reply, fix a day for the hearing. This takes about three or four months, and in some cases, even more, and if I add that period, I find that the Tariff Commission has been taking on the average about one year for each report. Now, I think that is an unconscionably long period. And what is worse is that after the reports of the Commission have been received by Government, they themselves take four to five, or even more, months to come to their own conclusions. This is very surprising. When an expert body like the Tariff Commission has gone into the case very elaborately and prepared its recommendations for the consideration of Government, for Government themselves to take another period of four to five months to come to their conclusions is something which surprises me. I think an explanation of this is called for from the Ministry.

If the Commerce Ministry has begun to think that after all, in view of our changed fiscal policy under which we have been raising the im-

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port duties from a particular level to a higher level, the work of the Tariff Commission is no longer as important as it used to be, then they should come out and tell this to the House. But I am of the view that the work of the Tariff Commission will remain important. After all, it is an expert body to find out as to whether a particular industry deserves protection or not, whether it needs protection or not. If it does need protection, it has to find out what is going to be the quantum of protection. As years pass, the industrial structure of our country will become more variegated. We will begin to develop a good number of industries with many complicated problems. Take the case of the dyestuff industry. It is a very important industry; not only that, it is a very complicated and technical type of industry, and I have always been looking forward to hearing something from our Commerce Minister in regard to the future of this industry. On going through the report I find that dyestuff is not one product, not even a group of a few products. There are as many as—I will not bore the House by quoting the exact number, but I do know there are a large number of items, intermediaries and end products which go into the final products of this industry. Intermediaries used specifically for the manufacture of dyes are as many as 18 and those which are used for the manufacture of ~~eyes~~ ~~eyes~~ and also for other things run to a colossal figure of 31. Out of these, only a few are being manufactured in the country. What I would like to know is as to what steps Government are taking to see that as many of the intermediaries as may be possible to manufacture in the country are going to be manufactured over a period of years. I know it is not a small industry. It is not a simple industry so that by waving a magic wand you can produce all these things. Nevertheless, it is an industry important enough to deserve serious consideration of Government so that the House should have some indication as to in how many years we will be able to

produce the largest number of intermediaries and products of this particular industry. As the Minister himself has said, this is an industry the products of which are used in pharmaceutical industry, in explosive industry and in heavy chemical industry. I was told that in our country we do not have at present even a semblance of appreciation of the magnitude of the problem, and therefore the services of a foreign expert were going to be obtained in order to prepare a blue-print of the programme of future development of this industry. I would like to know from the Commerce Minister as to whether the services of such an expert have been obtained, and if so, in how many months or years we are going to receive the report of that expert.

Then I come to the quantum of protection given to this industry. I find that the protective duty will be of the order of 12 per cent. only. I know that the Tariff Commission might have had very good reasons for providing such a low protective duty. But I am one of those who have been saying in this House day in and day out that the method followed by the Tariff Commission in computing the landed cost and the cost of production and then giving an amount of protection equivalent to or slightly more than the difference is not going to solve the problem, particularly of complicated industries like the dyestuff industry. I would very much like to hear from the Commerce and Industry Minister that his Ministry is satisfied that the quantum of protection is going to effectively protect this ~~industry~~ ~~industry~~.

Again quoting from the Tariff Commission's Report, I find that the difference in the prices of some of the basic materials which go in the production of the dyestuff industry is so huge that I am really surprised that the Commission recommended a protective duty of merely 12 per cent. Take the case of the sulphuric acid. In India,

the cost of production is Rs. 210. This is the cost at which the product is available in India. The Indian-made product is Rs. 210 per ton, while in America the price is Rs. 78 per ton and in U.K. Rs. 134 per ton. The case of nitric acid is even more fantastic. In India, the price is Rs. 1,400 per ton, in U.K. Rs. 480 per ton, that is, about one-third, and in U.S.A. Rs. 515, that is, about two-fifths. The same applies to sodium hydroxide. In India, it is Rs. 700, in U.K. Rs. 360, about half, and in U.S.A. Rs. 388, again about half. I am just pointing out these figures to impress on the House that it may be that the protection granted to the dyestuff industry may not serve the purpose which the Tariff Commission had in view. All these basic chemical manufactures have come only recently in the field and the production is not as large as my friend, Shri Kasliwal said just now, that it will really work as an economic unit. In this heavy chemical industry the greater the production, the lower the cost, because the overheads are almost the same whether you produce a small quantity or a huge quantity. However, I am not a technician to be able to say what the exact difference would be, but that is my impression, that the bulk of production may be one of the reasons for this difference.

Whenever the Tariff Commission makes recommendations in regard to protecting a particular industry, it makes a number of subsidiary recommendations which may not look as impressive or as important as the main recommendations. In fact, I have been trying again and again on the floor of this House to get the Minister out with information as to what steps Government are going to take in order to implement those ancillary recommendations. But so far I have not received any satisfaction from the Minister. I hope on this occasion, the Minister will compile a list of all the ancillary recommendations made by the Tariff Commission and what action Government have taken on them. For

example in regard to the recommendation made on dyestuff industry that something should be done to encourage the manufacture of coal-tar distillation industry, I wonder if Government have considered this recommendation and if so, what steps are they taking to develop this very vital industry? Again, coal-tar distillation industry is one of the most important industries in other highly developed countries, because once you begin to distil coal-tar, you get a number of by-products which are absolutely essential for the development of a number of inorganic chemical products. Talking of ancillary recommendations, I find that the Commission while reporting on the textile machinery industry had stated that it would be in the interests of the industry if the help of a foreign technical expert is made available to the industry as a whole. I do not find any mention of that recommendation in Government's resolution and I would like to know if that recommendation has received the attention of the Government. With regard to automobile sparking plug, the Commission made an ancillary recommendation for the grant of additional relief by refunding the whole of the duty paid by the manufacturers on sparking plugs on imported bright-drawn free-cutting mild steel and hexagonal bars etc. I do not know what these technical terms mean. I would like to know if the Government had given any thought to this recommendation.

Similarly they made some recommendation about caustic soda and bleaching powder. They have also been making recommendations about the soda ash industry which are of an ancillary type. I would very much urge upon the Minister of Commerce and Industry to give as much consideration to these various ancillary recommendations as to the main recommendations of the Commission.

Coming to the dyestuff industry I know that a commitment has been made at one of the sessions of the GATT under which the Government

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of India have bound themselves not to raise the duty on this particular product. Lately we have had a partial release so that we can raise the duty upto 20 per cent. I think the Tariff Commission have recommended that a complete release from our obligation should be sought. I do not think there is any mention of that in the resolution. I would like to know if the Government of India are taking any steps to seek complete release from their commitment on this item. I will end by saying that I am one of those who believe that the Tariff Commission is a very important body which should be kept properly manned and this House as it has always been doing should take a little greater interest in the activities of the Commission. It will greatly facilitate if a consolidated report of the working of the Commission is laid on the Table of the House when such important Bills are on the anvil. I would also urge upon the Commerce Minister not to delay the appointment of the Chairman of the Commission and also other members so that the Commission begins to work with its full complement. I find from my experience that there are some very capable members working on the Commission but they are so hardpressed that they are not able to devote as much attention and time to these complicated enquiries as they would themselves like to.

Shri Nanadas (Ongole—Reserved—Sch. Castes): Protection is given to our industries just to encourage them or just to meet competition from foreign concerns. That is the idea of giving protection. But how far this is being utilised by our infant industries is the question before us. For example, the dyestuff industry is an infant industry but yet this is not purely an Indian industry in the sense one of the big companies manufacturing dyestuffs—Atul Products—have entered into an agreement with an American Company—Seramite, U.S.A. The Kasturbhai Dalbhai group which has got connections with the I.C.I. have not got interested in this

company. In this way foreign interests are taking advantage of the protection given to our infant industry and they are trying their best to stifle the growth of our industries. That is my complaint with regard to the protection.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

Again, with regard to textile machine manufacturing industry, we have got this National Machine Manufacturing Industry Company. This is sponsored by—or rather the shareholders of this company are—almost all the textile industrialists. They are manufacturing ring frames for textile industries. In this company also, another British company has got 26 per cent. of shares and they are simply assembling the parts imported and they are not helping our industry to grow. In this way the protection given to our industries is being utilised by the foreign combines.

With regard to these chemicals—that is, dyestuffs—in the Pharmaceutical Enquiry Committee's report they have remarked that those combines which have entered into agreements with the foreign combines are importing from other countries even the raw materials that are available in our country. They are also not manufacturing these dyestuffs from the basic materials. They are manufacturing from semi-manufactured material imported from other countries. Here also I wish that the Government takes steps to see that the basic materials available in our country will be utilised for manufacturing dyestuffs.

Another point is this. In our textile machine manufacturing industry, it seems the Ministry is not following any plan. For instance, the National Machine Manufacturing Company, Thana was allowed to manufacturing frames for the textile industry and another company—that is, the Textile Machine Manufacturing Company of Calcutta—was to manufacture carding engines. But now it seems the National Machine Manufacturing Company has been allowed to manufacture carding engines also thereby even in our coun-

try a sort of cut-throat competition has been encouraged by the policy of the Government. If the Government is sincere in developing this cotton textile machinery industry, it must have a plan to develop the carding engine industry at Calcutta and expand it. Since we are depending for a major part of our textile machinery on other countries, we have to plan out and see that there is no competition in this country itself.

With regard to preferential treatment, there is another point. This has been opposed many times on principle. Even today we are giving preferential treatment to the British manufacturers, whether it is necessary or not. We are not taking any steps to see whether to give preferential treatment for a particular industry.

With these words I urge upon the Government to see that the advantages offered to our infant industries are properly utilised for their growth and those advantages need not be, or rather, should not be, taken by the foreign concerns. I request the Government to take proper steps in this connection.

Shri V. B. Gandhi (Bombay City—North): Sir, I would just contend myself, in the first place, with clarifying some of the points made by my predecessor Shri Nanadas. We are all agreed and are at one with him in wanting to see that foreign interests shall not take advantage under cover of collaboration with indigenous interest, of the protection that we want to grant to our industries. But, the two instances that he cited are however such as do not fit in.

I happen to know something about the two industries to which he made a reference and I can tell him that these are industries which are peculiarly very difficult ones; which require a highly developed know-how and which can be started only by the utilisation of a number of patents which are, as they happen to be, held by foreigners. I should also, here, say, that it is not so easy nowadays for foreign interests

to come into this country masquerading as collaborators with Indian interests and take undue advantage of the facilities which we have intended for our indigenous interests. The import trade control is very watchful, very vigilant in these matters and it is hardly possible for anyone to import any basic materials—as Shri Nanadas said—when such basic materials were available in this country. So, also, the work that the development wing for industries under the Industries Development and Regulation Act, is doing is very valuable. I also note from experience that they are very watchful, very vigilant and in fact, sometimes it is the experience of some of us that they are overvigilant. But, in a way, it is all for the good.

Then, I do certainly support the proposal made by Shri Bansal and that is: doing everything possible to help keep the strength of the Tariff Board always at its full strength and to do everything possible to enable them to expedite their work, because in the total scheme of our future industrialisation the work of the Tariff Commission is going to be very important. As it is, by its very nature, their work is time-taking and we cannot blame them for not producing the kind of very careful reports that they produce, earlier or in shorter period than they are taking now. But, we shall not be excused if we do not help them in every possible way to expedite their work.

Again, it has been my experience also, in the case of this particular Bill, when the recent agenda came to us and we woke up to the fact that the Bill was going to be taken up very shortly we all had to hunt for the reports of the Tariff Commission which probably had been circulated to us months ago. And, it was only after going to the Parliament library and somehow or other persuading the librarian to part with his copies of the reports that I could get hold of these reports. It would be a very good idea and we shall all be

[Shri V. B. Gadhi]

very thankful to the Commerce Ministry if they would make it possible to always enclose—I know it would involve a certain amount of hard work for them; but it would be of great convenience to all of us—brief summaries of the Tariff Commission's recommendations on each one of the industries which are covered in this Bill.

Shri Karmarkar: Sir, I am very grateful to the House and the hon. Members who have participated in this debate for the very brief and very intelligent manner in which they have dealt with the various points arising out of this Bill. I will briefly refer to some of the points made.

Shri Kasliwal while welcoming protection to some of the industries had some observations to make. He made one complaint with regard to the lack of adequate transport facilities. The House is already aware of the difficulties with which our organisation of transport has to contend with. Many times we find bottle-necks and as the House is already aware the Railway and Transport Ministry is doing its best possible. So far as the industries are concerned, we have had no grounds to complain about the priorities given either to the raw materials or to the finished products.

Secondly, Shri Kasliwal made a reference to high cost of production. As it happens, in the case of stearic acid our high cost of production is due to the high cost of the raw material. Then there are factors on which we have absolutely no control. In the initial stages of the industry, as one of our colleagues had occasion to remark, we have to gather the technical know-how. We have to find out efficient methods of increased production. As my friend knows the very object of affording protection is to allow a nascent industry to take its own time—its teething time and developing time in order to grow to such an efficient extent as to be in a position freely to compete with foreign production. There can be no difference of

opinion on this side with regard to his observation about the advisability of bringing down the cost of production. In fact, one of the underlying basic ideas of affording protection is to so enable an industry to stand on its own legs so that in goodness of time it will, by its efficient methods be able to reduce its cost of production.

Shri Kasliwal: I said this only about caustic soda.

Shri Karmarkar: But I would like to make a generalisation on that. I hope my friend will have no grouse on that point if I find that it is possible to make a generalisation on the point that he has made. In that way I think his observation will have an added point.

Then, I suppose he had a little complaint to make that in respect of this industry—oleic and stearic acid—there was only one big unit. I wish we were living in a world where we could have things done according to our likes: where we can have so many units of such and such standard size. Then there would be no opportunity of troubling this House for protection. Sir, as it is, the House already knows that by any standard the progress that we have been making in the industrial field during the last few years after freedom is quite encouraging. In fact, there is nothing lost by admitting on all sides that the progress which industry has been making between small and large units, has been something that might not have been expected in those years of 1947 and 1948. And, while I would welcome efficient units, larger units, more capable units with larger capital and larger technical personnel to come into existence, we have to see to it that smaller units are also encouraged. All I can do in this particular matter is to pray with him that by and by conditions may get riper in our country by which larger and more capable units come into production. As it is, I might invite his attention, though it is not necessary since he has carefully gone into the report, to pages 7 and 8 of the report

concerned. He will find that there are five additional units: The Calcutta Chemical Co., Ltd., the Modi Vanaspati Manufacturing Co., the Godrej Soaps, Ltd., Amrut Oil Mills, Ltd., and Swastik Oil Mills, Ltd. I am quite sure that his intention was certainly not to invite the attention of this House to any one particular unit.

2 P.M.

Shri Kasliwal: They are only subsidiary. Their main product is something else.

Shri Karmarkar: I cannot deal with it further. It will be very good to produce something else too in order to sustain any loss of the ancillary concern. Perhaps his complaint is that these units are not as loyal to one type of production. But I say it is not a matter at all of that sort. It is a question of multiple units and single units. They develop according to their own lights. It may be that someone else wants to begin in a particular line and he may find it advantageous to develop it into some other lines also. I am quite sure that as it is, it is not a serious thing, and I am one with him when he suggested that we should have sound concerns.

There was a point about standardisation. I think again it was Shri Kasliwal who made that point. Standardisation is a touchy subject. In the existing circumstances of our country and so long as public opinion is not so ripe as to enable us to take to coercive action, we can leave the question of standardisation to the producers. We have a very efficient institution in the Indian Standards Institution. The industry has expressed that it is working quite well. We have been financing it in adequate measure and they are doing their duty quite well. Not only that: they have gone one step further to meet the demands of industry in the sense that what the Indian Standards Institution expects, when laying down standards, is not what a particular industrial product can be in the fullness of circumstances and in the ideal conditions, but that they lay standards

for India under Indian conditions. For the Indian products under Indian conditions, they do not say that this is our standard and that this is the best that should be done. But what they do is the best that could be done in the circumstances in India. I am happy to say and the House will also be happy to know that by and large standardisation is being recognised both for the purpose of export as well as for internal consumption and it is being accepted as something which is very highly desirable.

I must say that to our regret all units of industry have not come to accept the standards in their own case. Many a time it does happen that one man believes a thing to be better in one case and does not consider so in his own case. I accept a thing to be better in another man's case and I do not accept it in my own case. That is the thing that is happening. In certain sections of industry, they are fighting shy of accepting standards for reasons of convenience, but we are hoping that in their own interests, more and more industrial units will come to see their value of increasing standardisation.

So far as we are concerned, we have issued a directive to all purchasing organisations that they should insist on supplies being made in accordance with the standards laid down by the I.C.I. In so far as it is an incentive, that is having its effect.

Coming to what my friend Shri Bansal had to say, the first point that he made was about the appointment of the Chairman. He will pardon me for a moment when I say that he is a clever debater and that he knows in weak moments in the Minister's reply and in his hurry the Minister might commit himself to a thing. I am sorry that in regard to the appointment of the Chairman I am not in a position to be so responsive with regard to the information that he may desire, because there is none. The hon. Member appreciates the fact that the Chairman of Tariff Commission has to be a top efficient person; it is not always that we find such a person

[Shri Karmarkar]

readily. For the Tariff Commission we want personnel not only equipped with technical intelligence in respect of economics but we want men who are all-rounders to man this body, this I say with regard to every member of the Tariff Commission and naturally with regard to the Chairman. We have to take the biggest possible care about it. I think two months is not too long a period to find out a Chairman. Of course we did know that Shri Bhat was to retire one day or the other. No doubt it is known in every case when an officer is likely to retire, but the hon. Member also knows perhaps much better, that the Tariff Commission is a body to which all of us attach the greatest importance. It is not a question of mere competence. It is a question of many other equipments—qualities that are necessary in the Chairman of the Tariff Commission, and if we have not been able to make the appointment till now, I need hardly assure my hon. friend that it is not on account of the fact that we have slept over it. We are active about it and we hope to make the proper choice. I could not give him a date, but I can assure him that it is a matter which is actively on our minds, and we shall not allow any grass to grow under our feet in making that appointment.

The hon. Member, Shri Bansal, had something to say—and he had a right to say—about the time that is taken in regard to the reports. As my hon. friend is doubtless aware, there is a sort of time-limit for Government decisions. I need not tease this House by reading the whole provisions in the Indian Tariff Act. Section 18 of the Act lays down as to what we should do with regard to the action on a Committee's report. Normally, it is expected of us that we shall not take more than three months' time to take action on any submitted report. I hope he has not any ground of complaint on that score,—on the score that we have taken an undue time, much longer than it was necessary. Even when we had this provision in-

serted in this Act, there was discussion about it. We gave the best possible thought to it and in a matter like this which has a very great significance so far as industry is concerned, Government and I feel that in any case a decision should not be a hurried decision. If the Commission has taken time to make an elaborate enquiry into the matter, if various views have been expressed and when the Commission makes many ancillary recommendations, well, Government have to take time for considering all these matter. Then, it has been laid down in that section that when the report cannot be laid before the House within three months, then a statement to explain the reasons thereof shall be laid on the table of the House. So, there is a very salutary provision preventing the Government from being dilatory in this matter.

In so far as specific instances are concerned, I hope my friend has no particular complaint. But if he feels that there has been any delay in any particular matter, we shall be very glad to consider that particular complaint.

Then there was another important point. I am thankful to Shri Bansal for having invited the attention of the House to it. He has had better experience about the GATT than I claim to. He knows how anxious we have been to safeguard the interests of industry by so participating in the GATT discussions, that we reserved all possible freedom with regard to the industries where we want protective measures. Of course, in the case of the items that are bound items, as it has been put in the case of dyestuffs industry, there has to be a release. When an item is bound, we have to get a release and we have to negotiate with the other countries concerned. I can assure the House that we are doing the best that is possible in the case of dyestuffs and we hope to succeed and get the necessary relief in respect of the release so far as the bound items are concerned.

Then, Shri Bansal sought to know what is being done with regard to specific items on ancillary recommendations. I should like to resist the temptation of entering into all the details regarding the various ancillary steps that are being taken partly for the reason that at the moment I am really not prepared to answer his questions with regard to part of the queries that he has put. But he very probably knows all these ancillary recommendations are being considered. For instance, there are ancillary recommendations regarding import control, remission of duty on raw materials, and so on. I think, Sir, it is common knowledge that we give a very serious consideration to these recommendations. Sometimes we have not been in a position to be able to agree to the Tariff Commission's recommendations and we have said so.

My friend Shri Nanadas could not resist the temptation to refer to foreign concerns. There is very little in the Bill itself about this—I would like to be corrected if I am wrong—and I know he has no specific questions to put. He knows our case and we know his case; I think neither of us would be the wiser by referring in detail to participation by foreign interests. But there is one common thing between us, at least I hope so, namely that in any event we shall not allow the national interest to be sacrificed; there is absolutely no doubt about that. But we should remember that somebody has to be at the basis of any industry; no industry can be run in the air. About my friend Mr. Nanadas, his interest in foreign concerns.....

An Hon. Member: He is interested in the ICI.

Shri Karmarkar: It is not my intention to have a dig at him; but I only want to point out that everyone of us has got some interest or other in foreign concerns in so far as we discuss them in this House.

So far as I see, these are the points that have been made before the House. I am deeply grateful for the consi-

deration with which the House has taken this measure. It has agreed with the purpose of the Bill. This is all I have to submit with regard to the observations made by hon. Members in this House.

Mr. Chairman: The question is:

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

The motion was adopted.

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

Shri Kasliwal: If the hon. Minister is prepared to give an undertaking to this House that he will administer a warning to the industry, then I am satisfied.

Mr. Chairman: Order, order. I find that none of these amendments to clause 2 has been moved.

Shri Karmarkar: My friend does not want a formal stamped undertaking from me; but I suppose that his point is that whenever you protect an industry that industry has to play the game. There is no doubt about it. I may tell him this, namely, if ultimately the industry does not deserve protection, the Government and the Parliament will take it into consideration. Even if the Government is silent, Mr. Kasliwal is there as a safeguard. So far as I understood him, all that he wants to point out is that in this industry as well as in any other industry, whenever Government grants protection, it is done at the cost of the consumer, and therefore in order to reduce the burden on the consumer, the protection should be granted for as short a period as possible. Since he looks satisfied, I think this is all he meant.

Shri Kasliwal: I do not press my amendments.

Mr. Chairman: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 (Short Title)

Mr. Chairman: The question is:

"That clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

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

Shri Karmarkar: I beg to move:

"That the Bill be passed."

I would like to make an observation or two at this stage. Mr. Gandhi—he is not in his seat at the moment—said that we should give summaries of the reports to the Members. Normally what we do is this. We do circulate summaries of these reports; but there is one danger. There is a handicap in giving summaries to the House of reports, because in the case of tariff reports and other long reports which are arrived at after a great deal of consideration, it sometimes does not give a complete idea of what the report contains. We give summaries in the case of industries when protection is sought to be continued. Where we want the House to study all the implications involved and decide whether protection should be given to a particular industry, it is much better to study the original report.

Secondly, I think I have been fair in my reference to the Tariff Commission. The Tariff Commission has been bearing a burden which is really a very heavy one and I am quite sure that the House agrees that the Tariff Commission, though it looks like taking time, is a mechanism which has stood us in good stead. I still remember an occasion when I was attending one of the universities in the United States of America; I happened to listen to a lecture on tariff.....

Shri Nanadas rose—

Shri Karmarkar: Is the hon. Member raising any point of order? If so, I am prepared to yield.

Shri Nanadas: I wanted to ask the hon. Minister one question, and that is with regard to the textile machine

manufacturers of Poona and the textile machine manufacturers of Calcutta. It seems that there is a competition between these people in the manufacture of carding engines. May I know what steps the Government propose to take to avoid that competition?

Shri Karmarkar: I thought that the question would be a relevant one. This is the third reading stage of the Bill and I will not take up the time of the House any more. I am grateful to the House for having given wholehearted support to this measure.

Shri Raghavaiah (Ongole): I hope it is pertinent though not relevant.

Shri Asoka Mehta (Bhandara): The hon. Minister was referring to a lecture.

Shri Karmarkar: I should like to complete that. The Professor asked me, will you oblige us by telling us about the operation of the Tariff Commission in your country? Not to take too long, I gave the three basic foundations on which the Tariff Commission works. First, there should be sufficient raw materials in order to justify protection; second, the quantum of protection, that is the burden on the consumer should be just sufficient to protect the industry and no more; and thirdly,—this was interesting to them—it should be an industry which, in a measurable distance of time,—not too long—should be able to justify the protection given by coming into the open and being in a position to compete with other foreign manufacture. I am very happy to say that the basic foundations on which our Tariff Commission is working were very much appreciated both by the professor and the students and they said that it is a very good system. Since my hon. friend Shri Asoka Mehta permitted me to complete the story, I am quite sure he appreciates that the method of working, though it takes time as I have done in the third reading stage, is a sound one.

Mr. Chairman: The question is:

"That the Bill be passed."

The motion was adopted.