

[Mr. Chairman]

The question is:

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

*The motion was adopted.*

*Clauses 1 and 2, 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. Chairman: The question is:

"That the Bill be passed."

*The motion was adopted.*

nate whether they want to move those cut motions?

(1) *Steps taken for expansion of steel production.*

(2) *Steps taken for expansion of iron and steel production.*

Shri N. B. Chowdhury (Ghatal): I beg to move:

(1) "That the demand for a supplementary grant of a sum not exceeding Rs. 4,27,000 in respect of 'Ministry of Production' be reduced by Rs. 100."

(2) "That the demand for supplementary grant of a sum not exceeding Rs. 1,000 in respect of 'Capital Outlay of the Ministry of Production' be reduced by Rs. 100."

This demand 131 relates to the production of iron and steel. The question of the expansion of this industry is certainly a very vital one and we are glad to see that at least at the end of the Five Year Plan Government have taken certain steps to expand this industry.

Here is a question of training a number of persons and the setting up of certain industrial plants. Since 1952, we have been urging upon Government to start the basic industries so that our national economy may be strengthened, so that our independence may be strengthened. But, Government did not adopt such measures at that time. There were reasons for that. They did not seem to be in a position to take a bold stand because of the influence of foreign capitalists over the economy of our country and because of other extraneous influences. It was clear that the Government could not take quick action.

We have heard of talks about the setting up of steel plants in this country and there were negotiations with certain agencies in other countries, U.S.A. and the U.K. but nothing resulted. Recently, there seems to be a change in the policy, failing in their endeavours to get help from those

## DEMANDS FOR SUPPLEMENTARY GRANTS

### DEMAND No. 85—MINISTRY OF PRODUCTION

### DEMAND No. 131—CAPITAL OUTLAY OF THE MINISTRY OF PRODUCTION

Mr. Chairman: We will now take up the next business on the agenda, Demands for Supplementary Grants.

Motions moved:

(1) "That a supplementary sum not exceeding Rs. 4,27,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'Ministry of Production'."

(2) "That a supplementary sum not exceeding Rs. 1,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'Capital Outlay of the Ministry of Production'."

There are cut motions so far as these two Demands are concerned. Will the hon. Members kindly inti-

countries. They made a change in their policy and wanted to have help from whatever quarter it came. When they negotiated about the expansion or setting up of certain basic industries with certain socialist countries, the imperialist countries also came forward with their help. Now we know about the agreement with Krupps-Demag in respect of the plant in Orissa. There, if you consider the terms it will be clear that in the terms of the agreement there are so many provisions which are not in the best interests of our country and which affect our interests adversely in many fields including the question of training of personnel. We have to pay a huge amount for even planning and we have to give them a share and all that. With regard to the other plant—Bhilai—we find that no such condition is attached. We were ready to accept the help which is in the best interests of our country and which comes without any strings attached to it. Only then we can make rapid expansion in our production of iron and steel. In the notes it is mentioned that the private sector is not in a position to expand its steel production. In addition to the expansion in the private sector, Government have undertaken these ventures. This is one of the fourteen basic industries on which Government laid particular stress in the First Five Year Plan. They had also mentioned the need for State control and State's responsibility for the development of these industries.

Now with regard to the production of iron and steel in the private sector, we find that only recently Government gave a loan of Rs. 10 crores. It is without any interest. We do not understand the reasons for this interest-free loan. It may not yield dividends during the first few years. The establishment of a big iron and steel plant or the expansion of a plant may take some time and it will take some time to give profits. It is quite understandable. They may postpone the payment of the interest for a certain period. But why should not interest be realised at all?

After some time they will certainly be making profits and they will be in a position to pay back the interest. When we are trying to expand the iron and steel industry in the public sector for the purpose of development of our economy and for industrial expansion, we should not give such facilities to the private sector and say that they need not pay the interest at all at any time. That is one thing which we highly object to.

Then with regard to the plan for the setting up of these things as envisaged in the notes, I may say that we certainly want that Government should take prompt action with regard to those. We do not want to hinder this in any way. In fact we want that sufficient money should be allocated for this purpose so that there may not be any difficulty in the way of rapid execution of these projects. But at the same time we must see that the personnel is trained as quickly as possible and proper opportunities are given to Indians. These plants that we are proposing to set up, we should see, are not handed over to the private sector in the future. This suspicion is there in our minds because I heard the hon. Finance Minister, Shri Deshmukh, make a remark in connection with this. The phrase used by him was not necessarily 'Certain things, he has said, will be done in the public sector first by the Government but not necessarily for retention in that sector. That is the phrase used and I do not think that this will apply here in the case of iron and steel production. But this suspicion is lurking in the minds of some of us. I would like to have a categorical assurance from the Government that these industries which would be set up by the Government would continue to be in the public sector and would never be handed over to the private entrepreneurs. That is what I have to say with regard to iron and steel projects.

**Mr. Chairman:** I have to make a correction. Only two cut motions stand in the name of the hon. Member

who had just spoken—Nos. 23 and 31. Other hon. Members who had sent in their cut motions are not present and so it would be deemed that only two motions have been moved namely Nos 23 and 31.

Cut motions moved:

(1) "That the demand for a supplementary grant of a sum not exceeding Rs. 4,27,000 in respect of 'Ministry of Production, be reduced by Rs. 100."

(2) "That the demand for a supplementary grant of a sum not exceeding Rs. 1,000 in respect of 'Capital Outlay of the Ministry of Production be reduced by Rs. 100."

**Shri K. K. Basu** (Diamond Harbour): This particular demand relates largely to the formation of the Ministry of Iron and Steel under the charge of our able and capable Minister. . .

**Shri Kamath** (Hoshangabad): Mutual admiration!

**Shri K. K. Basu:** . . . Minister who on the threat of resignation gets things done.

**Mr. Chairman:** Now we have got only cut motions.

**Shri Kamath:** He might be cut. That is what he meant.

**The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari):** It also includes beheading the Minister.

**Shri Kamath:** That is the apprehension of the Minister. (*Interruptions*).

**Mr. Chairman:** Perhaps the hon. Member feels that the hon. Minister began the game.

**Shri Kamath:** Complimenting.

**Shri K. K. Basu:** Government is possibly laying greater stress on increasing vital industries in the public sector. We all wish that the production

of iron and steel in our country should increase to meet the basic requirements without which our industries cannot grow. It is also good that a new Ministry has been formed to deal with the matters relating to iron and steel not only in the public sector but also in the private sector. I feel that the new Ministry will see that this particular industry is dealt with properly in the interests of the nation even in respect of the private sector. We know fully well about the three plants that are to be put up. I am not going into the details which my friend has discussed at length. He pointed about the different terms on which we are having these. When they go into production, the production of iron and steel in our country will increase. Even then according to the Government figures, only fifty per cent of our requirements will be met by the public sector and another 50 per cent will still be in the hands of the private sector. In recent years the private sector has tried to expand its production capacity and to a large extent Government has come forward to help it by advancing loans on very easy terms like interest-free loans, etc. The payment of interest is postponed or the repayment of capital is to be in easy instalments. Sometimes by the Government guarantee for the repayment of the loan, these companies raise money from international agencies like the World Bank, etc.

What I would like to urge upon this House is this. Production of steel is very important and vital for the industrialisation of our country. Therefore, Government should also see that this private sector will not be a trouble. Unfortunately the history and the behaviour of these particular concerns—mainly the two big ones—the Tatas and the Indian Iron and Steel Company leave us with some suspicion in our minds. The other day, the Chairman of TISCO, Burnpur has said that they want to expand and for the first expansion they have already come to an agreement with

the World Bank and have got some accommodation from the Government for which the Chairman has naturally thanked the Government. He is expecting a second expansion for which capital may be raised, but that is conditioned on the theory that if the steel retention price increases the Government may allow them to recoup the loan that they may raise from outside, or the capital they may try to raise. The actual expression he has used is: "In order to cover up the loan". He has said that on that condition only the question of further expansion arises. We know that in this particular concern the Government has large stake but we do not know whether the Government has any chance to check up how they behave, apart from the figures of production which they give, because on the production figures even the Members of Parliament cannot lay their hands as they are not supplied to them.

At the same time the Chairman of the concern says that the workers are producing more, they have developed their efficiency and all that. But, when the question of payment of production bonus is raised they refuse to pay. They even provoke the workers to stop work or to go on strike for the achievement of their legitimate demands. Often the Government is asked through labour unions and other organisations to intervene and see whether the concern is in a position to pay production bonus when the Chairman himself in his annual statement has said that the workers have worked wonderfully, efficiency has increased and the *per capita* output, has increased. Even then the justified demands of the workers are not fulfilled. What I urge is that when the workers make such a simple demand the Government should look into the matter and if they are satisfied that the workers are fully justified in their demand, their demand should be conceded. What I find is that the Government sits tight and the Government agents who are supposed to look after the in-

terests of the labour actually help for the protection of the interests of the private industry with the use of the whole Ministry and use of the police force. This goes against the most vital and most psychological approach of the workers which is a very important thing.

**Mr. Chairman:** A support to a cut motion should not be prolonged so much.

**Shri K. K. Basu:** I am supporting the cut motion as well as discussing the Demand. We are discussing a new Ministry and it is not restricted to a principle we have already decided.

**Mr. Chairman:** If the hon. Member, was so keen perhaps we expect some cut motions from him as well.

**Shri K. K. Basu:** I am not simply supporting the cut motion. I am also speaking on the Demand which comes from a new Ministry. In that I emphasise that this should be the way in which the new Ministry should work. I feel that the Government should see that the output of a particular concern which is so vital for us is kept up and every constituent in the production—capital and labour—should be kept fully satisfied. Even though the Government takes an attitude as if this is a private sector and it has nothing to do, everybody feels that the Government has so much stake in it either by way of large amount of advance or as guarantee for large sums of money.

**Shri T. T. Krishnamachari:** I have no desire to stilt my friend's time. I may say that this particular Ministry is not dealing with these two units in the private sector.

**Shri K. K. Basu:** You mean to say that these are not under the Iron and Steel Ministry?

**Shri T. T. Krishnamachari:** The Iron and Steel Ministry is not dealing with Burnpur and Jamshedpur works.

**Shri K. K. Basu:** Even though the Iron and Steel Ministry is concerned with the works in the public sector and the private sector is left to the Commerce and Industry Ministry, the individual concerned is the same even if there are two Ministries.

**Shri T. T. Krishnamacari:** The Commerce and Industry Ministry looks after the distribution of iron as well as the units in the private sector including Bhadravati factory and re-rolling mills. The Ministry of Iron and Steel is dealing with the proposed plants.

**Shri K. K. Basu:** But, when the new Ministry was created a Press note said—it may be because of one common individual in both the Ministries that they combined both—that both the sectors will be put under the new Ministry.

**Mr. Chairman:** Now it is made clear.

**Shri K. K. Basu:** Therefore, what I would say is that this Iron and Steel Ministry should see that the whole thing is brought—in this case fortunately we have the same person—under a common plan.

The formation of a new Ministry is very good because the public sector has been increased and, possibly, some more vital industries may be brought under it, but it is necessary that the Government should take much more direct interest.

There is only one more point on which I want to lay stress. I would only appeal to the hon. Minister to consider this point. People have always a suspicion, especially when a statement as I mentioned has been made by the Chairman of the concern, that the Government always give help to raise retention prices, to raise more capital and so on, but when the common man comes for either a reduction in the prices or with a demand the workers have got they take a lukewarm attitude. In

the case of the new Ministry it is very good that they are going to give training to so many persons as is indicated in the very short descriptive note which has been given to us. I wish we had a further detailed note. Even though only three new steel plant agreements are completed the whole project is more or less fully determined and the Government should have given us a full detailed note about the position and the way they are dealing. One thing I want to suggest and that is, I hope the hon. Minister will see that Indian talents develop with regard to iron and steel. We have got the Tatas and we have got the Indian Iron and Steel which are established for a very long time, but whenever we have got to establish a new plant we are compelled to go to foreign agencies. It is true that we may not have the 'know-how' in the country, but why should it not be developed in regard to output and fabricated industry which is necessary for building up our iron and steel industry?

The other day I remember our Minister made a statement that we are thinking in terms of a fourth steel plant and that may be located in Bihar. I am not concerned with where that is going to be located, if it is to be located in India that is the most important thing. But, I wish that when the question of setting up that plant is considered the majority of the 'know-how' skill should be obtained from India itself and where we cannot absolutely get the talent here we can import from outside. This outlook the Government should have. I have sat in one important committee of this House and there I have found that in every industry we want to build up, even after 5, 6 or 7 years time, we see that there is nobody who can properly design; whether it is machine tools, ship building or whatever it may be. The unfortunate part of it is that whenever we enter into an agreement with a foreign firm we never attach any of our men at the designing stage. After 6 or 7 years when something goes

wrong then it is said that the foreign experts designed for us and they have not designed properly. When we are going to have a new Ministry for a very important sector of our industry we should see that our Indian talents develop and attach our men to these foreign experts from whatever country they may be so that whenever we go in for another steel plant it will be done with entirely Indian talent and 'know-how' as far as possible and we need import men from outside only where it is absolutely necessary and which is not easily available in our country.

**Shri Bansal (Jhajjar-Rewari):** I rise to support both these Demands because in my opinion the formation of this new Ministry underlines the great importance of the development of iron and steel industry in our country. Having said this, I must say that I am not completely reassured as to what is happening with the much talked of plants—at least two of the plants—that are under progress. We have been talking about Rourkela Plant for the last 3 years and of the Bhilai Plant also for the last one year and a half or so. The House has yet to receive from the hon. Minister a report on the progress in respect of both these plants. I am not trying to strike an unduly sceptical note, but I have a feeling, in spite of all that is being said about the progress that these two plants are making, of doubt in my own mind as to whether either of these plants will be ready within the next five year period. I say this because we have had no information as to the progress of these plants so far. Whatever stray report that one gets, indicates that not much work has been done at the site, either of Rourkela or Bhilai. Therefore, what I would like the hon. Minister of Commerce and Industry to do, while replying to this debate, is to take the House into confidence as to the progress that has already been made at least in respect of these two plants.

As regards Durgapur, we had a Mission from United Kingdom in April last. We were told that their report would be received in May or June. I do not know when the report came, but another Mission came in October. I think that Mission left recently. Another report from them is expected in about a month's time. After that, I think a project report will be drawn up and I do not know how long that will take and how long the subsequent developments will take. I am saying all this because I am really one of those who are impatient about the development of this very vital industry in the country. I would like to impress on the hon. Minister of Commerce and Industry that he should not allow grass to grow under his feet, lest he should find after a period of three or four years that our development in this respect is not what it ought to have been.

I am one with my friend Shri Basu when he talks of the lack of technical personnel. In fact, I tabled a question some time back in this House, asking the Minister of Commerce and Industry as to what steps are being taken to train the necessary technical personnel which is required for the setting up of these three or four plants and which will be responsible for producing five to six million tons of steel. He might have a number of schemes so that all the requisite personnel is trained within a reasonable period of time. But I would like to know what those schemes are. Have any of those schemes made any headway? Are we getting our people trained in foreign countries and which are those foreign countries? Are they Russians or Germans from whom we are going to receive technical training, and are they prepared to undertake the training of our technical personnel? Are you making adequate arrangements to get training for our people in the existing steel plants of our country? Are we working in this direction hand in hand with the Tata Iron and Steel Company and the Indian Iron? If they are not in a position to supply

[Shri Bansal]

us the necessary technical personnel and training facilities, then what steps are we taking to see that those people do make these facilities available to us? I think it is high time that all these facts were placed before the House so that those who are having some sort of doubts in their minds as to the speed and the period within which all these plans will come into fruition can feel slightly reassured.

I do not know what the project report will be about the Durgapur scheme and when it will be started. I must warn the hon. Minister of Commerce and Industry that he should not take for granted that all the help that he expects will be forthcoming from the United Kingdom. In fact, my own feeling is that this scheme is going to founder on the bedrock of finance as far as the United Kingdom is concerned. Therefore, I think he should explore some other avenues also so that we do not lose time.

About the technical personnel and association of Indian know-how with the development of this industry, as you are aware, Rajaji first talked about the setting up of two steel plants as early as 1947. It will be nine years in March next when he first talked of putting up these two steel plants. In all these nine years, we have been talking off and on. Of course we arrived at some agreements with the Germans and then subsequently with the Russians, but, as I said, we are still far from producing even an ounce of extra steel. I think even if the plans of the hon. Minister of Commerce and Industry fructify, it will be twelve or thirteen years after Rajaji's statement was made that some additional steel will be produced in our country. May I ask how is it that you were all the time waiting for the setting up of a steel plant of whatever capacity, on the foreigners? We never took our own Indian producers into confidence as to how much more they could produce, whether

they were in a position to set up additional plants and whether they were in a position to help Government with their schemes of development in this direction. When I made certain enquiries from the Production Minister, he told me "How can we approach our Indian friends, Indian companies, because they themselves are approaching Krupps and some others for technical know-how and for the development of their production capacity?". I do not think that is a reasonable attitude to take. I even now believe that if we associate very actively the Indian producers of iron and steel with these project reports, with the formulation of these schemes, our dependence on the foreign elements will be lessened. I think that is a very desirable step to take. As I pointed out yesterday, with regard to the rubber industry the result of our excessive dependence on foreign monopolistic concerns has been that we have no control over the price structure. We do not know how their price structure is made and how they charge such high prices. I am afraid that if we are not vigilant enough, the same thing may happen with regard to the Rourkela plant. I know the Minister of Iron and Steel is very vigilant; he was vigilant in respect of the rubber industry also; but it was only after a number of years—only this year—it was found out why the rubber interests were charging such high prices. Therefore, I would urge upon the Minister to see that we should have more and more association of Indian technical know-how, Indian personnel, with the development of these vital industries.

Again, with regard to the technical personnel, I think we will require thousands of engineers for these three or four steel plants. We can send only a limited number of technicians abroad for training. What I want to know is, how and in what manner the Minister of Iron and Steel is proceeding so as to ensure that within a short period we can get the required technical personnel at all levels. We will require them at the foreman

level, at the engineering level and at the consultative engineering level. I do not know all the categories, and he will be able to enlighten the House better, but at all these levels, we will again require technically trained personnel. I want to know as to how he is determining and making sure that all these tiers will be filled as and when vacancies go on arising. I think that is a very important and difficult task and I suggest that the hon. Minister gives very serious consideration to this aspect also.

**Dr. Suresh Chandra (Aurangabad):**  
I think that we should welcome the setting up of a new Ministry for Iron and Steel, because, as has been said, the annual production of steel ingots has been set—by 1960-61—at six million tons and for that reason we have got three plants at the moment. It is very important that there should be a separate Ministry and it can give a real push to this work. I think the work in regard to all these three plants at Bhilai, Rourkela and in Bengal has been proceeding well. I think we should congratulate the Minister for having paid the best attention to this work.

However, I feel that this kind of setting up of plants which have been imported from outside India is not good. It is not enough. Even our Prime Minister who has been visiting foreign countries lately, especially China and Russia, has referred to this matter. When he returned from China, he told us that even an industrially backward country like China has not only started manufacturing steel but also started installing these plants. I feel that it is important that we should also start manufacturing steel plants, so that we may not have to spend a large amount of money on importing all these plants. I would like the hon. Minister to tell us what steps the Government have taken in this direction.

2 P.M.

There is another point which I would like to stress, which has also

been expressed earlier by some hon. friends. That is with regard to personnel and it is a very important one. The Government of India is entering into a new field in the production of steel, because compared to even some small countries in Europe, steel production in India is very small. Therefore, this is a very important matter. We are importing these steel plants and we are also importing engineers, scientists and metallurgists and other people from outside India. I would very much like to know what steps the Government are taking for the recruitment of the right kind of personnel. In this House also, very often criticism is made and it is said that on the one hand, there is dearth of personnel in this country and on the other, a large number of engineers and others do not find employment. I myself have some experience of this kind of conflict between dearth of personnel on the one side and unemployment on the other. In the Damodar Valley Corporation, which I had the privilege of visiting on behalf of the Estimates Committee, I was sorry to find that there was no co-ordination. Because of lack of co-ordination in this country, we have dearth of trained personnel in many projects which we have undertaken for the development of industries on the one hand and unemployment on the other. I would like to know from the hon. Minister the steps which are being taken by the Government in this direction also. The Estimates Committee have also recommended that wherever we have engineers and experts from foreign countries, we should have some kind of understudy, so that in proper time we can have Indian engineers who can man these projects without the aid of the foreign experts. I was told at the D. V. C. that as far as irrigation was concerned, there was no sphere where the Indian engineers could not do as well as the foreign engineers. I do not know whether the same is true about the steel industry; but I think our people do not lack talents even in this matter if proper direction is given to them and if proper facilities are also provided.



[Dr. Suresh Chandra]

Therefore, I hope that this Ministry, which is a welcome one, will devote some attention to the proper selection of personnel and training them.

In some places, for instance in Rourkela, there have been grievances of labour which have been often brought out in this House. I feel that the Ministry should also do something, so that the labourers are given proper facilities and payment and their grievances may be removed. There is also another point. Whenever we instal new plants; we have sometimes to evict the people of the villages in those areas. I have been told that in certain places in Rourkela villagers have not been paid any compensation for the loss of their land or houses. I would request the Minister to look into these things. There is also a complaint that in Rourkela and other places where the steel plants have been installed, local talents—engineers and others—have not been properly utilised. I think we should not follow the policy of importing engineers not only from abroad, but also from one State to another. We should try to utilise local talents as much as possible.

Till now there was a great necessity for setting up an Iron and Steel Ministry and we are really happy to have a very able Minister at the head of this Ministry. I heartily support these demands.

**Shri T. T. Krishnamachari:** Mr. Chairman, once again I have to express my gratitude to the three speakers for the general support they have given to these two demands. Mr. Bansal has asked a number of queries. I have come reasonably well prepared to answer many queries, but I think they came at such rapidity, the rapidity of a sten-gun, that quite a piece of it missed me and went on to the wall. The point really is this. The Ministry was created in order to deal with this problem of steel production, i.e. to increase steel produc-

tion. At the moment, as I said before, the units in the private sector have been left untouched. It is with the Commerce Ministry. The question of import and distribution of iron and steel is also with the Commerce and Industry Ministry. What will happen in future is a thing which I cannot say now. It looks as though this will be the pattern for some time to come. It is true that we thought of two additional steel plants in the public sector. One very distinguished person, who was a predecessor in this office for some time, Rajaji, was in charge of the Ministry then. At that time we invited three consulting firms to produce project reports. In 1949 the Government were hard pressed in regard to finance. There was devaluation and inflation in the country and the decision was taken at a very high level not to proceed with the projects, in spite of the fact that Government had spent some money on it. The proposal was again revived after this new Ministry came into being in May, 1952. As my friend Mr. Bansal, put it, not quite so plainly, but indirectly, Government are not very competent in these matters. They have got to find their feet. It is a question of learning all about steel. We did take some time to learn how to set up a steel plant. I must say that, in spite of our noted incapacity to run industries, the knowledge that a director of a company in our country possesses is far above that of the knowledge possessed by directors in other companies in regard to steel production. In fact, some of the time I have been here today, I have been doing a wrong about a particular process of steel making, about which I shall be hearing a lot this afternoon if the House would permit me to go away from here. Our education is proceeding fairly rapidly in my view. Whether it is likely to achieve the desired results is a matter which is in the laps of God. My hon. friend Shri Bansal thinks that we would not be able to produce steel in 5 years and it would take more time. After all, if Shri Bansal on the one side and Krishna-

machari on the other were weighed in a balance, I, as a Minister, may tilt the balance a little on this side, and when I cease to be a Minister, Shri Bansal will tilt the balance undoubtedly on the other side. It is not merely an empty hope, but an earnest hope that we shall be able to complete our projects well before the end of 1959. I also hope that, whoever may be in charge of this office, whoever may be the group of Ministers who would be in power in 1958, we should early in 1958 set about thinking of further expansion from 4.5 million tons of finished steel which we are now contemplating. If Shri Bansal asks me, what is your view, whether this further expansion could be completed, I will say, it may be completed very nearly before the end of the Second Plan period. After all, when we project our minds into the future, one man's word is as good as another. The proof of the pudding is undoubtedly in the eating of it. Whether I will be here to eat or not is a matter of grave doubt. It is still a matter of graver doubt whether I would be alive to see it done. Being mortals, I do not propose to project my mind beyond that.

So far as the present plans are concerned, my hon. friend wants me to give a report. I do not want to give an empty report merely to say so much of earth removed by the earth movers, so many trenches dug, so many bore holes dug in order to find the soundings for foundation and details of this nature which do not interest even myself. After this Ministry was created, I have been twice to Rourkela. The project of the township is going ahead. We are thinking in terms of 18 to 20 sectors. Three sectors will be complete before long. Work in regard to the foundation of the factory is also being taken up. The sites have been marked. But, my hon. friend asks, where are the plans? Unfortunately, it is not like going to a bazaar and buying something. If it is a question of buying *badam* or *pista*, I can go to Wengers, buy and produce it. It is merely a question of walking. Here, it is iron and steel.

It is so difficult a work. I can tell my hon. friend that in regard to this Rourkela plant, though we received the project report from our consultants some time back, we subsequently revised our steel targets and decided to raise the production from 359,000 tons of finished steel to 720,000 tons. May be that we will get another 20,000 tons more if the gauge of the sheets is altered. Once we did it, the plan had got to be revised, and fresh project report had to be drawn up. It took some months to do that. Any way, so far as Rourkela is concerned, we have got the first set of tenders. Tenders have been issued. We expect to finalise the tenders in regard to coke oven, blast furnace and other ancillary matters some time early in the new year. We have now got the final report. We expect to get the second batch of tenders for other equipment and the plant.

At the moment, we are now concerned in discussing certain alternative process of steel making and as I said before, if the House will permit me to go, I do propose to have discussions roundabout this afternoon whether we should decide on the conventional process of open hearth for steel making or we should use the new process, what they call the L.D. process of half and half or a quarter and three quarters. All these things will have to be decided in a short time. This will take us to the next stage. Then, we have to issue tenders. We have got to wait for the people to tender. It is only when the man who tenders for this plant, gives us his own dimensions, the type of foundation that he wants, that we can go ahead with the question of foundation. These are the limitations that you cannot escape in a matter where, assuredly, with all the technical skill available, it will take time.

**Shri K. K. Basu:** Does this decision about the second process concern Rourkela also?

**Shri T. T. Krishnamachari:** It only concerns Rourkela. We are not thinking of the new process for the other plant.

**Shri K. K. Basu:** You again open the question of tender. Initially you have already received tenders.

**Shri T. T. Krishnamachari:** It is going in batches. In the first batch we have issued tenders. We expect to receive tenders early next year. We have got to issue tenders for the next batch. After all, it is running in stages, unless we have a package deal. We have a package deal and I shall be coming to the Bhilai plant. This process is different. That is the position as regards the Rourkela plant. I do believe that even with all these delays which are incidental, and in the present case seem to be unavoidable, we would be able, with the help of the consultants, to get the plant going some time in 1959. In fact, it is my desire to accelerate it as much as possible. May be that I am not being very wise; but everything that is possible is being done in the direction.

In regard to the Bhilai plant, the work on the site is proceeding. The quarters for the consultants and for our engineers are being built. The Chief Engineer of the plant who is sent by the U.S.S.R. is already on the site. We expect a further batch to come before long. In the mean time, we have to finalise the project report, accept the project, and settle the terms. We have now got a delegation of 21 people who have come from the U.S.S.R., whom I met yesterday. We have to go through the process of scrutinising their prices. Their project report has been received. It contains two volumes for the purposes of a layman like myself and 35 volumes for the purposes of experts. These have to be scrutinised and we have to decide on the prices. So far as the Bhilai plant is concerned, we agree to a package deal. We pay a particular price for all the equipment that they supply. We don't call for tenders, we won't earmark this or that and the various details. It is a complete deal. They give us what is called the 'turn-the-key' job; they deliver us the plant in a working condition on a stipulated

ed date. That is in progress now. We had anticipated their producing the report at the proper time. We have gone ahead with the work. I expect probably in about a couple of months time, we will be able to finalise the deals.

**Pandit Thakur Das Bhargava (Gurgaon):** May I know who are the experts for whom the 35 volumes have been prepared?

**Shri T. T. Krishnamachari:** They are for us. We have got to find experts to study them. In the course of the study, I might become a quasi-expert myself.

**Pandit Thakur Das Bhargava:** They are for our own experts.

**Shri T. T. Krishnamachari:** Now, I will come to the third plant about which my hon. friend Shri Bansal is extremely more sceptical than the other two, that is, the plant that we want to set up in Durgapur. We invited a British team under the Colombo Plan to advise us. That team came here presided over by a person who is a former member of the Indian Civil Service. I would like to say that they have given us a report which is full and complete to the extent that it is possible, an extremely good report, in a very quick time. It gives us the broad contours of what we want, and what the costs are likely to be. The team that came had no financial interest in pursuing their proposition. They came, as I said, under the Colombo Plan financed by the U.K. After that we have been discussing with a firm which has been promoted for the purpose of setting up a plant in India in which various manufacturers of the different parts of a steel plant, in some cases there are two manufacturers for the same type of plant, are represented. That team came and we were discussing with it. We expect to hear from them finally with regard not merely to the costs with a variance of 5 per cent either way but also the terms for a package deal by about the middle of next month. And if that is satisfac-

tory, then the project report will be prepared by our consultants in consultation with them. The method that we are following with regard to the third plant is slightly different from the two other methods.

In the case of the Rourkela plant, our consultants happen to be Krupp Damag who are Germans, who will also erect the plant. They are free to supply the plant also. The terms of financial participation have got a tie-up with their supplying the plant. If this plant is supplied by them, a particular percentage will be pumped into the capital of the company. In the case of the Bhilai plant, we are depending on the Russians for technical help for providing an alternative for consultant, for doing the erection and for supplying the machinery. In the case of the third plant, we varied the procedure. We have negotiated, but we are having an agreement with a very well known firm of consultants who will be our consultants, no matter where we buy, who will prepare the project report with the particular person who supplies the machinery who will frame the proposals for tenders, who have no interests whatever in any part of the world in regard to the manufacture of steel making plants. We have also ensured—assuming that the agreement goes through which I think it will—that this firm should give us broadly all help in regard not merely to iron and steel but to all allied matters like production of alloy steel, special steel, stainless steel and whatever we want, and we propose to engage them as our general consultants for a period of five or six years so that we get their help in any matter that we want. So, the procedure we are now following in this particular matter of the third plant makes us free to buy our plants from wherever we want. It does not necessarily tie us up to the British. If the British offer us a package deal which we find is favourable to us and the terms of payment are such as could be accommodated within our financial capacity during the second Five Year Plan, well,

possibly the Government might accept it. If that contingency does not happen, I am not going to drop Durgapur. I would like to tell my hon. friend, Shri Bansal we are going to ahead with it. Maybe we will find ourselves rather in straightened circumstances with regard to finance, but my hon. friend Shri Basu has promised to give me his support. He said there should not be any bargaining in regard to provision of funds for these three steel plants. That gives me courage. I might be able to fight the Planning Commission and say: "No, my budget should not be cut down." If that is the case, I feel now that the Government is now competent enough with the aid of this consulting firm to go ahead further in regard to the third steel plant. We can buy our machinery wherever we like, whoever supplies to us cheap. We might buy it from all over the world.

**Shri Bansal:** What is the position of the consortium vis-a-vis this firm of consultants?

**Shri T. T. Krishnamachari:** Nothing at all. Absolutely nothing, because the firm of consultants are our people. The consortium are just suppliers of machinery and there is absolutely nothing. They are not even in a juxtaposition. The consultants are our consultants, they have got to give us their opinion, prepare project reports according to what we instruct them to do. Maybe this consortium or any other consortium in some other country may supply the goods and our consultants will work them and prepare the details and give us advice with regard to the technical suitability of the plant as well as with regard to cost and also supervisory control in the erection of the plant.

**Shri K. K. Basu:** The other day it came out in the press that Rs. 126 crores is considered to be the cost of this project. Has it got any real foundation or is it just a conjecture?

**Shri T. T. Krishnamachari:** Apparently somebody has got something which has been casually mentioned.

[Shri T. T. Krishnamachari]

it may be that the plant might cost Rs. 126 crores if we include everything, ore mining, township and the ancillary services, or it might cost a little more. At the present moment, I am not in a position to tell you very definitely what the cost will be. Maybe when we decide what the cost at the end of construction of the U.S.S.R. plant at Bhilai will be—it might be in the region of 50 or 60, or 45 crores—the other 60 or 70 or 80 crores which I have to spend in this country will only be an estimate. There will have to be a revised estimate, final accounting. That is the expenditure incurred by us in our supervision, paying for material, paying the men, for development of our resources, the township which we plan etc., and our requirements will vary from time to time and we can only give a rough estimate of the rest. When you pool it together, it might probably come to a big amount. In any case, whatever the plan might be, the foreign expenditure would be in the region of about 45 per cent. Probably it may be a little less. In the case of the Rourkela plant it may be a little more because of the nature of the plant. The type of rolling mill required for the purpose of manufacturing sheets is a more costly one than an ordinary rolling mill for structurals and for common steel.

**Shri S. V. Ramaswamy (Salem):** We are going to have three plants, I believe, in different parts of the country. Will it not be possible for the processes to be standardised, in order to cut short the time so that we may avoid the delay in the preliminaries?

**Shri T. T. Krishnamachari:** My hon. friend has completely missed whatever I have been saying. One agreement is with the Germans. They are preparing specifications according to their own experience. Maybe some portion of the plant would be purchased from them. If the tenders are suitable, it might be purchased from elsewhere. The second one is

Russian which is standardised according to their ideas. The third one may be from anybody—one part from U.K., another from Japan, a third from Czechoslovakia, a fourth from Germany etc. Recently, I had an opportunity of visiting the Indian Iron and Steel Co., plant and spending some time with the Chief Engineer there. I got a break-up of the orders placed. It is placed in six different places because tenders have been invited, and they accepted those which were cheap. Therefore, standardisation at this stage is not a possibility. It might be at the next stage. The production of steel is undergoing various changes. Maybe, by the time we finish these three plants, and are thinking of expansion, some other new method might be in the offing. We might have to try. Some kind of standardisation is undoubtedly possible when we establish these three plants and we probably have ultimately a common technical management of all the three. But at this stage when we are discussing with different people, and there are specifications by different consultants, it is not a possibility.

Coming back to this Durgapur plant I want to tell my hon. friend Shri Bansal that if he wants to doubt, I cannot make a doubting Thomas not doubt. But if he has any faith in the Government's ideas about which they are very serious, we do propose to go ahead with the Durgapur plant, wherever we get the help. We are now equipped for that purpose because we have changed the pattern of proceeding in this matter from the other two plants which are very near the stage of finalisation.

Mention was made in regard to technical training. I have been giving a lot of thought to this matter, because it is one of the difficulties that we are faced with in this scheme of industrial expansion. In the scheme of industrial expansion which we have—and so far as I am concerned, I am very ambitious—I find that at every stage the trouble will be for getting the technical people, and the technical

help. In any event, even assuming that we have people who know steel-making, it would be very difficult to completely do away with the foreign element for some time to come; maybe, another six or seven or eight or ten years hence we might.

My hon. friend Shri K. K. Basu will remember that the basic scheme—I am told—of the Russian plants are American. They have developed therefrom, but basically it is American and it is constructed on the American model.

**Shri K. K. Basu:** They got the American model, but they began to work on it. We want to emphasise only that aspect.

**Shri T. T. Krishnamachari:** But for a long time they had the Americans to work it.

Here, I might tell my hon. friend that I have no difference with him in this matter at all. It is not a question of an emotional background; it is a question of a practical necessity. And luckily or unluckily we have chosen two different sets of people to help us; the third we might have might be somebody different again. So, dependence upon anyone particular set of persons is not there. Even incidentally, though we did not will it, and this happened almost as if by accident, we have a basis of comparing various techniques and various costs, because no two factories are from the same source. But until we develop a very high degree of knowledge in regard to all branches of metallurgy, —it will certainly take us ten to twelve years and even more—we shall have to have some dependence on foreigners, whether they be Russians, the British or the Germans or the Americans. There is nothing wrong in it, because some kind of foreign technical know-how and the experiences they have in their own countries, if imported into our country, is something quite good.

But the other point mentioned by my hon. friend Shri K. K. Basu is very valuable. I think it was stressed also by Dr. Suresh Chandra. The

point really is that we are trying, wherever we get a foreign engineer, to put an Indian counterpart. In fact, in some of the schemes that we have for office rooms which are being constructed, the rooms are opposite. So, we do want to train up an Indian for every foreigner that we have.

In the British report submitted by Sir Eric Coates, the dependence on the foreign technicians has been reduced very rapidly, so that when the plant starts functioning, they envisage that there will be only 9 experts from England, and there would be no necessity to have anything more than that, whereas in the case of the other plants, the number will be higher. I do not say that it is intentional or that it means that a particular consultant wants us to be dependent on him for a longer time. But I am merely suggesting to you that even when we have to cut down the personnel to the bone, some 9 people will have to remain when the plant functions.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

But the question of recruitment of personnel is engaging our attention. My hon. friend Dr. Suresh Chandra said, there are complaints that no technical people are available, but there are plenty of them. Yes, it is really true. It is like the usual adage:

“Water, water, everywhere, but not a drop to drink”. There are plenty of technical men without employment, but not the correct type of technical men whom we can employ.

A committee presided over by a member of the UPSC has been going into the question of recruitment. I think they sat for two days. I was told that the response has been rather unfortunate. The types of people who came in response to advertisements have not been suitable. So, we have again to go on hand-picking people to go before this committee, and ask them to find out whether they are good enough.

**Shri K. K. Basu:** Suppose there is a person who is a mechanical engineer; he may not be well-versed in a particular type of steel work, because he has no practical experience. Do you have any plan to utilise such people so that two or three years hence at least you will be able to have the suitable type of people?

**Shri T. T. Krishnamachari:** That is exactly the idea. For these steel works, I am not going to get an Indian who will be a works manager, who knows steel-making. I can only get a man who is a very highly trained mechanical engineer, very competent and of an alert mind. And that man can do steel-making after three years of experience. That is precisely the way in which we are proceeding. We are trying to get a mechanical engineer or an electrical engineer with a mechanical bias, or even a road engineer who is accustomed to repairing road rollers and who has a mechanical bent of mind and is willing to learn. We are prepared to have such a person provided he has the personality and he has the necessary amount of general knowledge and so on. That is how we are proceeding. I do not say that the process of selection is perfect.

**Shri A. M. Thomas (Ernakulam):** In the foot-note under the Demand, you have stated that 30,000 technical people will be necessary. At what stage is the recruitment? How many have been recruited so far?

**Shri T. T. Krishnamachari:** I was coming to it. The point really is that out of these 30,000 people, about 120 people had to be top personnel. About 1200 to 1500 people might be younger people who might take the place later on, trained qualified people with graduate training in engineering and some experience in some works or other. The rest would probably be skilled technicians and semi-skilled people. I do not propose to have 30,000 engineers. In fact, I would rather be chary of having 20,000 people in all the three plants, because that would make it uneconomical.

We are thinking in terms of about 7,500 people for each plant. That gives only about 22,000 people. Of course, the office services etc. would be there. We are making an attempt.

So far as the Rourkela plant is concerned, we have got about 49 people in training abroad. So far as the Russian plant is concerned, they have given us a complete scheme for the purpose of training. It may be that we would not be able to send all of them there. Only the top personnel would be sent because of the trouble of having interpreters, the training will have to be done very largely here itself. We have already started a school of training in Jamshedpur, and certain types of apprentices are being recruited for the purpose.

**Shri S. V. Ramaswamy:** If the technique and the process of manufacturing are different in the three different steel projects, will the technicians have to be trained separately for each plant, or will the same persons be interchangeable?

**Shri T. T. Krishnamachari:** It is not quite so bad as all that. The coke oven batteries will be more or less the same; the blast furnaces may be the same; it may be that in the Russian plant, they may get a larger output from them, because they are supposed to be able to do it.

It is only so far as the mill is concerned that things will have to vary. If you have a sheet mill, it is a different thing altogether from a mill which would produce structurals, from a mill which will produce tyres and exles for the railways, or from a mill which will produce rails. The only difference will be in regard to the process of steel-making. It is a question of whether you adopt the open hearth process or the Bessemer converter process or you have the LD process; these are the two or three different types which are being used all over the world. So, the element of difference is only in one stage. In

the final stage or the finishing process it certainly must be different, because the end-products are different. The Rourkela plant will only be doing sheets and strips, and the other plants will be doing the common garden variety.

As regards the question of recruitment, we are seized of this matter. We are trying to get at some kind of manpower directorate here. I have been trying to pick up the men. Our chief trouble is, even in regard to narrow limits, the personnel. In the demand for the personnel that are now being employed, there is one item in regard to a technical consultant with a pay of Rs. 3,000. But we have not got the technical consultant yet. It is a question of having to find them.

So, the problem of personnel is there. But it has to be conquered. There is no escape from it. We have got to find the men. We are thinking in terms of recruiting the men at one stage, so that we can equally distribute the grade I, the grade II and the grade III men for all our works.

In regard to the help that we are getting from the existing steel plants, I must say to my hon. friend Shri Bansal that we have their full and active co-operation at my level. In fact, I happen to know all of them personally, and nobody has refused me any help; they have never refused to spare a man whom we wanted to send abroad to take technical opinion. In these discussions that we are having, the highest amongst them are available to us for consultation, and we are getting these three steel plants into being with the full knowledge, concurrence and cheerful co-operation of the private sector in the industry.

In regard to the future, maybe, in about another six months' time, I may be able to present a cogent picture to the House. At the earliest possible moment, I can do so. When all these schemes are finalised and when contracts have been placed and we have

settled on the price, I shall certainly take the House into confidence.

**Shri S. L. Saksena** (Gorakhpur Distt.-North): Shall we achieve the target of 6 million tons by the end of the Second Five Year Plan?

**Shri T. T. Krishnamachari**: I not only hope that the target of 6 million tons ingots will be achieved, but it will be exceeded, because in 1958 it is my hope that we would be able to sit down and find out how we can expand.

I would like to mention one matter in this connection, in which the House might be interested, in regard to the other sector. We have not been keeping idle in regard to the overall needs of iron and steel. We have been able to persuade one of the big manufacturers, Tatas, to go ahead with their increased production. I am happy to say that they have been able to find a consultant who has given them a plan and who, if the agreement is signed on the 15th December 1955, has promised to get a new plant, which will supply 530,000 tons, going by the 31st May 1958. I would like to tell hon. Members that I took a personal interest in the matter and we were able to expedite the proposal. I do hope that Tatas will be successful in getting their consulting engineer fulfil the target, namely, an additional 569,000 tons starting by 31st May 1958.

Altogether, while the immediate position regarding iron and steel is very bleak and very difficult, I do feel that from about the end of 1958 we shall have a fair amount of relief. But I should be sorry if we really had any relief. If the economy is really expanding—it is my hope and my belief that we would produce 4.5 million tons—we will still be short of a million tons. It is, only when our demands are growing beyond our production that the stimulus for greater production will be there. We will probably be planning in the Third Five Year Plan for more and



[Shri T. T. Krishnamachari]

more production, beyond 20 million tons, in spite of the paltry 4.5 million tons that I am thinking of now. But I am heartened that the House generally is willing to give me all its support in this task that we have commenced, a very difficult task which, I am sure, we will be able to see through having in view the very vast amount of goodwill that we have in this House and practically all over the country.

**Sardar Iqbal Singh (Fazilka-Sirsa):** In view of the very bad experience of consultants that we have had, may I know whether the Government have totally satisfied themselves, before the appointment of these consultants for our plants, about their ability to deliver the goods, especially as the hon. Minister has known that these consultants will not deliver the goods and will not prove to be as good as we expect, as happened for example, with regard to the Hindustan Shipyard and others?

**Shri T. T. Krishnamachari:** I have never had any experience with consultants similar to what my hon. friend relates. I expect my experience will be far more fortunate than that of other people.

**Mr. Chairman:** I will put the two cut motions to the vote of the House.

The question is:

"That the demand for a supplementary grant of a sum not exceeding Rs. 4,27,000, in respect of 'Ministry of Production' be reduced by Rs. 100".

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That the demand for a supplementary grant of a sum not exceeding Rs. 1,000 in respect of 'Capital Outlay of the Ministry of

Production' be reduced by Rs. 100".

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That a supplementary sum not exceeding Rs. 4,27,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March 1956, in respect of 'Ministry of Production'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a supplementary sum not exceeding Rs. 1000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March 1956, in respect of 'Capital Outlay of the Ministry of Production'."

*The motion was adopted.*

**DEMAND NO. 4—MISCELLANEOUS DEPARTMENTS AND EXPENDITURE UNDER THE MINISTRY OF COMMERCE AND INDUSTRY**

**Mr. Chairman:** Motion moved:

"That a supplementary sum not exceeding Rs. 5,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry'."

There is no cut motion to this Demand.

**Shri N. B. Chowdhury:** I only want one information.

This demand relates to the expenditure in regard to the ECAFE session in India. Here it has been mentioned that 24 delegations are coming to attend the session. We would like to know the names of the countries concerned. In this connection, we would

also like to know whether the economic part of the Resolution adopted at the Bandung Conference regarding the development of trade in this region will receive any particular consideration at this session.

**The Minister of Commerce (Shri Karmarkar):** Regarding the names of the 24 countries, I have not the information with me, but I will pass it on to the hon. Member. If he is interested, I shall also pass on to him for his benefit the report of the last session so that he will know more about ECAFE than he appears to know about it now.

Regarding the other matter, about the Bandung Conference, I may tell my hon. friend that that Conference went into economic matters also. But the ECAFE is a distinct organisation, and it has also had previous consultations regarding the development of trade in the region concerned. If he wants any more information about the ECAFE and its working, trade etc., I shall be only too glad to supply the material he chooses. Now, it will be a privilege for us to receive these guests at Bangalore and this is the expenditure which we anticipate.

**Shri N. B. Chowdhury:** I wanted to know whether any agenda has been fixed regarding the session. If so, whether the question of the development of trade in this region—Asia and the Far East—in the light of the economic part of the Resolution adopted at the Bandung Conference will be placed before this session by India or any other State.

**Shri Karmarkar:** The agenda is yet to be prepared. The draft agenda is circulated a little earlier than the Conference. Then the conference finally adopts the agenda. Regarding the specific question whether the economic part of the Bandung Resolution will come before this conference, it will not come in that form, but development of trade in the region itself is one of the subjects in which

ECAFE is interested as part of the economic development of the region as a whole.

**Mr. Chairman:** The question is:

“That a supplementary sum not exceeding Rs. 5,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of ‘Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry’.”

*The motion was adopted.*

#### DEMAND No. 22—EXTERNAL AFFAIRS

**Mr. Chairman:** We will now take up Demand No. 22.

**Shri Kamath:** Before you take up this Demand, may I make a request? It is to postpone this demand till Monday. For this, there are also precedents in this House. Today both the demands of the Production Ministry were taken out of turn. In the last session, you will recall that the demand regarding the Official Language Commission was taken up at the very end, though it had figured earlier. Through my cut motion, I propose to raise certain points on which we would like to hear the Prime Minister. As he is absent today owing to urgent business outside, I would request that this demand be held over till Monday, and the other demands may be taken up and disposed of today, if you have no objection to this procedure. The Speaker himself allowed that procedure in the last session. So I think there would not be any objection to it so long as the total overall time is not affected.

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** The External Affairs Ministry is represented here.

**Shri Kamath:** It is much better if the Prime Minister is here when that demand is taken up.

**The Deputy Minister of External Affairs (Shri Anil K. Chanda):** As far as I know the Prime Minister would be very heavily engaged on Monday and Tuesday. It may not be possible for him to be present in the House.

**Shri Kamath:** He would be in Delhi?

**Shri Anil K. Chanda:** He would be in Delhi.

**Mr. Chairman:** In view to the fact that the Prime Minister may not be present in the House even on Monday....

**Shri Kamath:** He will be present in Delhi.

**Mr. Chairman:** But, he is so heavily engaged that he may not come to the House. The point is whether he will be in the House. The likelihood is that he may not be in the House; then, his mere presence in Delhi would not be sufficient.

**Shri Kamath:** Tentatively it may be fixed for Monday and if he is present or not it may be proceeded with.

**Shri Anil K. Chanda:** This is a demand for a supplementary grant and as such it does not raise any question of policy; it is only on a point of information. If the hon. Member wants any information, in my own humble way I would try to satisfy the insatiable curiosity of my hon. friend.

**Shri Kamath:** It is not merely curiosity.

**Shri Anil K. Chanda:** Thirst for knowledge, I should say.

**Mr. Chairman:** I do not think it is fair to say that the hon. Member's curiosity is insatiable. All hon. Members are here only for the purpose of discussion.

**Shri Anil K. Chanda:** I ask for your forgiveness, Sir. The word slipped out of my mouth.

**Shri Kamath:** You and I have been in Parliament because of that; otherwise we would not be here.

**Mr. Chairman:** Because there is no likelihood of the Prime Minister being here—I should certainly like this House to hear him—I do not see any purpose in postponing this.

**Shri Kamath:** There is one eventuality on Monday also. The business on the agenda is likely to be interrupted by the Constitution (Eighth Amendment) Bill. I do not know how long it will take.

**Mr. Chairman:** The full nine hours allotted to it will be utilised for this purpose.

**Shri Kamath:** It may come at the end of the day or even on Tuesday, we do not know.

**Shri Anil K. Chanda:** I do not say that the Prime Minister will not be present in the House, but because of the engagements I know he has, it may not be possible.

**Shri Kamath:** Let me take the off-chance. We may take the other Demands and dispose of them as we have done in the last session and again today.

**Mr. Chairman:** No precedents need be quoted. If it is the wish of the House I have no objection.

**Shri A. M. Thomas:** It is not necessary to postpone.

**Shri Kamath:** The overall time will not be extended.

**Dr. Suresh Chandra:** It is not necessary to postpone because it does not raise questions of important policy.

**Shri M. C. Shah:** These are supplementary demands for the expenditure in connection with these visits.

**Shri N. C. Chatterjee (Hooghly):** If your ruling is that we should go on, then we should start discussing.

**Shri Kamath:** I have made a motion, Sir.

**Mr. Chairman:** Let us take up Demand No. 22.

**Mr. Chairman:** Motion moved:

"That a supplementary sum not exceeding Rs. 23,48,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'External Affairs'."

**Shri Kamath:** It seems Shri Chatterjee has some urgent engagement at 3 o'clock. I would give place to him and I will take my chance after him.

**Mr. Chairman:** Yes.

**Shri N. C. Chatterjee:** We find that under this Demand the Government is asking for about Rs. 20,87,000, roughly about Rs. 21 lakhs in connection with the visit of the Prime Minister of USSR and his party, the Kings of two countries and the visits of other foreign dignitaries. My regret is the Prime Minister is not here. I would have appealed to him to remember whether our poor country can really carry this burden on this lavish scale, especially at the present juncture. Unemployment, the House knows, is steadily rising...Do not laugh, please. It is not a matter for laughing. It is a very serious matter.

**Dr. Suresh Chandra:** I am allowed to laugh.

**Mr. Chairman:** Order, Order. There is no bar to the hon. Member laughing all the time he is here. There is no objection. Every person can laugh here; but, at the same time, when an hon. Member is making his point, at that time, to laugh like this looks rather sarcastic.

446 L.S.D.

**Dr. Suresh Chandra:** I know something of parliamentary procedure and I think it is quite opportune and parliamentary to laugh when some hon. Member makes a point which is absolutely ridiculous.

**Shri N. C. Chatterjee:** He is adding insult to injury.

**Mr. Chairman:** It is exactly what I said. We all like his pleasant manners and laughs but if he laughs at the very moment another hon. Member is making a serious point, it is sarcastic.

**Shri Karmarkar:** It was more spontaneous.

**Shri N. C. Chatterjee:** May I propose?

The first Five Year Plan has not been the success it was expected to be and we are told that the second Five Year Plan is coming and we are threatened with a heavy burden of taxation. The hon. Finance Minister has already resorted to deficit financing which is bound to lead to inflation and rise in prices. It will certainly further burden our poor people.

Now, the question I would have liked to ask the Prime Minister—now I want to know from my hon. friend Shri Chandra—to consider is whether a poor country like India can afford such lavish hospitality. We want to be friendly with all powers in the world. India, we are told, has no enemies and we want to be a stable force for peace in the world. I was near Russia some months back when our Prime Minister was touring Moscow and the Soviet Union and I was very happy that our Prime Minister got a very cordial reception there. It was a matter of joy to me that the first Prime Minister, the first Prime Minister of free India, was received very cordially in that country. I found that there was a certain amount of disappointment in the western countries that our Prime Minister was not fighting communism on the ideological front but was fraternising too much

[Shri N. C. Chatterjee]

with the communist leaders. I assured them that we were an independent country, we are a democratic republic and we are not wedded in any way to totalitarianism and we were not going to be a communist country and India will remain a strong democratic country, stable democracy working for world peace.

Now, we are happy that Marshal Bulganin has come with Mr. Khrushchev. They have received a very warm welcome in this country and almost a tumultuous welcome in my State of Bengal. Our people have really outdone the Russian people. It is natural for people who have just thrown up the foreign yoke to be a little sentimental and a little effusive. But, it is certainly wrong that there should be any people anywhere in the world who think that thereby India is drifting towards totalitarianism or we are drifting away from democracy. We will not be a satellite of any power bloc and we would oppose both communism and imperialism and colonialism and totalitarianism or and other ism and I hope our Prime Minister would have made it clear. We are happy that the Soviet leaders have come at the invitation of our Prime Minister but, in view of the fact that we are friendly with all powers in this world, I wish, I sincerely wish that our distinguished visitors have not raised any controversial matters, under the hospitable roof of this Parliament or when we have extended our hospitality to them in our country.

Sir, two years ago the Vice-President of the USA came; the other day Sir Anthony Eden came, Marshal Tito came, the Egyptian leader Mr. Nasser came. None of them happily, in consonance with the best traditions of international hospitality, raised any controversial issue. Some of us

are happy that some speeches are being made. Temporarily we become happy but it would have been better if any distinguished foreign visitors would refrain from treading on the corns of any power with which India is still friendly. One of the leaders attacked the western powers for the failure of the Geneva Conference when addressing Parliament, and threw the entire blame on western democracies. In your State, Sir, at Nangal one of the leaders is supposed to have said at a luncheon given by the Punjab Governor—Mr. Khrushchev warned India—to beware of her so-called friends. He was good enough to add that a young nation like India like saplings on the highways should be protected. Sir, we did not expect much delicacy of language from these leaders but we are not very happy over the language of India needing protection.

3 P.M.

Shri S. V. Ramaswamy (Salem): On a point of order. We are discussing this Demand for Grant. What our guests said in our country—is it relevant for the purpose? The question is whether we could have cut down the expenditure. We may say that we are a poor country and we have got other expenses to meet. These are all the points that have been advanced in connection with that. Are the other points relevant? I only seek your ruling.

Shri N. C. Chatterjee: I submit that they are perfectly relevant. We are discussing the quantum of grant.

An Hon. Member: We want to know your ruling.

Mr. Chairman: So far as this grant is concerned, the amount involved is to be discussed. At the same time there is one item, item (iii)—visit of other foreign dignitaries and other miscellaneous expenditure. He says that when the visits of other digni-

taries are contemplated and when they come, they should only be allowed to come if they do not behave in the manner which is not liked by certain people. He is only giving his view point. It does not follow that the House is committed to his view. There are other view points also and he may or may not be correct. He can certainly say that so far as those dignitaries are concerned who have yet to come we should see that only those people come who, we should be convinced, will not behave in the manner which will not be to his liking.

But at the same time there is some point in this point of order. After all these dignitaries—Prime Ministers, etc.—are now passing their last days of their visit here and whatever they have said they have already said and they are not likely to say much more. Therefore, when they are here as our guests, it is not discreet or fair to criticise in this way. It will be much better if the criticism is restrained. After all our Prime Minister is going outside and our Ministers also go and we should exercise some restraint in respect of these things. They are our guests here and so we have got to be very restrained in our criticism.

**Shri Anil K. Chanda:** May I make one submission? Does the hon. Member, Shri Chatterjee, want that we should impose certain gagging orders on our guests?

**Shri K. K. Basu:** I rise on a point of order. Supplementary Grant (a) is for additional commitments on account of the increase in the number of visits of foreign dignitaries which could not be foreseen at the time of obtaining the Grants for 1955-56. So, this has been voted and the principle or policy that foreign dignitaries should be invited has been accepted. Now the proposition before the House is whether the amount has to be voted or not. Can he open the question which has been settled? I am not going into the merits of the case. (Interruptions.) The question of inviting the foreign guests or dignitaries

has been gone into and can it be opened now?

**Shri Punnoose (Alleppey):** May I say a word?

**Mr. Chairman:** He has raised a point of order. If the hon. Member wants to speak anything on that point of order, I will allow him.

**Shri Punnoose:** I want to know whether at this stage it is open to any hon. Member or for the House to reject this demand simply because some foreign guest made certain remarks which were not palatable to one hon. Member? If that is the position we can go on.

**Shri Karmarkar:** As part of your ruling I would like you also to rule on one small point. Normally it is the practice in Parliament that hon. Members say something when they are able to vouchsafe for the truth of any extracts of statements. Otherwise, normally he is not allowed to make. I do not know whether my hon. friend quoted from the newspaper report or from the press report. (An Hon Member: Newspaper) Unless he is in a position to say on good authority that this statement is what he has made and he takes the responsibility for that—not legal responsibility—can he make it? He should be in a position to say that what has been reported to have been said is exactly the same thing as what has been said. On that point I should like to have your sub-ruling: viz..

**Mr. Chairman:** Order, order. A point of order has been raised and it has not been disposed of but the hon. Minister proceeds to raise another point of order. Let us take it one by one. Shri Basu has raised a point that this is a matter of policy which has already been discussed. According to him, so far as the visits of the foreign dignitaries are concerned, the principle was accepted that such and such dignitaries can be called. The only point at issue is this. When there is an increase in expenditure, can the discussion of policy be allowed?

[Mr. Chairman]

So far as the question or principle of inviting the foreign dignitaries is concerned, the policy has already been accepted. I could understand if he has said something about the amount; he could have said that so far as the amount is concerned so much should not have been spent. But the principle of calling foreign dignitaries is already settled and the policy cannot be questioned at the time of the Supplementary Demands.

So far as the question that has been asked by the hon. Deputy Minister of External Affairs is concerned, I would simply say this. When foreign dignitaries have been called, I do not think that it is even within the powers of our own Government to gag those people. It is too late to consider whether they should not have been called. When they have come, could they be gagged like this? It is within their own discretion as long as they are there. Therefore, under these circumstances, I would rule that such criticism would certainly be objectionable as relates to their utterances or to the manner in which they have spoken. Let us be restrained in this matter. After all there are Prime Ministers of other countries and we should not criticise them in such manner as will make them think that when they come to this country the Parliament of this country did not like their visits. (Interruptions) I will call upon Shri Chatterjee to speak.

**Dr. Suresh Chandra:** My point is this. In view of your ruling. (Interruptions.) I am raising a point of order. In view of your ruling, the hon. Member has made certain derogatory remarks with regard to the guests who have been in this country.

**Shri N. C. Chatterjee:** I have not made such remarks.

**Dr. Suresh Chandra:** I would request that these remarks may be expunged.

**Mr. Chairman:** Is it a point of order? (Interruptions.) There is no hurry. I will hear everybody. But may I request hon. Members not to use the words 'point of order' when they know that it is not a point of order.

**Shri K. K. Basu:** With your permission, may I have a clarification?

**Mr. Chairman:** That point of order has been finished. There is no question of clarification of a ruling. I am not allowing.

**Shri K. K. Basu:** May I raise a point like this?

**Mr. Chairman:** As the hon Member himself has said, he wanted to raise a point of order on the point of order which I have already disposed of. I cannot allow it.

**Shri K. K. Basu:** I raise a point of order. In the course of the discussion on the Supplementary Grants, a remark is made by a particular Member which tantamounts to a challenge of the very principle which the House has accepted. Shri Chatterjee in the course of his speech on this discussion says certain things; certain dignitaries were invited and they say something which according to a section of the House is against some friendly powers and so these dignitaries should not be invited. Then naturally we have to reply. That is what they say. Now, is it open to this House to go into the basic question of inviting these dignitaries? Or can we say like this? When we invite them we have to go into the question whether they will utter something against some power with which we have friendly relations. The question of principle of inviting foreign guests is involved.

**Mr. Chairman:** Order, order. As a matter of fact the hon. Member is not making a point of order. He is only, inviting the opinion of the Chair on a hypothetical point. It is no point of order.

**Shri N. C. Chatterjee:** Sir I want...

**Shri M. L. Dwivedi:** Sir, there is another point raised by the hon. Minister, Shri Karmarkar to which you have not replied.

**Mr. Chairman:** Order, order. The hon. Minister is here and he can himself raise that point.

**Shri Karmarkar:** Sir, I very respectfully say that it is not open to any hon. Member to quote a speech on which he does not rely in the sense that he does not believe it to be entirely true or that it is authentic. That is the parliamentary practice so far as I know; otherwise a Member can go on reading something published anywhere—say, Timbuctoo—and say so many things. Therefore, I think that is irrelevant and the particular extract which the hon. Member quoted should go out of the record.

**Mr. Chairman:** The only point which the hon. Minister has raised is whether the paper or the report from which the hon. Member Shri N. C. Chatterjee quoted is authentic. That is the only point and it is not a point of order at all. It is only a question put to Shri N. C. Chatterjee through the Chair, that is what I understand.

**Shri Karmarkar:** Sir, with your permission, if I may say so, this is really an important point on which you are ruling. Now, if I read before the House a newspaper report unless it is a *bona fide* report it should not be allowed. If I read something as news tomorrow and I quote in this House the same thing purported to have been said by you then you will have no opportunity to disprove it and we will have no way of knowing whether it is true or whether it is not true. My point is whether it is open to an hon. Member to quote from a newspaper and say that he is basing his arguments on that report and that, to quote own words: "This is what they are going on saying" and all that? Is it open to an hon. Member to quote from a newspaper about which he himself is not in a position to say whether what he quotes is true or not?

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** Sir, may I remind my hon. friend that he himself was in trouble on this newspaper report of his speech when the question of privilege was raised in this House and he knows it better than anybody else how the speeches are reported in newspapers.

**Mr. Chairman:** As a matter of fact, every hon. Member knows very well that if there is something reported in the newspapers it is not authentic by itself. It has never been treated by the Chair as authentic but unless and until an objection is raised the practice is that a Member is allowed to read from a newspaper. The objection is very fair and very good and if any hon. Member challenges that the report he quoted is not authentic then I will certainly call upon Shri N. C. Chatterjee to read reports only from an authentic source. A newspaper report by itself is not authentic for the purpose of proving that the man did say, what he has been reported to have said. I will, therefore, request Shri N. C. Chatterjee kindly to tell us from where he has taken those words which he has ascribed to these dignitaries. Unless he is satisfied he is perfectly not justified in quoting that for the basis of his arguments.

**Shri N. M. Lingam (Coimbatore):** Sir, on a point of submission.

**Mr. Chairman:** I know a point of order, I know a point of clarification, but I am yet to know of a point of submission. If the hon. Member wants to speak he may speak when he gets his chance. All Members have thoughts in their minds which have got a bearing on the point at issue. If I allow him to speak now, then all other hon. Members will think in their minds that they should also be allowed to come with their points of submission. Therefore, when he gets a chance to speak then he can express his views and not at this stage.



**Shri M. C. Shah:** When some Member....

**Mr. Chairman:** Is the hon. Minister rising on a point of order?

**Shri M. C. Shah:** I am only requesting the Chair that when a certain criticism has been made based on reports which are not from an authentic source that should not be allowed to go in the records and that should be expunged.

**Shri V. G. Deshpande (Guna):** Why should it not go?

**Mr. Chairman:** So far as the record is concerned it contains what has been said, what has been objected to and what was decided.

**Shri N. C. Chatterjee:** Sir, I am amazed at one remark made by one of my hon. friends that I said something derogatory to the distinguished visitors. I said nothing of the kind. I would not be an Indian nor a Hindu if I say anything derogatory of the distinguished visitors who are our national guests. I said nothing derogatory of them. It is the cardinal principle of our Indo-Aryan civilization to treat our guests not merely with honour but with great respect and decorum. That is what we have been doing. It is not at all my intention to show disrespect to them. What I wanted to point out was that they went off their way to treat India as if we are an undeveloped country which needs protection. I know our Communist friends are very happy that something like that is done.

**Shri U. M. Trivedi (Chittor):** Congress friends also.

**Shri N. C. Chatterjee:** What I am pointing out is this, that—not merely myself but millions of people in our country are very happy that these distinguished visitors who have come to our country have taken a more resolute and more unequivocal stand than even our Government sitting there on the Treasury Benches on very important issues like Goa and Kashmir. We are very happy over that.

**Shri Punnoose:** Sir, you requested the hon. Member to say from where he quoted those words.

**Shri N. C. Chatterjee:** I will place it on the Table of the House if my friend wants it.

Unfortunately, what has happened is this. Due to some of these speeches one Secretary Mr. Dulles has said something which we totally resent. The American people I am sure do not approve of the unfortunate stand—which I say is a tactical blunder—on the part of Mr. Dulles.

**Mr. Chairman:** Order, order. I would respectfully tell the hon. Member—as I have already decided—that the question of policy cannot be decided here. We are only concerned with the actual amount claimed here by way of Supplementary Demand. I would, therefore, request him to treat the matter of his speech as matters of policy and only confine his remarks to the actual matter, that is Supplementary Demand about merely.

**Shri N. C. Chatterjee:** Am I to understand that we cannot say that in some other country certain remarks have been made with regard to the visit of our distinguished visitors and statements made by them which we totally resent and which are thoroughly unfair, thoroughly improper and which are likely to embitter relations and which are not conducive to world peace? These distinguished people have come here, I take it, according to their own statements and according to the statement of our Prime Minister, to promote the cause of world peace. What I am pointing out with due respect is that these comments of Mr. Dulles and the Portuguese Foreign Minister constitute a tragic blunder and they ought not to have been made.

**Mr. Chairman:** Order: order. I have read the rules and I find that so far as Supplementary Demands are concerned no question of policy can be raised. I will just quote an authori-

ty on this point. I am quoting from *Decisions from the Chair*. On page 11 of this book relating to the second session, 1952, we find:

"Explaining the scope of discussion on Demands for Supplementary Grants for 1952-53 on the 8th December, 1952, the Deputy-Speaker made the following observations:—

The general principles followed in regard to cut motions on Demands for Supplementary Grants are as follows:

That the cut motions must be restricted to the particulars contained in the estimates on which supplementary grants are sought and to application of the items which compose those grants; that a question of policy cannot be raised on demands for supplementary grants in so far as such demands refer to schemes which have already been sanctioned by the House; that with respect to a new service for which previously no sanction has been obtained, question of policy may be raised, but it must be confined to the item on which the vote of the House is sought."

I would, therefore, request the hon. Member not to transgress the limits of the scope of discussion on the Supplementary Grants. I do not think that these remarks which are made by him would be irrelevant if the discussion of the whole policy was before us. But, in relation to Supplementary Grants I am sorry I have to confine the hon. Member to the actual item of grant before the House.

**Shri N. C. Chatterjee:** Then, Sir, I only want to conclude by enquiring of the hon. Deputy Minister if he could give us one information. I would ask the hon. Deputy Minister

as to what is the total expenditure which is being incurred? You are only giving us a figure of Rs. 23 lakhs and odd, but I understand that they are going round the whole of India. Can you give us an idea of the total expenditure that is being incurred throughout? Is the provincial expenditure going to be borne by the provincial revenues or also by the Central revenues and, if so, to what extent?

*Purpose of inviting foreign dignitaries.*

**Shri Kamath:** I wish to move my cut motion No. 1 on Demand No. 22:

"That the demand for a supplementary grant of a sum not exceeding Rs. 23,48,000 in respect of 'External Affairs' be reduced by Rs. 100".

**Shri A. M. Thomas:** What is the point?

**Shri Kamath:** For discussing the purpose of inviting foreign dignitaries to India.

**Mr. Chairman:** So far as this motion is concerned, the purpose as indicated in the cut motion is: "...inviting foreign dignitaries to India".

**Shri Kamath:** "these foreign dignitaries"; it is a mistake there, the word "these" should be put in.

**Mr. Chairman:** Even then, the motion refers to policy, pure and simple. How can I allow this to be moved? It involves a question of policy and questions of policy are not allowed to be discussed on these cut motions to supplementary demands for grants. Therefore, I cannot allow this cut motion.

**Shri Kamath:** "Purpose of inviting these foreign dignitaries to India". That is the purpose.

**Mr. Chairman:** Anyway, that is the purpose. But it is a question of policy. So far as this cut motion is concerned, I feel that it cannot be allowed.

**Shri Kamath:** I can speak on the demand itself.

**Mr. Chairman:** That is a different matter. He may.

**Shri U. M. Trivedi:** I raise a point of order. From the decision of the Deputy-Speaker from which you quoted just now, it is seen that when a particular amount has been mentioned under a particular demand and when the particular head of account is put in, then, whatever be the amount of expenditure that is incurred hereafter, it will all be within the scope of the demand and any further principle on that demand should not be enunciated or agitated. I very humbly submit that it would be an entirely wrong principle to adopt. Some times the Government require Rs. 10 or 20, but from that amount, they cannot jump to Rs. 2 lakhs, or Rs. 5 lakhs or Rs. 10 lakhs. That will in itself involve a policy which cannot but be opposed.

**Mr. Chairman:** It is not a point of order. If the hon. Member wants further elucidation of the ruling, I shall give it further. I only read one portion of that ruling given by the Deputy-Speaker. For the benefit of the hon. Member, I shall read the rest of that ruling. It runs as follows:

"Elucidating the point he observed:

"Supplementary demands may relate to excess grants. If, during the Budget session, a particular item was discussed, the policy accepted by the House and some amount voted, if some extra amount is wanted now, no matter of policy can be discussed on that matter because the policy was already decided for the whole year during the Budget session. If during the course of the year some item or some service, which was not contemplated and not included in the Budget this year, comes up and if for that some money is sought to be spent that

is a matter of policy and it can be discussed'."

In view of the ruling just cited, I cannot allow this motion to be discussed.

**Shri Kamath:** At the outset, let me make it clear that I am not going into the policy of Government. In conformity with the rulings read out by you, I will not touch upon the policy of inviting foreign dignitaries.

During the last seven years, or perhaps the last five years to be exact, we have had in our country a regular pageant of Royal, bourgeois, proletarian dignitaries visiting our country—Royal, bourgeois, feudal, proletarian dignitaries visiting our country.

**Shri L. N. Mishra (Darbhanga cum Bhagalpur):** Is Marshal Bulganin a bourgeois?

**Shri Kamath:** Marshal Bulganin is proletarian.

**Shri U. M. Trivedi:** Proletarian; not totalitarian.

**Shri Kamath:** I am sure you, Sir, my colleagues here and people outside have been happy about this place becoming the pilgrimage centre of those foreign dignitaries. There is no question about that. It is in the best traditions of our ancient hospitality. In Sanskrit you have got a *shloka*; rather a *shloka*:

"सबेनामयागतो गुरु" "अतिथि देवो भव"

आचार्य कृपलानी (भागलपुर व पुनिया)  
मान न मान, मै तेरा मेहमान

**Shri Kamath:** We have really made the "*athitis*" the *devas*. We have had in our country a spectacle, perhaps not a very edifying, but a pleasant spectacle of pearls being showered upon our Soviet guests in Bombay,...

**Shri U. M. Trivedi:** That is by the capitalists.

**Shri Kamath:** ...and certain other formalities,—tilaks and coconuts and arthis—about which we are happy. I was wondering whether these leaders of proletarian, socialist States would have really enjoyed those luxuries. When I was in U.S.S.R. in 1935—in Stalin's time, not in Bulganin's time—I learnt that Stalin occupied only two rooms in the Kremlin;—only two rooms in the Kremlin,—and just a little anteroom.

**Shri Anil K. Chanda:** How did you know?

**Shri Kamath:** I was there myself.

**Shri U. M. Trivedi:** Seeing is believing.

**Shri Anil K. Chanda:** Did you go into the palace occupied by the Marshal?

[MR. DEPUTY-SPEAKER in the Chair]

**Shri Kamath:** I was told by the highest authority, by one of the officers of the Soviet Government. If you have better knowledge, you can enlighten the House.

**Shri Feroze Gandhi** (Pratapgarh Dist.—West cum Rae Bareli Dist.—East): How many rooms and bath-rooms Stalin had, I want to know.

**Shri Kamath:** I do not know about the bath-rooms, Mr. Gandhi may be more competent to talk about that.

**Mr. Deputy-Speaker:** We are going into too many details—the innermost apartments.

**Shri Kamath:** You did not have the background. So, I was referring to it.

**Shri Feroze Gandhi:** You were pleased to rule, when I was speaking the other day, that I must establish relevancy at every stage. So, the hon. Member who is speaking now has also to follow that ruling.

**Shri Kamath:** I can enlighten my friend Shri Feroze Gandhi.

**Mr. Deputy-Speaker:** I think a time-limit is fixed.

**Shri M. C. Shah:** One hour was fixed. There are only five minutes more.

**Shri Kamath:** If you refer to the foot-note under Demand 22, you will find the breakdown of these items constituting Rs. 20.87 lakhs. Item No. (i) is: "Visits of foreign dignitaries who visited India en route to or from Bandung". Then, "(ii) Visits of the Prime Minister of the U.S.S.R. and Party, the King of Saudi Arabia, Vice-President of Indonesia and the King and Queen of Nepal and Party". Then, "(iii) Visit of other foreign dignitaries and other miscellaneous expenditure". The second item is the one where the breakdown may be supplied.

**An Hon. Member:** You want the break-up of those items.

**Shri Kamath:** It is the breakdown. Let not Parliament break-up. How much has been spent, out of the Rs. 16.00 lakhs, on visits of the Prime Minister of the U.S.S.R. and party, how much on the King of Saudi Arabia—this Royal person—and on the Vice-President of Indonesia,—a Republican—and the King and Queen of Nepal and party. That has not been given. As a lump sum, it has been put as Rs. 16.00 lakhs which has been distributed among these four eminent dignitaries. The leaders of the proletarian State, so far as accounts go, have been treated to much more lavish hospitality than the leaders of a democratic State or a Royal State like Saudi Arabia.

**Shri Anil K. Chanda:** No, Sir.

**Shri Kamath:** If you merely say, "No", I will not take it. You may contradict me later on in your speech. You may give your own reasons for it, giving the facts. It is of course on a reciprocal basis for the whole-hearted welcome which our Prime Minister was accorded in Russia. We have outdone their hospitality; there may be nothing wrong about it. The point here is the difference between

[Shri Kamath]

the two States in regard to their structure. Mr. Khrushchev, when he was addressing us in the Central Hall, said that in Russia the party and the people were the same. There is no separation between the party and the people there.

**Mr. Deputy-Speaker:** We need not go into these matters. We are not concerned with their internal administration. We have entered into some alliance, so to say.—I mean the Panch Shila—for the purpose of maintaining peace in the world. When they are actually on our soil, I would like hon. Members not to speak like this. Whatever money has been spent has been spent. This kind of comparison and other things should be avoided. I am not giving any ruling, but I am only submitting for the consideration of the House that we should not give too much weight to what ought to have been done and so on.

**Acharya Kripalani:** These guests did talk about internal politics when they referred to the economic set-up that we have here.

**Mr. Deputy-Speaker:** I am only saying that another opportunity may be taken for saying that the guests ought not to have said such and such a thing. This is not the time for it. Nobody denies that if there is a right, that right is there for us to say what our guests ought to do and ought not to do. So far as the expenditure is concerned, it is rather difficult to weigh meticulously in comparison between one country and another. Whether those countries feel it or not, we are setting them thinking that they have been treated differently. This is what the hon. Member tries to do.

**Shri Kamath:** I welcome your suggestion and I will act according to the spirit of your observations. I am not referring to internal matters, political matters, international matters etc.; Mr. Chatterjee has disposed of them. I was only suggesting that there should be a break-up of the amount

that has been spent—how much was spent on drilling and training our children in Delhi and so on. Of course, it is good. I am told the children were trained, to say "Jai Roos" and "Jai Hind". If that was done by the Party, it is all right. But, if the Government did it officially, I want the amount spent on things like that.

**Acharya Kripalani:** They were instructed how to smile!

**Shri U. M. Trivedi:** It was the parents who spent on those things.

**Shri Kamath:** I was told that a circular was issued by the Director of Education, Delhi. I want to know whether the Government also issued any such circular or instructions for drilling children for the purpose of saying "Jai Hind, Jai Roos, शांति बरकर हो. जय दुनिया" and so on. I want to know how much was spent on this sort of drilling and training.

I come to the other aspect of the matter. We were happy that during this visit of the Russian leaders, the Father of our Nation, Mahatma Gandhi, has been completely rehabilitated by Mr. Khrushchev himself. So far as I am aware—my friend Shri S. L. Saksena, who was in Russia, recently will bear me out—till a year ago, the great Soviet Encyclopaedia described Mahatma Gandhi as a mere religious leader, a reactionary who betrayed his people. But Mr. Khrushchev has openly put Mahatma Gandhi and Lenin on the same pedestal. (Interruptions).

**Mr. Deputy-Speaker:** Order, order. I am afraid we are straying away from the subject. A reception was arranged and so much money was spent. The hon. Member can say it was too much or too little. It is not necessary for us to go into their internal policy, their change of heart, etc. I think the hon. Member will vote not Rs. 16 lakhs, but Rs. 160 lakhs, if they had said that they worshipped Gandhiji. The reference to Mahatma Gandhi, their change of

heart towards him and other things need not come in here. The fact that they have changed their heart does not in any way increase or decrease the amount that has been spent.

**Shri Kamath:** I did not talk about change of heart Regarding the other point, it is sheer coincidence. The visit of the Russian leaders has coincided with the discussion of this Demand. It is not our fault; the Government could have brought it next week after they had departed from our country.

**Mr. Deputy-Speaker:** I am only saying that a reference to their regard for Gandhiji has nothing to do with Rs. 16 lakhs.

**Shri Kamath:** I am pointing out the result that has accrued to our country by the hospitality we have shown them.

**Mr. Deputy-Speaker:** That is all the more reason why everybody must vote for this.

**Shri Kamath:** I would not have referred to it if the Russian leaders had not raised controversial international issues while on our soil.

I now come to the Saudi Arabian King. I am not talking about the hospitality extended to him; I am only telling you about the conduct of the people who received him. I have got a cutting here which says that while passing through Nagpur, the Saudi Arabian King gave gold watches etc. The Governor of Madhya Pradesh, Dr. Patabhi Sitaramayya and the Chief Minister, Pandit Shukla, were the recipients of gifts from the King of Saudi Arabia.

**Sardar Iqbal Singh:** On a point of order, Sir. It is the convention of this House not to criticise the Head of a State. Saudi Arabian King is the Head of a State and we should observe that convention.

**Mr. Deputy-Speaker:** Neither can we criticise the Head of a foreign State nor can we criticise the Head of a State in India. Patabhi Sitaramayya

is the Head of Madhya Pradesh and Chief Minister also is there. There are good representatives in their Assembly, just as we are here in this Parliament. Therefore, it is none of our concern as to whether they gave any gold watches or took any of them.

**Shri Kamath:** I have not finished my sentence...

**Mr. Deputy-Speaker:** A point of order was raised.

**Shri A. M. Thomas:** Only the State of my hon. friend has benefited!

**Shri Kamath:** If it has been made to the State, I do not mind. But it was made personally to the Governor and the Chief Minister.

**Shri Feroze Gandhi:** This is likely to create the impression that we had not got enough!

**Shri Kamath:** The King of Arabia seems generous and very kindly disposed. But here is Article 18 of the Constitution...

**Mr. Deputy-Speaker:** I have heard sufficiently. It says, nobody shall receive gifts. We have no control over those people, Minister of Madhya Pradesh, etc.

**Shri Kamath:** Why not? We are functioning under this Constitution.

**Mr. Deputy-Speaker:** The hon. Member can go to the High Court. So far as the fundamental rights of citizens are concerned, we are not an appellate court over the acts of Ministers or any individual. After all, they may say, we took in our individual capacity; he liked me, I liked him. Apart from all other matters, this is irrelevant for this purpose. We are now concerned with the expenditure. Is it contended that the Saudi Arabian King drew our moneys and gave watches? What is this?

**Shri Kamath:** May I read out....

**Mr. Deputy-Speaker:** I have heard the point. I am not going to allow that.

**Shri Kamath:** I am sorry that you may give any ruling on a point of order—that it is not to be raised in this House. I am reading the Constitution. You are saying it is not to be read. It is amazing. I must say it is amazing.

**Mr. Deputy-Speaker:** It is not for every purpose that you can go on reading the Constitution.

**Shri Kamath:** Let me read it. *(Interruption)*.

**Mr. Deputy-Speaker:** Order, order. I have already said that the point is this. He wanted to refer to the Constitution to show that these gifts are improper. He has said so. He is supporting his point by an argument. Even assuming that the Constitution prohibits that, it does not arise out of this demand. That is my point. I have ruled it out of order. What is the good of referring to the Constitution.

**Shri Kamath:** Because the President comes in here. The President is somebody with whom we have connection here.

**Shri K. K. Basu:** My hon. friend's point seems to be that no Head of a State should be invited so that he may not corrupt our people.

**Shri Kamath:** No; you have not followed my point.

**Shri K. K. Basu:** How can you bring this here?

**Shri Kamath:** Let me read. The President is a dignitary about whom Parliament can speak. Do you agree? Let me have a ruling.

**Shri N. M. Lingam:** On a point of order, Sir, foreign dignitaries have been invited to this country. I would like to know from you whether it is proper on the part of this hon. House to discuss the behaviour of a dignified personality. My own submission is that it is not in keeping with the traditions of either this House or of this great country to criticise the visitors once they have been invited, especially when they are under our

roof and hospitality, with regard to presents made by them. *(Interruptions)*.

**Mr. Deputy-Speaker:** I am not going to hear. Order, order. Is there no end to this talk across, this side and that? Every one agrees that it is unfortunate that any reference should be made against any foreign dignitary. We have no right to criticise them except in so far as it affects us. Even then, this is not the manner in which we ought to criticise their conduct here. They are our guests. That is why I said that if they gave watches, this and that, it is not a matter which arises out of this demand. Nor have we any such right under our Constitution. The hon. Member has said that. I have said that it does not arise. He says that he is going to convince me by reference to something. Nothing can be said against a high dignitary whom we have invited as our guest. We are now on demands for grants for moneys spent. What has the hon. Member to say?

**Shri Kamath:** I have not by word or gesture questioned the act of the King of Saudi Arabia. I have said that he is a kind-hearted man and all that. I am talking about our own citizens. Article 18 says:

“(4) No person holding any office of profit or trust under the State shall, without the consent of the President, accept any present, emolument, or office of any kind from or under any foreign State.”

I wanted....

**Shri N. M. Lingam:** It is not a foreign State. They are the personal presents of the King of Saudi Arabia.

**Mr. Deputy-Speaker:** Order, order. With all respect, I have heard him read also the Constitution. That does not raise here. It may be an independent thing. I am not able to say which is the procedure. It is for the hon. Member to find out appropriate proceedings to challenge or impeach any such conduct. This does

not arise out of the demand for Rs. 16 lakhs. He has taken sufficient time. Now, he must resume his seat.

**Shri Kamath:** Half a minute.

**Mr. Deputy-Speaker:** He has already taken 15 minutes.

**Shri Kamath:** I have not taken. They have been interrupting me. I will close in half a minute. I am not questioning the action of the King. I am only questioning the propriety of our citizens in accepting gifts. Your ruling has been given and I shall abide by that though I do not agree with it.

**Shri A. C. Guha:** The Business Advisory Committee has allotted one hour for this demand.

**Some Hon. Members:** The guillotine has to be applied.

**Mr. Deputy-Speaker:** If all hon. Members want to advise, they may all rise together and advise me. I know, at 3-50 the guillotine has to be applied.

**Shri Kamath:** One hour for this demand.

**Mr. Deputy-Speaker:** We started at 2-50; guillotine at 3-50.

**Shri Kamath:** I would ask the Deputy Minister...

**Dr. Suresh Chandra:** Most of the time has been taken by two Members.

**Shri Kamath:** It is you who have taken. You are taking all the time. I am not taking; you are. (*Interruption*).

**Some Hon. Members:** You are not entitled to take so much time.

**Shri Kamath:** I am.

**Mr. Deputy-Speaker:** Order, order. Why does the hon. Member quarrel with hon. Members?

**Shri Kamath:** My hon. friend says that I have taken all the time. I have taken only 10 minutes. All the time

has been taken by them. It is not fair to charge me. It is an unfair accusation.

**An Hon. Member:** Order, order.

**Shri Kamath:** Who are you? He is there to call me to order.

**Dr. Suresh Chandra** rose—

**Mr. Deputy-Speaker:** No hon. Member need say anything. Let him exhaust himself in half a minute.

**Shri Kamath:** I would only ask the Deputy Minister to give us information about these matters: about the last one: (a)(iii) Visit of other foreign dignitaries and other miscellaneous expenditure. Who are these foreign dignitaries that are expected to come to our country? What is exactly meant by other miscellaneous expenditure?

**Shri Anil K. Chanda:** Do we get any time to reply to these questions?

**Mr. Deputy-Speaker:** Yes.

**Dr. Suresh Chandra:** I do not want to deal with...

**Mr. Deputy-Speaker:** If they do not interrupt the hon. Member—I am stating this to both parts of the House—if there is any point.....

**Shri Kamath:** This is what I wanted to say in half a minute. I was interrupted needlessly.

**The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan):** Shri Kamath's speech was a lively speech.

**Mr. Deputy-Speaker:** Hon. Members may go on quarrelling with each other. I call both to order. If hon. Members have got any point, to raise, they may tell me. This is unseemly, hon. Members quarrelling on this side and that. How often am I to call a person to order? I ought not to be driven to take the extreme step. I think some at least of the hon. Members should keep their souls in patience. If they want to say anything they must tell me. I am saying



[Mr. Deputy-Speaker]

this to both the sides. If this sort of thing goes on, the House will have to be suspended for some time until hon. Members realise that they have come here with a full sense of responsibility. I am very sorry to make these remarks.

**Dr. Suresh Chandra:** I rise to support the demands for grants relating to the External Affairs Ministry. I feel that very unbecoming remarks have been made in this connection by two hon. Members who have spoken before me. I feel that this demand for Rs. 20,87,000 for the dignitaries who have been visiting our country is not enough. In my opinion, this House should be generous enough to grant more amounts for the dignitaries who visit this country in keeping with the traditions of our foreign policy. As the House is already aware, India is playing a very important role in world affairs. India's role in establishing peace in the world has been recognised by all powers of the world. In view of that and in keeping with the traditions, I feel that it is very proper that we should have invited these dignitaries and spent such amounts. I feel that it is not enough. And those hon. Members who grudged, including the hon. lawyer Member whose legal talents have been recognised all over India, have indulged in very derogatory remarks in respect of these distinguished guests who still are here. I find also that a mention has been made that these people had attacked the Western Powers, under the roof of this Parliament. I feel that every distinguished guest who is here is perfectly entitled to express his opinion on various political and economic matters. When our Prime Minister visits other countries like Russia, China or other Western countries, he is also given full freedom to express his opinions in those countries. I therefore feel that it was in perfect dignity and decorum that these distinguished guests expressed their opinion on different matters relating even to the Western Powers. We should not grudge that. For, when

they come here, they meet all kinds of people; they meet political leaders; they see also our industrial centres. So, they discuss all these matters.

So, there has been no abuse of hospitality at all. In my opinion, the question, that our Five Year Plan has not been a success, that the country has been made poorer, and as one hon. Member said, this country has become a centre of pilgrimage and अतिथि देवो भव and so on is absolutely irrelevant to the Supplementary Demands for Grants.

**Shri Kamath:** That is for the Chair to decide.

**Dr. Suresh Chandra:** I am sorry. I have very great respect for my hon. friend, Shri Kamath. I did not want to attack him.

**Shri Kamath:** But you did attack me.

**Dr. Suresh Chandra:** I am very sorry. I apologise to him and also to the House, if I have attacked him. I really did not mean it. I at least have very great respect for him. I only meant that one hour was allowed for the discussion on this Supplementary Demand but most of the time had been taken up only by two Members, and most of the points which have been raised are absolutely irrelevant to the Supplementary Demand, as has been pointed by the hon. Member who was in the Chair previously, and also by you.

I only want to say that as a result of all these visits, there has been an increase in the area of peace in the whole world, as has been stated by our Prime Minister. So, the visits of these distinguished guests to this country have proved to be of immense value not only to this country but also to the establishment of peace in the whole world.

**Shri S. L. Saksena rose—**

**Mr. Deputy-Speaker:** Now, Shri Anil K. Chand.

**Shri S. L. Saksena:** Only two or three persons have spoken on this side.

**Mr. Deputy-Speaker:** I am sorry. I cannot allow the hon. Member to speak now. I have called the hon. Minister.

**Shri Anil K. Chanda:** I hope my hon. friends Shri N. C. Chatterjee and Shri Kamath will forgive me, but I cannot help saying that the way they made their speeches in connection with the cut motion was most unfortunate. I am afraid it would certainly have a rather unfavourable effect on many in our own country and also abroad.

Of course, Shri N. C. Chatterjee was generous enough to have remarked later on that he had said nothing derogatory to our distinguished visitors. It reminded me of a story which I had heard in a Bengal village. A poor villager had run into a zamindar's court and complained against his bailiff saying that the bailiff had beaten him with a shoe, called him a pig, and a swine, and a brother-in-law, and on the top of that, had threatened to insult him. So, also Shri N. C. Chatterjee, after having said all sorts of very unpleasant and undesirable things about our very welcome and distinguished guests.....

**Shri U. M. Trivedi:** He said only 'saala' and not 'brother-in-law'.

**Shri Anil K. Chanda:**...said that he had said nothing derogatory to our visitors. I am really sorry for a senior Member of the House to have behaved like that.

My hon. friends have asked for the break-up of the figures. The visits of the Prime Minister of USSR and party, the King of Saudi Arabia, the Vice-President of Indonesia, and the King and Queen of Nepal and party have cost us totally Rs. 16 lakhs. It is very difficult to show the break-up for the simple reason that most of these visits are about the same time. Many of the expenditures involved have been common. I can give you an instance. When the Russian visi-

tors came, we had put up our flags and the Russian flags on our principal avenues. Soon after, His Majesty the King of Saudi Arabia came, and we had the Indian flags and the Saudi flags. Now, the Indian flags were common in both the cases, and obviously this expenditure has got mixed up. Thus, within a period of a month, that is, absolutely in the same month, we have had His Majesty the King of Nepal, His Majesty the King of Saudi Arabia, and also our very distinguished Russian visitors. And most of this expenditure has got mixed up, as it is inevitable. Therefore, I am sorry that it is not possible for me to show the break-up.

My hon. friend Shri N. C. Chatterjee or Shri Kamath, I believe, wanted to know whether this involves expenditure in the States as well or only at the Centre. I think it was Shri N. C. Chatterjee who had raised this question. I can show him the sort of expenditure which we have incurred in connection with these visits in the various States. In his own State, let us take the case of Asansol. We have paid for the transport, for the breakfast, for the lunch and tea at Sindri, and dinner at Bokaro. If the State Government had made any presents or gifts to the party, then it was borne by the State concerned. In the main, all the expenses involved had been borne by the Government of India.

There is another point that I would like to lay before you, and that is that quite a good percentage of the expenditure involved has been more or less book adjustments, because these honourable guests have been travelling in our own trains which are State-owned; they have been travelling in our planes which are State-owned; so, it has been an expenditure debited to our Ministry but credited to some other Ministry. So, actually the overall expenditure of the Government of India is not surely Rs. 16 lakhs. I can give this assurance to my hon. friends opposite.

With regard to the sumptuousness of the hospitality, I am very sorry that I have to admit that in foreign

[Shri Anil K. Chanda]

countries, foreign dignitaries possibly are treated even better. I have some experience of foreign hospitality both in the Middle East and in the Far East. And mind you I am a very small man, only a Deputy Minister, not even a full Minister or the Prime Minister. And yet, I have been amazed at the expenditure in the sumptuousness of the hospitality which has been offered me both in the countries in the Middle East as also those in the Far East.

With regard to the presents given by some of our foreign dignitaries to some of our people, I may inform the hon. Member from Hoshangabad that the servants of the Government of India—that includes Ministers—are not permitted to keep any presents given by any foreign person or State, unless specially permitted by the president to do so, and in most cases, if they are allowed to keep the gifts, they have to pay for them. When I was in Iran, Dr. Mossadeq gave me a carpet, and I had to pay through the nose to my Government to keep that carpet with me.

It is most unfortunate that my hon. friend Shri Kamath had said that there has been some discrimination in the treatment meted out to our Russian guests and to our Arabian guests.

Shri Kamath: I did not say that.

Shri Anil K. Chanda: Nothing could be farther from truth.

Shri Kamath: I never said that. You can verify from the record.

Shri Anil K. Chanda: I am very happy to hear that, I am sorry if I had misunderstood him. I cried out, no, but he said that he would like to know the details.

That is all. These are the only points that I wanted to mention. I can inform my hon. friend Shri Kamath further that no directives were given to any school children that they had to come and smile, sing or dance.

Shri Kamath: What about the last item?

Shri Anil K. Chanda: Then, the hon. Member wanted to have a break-up of the third item namely, 'Visits of other foreign dignitaries and other miscellaneous expenditure'. I have before me here a full list of the foreign dignitaries who have visited or are visiting our country. It is about 20 in number already, and there are some more coming. If the House has the time I can go through the whole list.

Shri Kamath: It would not take more than a minute.

Shri Anil K. Chanda: Viet Nam delegation, Cambodian delegation, the West Indies textile delegation, the Prime Minister of Burma, the Prime Minister and Minister of State of Egypt, the Ceylon Ministerial delegation, the Ministers of Commerce and Trade of Ceylon, the Deputy Prime Minister of Afghanistan, the Prime Minister of the Sudan, the Laos...

Mr. Deputy-Speaker: Order, order. We are now considering the expenditure in respect of those people who have come, and there is so much of trouble about it. If they see the manner in which the debate is going on, I am afraid hereafter they will not come at all.

Shri Kamath: It is a Demand to be voted upon.

Mr. Deputy-Speaker: I know the Demand.

**Shri Kamath:** I also know the Demand.

**Mr. Deputy-Speaker:** I would ask the hon. Member to submit himself to the ruling of the Chair.....

**Shri Kamath:** Why are you so impatient?...

**Shri Karmarkar:** It is impertinent.

**Mr. Deputy-Speaker:** I can certainly see that it is relevant to say on what items or on what dignitaries this money has been spent.

But he is going on reading a list of prospective visiting dignitaries. I thought it was about those who have already come.

4 P.M.

**Shri Anil K. Chanda:** Yes, Sir, they are people who had already come. I was being pressed to supply him with the list.

**Mr. Deputy-Speaker:** No, no.

**Shri Kamath:** Why not he lay it on the Table of the House?

**Shri Anil K. Chanda:** Yes, I can lay it on the Table.

Of this amount, Rs. 75,000 is meant for these foreign dignitaries visiting India and the other Rs. 75,000 is the previous year's outstanding claims. That makes a total of Rs. 1,50,000.

**Shrimati Renu Chakravartty (Basirhat):** May I ask one question? Is there any approximate idea of the expenditure which has been incurred by the ordinary people in the various States in greeting these guests?

**Shri Anil K. Chanda:** The hon. Member will realise that it is not possible for us to find out what amounts have been spent by individuals.

446 L.S.D.

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

"That a supplementary sum not exceeding Rs. 23,48,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1956, in respect of 'External Affairs'."

*The motion was adopted.*

**Demand No. 37—MISCELLANEOUS DEPARTMENTS AND OTHER EXPENDITURE UNDER THE MINISTRY OF FINANCE**

**Mr. Deputy-Speaker:** Demand No. 37 is before the House for discussion the amount under this Demand is charged to the Consolidated Fund of India.

**Shri N. B. Chowdhury:** I have no cut motion with regard to this demand. But I want certain information with regard to this grant, about the present position of the Sodepore Glass Works which is mentioned here in the note under the demand, Interest on advances to the Sodepore Glass Works had not been charged, and that is one of the reasons for the amount mounting up. Then with regard to dividends, according to the Act of 1948, we are liable to payment of certain guaranteed dividends. In 1953-54, the subvention amount that was to be paid was nil; after that, it went up to Rs. 4.06 lakhs; and it is Rs. 11.25 lakhs in the current year. So, this is increasing. It means that this institution is not being properly managed. There has been a lot of trouble over this Corporation, it was severely criticised in this House, there was an inquiry and recently we had a Bill passed in this House. But inspite of all this, we find that matters have not sufficiently improved. So we would like to know what further developments have taken place in view of the measure that we passed last time, whether that has improved matters in the present position.

**Shri K. K. Basu:** I would like to ask a question with regard to the payment of dividend guaranteed under the law. From the figures supplied to us it seems that from 1949 there was improvement and in 1953-54, the subvention came down to almost nil. That has more or less balanced the accounts. In 1954-55, we have had to pay Rs. 4.00 lakhs. Now, a sum of Rs. 15 lakhs has been set apart as a provision for bad and doubtful debts. This is a continuing thing, a running concern. I would like to know what is the proportion of the old debts in respect of which we are not in a position to collect interest, and on what proportion of the new loans that are being advanced interest is not being realised. That should be clearly stated. We know normally what is the percentage at which loans are granted and the percentage of return for which the Government stand guarantors. But they are quite different. Now, we have to pay every year a certain sum from the exchequer to keep the institution going. We are giving to industries loans at very cheap rates. Over and above that, we have to pay something from the national exchequer for the benefit of a few industrialists. Therefore, we should have a much more comprehensive picture about the exact state of affairs, because it is a running concern and you cannot give just *ad hoc* total figures for four or five years without the break-up.

**The Minister of Revenue and Defence Expenditure (Shri A. C. Guha):** Break-up of what figures?

**Shri K. K. Basu:** Loans have been granted six years back. A certain percentage of the amount has become un-realisable so far as interest is concerned. Then some amount has already been declared as bad and doubtful debts. In the meantime, you may have also granted new loans. On that, you are to get some interest, and the in-

terest on this may also not have been realised. My only concern is this. Some months ago we had a full discussion about the administration of this Corporation and we made some suggestions. Later we amended the law. We want to know whether the state of affairs has improved to the extent that we desired, whether the operation of the new law has resulted in improvement of the administration, so that the exchequer does not have to lose. That is the only point on which I want information.

**Shri Morarka (Ganganagar-Jhunjhunu):** I rise to support Demand No. 37 of the Ministry of Finance. But while doing so, I would like to have some information from the Minister in charge. It seems that the major portion of this demand relates to the Industrial Finance Corporation. Now, here is a very sad story about the Sodepore Glass Works. I do not know how far the reports are correct. But our information is that the total investment of the Government in this concern i.e. of the Corporation up to date is slightly more than Rs. 115 lakhs. The further information is that this company has already been sold to a Japanese concern for Rs. 62 lakhs, and the surprising thing is that the Japanese people have not produced a single pie of their own. The Corporation has advanced that money to the Japanese firm to purchase this company.

Now, I do not know whether these facts are correct, but the House would be very much interested to know whether it is a fact that this company has been sold to a Japanese firm for Rs. 62 lakhs, even though the Government invested in this company Rs 115 lakhs. If so, the House would also be interested to know what was the methods or what was the system followed by the Corporation in selling this company—whether it was sold by private negotiations or whether there was a Committee appointed for the purpose. It would be interesting to know that as

early as 5th April 1952, when the Corporation's investment in this concern was only about Rs. 47 lakhs; it was reported that this concern could never be a success and that this should be sold and the Corporation's money realised. But for the reasons not known to this House that recommendation or that advice was not accepted and the Corporation went on sinking more money in this company, until the figure was 115 lakhs. Then they decided all of a sudden to sell this company, to some foreign Japanese concern for the sum of Rs. 62 lakhs. It may be that the Government have considered that the foreign people can manage the concern better but the experience of the Housing Factory in Delhi gives us a different picture. There also the concern was given for management to some foreign experts; how the concern was managed, I do not know. But, we were told that the foreign experts could not even pay the annual lease rent. It is not a small matter; big amounts are involved. It would be just putting the curtain before us to say that the Corporation is an independent body and an autonomous organisation. After all, whose money is with this Corporation? The corporation consists of shareholders like the Reserve Bank of India, the Government of India and insurance companies and several big trusts. When such institutions are involved, when the money of the public is involved better arrangement of its affairs is expected. The Directors of this Corporation have been negligent and careless in investing the money and in securing the loans which they advanced. I think something more radical than what has been done so far is needed. I think the House must have a full account from the Ministry concerned of how this Sodepore Glass Company has been handled and who is the person who is primarily responsible for sinking such a big amount in this concern.

श्री श्रीनारायण दास (दरभंगा-मध्य) :  
सर्वनाशे मृत्युन्ने अर्द्धं त्यजत पंडितः।

**Shri T. B. Vittal Rao (Khammam):**  
The rate of dividend that is guaranteed is only 2½ per cent. I tried to elicit information from the Government as to the rate of interest that is charged by the Industrial Finance Corporation for the loans advanced to the various companies. I was given to understand that it depends upon the market rates. But I can give instances. The Singareni Colliery asked for a loan of Rs. 50 lakhs and they were told that they would not get any loan from the Corporation for less than 6 or 7 per cent. They said that the dividend is only ½ per cent. and, therefore, they could not afford it. But we find that a yearly subvention is being paid to the Industrial Finance Corporation in order to meet the deficit. I would like to know from Government whether it is due to the top-heavy administration that it costs so much or whether loans have been advanced to many of the firms and companies at rates much less than the guaranteed rate of interest which is 2½ per cent.

**Shri A. C. Guha:** I think the points raised by the hon. Members have been discussed on the floor of this House on many occasions. Very recently, the Industrial Finance Corporation Act was amended. Then everything was discussed and no new point has been brought forward. I still shall try to meet the points.

So far as the Sodepore Glass Works is concerned, subject to correction, I think, the total amount advanced may be a little over Rs. 1 crore, Rs. 1 corere and 3 lakhs, something like that. It has been sold to a Japanese firm, not by private negotiations but by calling for tenders. The Corporation published advertisements in responsible and widely circulated newspapers asking for tenders to take over the firm. At first the Corporation tried to give that concern on lease to any party. No proposal worth accepting was forthcoming. Practically, no proposal for lease came forward. Anything that came forward could not be called a proposal. As for the sale also, the

[Shri A. C. Guha]

response was very poor. The best of them was from the Japanese firm. Their original quotation was, I think, nearabout 60 lakhs or something like that. Some Indian firms quoted Rs. 10 Rs. 15 and Rs. 20 lakhs. Anyhow, there was a negotiating committee set up by the Industrial Finance Corporation and that committee, in consultation with the Finance Ministry, decided that this should be given to this Japanese firm because that was the best that we could get. I may assure Shri Morarka and others that this matter was considered at the highest level of the Government.....

**Shri K. K. Basu:** What was the price offered by the Japanese?

**Shri A. C. Guha:** I am coming to that. It was considered at the highest level by the Government. It was not decided by the Finance Ministry or by the Finance Minister as such; it was considered by the Government and the Government thought that that was the best offer that could be accepted. This company, Ashai Glass Works, is one of the best producers of sheet glass. They have got a very good factory in Japan also. The offer is Rs. 62 lakhs. It is true that that money is not given in cash. It will bear interest at 3½ per cent, and it is to be paid over a number of instalments. I think it will be in 17 instalments.

**Shri K. K. Basu:** As war reparation charges from the Japanese.

**Shri A. C. Guha:** I have not tried on any previous occasion to conceal from this House the sorry position of the Sodepur Glass Works. Somehow or other, it was a bad deal and a very bad deal and we have tried to come out of it as best as we can or, as my hon. friend on the other side said as much least badly as possible.

**Shri Kamath:** It was a sorry mess, Sir.

**Shri A. C. Guha:** This matter was enquired into also by the Enquiry

Committee and that report was also discussed in this House and so there is nothing new that I can say in this matter.

**Shri Morarka:** What was the total amount invested by the Corporation?

**Shri A. C. Guha:** I think it would be Rs. 1,03,00,000 and not Rs. 1,15,00,000; a little over Rs. 1 crore.

**Shri K. K. Basu:** When is the first instalment due; or will they not pay anything for the first 5 years?

**Shri A. C. Guha:** After the second year from the date of the loan they will give Rs. 2,20,000 every year up to the 5th year and in that year they will give Rs. 4,80,000 and.....

**Shri Karmarkar:** All right; he does not want all these figures.

**Shri A. C. Guha:** Shri Morarka has also said something about the Housing Factory. He has said that our experience of foreign experts is not very happy but I would like to quote the difference between the agreement with that company and that with this company. In that company, there was government participation with a foreign firm and an Indian firm with Government having some responsibility to bear the losses. Here, there is no government participation. It is an absolute sale. For paying the money, I think, the first condition was that within 6 months they would deposit Rs. 2 lakhs. That they have paid. They will now from an Indian company. I expect that that will be formed in January or February next year. So far, I can say that this company has been working in a *bona fide* manner and there is nothing as yet to apprehend that this Japanese company will not be able to run this factory successfully.

**Pankit Thakur Das Bhargava:** Has any security been taken?

**Shri A. C. Guha:** There is the bank guarantee. The factory was examined and the experts were satisfied that

the equipment of this company was up-to-date. We hope that they will be able to run this factory properly and this factory will, we hope, produce sheet glass which will add to the industrial wealth of the country.

**Pandit Thakur Das Bhargava:** May I just enquire: why did not the Government run the factory?

**Shri A. C. Guha:** On a previous occasion I answered that question. The hon. Member will realise that it is not possible for the Industrial Finance Corporation to run a factory like this nor is it possible for the Finance Ministry. The only other Ministry which was in a position to run the factory is the Production Ministry. We tried with the Production Ministry—not once but more than twice—but they were careful enough not to touch this factory.

**Shri K. K. Basu:** Is there any stipulation that they must run this factory and not sell the assets and go away?

**Shri A. C. Guha:** They will form an Indian company and we expect that by January or February—within two or three months—it will be formed. It will be an Indian company. Indian capital also will be there.

**Shri Achuthan:** I want to have an idea of the total loss that has been incurred.

**Shri A. C. Guha:** It is simple mathematics—Rs. 104 lakhs out of which Rs. 62 lakhs were got. So it will be about Rs. 42 lakhs.

**Shri Achuthan:** Interest amount for so many years—that is there.

**Shri A. C. Guha:** The rate of interest is 3.5 per cent—that is the rate of interest that the Corporation is paying to the Government. Shri Chowdhury mentioned something about this Corporation and said that the subvention to this is increasing. If he would care to read the subsequent paragraphs, I think he would have found the explanation for that. This year the Corporation has put 15 lakhs

in the reserve fund for bad and doubtful debts which I think was not done in the previous years. I would refer him to page 8, second para, sub-paras (i), (ii) and (iii). Interest on advances given to the Sodepur Glass Works had not been charged this year. Previously that was charged and that was taken into account though it was not realised. He will find that interest accrued on the accounts of six companies had not been taken credit for in the Profit and Loss Account and a sum of Rs. 15 lakhs had been set apart on the advice of the Corporation's auditors for bad and doubtful debts.

**Shri N. B. Chowdhury:** What has been given here is quite clear. The point is that it has not been managed well.

**Shri A. C. Guha:** That might have been in the past.

**Shri N. B. Chowdhury:** I wanted to know the present position.

**Shri A. C. Guha:** I cannot claim that it will be a perfect thing without any defects or point to take objection to; I do not claim anything like that. But surely I hope from now on it will be a fairly successful concern and it will not incur any such loss. I think its reputation amongst the business circle as a financing body has increased even within this short period.

**Shri K. K. Basu:** It will if, without payment of interest, you give money. They are not likely to pay.

**Shri A. C. Guha:** Out of these six, the management of four have been taken over by this Corporation. Out of so many companies only 4—6 have been unable to pay interest and I do not think it is a very bad thing at all.

**Shri K. K. Basu:** But what is the amount involved? This glass company may be one company but the amount is Rs. 142 lakhs; there is another Rs. 65 lakhs in respect of another.

**Shri A. C. Guha:** In respect of these six companies, the amount in-



[Shri A. C. Guha]

volved is Rs. 19 lakhs, Rs. 18 lakhs, Rs. 4 lakhs, Rs. 7 lakhs, Rs. 7 lakhs, Rs. 6 lakhs. I am giving the round figures but there are some thousands also. I think that the assets of these will cover the investment of the Corporation.

**Shri K. K. Basu:** Are they loans given previously or recent loans?

**Shri A. C. Guha:** Previous loans. These loans have been sanctioned some time in 1949-50—not later than 1950.

I think I have covered all the points which the hon. Members mentioned and I hope that the Supplementary Demand will be passed.

**Shri K. K. Basu:** He must give us the details next time.

**Shri A. C. Guha:** The note given here is rather profuse and quite abundant.

**Shri K. K. Basu:** What I would like to know from the Minister is this. You give the total figure because it is a growing concern. It might have been Rs. 20 lakhs in one year but the next year it may be Rs. 2 crores which may be unrealisable.

**Shri A. C. Guha:** This should be read along with the annual report which has been placed on the Table of this House.

**An Hon. Member:** They had not given us the interest charged.

**Mr. Deputy-Speaker:** Let us wait for the Budget time.

**Shri Raghavachari (Penukonda):** I want to know one thing from the hon. Minister. When we read the note on page 3, we find certain amounts which were not originally intended to be included under the item 'charged'. Of course the Minister understands the distinction between the votable and chargeable expenditure under the Constitution. Now we find here that they were not treating this amount as 'charged'. Now they are advised to change it into the 'charged' category.

The Constitution makes certain items 'charged', that means that this House has no right to vote upon it. That is how we understand the meaning of the word 'charged'. Now this note says that the Government of India have now been advised that such payments should be 'charged' on the Consolidated Fund of India. I suppose it is not the advice given to the Government that makes any sum 'charged'; I wish to know how it that some sums which were not originally 'charged' are all of a sudden converted into 'charged'? Is it left to their discretion?

**Shri A. C. Guha:** When we say that Government have been advised, it means that we have been advised by our Law Ministry—the legal authorities. The Law Ministry is our legal authority. They say that it is an obligation according to the statute passed by this House. So, in the opinion of the Law Ministry, it should not be voted; it should be a 'charged' grant. So this has been done. The amount that was already taken as 'voted' will now be surrendered. So, the actual amount that we are asking would be about Rs. 4.25 lakhs.

**Shri Raghavachari:** The Constitution has described and given the details of particular items of expenditure which are classified as "charged". That is what has to be made clear. Therefore, if later on you want to add anything to that list on the advice of legal advisers I suppose the matter must be specifically brought to the notice of the House or through the Speaker and then a decision taken on that matter rather than quietly exercise the right of adding to the items not mentioned in the Constitution as "charged" items. So, it becomes a serious irregularity when this item has been included without the knowledge of the House.

**Shri A. C. Guha:** I do not think it is a question of adding to the list; it is just a question of interpretation. The Law Ministry's interpretation is that as this is a statutory obligation it should be put as a "charged" grant and not a voted grant.

**Mr. Deputy-Speaker:** The hon. Member evidently wants to know which is the authority that is finally to decide on such a matter. If the Government finds that a particular item is "charged" which hitherto was considered to be a votable item, to that extent the Parliament has no right to vote. Evidently the hon. Member wants to know as to who is to decide when there is a difference between the legal advice given to the Government and the advice given by the Members: whether it is the President or the Government.

**Shri A. C. Guha:** The Government of India have accepted the advice of the Law Ministry.

**Mr. Deputy-Speaker:** To the Houses?

**Shri A. C. Guha:** In this matter the Finance Ministry has accepted the advice of the Law Ministry and that is why we are making this change.

**Mr. Deputy-Speaker:** If there is a difference of opinion as to whether this is a "charged" item or not who is to decide the question under the Constitution?

**Shri Raghavachari:** The difficulty which I have got is this. The Constitution has definitely given to us a list of items of expenditure which are to be treated as "charged" items. There is no doubt about that. But, under what category of those items did this item come in? If they were all along treating this as a votable item by mistake and if they want to include it as a "charged" item, then.....

**Mr. Deputy-Speaker:** Was this once voted upon?

**Shri A. C. Guha:** No. A sum of Rs. 7 lakhs was put in the budget previously as a voted item. Now, the Law Ministry has told us that it should not be included as a voted item and that it should be made a "charged" item. So, we are asking for Rs. 11.25 lakhs and we are surrendering the original Rs. 7 lakhs. Therefore, actually the Demand now is only Rs. 4.25 lakhs. As the previous Grant

was a voted Grant we are surrendering that and are asking here for a Grant of Rs. 11.25 lakhs.

**Mr. Deputy-Speaker:** Was that brought to the notice of the House?

**Shri Raghavachari:** Sir, some item which was once treated as a votable item by this House is now desired to be treated as a "charged" item. You say you have surrendered a portion of that Grant. Once we approve the principle that this item is to be included as a "charged" item then next year it may not be Rs. 4 lakhs, you may come up with Rs. 40 lakhs. Then we are powerless. The question is, why you should take it over to another category? If the House must be committed to the principle, it must be specifically brought before the House, the whole matter discussed with the Speaker's consent, the matter should be explained and approved rather than say: "We are surrendering Rs. 7 lakhs". If we say: "All right, it is only Rs. 4 lakhs" next year it will be Rs. 40 lakhs and then we are powerless. It is that aspect of the question which I wanted to emphasise.

**Shri A. C. Guha:** This amount can vary only as put down in the Act. It cannot go beyond the provisions of the Act which has been passed by this House.

**Pandit Thakur Das Bhargava:** Sir, the point is rather a serious one. This year an item is shown as a votable item and next year on the advice of the Law Ministry the same item is shown as a "charged" item. Is the Law Ministry the final authority? Has this House got nothing to do with it? It is not a point only so far as Rs. 4 lakhs is concerned. This is a statutory obligation and the House would have even agreed to this item being changed. But the point is one of principle, Who is to decide whether an item should go from the votable list to a non-votable list? That is the point at issue.

**Mr. Deputy-Speaker:** Under article 112 it is said:

"The President shall in respect of every financial year cause to be laid before both the Houses of Parliament a statement of the estimated receipts and expenditure of the Government of India for that year, in this Part referred to as the "annual financial statement".

(2) The estimates of expenditure embodied in the annual financial statement shall show separately—

(a) the sums required to meet expenditure described by this Constitution as expenditure charged upon the Consolidated Fund of India....."

Article 112 is referred to in this note. Of course, there are categories of this expenditure that are charged on the Consolidated Fund of India. Among those categories as to whether a particular item comes in or not the Government takes the advice of the Law Ministry and asks the President to include or exclude the items. If it is a "charged" item not included in the Constitution and if perchance there is disagreement, then what is to happen?

**Pandit Thakur Das Bhargava:** The question is whether this House, our Speaker or anybody in this House has any say in the matter? The question is not only with regard to this Rs. 4 lakhs. We can understand that it is a statutory obligation and it may be regarded as a "charged" item. Supposing they transfer one big item from the list of votable items to the non-votable list then what would happen? This is the principle involved in this matter. They cannot be allowed by their own will to make an item non-votable because the Law Ministry says so. This is not fair.

**Mr. Deputy-Speaker:** What I find is this, This item has not been included as an item on which the vote of this House is called for. If it is a "charged" item then no voting is necessary. If it is not a "charged" item then voting will be necessary by this House, for the additional Rs. 4 lakhs because Rs. 7 lakhs has already been voted upon. Therefore, it is for them to consider. If it is a "voted" item then they have to take the sanction of the House; that is to say the House has to pass it. If they treat it as a "charged" item then they need not come to the House. Are they surrendering the Rs. 7 lakhs already voted upon?

**Shri A. C. Guha:** That is already mentioned in the note. We are surrendering Rs. 7 lakhs previously voted upon.

**Mr. Deputy-Speaker:** For surrendering they need not come to the House. It is only when an item is to be voted that they need come before the House. Now, the interpretation or advice of the Law Ministry is that this whole item of Rs. 7 lakhs which has already been voted upon and the Rs. 4 lakhs which is necessary now is a "charged" item. Therefore, voting of the House is not necessary. On the other hand hon. Members are under the impression that voting of the House is necessary. But, that item has not been brought up here for decision. No decision of the House is asked for. So far as Demand No. 37 is concerned I am not called upon to give any decision. The Government may consider over this matter once again if they have already got the opinion and hon. Members who have raised objection can also look into this matter. I am not in a position to say anything on this. This is the first case of its kind. This is one of first impression where an item hitherto considered as votable has been treated on legal advice as non-votable and changed from one category to the other. There has been no precedent so far

**Shri A. C. Guha:** Article 112 (3) (c) says:

"debt charges for which the Government of India is liable including interest, sinking fund charges and redemption charges, and other expenditure relating to the raising of loans and the service and redemption of debt;"

Then again, in article 366 (8):

"debt" includes any liability in respect of any obligation to repay capital sums by way of annuities and any liability under any guarantee, and "debt charges" shall be construed accordingly."

Then, in article 366 (13):

"guarantee" includes any obligation undertaken before the commencement of this Constitution to make payments in the event of the profits of an undertaking falling short of a specified amount."

So, this is a guarantee in regard to an undertaking.

**Mr. Deputy-Speaker:** The debt under a guarantee is a charged item. It is included under debts. That is the opinion of the Government. That is how they have been advised. If it is a debt under a guarantee, it is charged, and therefore, it need not be placed before the House. Neither the House nor I are called upon to go into this matter. If the Government wants to vote upon it, the question will arise whether it ought to be voted upon, because it is a charged item. If they do not want to vote upon it, then no question arises before the House now. This is academic at present.

**Shri Raghavachari:** According to article 112(1), the receipts and expenditure of the Government of India for that year, referred to as the "annual financial statement" shall be laid before the Parliament. Clause (3) of the article says that the estimates of ex-

penditure embodied in the annual financial statement shall show separately the sums required as expenditure charged upon the Consolidated Fund of India. So, this is a matter which should have been shown in the annual financial statement separately, or included in the charged list. That has not been done. What is an annual financial statement is also defined in clause (1) of the article. It has not been so shown by the Government in the list. I do not say that it has been done surreptitiously but obviously owing to the involved way in which it has been dealt with, and also because nobody knows anything from the small print in which it is printed. Anyway, the matter has not been put in specifically.

**Mr. Deputy-Speaker:** All that the hon. Member says is, evidently it is a matter, of course, of first impression. During the budget session the budget was passed taking this item as a votable item. Am I right?

**Shri A. C. Guha:** Yes.

**Mr. Deputy-Speaker:** It has been voted upon and Rs. 7 lakhs have been granted by the House. During the course of the year, it was found that not Rs. 7 lakhs but Rs. 11 lakhs were necessary for this purpose. But, in the meanwhile, there is the legal opinion given or the Ministry of Law feels that this item is not a votable item but that it is a chargeable item. If it continued to be a votable item the Government would have come with a supplementary demand for grant for Rs. 4 lakhs. Now, they feel, in accordance with the Law Ministry's advice, that it is not a votable item at all. Having got a vote upon that as itself not correct. Now, that amount is surrendered, and Rs. 11 lakhs are to be charged. Therefore, the vote of the House is not called for. That is the position. The hon. Member asks whether, if it is open to the vote of the House and if the House has once agreed and granted the amount as a votable item, can it be changed

[Mr. Deputy-Speaker]

into a non-votable item by the mere opinion of the Law Ministry. Even if it is a non-votable item, or even assuming that it was a votable item which was changed into a charged item, are we to be content with the opinion of the Law Ministry, or, is the House entitled to go into this matter? That is the question. It is evidently an academic aspect of it, and we are not called upon to give a decision in this matter here, because, for this item, for surrendering Rs. 7 lakhs no vote of the House is necessary. For the additional Rs. 4 lakhs, or for Rs. 11 lakhs, no vote is asked for. Under the circumstances, it is purely an academic question. I do not think at this stage anything can be done by the House; nor am I called upon to do anything in this regard. Now, we will proceed to item No. 40. Demand No. 37 is, of course, treated as a charged item, and they will spend the money. Whether it is charged or not charged, they have acted on legal opinion, and the hon. Members are not called upon to vote on it. Therefore, I have nothing to put to the vote.

**Shri K. K. Basu:** In the course of the year, it has been put in as a charged item. That is the point which we wanted to emphasise.

**Mr. Deputy-Speaker:** It is only when a vote is called upon, that the House can say that they will or will not vote for it. The Government are not coming forward for the vote.

**Shri N. B. Chowdhury:** Then what is the purpose in bringing in this matter to the House?

**Mr. Deputy-Speaker:** It is for discussion. Hon. Members must know that under the Constitution, the President shall cause to be laid before the House the original annual financial statement and the sums required to meet other expenditure to be made from the Consolidated Fund of India. Now, they are under two categories. One is charged and the other is votable. Only those items which are included in the votable items have to

be placed before the House by way of demands for grants and the vote of the House is called upon, cut motions moved, etc. The other items which are charged placed before the House for information and for discussion, so that though the amounts are charged, the House may make suggestions regarding the reduction of that amount and how it ought to be paid, etc. Many other suggestions could be made. The discussion can go on, on those items for the purpose of elucidation. Nothing more. If the Government treats any particular item as non-votable, that item is not placed for the vote of the House. If it is a votable item and still they treat it as non-votable and not chargeable, that expenditure may not be legal, but they are armed with the advice of the Law Ministry which says that this is not a votable item, and therefore, it is not subject to the vote of the House. If they change the view, then alone the House goes into the matter. So, this demand No. 37 is treated as a chargeable item and therefore, no vote of the House is called for. Nothing more can be done at this stage. We will pass on to the next demand.

**Shri Mohiuddin (Hyderabad City):** In such cases, when Government thought that an item is a votable item and later on decided that it is not votable and is charged, may I know whether the House is in a position to decide whether the revised opinion of the Government is correct or not, or whether the Speaker has to decide whether the changed opinion of the Government is correct or not?

**Mr. Deputy-Speaker:** My own feeling is that nothing can be done in this House on this motion. The demands for grants are also made on a motion. Then the motion is discussed. The discussion goes on. On charged items, they do not want the vote of the House. Under the Constitution, if the vote is called for and the opinion is against the item, then the expenditure will be illegal. Then it is the

duty of the courts to find out whether it is legal or not. But unless this is placed before the House for the vote of the House, the House cannot vote upon it. They do not want the vote of the House. They say that they have got a right to spend the money without the vote of the House. Therefore, at this stage, how can we insist upon the Government to put it in the form of a demand for grant for being voted, when they are under the impression that the vote of the House is not necessary? The only remedy is that we can talk about this matter during the course of the general discussion on the budget.

**Shri Raghavachari:** You are aware that even items which are put in the charged list are reported to the House and the House is entitled to criticise them, though it is not subject to the vote of the House. But this is the other way round. They have brought in an item which they thought is not a charged one till now. And now, they want to treat it as charged. My only anxiety is that this matter will have to be decided by the House as to whether the interpretation of the Government or the advice to the Government and their acceptance of the position is proper or improper. The House has already been asked to treat it as a votable item. Keeping quite now cannot mean necessarily that the House is conclusively accepting the categorisation proposed by the Government.

**Mr. Deputy-Speaker:** I am afraid the hon. Member has chosen a wrong remedy. The Government does not want a demand to be passed on this item. They just want the sense of this House for expending this item. They have treated it as charged, and there is nothing in the Constitution to say that the Government is wrong. All that can be done is whether the House votes it or not, and they treat it as charged or not, the matter has to be taken by way of an Appropriation Act. It will come up when the Appropriation Bill is presented. The hon. Members can then say that this

is a votable item and it has been treated as a non-votable item and that therefore this amount ought not to be appropriated. That is the only possible way in which this matter can be brought up for discussion. This is not the occasion for it. The House will now proceed to the next item.

#### DEMAND NO. 40—PRE-PARTITION PAYMENTS

**Mr. Deputy-Speaker:** There is no cut motion on this Demand.

**Shri A. C. Guha:** This is also a charged item.

**Shri N. B. Chowdhury:** The Business Advisory Committee has allotted half an hour for this and I would like to say something. We are going to make a payment of Rs. 20.05 lakhs according to the arbitrators' award. We are going to pay Rs. 12.8 lakhs to Hastings Jute Mills and Rs. 8.05 lakhs to Kennison Jute Mills. This amount is to be paid because of certain agreements entered into by the Government of India under the British regime with the Indian Jute Mills Association. This refers to war time agreements. But we find that according to the note supplied there was a long negotiation and even the arbitrators took five years to decide the matter. The award was declared only on 25th April, 1955. Now the Government might say that because the matter was under arbitration, they were helpless. But even before that, i.e. up to 1950, there was a long period after attainment of independence. The British Government during the war time might have entered into all sorts of complicated agreements with the British capitalists in the Jute Mills Association. But after the attainment of independence, I want to know what steps were taken by the Government to settle the matters with a view to avoid liabilities for further payments. Here we find that even after the termination of the war, the premises were utilised for accommodating American surplus stores. From all these, it appears that the Government did not take any special steps in order to see that their liabilities towards

[Shri N. B. Chowhury]

pre-partition payments were cleared as early as possible and further liabilities did not accumulate. From the note which has been provided and also from the terms of the actual agreement as we find it, it is not very clear that the Government was altogether helpless after the 15th August, 1947, to settle these matters. They could have taken adequate steps to see that these liabilities were cleared at the earliest possible opportunity. I would also like to mention that the terms of the agreement entered into with the Indian Jute Mills Association are also very vague. It is, of course, true that the Government of India also challenged the claims of the Association and so the matter was under arbitration for such a long period. It appears from the note and also from whatever we know about this matter that the way in which the matter has been tackled after the attainment of independence has not been altogether a satisfactory one. The result was that liabilities which might have been avoided could not be avoided and ultimately we have to vote for such a huge amount. Even now we do not know what is the actual amount that will have to be paid ultimately, because according to the statement here, there is still liability of several lakhs of rupees. Their claim is for a sum of Rs. 49.21 lakhs and here we have provided only for Rs. 20.85 lakhs. This means that for another huge amount negotiations would continue and we do not know when the matter will be settled. This shows that the matter was not properly tackled after the Congress Party came into power on the 15th August, 1947. I am not referring to the actual terms of the agreement, but I say that the way in which the matter has been tackled after independence has not been quite a satisfactory one and it is because of this mishandling that we are now liable to pay such a huge amount to the British capitalists.

**Shri K. K. Basu:** Though the war ended in 1945, the premises were de-requisitioned only in March, 1951.

Why did it take nearly four years after the national Government came into being to decide over the de-requisitioning of these particular premises? It is said here that they were used for accommodating American surplus stores. I do not know what type of stores they were. Secondly, I would like to know when these mills took possession of the premises actually. I want to emphasise this point, because the losses of profits which they have claimed might be for the whole period for which the mills did not work. I want to know whether the loss of profits claimed relates to the period during the war, before 1947 or till the date of requisition or even to a subsequent period. This point has to be clarified, because the amount that has been charged is huge. I hope the Government will try to clarify this point. There is another point. As far as I remember, there was some adjustment by which a certain percentage of the pre-partition debts was to be paid by the Pakistan Government. I know that there are a number of small parties which are claiming payment from the Government for pre-partition debts; they have not been paid anything. My fear is that because this is a big party, they have come to a settlement. I find from the note that the arbitrators took five years to give the Award, because there was a certain dispute about the interpretation of a certain terms. I do not know how the arbitrators could have taken five years to come to a conclusion on this matter. Of course, they might say that they had to look into the accounts books and so on. But, I would like the hon. Minister to clarify the position and state the reason for the long period taken to settle the matter and also explain to what period the loss of profits related—the period during the war, the period till 1947 or even the subsequent period. I also want the Minister to state why such a long time was taken to de-requisition the premises.

**Shri M. C. Shah:** The point raised is, "why should we have respected

this agreement?" Is it suggested that we should dishonour the agreement that we entered into before partition? It has been agreed that we should pay the pre-partition debts. If it is accepted that we should honour that agreement, then I do not think any objection can be taken to this Demand.

5 P.M.

The matter has been very clearly set out in the notes on the demand. Under the agreement, whenever there was a dispute, the matter was to be referred to arbitration. How can we ask the arbitrator to just give a decision within a certain definite period? They took some time. The parties seem to be rather big parties as stated by my hon. friend Shri K. K. Basu. How can we say that the arbitrator has not acted in the right and proper way.

**Shri K. K. Basu:** My point is this: Whether the Government or the jute mills were responsible for these delays. You may appoint an arbitrator. They may ask for a statement. You may not do it. Were either of the parties responsible or was it left to the arbitrators?

**Shri M. C. Shah:** Nobody is responsible. I know of certain cases before arbitrators where Government have to refer. These proceedings continue for a very very long time. There is no delay. There may be points at issue. There are some statements to be filed or some evidence to be taken. All these things take time. Because it has taken time, it does not affect the claim which is awarded by the arbitrators. It is only honouring an agreement that we entered into. I do not think we can take any objection to this. That is the only thing that I should like to urge on the Members opposite. This is simply a pre-partition debt. We are bound to

honour the pre-partition debts. If we do not honour, the party has a right to go to a court of law and get perhaps much more because they had claimed rather a big sum, something like Rs. 26 lakhs or more. The arbitrator has given a rather small sum. Therefore, I do not think that there can be any objection to be raised in this regard.

**Shri K. K. Basu:** This is a pre-partition debt. There were certain debts which were to be paid by the Pakistan Government. I know still there are large amounts claimed by individuals from the Government which they argue are payable by the Pakistan Government and they refuse to pay. Is this payment on account of the Pakistan Government or on our own? I would like clarification of that point.

**Shri M. C. Shah:** This demand was to be met by the Government of India. Therefore, the Government of India has accepted this liability. As a matter of fact, certain stores of the U.S.A. Government were handed over and a certain sum was to be given to the Government of India. We have realised those sums from the surplus stores over and above a certain fixed sum. The moneys realised out of those stores were to be adjusted by the U.S.A. Government and the Government of India. We have got all these things. Therefore, we have accepted the obligation that was accepted before the partition. There is nothing wrong; there is nothing extraordinary in accepting this demand and paying this sum.

**Mr. Deputy-Speaker:** This Demand is not to be voted upon. It is also a charged item. The rest of the items will be taken up on Monday.

5.05 P.M.

*The Lok Sabha then adjourned till Eleven of the Clock on Monday, the 12th December, 1955.*