

RUBBER (PRODUCTION AND MARKETING) AMENDMENT BILL

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I beg to move:

"That the Bill further to amend the Rubber (Production and Marketing) Act, 1947, be taken into consideration."

This is a non-controversial measure and has been brought in response to a request made by the Government of Madras. They now have one representative on the Rubber Board and have asked for augmentation of that representation to two. The request is an old one and has been constantly under review. Government felt that they would have to review the whole Act and may incorporate the request at the time of the revision of the Act. At the present time there is no possibility of the Act being reviewed. So the amendment has been brought forward in order to provide for the representation of the Government of Madras on the Board being increased to two members.

Care has also been taken to see—as the House will find—that out of the two members to be nominated by the Government of Madras, one shall be an official and the other a non-official. Therefore, the non-official interest is also being safeguarded. I hope the House will accept this measure without much discussion because it does not really involve any principle or departure from the existing constitution of the Rubber Board.

Mr. Deputy-Speaker: Motion moved:

"That the Bill further to amend the Rubber (Production and Marketing) Act, 1947, be taken into consideration."

Shri Nambiar (Mayuram): I have one appeal to make to the hon. Minister. He says that he has made provision for the nomination of one non-official. But it has always been the case that in such matters labour is never consulted, nor any representation given to it. This is my grievance. Whatever be the industry, whether it is the rubber industry or tea industry, if it is to improve and serve the interests of the people, labour must have a voice in it. Therefore, in an industry of such magnitude as rubber.....

Shri T. T. Krishnamachari: I might inform the hon. Member that on the Board there are three representatives

of labour to be nominated by the Central Government.

Mr. Deputy-Speaker: All that this Bill seeks to do is to amend the section in order to enable the Government of Madras to nominate two representatives, instead of one. Independently there is a clause which provides for representation of labour to be nominated by the Central Government.

Shri Nambiar: There comes the trouble. If the Central Government...

Mr. Deputy-Speaker: We are going to another point. The Bill does not relate to the section dealing with representation for labour. The hon. Member should, therefore, confine himself to the scope of the Bill.

Shri Nambiar: I will not take much time.

Mr. Deputy-Speaker: It is not a question of his taking much time. It is a question of the proceedings being relevant.

This amendment seeks to increase the representation of Madras to two. It is open to the hon. Member to say that one of them should go to labour.

Shri Nambiar: If he gives one of the two to labour, I shall be grateful.

12 NOON

Shri A. M. Thomas (Ernakulam): I wish to make a few observations on this amending Bill. The object of this Bill is to strengthen the representation of the Madras Government on the Indian Rubber Board. Now, when we are asked to add to the strength of the Rubber Board we are entitled to know from Government what exactly has been the attitude of Government, or the approach that Government has made, to the recommendations of the Rubber Board.

The original measure was enacted for the development under Central control of the rubber industry as regards production, marketing and regulating of rubber. In Travancore-Cochin which has 132,604 acres out of a total acreage of 162,147 under rubber throughout India, an impression has gained ground that Government is not quite alive to the interest of the producers and that the interest of the manufacturers are more in the eyes of the Government than the interest of the producers.

In answer to a question tabled in the course of the present session of Parliament, the hon. Minister of Commerce replied that the price of imported rubber per hundred pounds is Rs. 304/13/-, while for Indian pro-

[Shri A. M. Thomas]

duced rubber only Rs. 128 for hundred pounds is being paid. This disparity in price cannot be understood.

It is not for lack of representation on the Board. As it is, out of 26 persons on the Board, the Government of Travancore-Cochin is given five persons; the United Planters' Association of South India has three members; the Rubber Growers' Association of Kottayam has got three persons and the Association of Planters in Kottayam are given three persons. From this it will be found that the producers' interests have been more in the mind of Parliament when this measure was enacted. Even then, my complaint is that the producers' interests have not been borne in mind by the Government.

The margin of profit for the manufacturer is much in excess of that for the grower. To illustrate my point, the price of the quantity of raw rubber contained in a motor car tyre...

Mr. Deputy-Speaker: How are these points relevant to the discussion.

Shri A. M. Thomas: As I understand it, the object of Government in seeking to add to the strength of the Board, to give more representation to the Madras Government, is to see to the interests of the producers, because South India is the area where most of the rubber in India is produced. Therefore, I believe that it is perfectly relevant when I discuss the principle underlying the constitution of the Rubber Board.

Mr. Deputy-Speaker: Of course, the hon. Member may say that the Board would become unwidely, or that the Government of Madras has not played its part. But to go into the price of rubber, etc., is beyond the scope of the Bill.

Shri S. S. More (Sholapur): This is a debate on rubber and it ought to be more elastic.

Shri A. M. Thomas: My suggestion is that it is not enough if proper representation is given on the Board or more representation is given to the Government of Madras, but that Government must also be aware of the recommendations of the Board.

Having regard to the history of how Government has treated the recommendations of the Board, my submission is that Government is not alive to the interests of the producers. And

I would urge on the Ministry of Commerce that even with the present strength of the Board the recommendations of the Board have to be given more weight and the interests of the producers have to be borne more in mind.

With these few words I support the Bill.

Shri Venkataraman (Tanjore): I did not intend to intervene in the debate but for a remark which the hon. Minister of Commerce made in the course of his speech. He somewhat disturbed us. He said that he did not propose to review the Indian Rubber Control Act. That was his observation. I raised a point even yesterday that at the time when the Industries (Regulation and Development) Bill was under discussion his predecessor in office gave an undertaking that he would bring all the plantation products within the framework of the Industries (Regulation and Development) Bill by properly amending the specific statutes in respect of them. I do not know if the Commerce Minister, by the remark which he has made, intends to give the go-by to the promise made to this House. We are very anxious that all the plantation products should be brought within the ambit of the Industries (Regulation and Development) Bill and for that purpose we are hoping that the Commerce Minister would take into consideration all these Acts, namely the Tea Control Act, the Central Tea Board Act, the Rubber Board Act, the Coffee Board Act etc. and see that as soon as possible they are brought in line with the Industries (Regulation and Development) Act.

Shri P. T. Chacko (Meenachil): I want to make only one observation. In 1949 when an amending Bill was moved in this House to this Act it was represented that in the Rubber Board there was no representation of the small growers. Then the Minister of Commerce and Industry at that time gave an assurance on the floor of this House that he would make the necessary amendments in the Act itself so as to ensure representation of the small growers. This assurance remains unfulfilled. Out of the total quantity of rubber produced in India I am sure, if not a major portion, a very good percentage of it is produced by small growers. Now in the Rubber Board there is absolutely no representation of the small producer. The effect is that whenever the Rubber Board makes any representation to the

Government, it is made to safeguard the interests of big planters and not the small growers. It may appear that the rubber producers were agitating for the last two or three years for enhancing the controlled price of rubber. But the small producer was always feeling that the representatives of the planters in the Rubber Board were not very sincere in approaching the Government. The controlled price of rubber was Rs. 90 per 100 lbs. of raw rubber, but even big firms which are running certain rubber industries in India were purchasing rubber at Kottayam for Rs. 130 to Rs. 148 per 100 lbs. So much so, if the managing director or the managing agent of a plantation company wanted to make a profit, he could simply sell the rubber at Rs. 90 to one of his own puppets and see that it is sold in the black market at Rs. 147—because in the company records he need show only Rs. 90 per 100 lbs. Thus, the small growers were always feeling that this Rubber Board was not doing anything to ensure the interests of the small growers. I only wanted to point out this matter to the hon. Minister so that he may take the necessary steps to ensure representation on this Board for the small growers.

Shri B. S. Murthy (Eluru): I Just want clarification on one point. I want to know why the Government of Madras wanted one more member and which interests this new member will represent.

Shri T. T. Krishnamachari: As I said, it is an old story. The Government of Madras have been saying for nearly two years that they want larger representation because they want to have an official on the Board as the Madras Government's interests are connected with the work of the Board. And they would like also to have a non-official representative. That is the main reason and that is why it has been framed in this manner. I think it must satisfy my hon. friend Mr. Murthy.

Mr. Deputy-Speaker: The Government itself wants to have representation.

Shri B. S. Murthy: It is there. It has been stated in the Statement of Objects and Reasons that this did not adequately meet the needs of the Government of Madras. And they want one more representative. I want to know what are the needs of the Government of Madras, how they have been able to convince the Central Government that they should have one more representative, and what interests

this new non-official member will represent.

Shri T. T. Krishnamachari: It is a cerebral process which one has to undergo—getting the point of view of the Government of Madras and translating it into action by means of a Bill—it is rather difficult to explain. But the point is that the Government of Madras would like to have two representatives, one being a non-official and one an official. They want an official because they want to see that the interests of the Government of Madras are protected. Actually, as my hon. friend Mr. Thomas pointed out, the representation of Madras is next to nothing. And very possibly, the other representative from Madras might be a representative of the small growers, as Mr. Chacko put it.

Kumari Annie Mascarene (Trivandrum): On a point of order, Sir, May I know whether the language "cerebral order" used by the hon. Minister is parliamentary and in order?

Shri T. T. Krishnamachari: I said cerebral process. Even the question of taking in what the hon. lady Member says involves a cerebral process. I do not think it means anything.

Kumari Annie Mascarene: I strongly object to that remark.

Mr. Deputy-Speaker: What the hon. Minister said was "I cannot explain the cerebral process". That is what he said.

Shri T. T. Krishnamachari: Sir, I said I cannot explain the cerebral process which I have undergone—not which they have undergone—and I am sure if any hon. Member wants to take in what I have said there must be a certain amount of cerebral process.

Mr. Deputy-Speaker: Hon. Members have no objection to the hon. Minister's cerebral process.

Shri T. T. Krishnamachari: With regard to other matters, which you have very rightly ruled as not being relevant, I would say this that merely because we have brought in this Bill it does not mean that the Government are completely unalive to the need of looking into all these measures, to streamline them and, as Mr. Venkataraman suggested, to bring them with in the scope of the Industries (Regulation and Development) Act. I am not disclosing a secret when I mention to the House that I have a file on my table reminding me every day of all the Acts which we are supposed to

[Shri T. T. Krishnamachari]

administer. Because, I do find there are some lacunae, the Government is not able to exercise its supervision properly, and some changes are necessary. And I do hope that when I come with piecemeal amendments of these legislation the House will be equally tolerant to me and allow those pieces of legislation to be passed.

With regard to the points raised by my hon. friends Mr. Thomas and Mr. Chacko, it is not that I am unalive to the position of the rubber industry in our country. But, they must also recognise that there was a time prior to 1948 when owing to price fixing and the protection that we gave to rubber they were getting higher prices than the prices in Malaya. The price quoted by my hon. friend Mr. Thomas in regard to Malayan rubber is not what it is today, because prices have gone down. Nonetheless, I do recognise that what is given to our rubber producer is not adequate. Though I cannot make any promise—there is no point in my making promises galore and not keeping them up—I can certainly assure my friends that the matter is engaging the attention of Government. There has been a reference to the Tariff Commission in regard to the price of rubber and we expect a report from them before long. The matter will be considered and the Government will do everything that is possible subject to other over-riding considerations to see that the rubber interests are provided. I do not think there is any need for me to say anything more except to say that so far as the Bill is concerned, there is not much to be said.

Mr. Deputy-Speaker: The question is:

“That the Bill further to amend the Rubber (Production and Marketing) Act, 1947, be taken into consideration.”

The motion was adopted.

Clauses 1 and 2 were added to the Bill. The Title and the Enacting Formula were added to the Bill.

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

“That the Bill be passed.”

Mr. Deputy-Speaker: The question is:

“That the Bill be passed.”

The motion was adopted.

INDIAN COMPANIES (AMENDMENT) BILL

The Minister of Finance (Shri C. D. Deshmukh): I beg to move:

“That the Bill further to amend the Indian Companies Act, 1913, be taken into consideration.”

The object of this Bill is to amend section 91B of the Indian Companies Act. I shall not read out the whole of the section; but, in essence, that section prohibits a director of a public company from voting in any board meeting of the company on any contract or arrangement in which he is either directly or indirectly concerned or interested. The principle underlying this Bill is obvious, and that is, to avoid any conflict of the personal interests of the director with the interests of the company on the board of which he is sitting. Although it is a salutary principle, its rigid application is likely to give rise to practical difficulties in certain circumstances. And these circumstances having arisen, we have brought forward this Bill. The urgent necessity for introducing some flexibility in the working of this provision has been brought about in connection with the recent agreements which the Government entered into with the Standard Vacuum Oil Company, The Anglo-Saxon Petroleum Company Limited, and the Burmah Oil Company Limited for the setting up of modern Oil Refineries in India. One of the terms of the agreements was that these foreign companies were to form Indian companies under the Indian Companies Act in which they would hold ordinary shares and Indian investors will be given an opportunity to subscribe a portion of the capital in the form of cumulative preference shares. It is an essential feature of the arrangement that the said promoting companies should have a predominant voice in the management of the subsidiary companies to be formed here. In the normal course, it may be expected that they will be entering into various contracts with these subsidiary companies. Such an arrangement, it would be rightly seen, would be unworkable unless section 91B is amended because, as it stands at present, it will prevent the boards of the Indian companies from being really effective. The majority of the directors will be nominees of the Oil companies and therefore they will be directly interested in such contracts, that is to say, contracts with the parent company through their connection with those companies. Thus, the position has arisen that perhaps the public com-