

by the unfortunate Health Minister, invariably questions of Ayurveda, homoeopathy and unani systems are brought up, even though they are not relevant to the Bill. No one has done more, according to my own conviction, than I for the upliftment of Ayurveda. But, if I am asked to accept the doctrine that modern medicine is not suited to India or that India should lag behind in this most vital of all sciences, the science of medicine, I am not going to be party to that. I want India to take her place in the comity of nations in every possible way and be at the top. But, this does not mean that I do not encourage Ayurveda or unani, etc., and give them opportunities of development. I have not yet had an agreed solution either by the vaidas or by the Health Ministers of the States. As one Member said, quackery continues unabated.

The experience of China is quoted. May I say that China is going to turn out one more practitioner of traditional medicine? Not a single one. They have accepted modern medicine *in toto*. They are employing the practitioners of traditional medicine only in the case of chronic diseases, five in number. Not one of them is allowed to do anything in the case of communicable disease or any other case, or prescribe for any disease other than those five diseases. Not one of them is allowed even to learn modern medicine. I am giving them many more chances of development. Let us not quote China. China is going ahead fast with no inhibitions. I am doing everything for the uplift of Ayurveda, homoeopathy and unani. Money has been set apart. It is for the vaidas to use it as best as they can.

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

"That the Bill, as amended, be passed."

*The motion was adopted.*

#### ELECTRICITY (SUPPLY) AMENDMENT BILL

**The Minister of Planning and Irrigation and Power (Shri Nanda):** Sir, I beg to move:

"That the Bill further to amend the Electricity (Supply) Act, 1948, as reported by the Select Committee, be taken into consideration".

I may say just a few words regarding the background of this Bill. This Bill was introduced in the Lok Sabha on 28th September, 1955. On the 14th August last, this House adopted a motion for reference of the Bill to a Select Committee for submitting a report on the opening day of this session of Parliament. The Select Committee had strenuous work with this Bill. It is of a complicated and technical nature. The Chairman and the Members applied their mind to it. They had a number of sittings. It was found that the work could not be completed in the given time. Therefore, extension of time was asked for and then the Select Committee completed the work in the extended time.

I had, at the time when this Bill was moved, given the substance of the Bill and explained some of its essential provisions. On this occasion, I have to explain the changes that have been made by the Select Committee in the provisions of the Bill. Members might recall that the Bill which was before them dealt with some important matters. There was the question of control exercised by the State over the operation of the Electricity Board and it was desired that something should be done to strengthen that control. That was one part of the Bill. Some provisions were incorporated in that Bill on that account.

Then, there were certain provisions relating to the structure of the Boards themselves, that is, their set up and operation. Some improvements were sought to be effected in that through this Bill. The question of licensees

[Shri Nanda]

themselves came up and certain provisions of the Bill introduced further safeguards for the consumers. There were other provisions which were intended to look after the interests of the licensees, that is, investors in the electricity undertakings. There was a further set of provisions of which the intention was to do something about those loopholes and anomalies that had been brought to the notice of the Government, and which had the effect of creating a much larger burden for the consumers, than the original Act really intended, but because of some loopholes, as I said, the licensees were able to make much higher charge to the consumers than they were really, genuinely entitled to do. These were the groups of provisions which were taken up for consideration in the Select Committee, and I will now explain to the House the changes which have been effected or introduced in the Bill as a result of the deliberations of the Select Committee.

In the first place I shall take up these provisions which relate to the question of the exercise of control by the State over these Boards. These provisions are covered by clauses 11, 19 and 23. Regarding clause 11, the position is that the Boards had previously the power to sanction schemes without any particular restriction, and the Bill provided that the Boards should refer to their State Governments before sanctioning schemes costing over Rs. 10 lakhs. The Committee felt that this limit was somewhat low, and has accordingly suggested its being raised to Rs. 15 lakhs. That is one of the amendments.

Another amendment affecting this aspect of the question, that is the role of the State in relation to the Boards, is covered by clause 19 which is connected with clause 23. Under clause 23 the State Governments were to give directions to the Electricity Boards on questions of policy. A view was expressed that the directions to be issued by the State Gov-

ernments should be placed before the State legislature. There was, however, an apprehension that this might not be a very suitable and appropriate provision, but it was also felt that something had to be done which could serve the purpose that was in view. So, in connection with this other provision which is covered by clause 19, which says that the Board should be required to submit an annual report giving an account of its activities during the previous financial year and the activities to be proposed to be undertaken by it in the next financial year and that such a report should be placed before the State legislature, it has been suggested that the report may include the directions issued by the State Government to such a Board. If the Board feels that it is necessary to bring those directions to the notice of the legislature, they would be included in the report. If, however, the Board feels that in the public interest they may not be included in the report, then the Board is free not to include them in the report. These are the clauses in the Bill sought to be amended by the Select Committee which refer to the question of control by the State regarding the operations of the Boards.

Now, there are other provisions which relate to the working of the Boards themselves, that is the role and the set-up of the Boards, and they are covered by clauses 8 and 17. Clause 8 refers to section 16 of the Act which provides for the constitution by State electricity companies consisting of representatives of the local self-government, electric supply industry, commerce, transport, agriculture and labour employed in the electric supply industry. The Select Committee having considered this matter came to the conclusion that it was proper that general consumers should also be represented on this Council, and the amendment that has been made now by the Select Committee brings this about.

The other clause dealing with the question of the Boards is clause 17. This relates to section 67 of the Act, and it refers to the question of payment of taxes on income and profits. The Act itself made no specific provision regarding this. In the Bill provision was made indicating the priority of taxes over other deductions and it was provided that after payment of interest on loans etc., depreciation and some other items, the taxes on income and profits come in. On consultation with the Central Board of Revenue, however, it was found that it was proper that taxes on income and profits should come before everything else, and therefore the Select Committee has now raised its place in the list of priorities and made it priority number one, that is taxes on income and profits will come in before anything else. These are the provisions relating to the Boards.

Then comes the largest set of amendments and provisions referring to the licensees. As I said, there are two kinds of provisions, one aiming at the safeguarding of the interests of the consumers. I may mention the numbers of the clauses for convenience of reference. They are clauses 13, 14 and 27.

Clause 13 refers to the question of certain directions which it is intended that the Board may issue to the licensees for the purpose of achieving maximum of economy and efficiency in the operation of their generating station. It was felt that the wording of the Act as it was restricting it to the generating stations would not really suffice for the purpose in view. In order to ensure that economy or efficiency in the operation of the generating stations was not lost through mismanagement so far as it affects the distribution, it was proposed to bring the working of the entire industry within the scope of the directions of the Board. The Committee, however, felt that such directions should not be arbitrary, and the licensees should have some kind of a protection against the arbitrary

exercise of such powers by the Board. The Select Committee came to the conclusion that provision should be made to the effect that the directions to be issued by the board should be reasonable. But then the question came as to who would decide whether those directions were reasonable or not. An occasion might arise when there might be difference of opinion between the board and the licensees. It has, therefore, been provided that any dispute or difference between the licensee and the board regarding the question whether a direction is reasonable or not may be referred to the Central Electricity Board. That is one of the clauses relating to the licensees.

I now come to clause 14. This deals with the composition of the rating committee. Strong opinion was expressed in the House at the time the motion for reference to Select Committee was under discussion, that the set-up of the board was not quite rational. After full consideration, certain changes have now been made. The Select Committee also felt that something had to be done about it. Initially, the rating committee was to be composed of two representatives of the board and one of the licensees. It was felt, however, that the board need not be represented so heavily on the committee, because the board itself really decides when it has to appoint a rating committee, if it finds that the consumers' interests are at stake.

It was felt that the amendment should be on the following lines, namely that there should be just one member of the board nominated on the rating committee, one member nominated by the State Government and a third who was to be representative of the licensees.

With a view to further safeguarding the interests of the consumers, the Select Committee suggested that the member to be nominated by the State should be a judicial officer not below the rank of a district judge. It was also further provided that this

[Shri Nanda]

judicial officer representing the State should also function as the chairman of the committee. This is about the composition of the rating committee.

There is a further provision in the same connection. The Act did not prescribe any time-limit for the submission of the report by the rating committee. It was, therefore, proposed to amend section 57 with a view to prescribing a three-month period for the submission of the report. This period, however, as the Bill provides, could be extended by the State Government. The Select Committee felt that it was not right and proper that there should be scope for indefinite extension of the period, and that there should be some limit to it. They, therefore, suggested that such extension should be restricted to a further period of three months only, so that there cannot be frequent extensions of the time allowed to the committee for the submission of its report.

There are certain other important provisions covered by clause 27. One of them relates to the number of variations that can be made in the rate in the course of a year. The Act entitled the licensee to adjust his rates of supply for the purpose of earning the reasonable return without obtaining the consent of the State Government or the board or even giving them a notice. That is an aspect which has an importance of its own. So, I shall explain this provision a little more. On the representation of the State Governments, it was provided in the amending Bill that the licensee should give two months' notice to the State Government or the board of his intention to enhance the rates of supply and should enforce the enhancement only if the State Government's approval is received within the period of two months. If the State Government did not approve of the proposed enhancement, they will constitute a rating committee to examine the licensee's charges for the supply of electricity.

The Select Committee felt that such a procedure could prevent the licensee from charging the due rates, and that he might continue to suffer loss at least for a period of eight months. So, the Select Committee's view was that it should be possible or open for the licensee to make a change, if during the period of two months the State Government have not given their approval; he should not be forced to wait till the State Government appoint a rating committee and the rating committee gives its decision. But if, later on, that is, subsequent to the appointment of the rating committee, it is found that that increase was not justified and, therefore, a lower rate had to be fixed, then provision has been made here to the effect that the licensee will make a refund of the excess, and the consumers, therefore, will recover that excess.

Before I took up this question, I was dealing with the number of times a licensee could increase his rates of supply. It was felt that frequent variations would upset the budgeting of the industry and the consumers, besides involving wasteful expenditure. So, it was proposed in the Bill to limit the number of variations in the rates to one a year. This is all right. But the Select Committee felt that enhancement of rates may be restricted, and properly too, to one a year, because it was a question of raising the rates; yet, there was no need to impose that restriction in cases where the rates might be lowered. Therefore, a licensee could change the rates with the object of lowering the rates more than once. That is another change that has been introduced by the Select Committee.

There are one or two other important changes which have been effected by the Select Committee. One of them is in this very clause. Under the present Act, a licensee could make a change in the rates to the extent of 30 per cent of clear profit

in excess of what might be the reasonable return. If the accounts show that he has been able to make a clear profit in excess of that laid down by us, namely, 30 per cent, then a certain method has been laid down in the Act as to how that excess has to be appropriated. Therefore, it was said that a licensee could take not more than one-third and also not more than 7½ per cent; there were two maximum limits. But, now, the return of 30 per cent has been reduced to 15 per cent. The Bill somehow had failed to make the provision that if it was 15 per cent, the licensee's share of the excess of clear profits over the reasonable return should not be more than five per cent. Originally, the figure was 7½ per cent. Therefore, the Committee very rightly came in to make that change. So this has been reduced from 7½ to 5 per cent. That is an important change made by the Committee.

18 hrs.

One more change has been made in connection with the development reserve. This development reserve has arisen out of a certain rebate which industries get, but in the case of the electricity industry, it was felt that being a kind of monopolistic enterprise, being enabled to earn a certain rate from consumers who could not go to any other competing undertaking, it was not necessary for the electricity industry to have it as a kind of free gift. So it was provided that this rebate should be taken into a development reserve, and that reserve would not belong to the licensee. The licensee would not earn a reasonable return on this reserve and ultimately it does not remain with the undertaking; it passes on to the State when it changes hands. But it was felt that although these provisions were quite proper, the licensee should have some consideration for handling this capital which would be utilised for the purpose of the expansion of the industry, and having expanded the undertaking, he would not be getting any

more return than he was getting before. It was agreed that some provision should be made as a kind of handling charge, and it has been provided that it should be ½ per cent.

There was another provision made at the instance of the industry. There was a strong representation made by the Federation of Electricity Undertakings that there should be a reserve made on account of deferred taxation. That is, if in a certain year they are able to charge something—on account of depreciation, they are getting certain concession—that year the clear profit rises, but they have not to pay the tax; later on the tax will have to be paid. Therefore, it will become difficult for them to do so. So a provision was made...

**Mr. Speaker:** The hon. Minister might continue tomorrow.

**Shri N. C. Chatterjee (Hooghly):** Would you kindly order that this Bill may retain its priority so that this may be taken up first tomorrow?

**Mr. Speaker:** How long will the hon. Minister take to finish his speech?

**Shri Nanda:** About five minutes.

**Mr. Speaker:** Why not finish it now.

**Shri Kamath (Hoshangabad):** Tomorrow.

**Mr. Speaker:** Let him finish now. The half-hour discussion will be extended to that extent. Regarding the further stage tomorrow, we will consider.

**Shri N. C. Chatterjee:** This Bill won't take long. Although the Business Advisory Committee allotted 5 hours, there won't be much chance for very protracted discussion. Therefore, the Finance Bills may be taken up immediately after this Bill is disposed of. This will be finished in a couple of hours.

**Mr. Speaker:** Is that the general sense of the House?

**Some Hon. Members:** Yes.

**Mr. Speaker:** This may have priority tomorrow. Then the hon. Minister might continue and finish his speech in five minutes. After that, whatever might be the time, we will sit for half an hour.

**Shri Kamath:** There is another engagement in the Central Hall.

**Mr. Speaker:** That has been adjourned from time to time. This will mean one more adjournment.

**An Hon. Member:** We have a third engagement.

**Shri Nanda:** I was referring to the request of the Federation in connection with the special initial and additional depreciation allowance granted under the Indian Income-tax Act from time to time. On that account, they thought that they should have a deferred taxation—serve. Government, however, did not favour the creation of this reserve, because it was felt that if in a certain year this was done—that is, a reserve was created—it might lead to a raising of the rates that year; whereas also the expectation was that, as in the course of years, the industry expanded itself, later on there would be greater scope for adjustment and it would not be necessary to raise the rates. Therefore, it would be better that we did not do so. But on the insistence of the industry and on its agreeing to this condition, that when a reserve was created, when something was set aside for the purpose of the depreciation reserve that year there would be no increase in the rates, the Committee agreed to the creation of a reserve for deferred taxation. Now I find that there is an amendment from the same source, representing the Federation, that they want removal of this provision. When we come to that, we shall consider it, and if the industry finds that it does not really benefit by this arrangement and that it would rather not have it, we would be agreeable to omitting the provision.

These are practically all the important changes that have been made by the Select Committee in the Bill.

There are other changes of a consequential character, changes of drafting, changes which were intended to clarify the intentions, but I do not want to take up the time of the House for bringing to its notice those clauses.

**Mr. Speaker:** Motion moved:

“That the Bill further to amend the Electricity (Supply) Act, 1948, as reported by the Select Committee, be taken into consideration.”

Further discussion of this Bill will stand over till tomorrow and this will have priority over all other Bills.

#### INDIAN TRADE UNIONS (AMENDMENT) ACT, 1947

**Mr. Speaker:** How much time will the hon. Minister require?

**The Minister of Labour (Shri Khandubhai Desai):** I should first hear what the hon. Member has to say.

**Mr. Speaker:** All right, let the discussion proceed. I will allow 15 minutes for the Mover, fifteen minutes for the Minister, ten minutes in between and then some time for the right of reply....

**Shri Kamath:** That means we will have an hour, half an hour today and half an hour tomorrow.

**Mr. Speaker:** There is something wrong in my arithmetic. Let the discussion start now.

**Shri Sadhan Gupta (Calcutta South East):** I am raising this discussion on a very vital matter concerning the Indian labour movement. You are well aware that the Indian labour movement had been long struggling for the right of recognition of trade