

The Government is equally anxious to do its best in this regard.

Shri Amjad Ali (Goalpara-Garo Hills): On a point of order. I tabled an adjournment motion and I am to be informed what has happened to it.

Mr. Deputy-Speaker: Regarding the Adjournment motion, hon. Member must bear in mind that so far as adjournment motions are concerned, copies of the motion must be handed over to the Speaker, the Minister concerned and the Secretary and if the Speaker has given his consent, then, it can be brought to the notice of the House. The Speaker may find that it is not necessary to give his consent at all in which case it cannot be referred to the House. This is apart from the admissibility. The rule 60 says that a motion for adjournment of the business of the House for the purpose of discussing a definite matter of urgent public importance may be made with the consent of the Speaker.

Shri Sarmah (Goalghat-Jorhat) rose—

Mr. Deputy-Speaker: Order, order. I have already indicated here that so far as the particular matter is concerned, if before the adjournment motion was tabled, there are questions relating to that matter and which are coming up by way of discussion for half an hour, as in this matter, an adjournment motion is not necessary. I said, it is not a matter of recent occurrence. The matter has already been brought to the notice of the House and a separate half an hour has been devoted for discussion of that matter. Therefore, I need not give my consent. It is not necessary. It is only a repetition.

Shri Sarmah: May I, with your leave, invite the attention of the Government to a very urgent matter in connection with the same matter.....

Mr. Deputy-Speaker: No, no.

Shri Sarmah: I got the telegram last night.

Mr. Deputy-Speaker: I have not given my consent to the adjournment motion. I am not going to allow this motion without even the adjournment motion.

Shri Sarmah: This is a different matter.

Mr. Deputy-Speaker: There may be many matters. The hon. Member can tell me what exactly it is. I cannot interrupt the proceedings of the House. I must go by the Order Paper. There are various items to be gone through today. Now, legislative business.

IRON AND STEEL COMPANIES AMALGAMATION BILL

Mr. Deputy-Speaker: Further consideration of the Bill. Clause by clause discussion will now take place.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clauses 4 to 6 were added to the Bill.

Clause 7.—(Terms of transfer)

Shri N. Somana (Coorg): I beg to move:

In page 2, lines 47 and 49,—

for "for" substitute "of the value of".

Shri A. C. Guha (Santipur): I have an amendment, No. 7.

Mr. Deputy-Speaker: I am coming to that later.

Shri N. Somana: The sentence as it stands is not very clear.

The Minister of Commerce and Industry (**Shri T. T. Krishnamachari**): It is only a verbal amendment. Instead of 'for' he wants the words 'of the value of'. It means the same thing.

12 Noon

Mr. Deputy-Speaker: It is felt that it is not necessary. There is no difference in substance. It is one of form. The form as it stands is equally intelligible.

Shri N. Somana: The clause says, ".....four ordinary shares for rupees ten each.....". The language would be better if it reads ".....four ordinary shares of the value of rupees ten each.....".

Mr. Deputy-Speaker: Not necessary; it is after all a verbal amendment.

Shri Sinhasan Singh (Gorakhpur Distt.—South): I want to move that in section 8.....

Mr. Deputy-Speaker: We are on clause 7 now.

Shri A. C. Guha: I beg to move:

In page 3, after line 25, insert,—

"Provided that the Central Government in consultation with the Tariff Commission shall have the power to convert the preference shares into ordinary shares within three years from the appointed day."

My only submission is that in such an important industry, preferential shares should not be allowed to continue

[Shri A. C. Guha]

indefinitely. What I want to put in by this amendment is that Government should have the authority, in consultation with the Tariff Commission, to convert the preference shares into ordinary shares within three years from the appointed day. A similar policy should be adopted as regards the Tatas. My throat does not permit me to say much. My purpose is clear. I hope the hon. Minister will have no objection to accept my amendment.

Shri Bansal (Jhajjar-Rewari): What is your reason?

Shri A. C. Guha: Preference shares have a particular claim for dividend even if the company is not earning any profit. I think they can also sue the company for a fixed dividend. This prior claim of a particular section of the shareholders should not be allowed and they should not be allowed to have a preferential claim on the income of the company for a fixed rate of dividend.

Shri Bansal: The debenture holders have the same claim.

Shri T. T. Krishnamachari: By this amalgamation, we have not attempted to change the structure of the companies except that in clause 14 we have taken powers to secure representation of the Central Government by means of rules. Otherwise, we have not interfered with the structure of the companies. I do not think I am in a position to accept the amendment.

Mr. Deputy-Speaker: Is it necessary to put it to the House?

Shri A. C. Guha: Not necessary.

Mr. Deputy-Speaker: The question is:

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

Clause 8... (Priority as between secured creditors etc.)

Shri Sinhasan Singh: I beg to move: In page 3, line 54, for "with" and in page 4, for lines 1-4, substitute "be treated on par with the similar secured creditors of the Iron and Steel Company for the repayment of their debts as if the debts had been initially advanced to the Iron and Steel Company."

The clause relates to the payment of secured creditors. The clause says that after the amalgamation of two

companies, the secured creditors of the dissolved company will be paid in such a way as may be agreed upon between them and the emergent company, and if there is no agreement, then, a tribunal shall be appointed. My suggestion is that this is a lengthy procedure and if the secured creditors are given the same status as if they were originally secured creditors of the Iron and Steel Company, there will be no discrimination between the two secured creditors. By proposing this amendment, I seek to put all the secured creditors of both the companies on an equal footing so that there may be no discrimination and so that no secured creditor could get a priority over the other secured creditor. If Government accepts it, I think it is only putting both secured creditors on equality, and their debts of priority will rank according to the dates on which they have advanced to the company.

Shri T. T. Krishnamachari: The hon. Member is not aware of the fact that in regard to the Steel Corporation of Bengal, there are no debentures. In the case of the Indian Iron & Steel Co., there are debenture-holders. The position is that these debenture-holders, as secured creditors, have to be safeguarded as against an ordinary creditor of the Steel Corporation. That is why these words have been chosen. If he had understood the position, he would not have moved it.

Mr. Deputy-Speaker: It seems to be unnecessary.

Shri T. T. Krishnamachari: On the other hand, we have to safeguard the position of the debenture-holders.

Mr. Deputy-Speaker: Does he want to press his amendment.

Shri Sinhasan Singh: If Government says it is something different from what the words show, then I do not want to press it.

Shri K. K. Basu (Diamond Harbour): I do not want to speak very much on this clause. I want to ascertain from the hon. Minister whether in the Steel Corporation there are secured creditors other than debenture-holders. If it is so, what will be their position vis-a-vis the other secured creditors of the Indian Iron & Steel Co. Naturally, when the Steel Corporation is merged into the Indian Iron & Steel Co. Ltd., the debenture-holders have the first claim, and necessarily the mortgagee of the Steel Corporation will be inferior to the debenture-holders of the Indian Iron & Steel Co., Ltd. If there are no such secured creditors, the

contingency may not arise, but from the report we could not ascertain the actual position. We think that if there are secured creditors, this provision has been made in such a way as to leave entirely to the Government the power to decide who should be the arbitrator. But when they advanced loans, the creditors had naturally certain rights, and they should have been given an opportunity to go to a forum in which every party has equal chance to get justice. I do not say Government should act in that way, but when Government takes the decision, there might be a feeling in the minds of these secured creditors that in appointing the arbitrator, there is a likelihood of some injustice being done. If the facts are otherwise, this contingency will not arise.

Shri T. T. Krishnamachari: According to the information the Government have, the position is that we have to safeguard the position of debenture-holders of the Indian Iron & Steel Co., Ltd. And the debentures amount to about Rs. 1,58,53,000. The primary thing that has to be done is to secure the position of these people. In regard to other advances, I understand they are only bank advances and there are no creditors of a status on a par with that of the debenture-holders, and that is why this has been put in very clearly. The matter has been gone into by my legal advisers and it is only after consultation with the parties concerned that this has been put in.

Pandit Thakur Das Bhargava (Gurgaon): Clause 8 reads:

"Creditors of the dissolved company whose debts are secured by a mortgage, charge or lien on the property of the dissolved company or any part thereof shall, with reference to similar secured creditors of the Iron and Steel Company, have such priority....."

It appears that there are two sets of persons, those secured creditors who have got their debts against the Steel Company of Bengal and similar creditors so far as the I.I.S.C. is concerned. Why should there be a priority between the two, and why should these companies determine it? The creditors are strangers, third-parties, and their debts are secured on the two different companies. Either they should have equal rights, or their rights should be determined by a Court. The companies have got no say in the matter so far as these persons are concerned. My humble submission is that this clause also predicates two sets of creditors

both of whom are similarly placed. There should be no determination of priority and no right of this nature should be given to the companies. Those persons have got their own rights under the law, and they can enforce them in the civil courts. There is no reason why class one, i.e., creditors of one company, or class two, i.e., creditors of the other, should have any preference at all. I fail to understand the meaning of this Clause 8 when the hon. Minister says that there are only debenture-holders in respect of company number one.

Shri T. T. Krishnamachari: The position really is this. I am sorry I am not able to explain myself very clearly. So far as his point is concerned, I can understand it. The point really is that the hon. Member raises the question of rights of parties in this matter.

Mr. Deputy-Speaker: Secured creditors as distinguished from debenture-holders. There can be persons who have mortgaged its property.

Shri T. T. Krishnamachari: That position is not interfered with at all. The Clause reads:

"Creditors of the dissolved company whose debts are secured by a mortgage, charge or lien on the property of the dissolved company or any part thereof shall, with reference to similar secured creditors of the Iron and Steel Company, have such priority....."

Mr. Deputy-Speaker: He wants to know why there should be such priority.

Shri T. T. Krishnamachari: The point really is this. When you dissolve a company, there are creditors, secured or unsecured as the case may be. And naturally, people who have a lien on a dissolved company would like to get a discharge. Whereas the company that exists is there all the time, and on the other hand, there has been a further accretion of capital assets to the company which exists. Therefore, the words are put in. I merely state as a general proposition that the only type of secured creditors are the debenture-holders, and only the I.I.S. Co. has got it, and the S.C.O.B. has not got it. There is no question of debenture-holders there. Other creditors might exist. My information is that they are not anything very important. The Banks are there and there is an arrangement between the I.I.S. Co., and after the taking over of the S.C.O.B., the Banks will transfer the debts to the company which exists. When a

[Shri T. T. Krishnamachari]

company is being dissolved, naturally, the repayment of its debts has got to get some priority. But, as to the matter of law which my hon. friend mentions, the rights of parties are being affected. I quite recognise it. The whole scheme affects the rights of parties, the rights of the shareholders. But we have examined the position and we have made enough arrangements to see that nobody is unfairly treated. Otherwise, Government will certainly interfere in the matter.

Mr. Deputy-Speaker: This is a case where one company acquires the other company, and the latter company goes out of existence. The creditors of the former company have got greater assets and a greater sense of security than the others. Therefore, the others must be paid off. That is the scheme. The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clause 9.—(Provision re. taxation)

Shrimati Renu Chakravarty (Basirhat): I want to say a few words on my amendment.

Mr. Deputy-Speaker: The hon. Member will kindly move the amendment and then speak.

Shrimati Renu Chakravarty: I beg to move:

In page 4, line 22, for "written down" substitute "present".

The reason why I make this amendment is this. Generally speaking, when income-tax or taxation is made, it is calculated on the present value of the assets plus a certain reasonable amount of depreciation, but here we are giving to a company which on the face value has been giving dividends at a very high rate, the written down value thereof. Of course, there are certain real difficulties for us to judge the matter because we do not know, regarding the S.C.O.B. especially, if the principle of accounting has been the same as with the I.I.S. Co., and if the principle of depreciation also has been calculated on the same basis as the I.I.S. Co. Therefore, we do not quite know whether the ratio has been fairly drawn up, and as far as we can make out from the pamphlet supplied to us, the ratio has been worked out on the basis of last year's dividend which was somewhat of a record. Therefore we fear that by taking the assets at their written down value, we will be deprived of the assessment of quite a good

amount of income-tax. Today the present value is far higher than the written down value, and we feel why should the Government be deprived of the income-tax, when the dividends have been so high, and as has been reported in the *Indian Finance*, in the speech made by the Chairman, he has repeatedly emphasised:

"It is safe to claim that the shareholders of the Amalgamated Company may hope to get increasingly higher dividends".

Therefore, I move that the words 'written down' may be replaced by the word 'present'.

Mr. Deputy-Speaker: Amendment moved:

In page 4, line 22, for "written down" substitute "present".

Shri T. T. Krishnamachari: I quite appreciate the purpose underlying the hon. Member's amendment. But the hon. Member forgets that this is an amalgamation, that it is not even a purchase. If actually the Indian Iron and Steel Company is going to purchase the Steel Corporation of Bengal, it is quite possible that the income-tax authorities might say "Well, it is a fictitious purchase and not a bona fide purchase that has been made. So the value must be the present day value. You have not paid the proper price." But there is no such thing here. Therefore the books are taken as a whole and the book value of the assets, which is the written down value, is entered into the books of the Indian Iron and Steel Company.

Mr. Deputy-Speaker: The income-tax has already been paid?

Shri T. T. Krishnamachari: The income-tax authorities have accepted that written down value. So we cannot now re-assess the value of the assets of the Steel Corporation of Bengal and enter into a fresh assessment. Then there will be disparity between the share value and the re-assessed value. As such we have got to take the book values as there, and the book values are the written down values. That is why it has been laid down in the Clause that the written values will be taken into account.

Mr. Deputy-Speaker: Otherwise the income-tax will have to be paid twice-over?

Shri T. T. Krishnamachari: Otherwise it would mean that.

Mr. Deputy-Speaker: Is the hon. Member pressing her amendment?

Shrimati Renu Chakravartty: Yes Sir.

Mr. Deputy-Speaker: The question is:

In page 4, line 22,—

for “written down” substitute “present”.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

“That Clause 9 stand part of the Bill.”

The motion was adopted.

Clause 9 was added to the Bill.

Clause 10.—(Interim Dividends)

Mr. Deputy-Speaker: There is an amendment standing in the name of Mr. Sinhasan Singh, that Clause 10 be omitted. Is the hon. Member moving it?

Shri Sinhasan Singh: I am not moving it.

Mr. Deputy-Speaker: The question is:

“That clause 10 stand part of the Bill.”

The motion was adopted.

Clause 10 was added to the Bill.

Clause 11.—(Officers and other servants)

Mr. Deputy-Speaker: There is an amendment in the name of Mr. Sinhasan Singh. Is the hon. Member moving it?

Shri Sinhasan Singh: I am not moving it.

Mr. Deputy-Speaker: Mr. Guha.

Shri A. C. Guha: My first amendment reads like this:

In page 4, line 46,

for “employed” substitute “in employment”.

I do not know whether the hon. Minister has in mind ‘any officer who is employed immediately before the appointed day’, then the language is quite all right. But if he means ‘any officer who is found in employment before the appointed day’, then I think the language is defective. If the hon. Minister reads the sentence in the Clause leaving aside the parenthesis in the brackets, he will realise that the language is not quite correct.

Shri T. T. Krishnamachari: I do not think there is any mistake in it.

Shri A. C. Guha: The language according to English grammar would run like this:

“Every officer or other servant (including.....) employed immediately before the appointed day.....”

That is the real construction of the sentence. But if you read it that way, then the language is not quite correct to cover all the contingencies. What is meant is ‘any officer found in employment before the appointed day’.

Another point I would suggest for the consideration of the hon. Minister is this. In all other enactments the word ‘servant’ has been replaced by ‘employee’. If there is no amendment to that effect, I think the hon. Minister himself may move an amendment to that effect.

Mr. Deputy-Speaker: In that case, hereafter for ‘public servant’ we should use ‘public employees’.

Shri A. C. Guha: No, Sir. The term ‘public servant’ is quite another thing.

I think in two or three recent enactments the word ‘servant’ has been replaced by ‘employee’.

Shri T. T. Krishnamachari: I do not mind accepting it.

Mr. Deputy-Speaker: I have no objection.

Shri T. T. Krishnamachari: I quite concede that what my hon. friend suggests is more elegant. But I think what is laid down in the Clause serves the purpose. I would rather not make an amendment for the purpose of elegance. If it is a question of mere elegance, if you read the sentence according to English construction, I must confess that it is a foreign language, and my English is working English.

Shri A. C. Guha: But the wording of the law should not leave any lacuna.

Shri T. T. Krishnamachari: There is no lacuna in that. I agree to change the word ‘servant’ to ‘employee’. But as for the other one, I think the wording may better remain as it is.

Mr. Deputy-Speaker: What is the difficulty which the hon. Member feels? I am not able to follow. ‘Employed’ means he might have been employed some time before and dismissed?

Shri A. C. Guha: If you read the sentence the construction of the sentence is:

[Shri A. C. Guha]

"Every officer or other servant (.....) employed immediately before the appointed day....."

To fill up the real sense, the construction of the sentence should be:

"Every officer or other servant (.....) who is found in employment before the appointed day....",

and not

"Every officer or other servant (.....) employed immediately before the appointed day....."

The Minister of Law and Minority Affairs (Shri Biswas): There can be no new employment after dissolution.

Mr. Deputy-Speaker: On the date of dissolution, there will not be any further employment. Difficulty will arise only when a short time before the appointed day he was employed and dismissed before the appointed day. Any officer who is employed before the appointed day only will be entitled to all this.

Shri T. T. Krishnamachari: If the hon. Member says 'At 12-20 P.M. on the 9th December, Shri T. T. Krishnamachari was employed as a Minister', or 'Shri T. T. Krishnamachari was in employment as a Minister', I think both mean the same thing.

Mr. Deputy-Speaker: To my mind, the term 'employed' means actually employed on the previous day or employed for the first time on that day. I do not think it is necessary to have this amendment.

Shri A. C. Guha: There are two other amendments in my name.

Mr. Deputy-Speaker: I shall come to them presently. What about the amendment in the name of Shri Khub Chand Sodhia? Is he moving it?

Shri K. C. Sodhia (Sagar): My amendment reads:

In page 4, line 51 after "gratuity" insert "or other benefits".

Shri T. T. Krishnamachari: It is far too vague.

Shri K. C. Sodhia: Today the officers and persons working under the merging companies may have some benefits. My amendment seeks to transfer the same benefits to them in the new amalgamated company.

Mr. Deputy-Speaker: Is the hon. Member aware of any such benefit? Or is it only an academic thing?

Shri K. C. Sodhia: I do not know, but there may be other benefits, apart

from pension or gratuity, for the employees.

Mr. Deputy-Speaker: In the absence of any information that there are any other benefits, why should we put in this amendment in the Clause? The term 'other benefits' is so vague that it may lead to complications as to whether there are other benefits or not.

Shri N. Somana: I think the term 'rights and privileges' found in the Clause would include all benefits.

Mr. Deputy-Speaker: I do not think the hon. Member wants to press it. Now, there is one amendment in the name of Shrimati Renu Chakravartty.

Shrimati Renu Chakravartty: Sir, I beg to move:

(i) In page 4, line 51, after "gratuity" insert "scales of pay, grades, and all other conditions pertaining to security and promotion."

(ii) In page 5, after line 3 insert:

"Note I.—None shall be retrenched as being surplus.

Note II.—The terms and conditions of employment shall not be adversely altered."

I move these two amendments, because I feel that it is very necessary to guarantee that there will be no retrenchment under the excuse of the staff being surplus, or that the scales of pay etc. may not be adversely affected for the one company or the other. The reason for this is. We find that in the past also many guarantees or promises have been made at the time of amalgamations or taking over of companies. We have been told that the rights and privileges will be guaranteed. For instance, in 1945 in the TELCO at Jamshedpur we find that the same thing happened. The employees were taken over. Then after a while there was retrenchment on the ground that the staff became surplus. Therefore, I want to move these two amendments so that it becomes quite clear that not only is it a question of pension or gratuity but all other things such as conditions of security and promotion are guaranteed and together with that the other point, that the terms and conditions of employment shall not be adversely altered. This we have to press because in the past many promises have been gone back upon. Therefore, I move these two amendments.

Pandit Thakur Das Bhargava: If you will kindly read clause 11, the words are.....

Mr. Deputy-Speaker: I will place these amendments formally before the House. Amendments moved:

(i) In page 4, line 51, after "gratuity" insert "scales of pay, grades, and all other conditions pertaining to security and promotion".

(ii) In page 5, after line 3, insert:

"Note I.—None shall be retrenched as being surplus.

Note II.—The terms and conditions of employment shall not be adversely altered."

Pandit Thakur Das Bhargava: I was submitting that if you kindly read clause 11, it appears that the words are:

"shall, as from the appointed day, become an officer or other servant, as the case may be, of the Iron and Steel Company and shall hold his office or service therein by the same tenure and upon the same terms and conditions and with the same rights and privileges as to pension or gratuity as he would have held the same under the dissolved company....."

My humble submission is that these words 'upon the same terms and conditions' are quite specific, and in regard to rights and privileges.....

Mr. Deputy-Speaker:

"...as he would have held the same under the dissolved company if this Act had not been passed".

If after passing this Act, retrenchment is necessitated that is not allowed. Amalgamation shall not affect their status or security. That is what appears to be the language of the section.

Pandit Thakur Das Bhargava: The idea is that nobody should suffer on account of this amalgamation. He would have the same old pay, same scale etc. etc.

Now, in regard to rights and privileges, there is a limitation because those are only limited to pension or gratuity but in regard to other terms and conditions they continue the same as before. Therefore, these words "scales of pay, grades, and all other conditions pertaining to security and promotion", I think, become unnecessary. The other words are there. They only exemplify. I think this is not necessary.

Shri K. K. Basu: If you kindly read the last few lines, it says: ".....shall continue to do so unless and until he is duly removed from his employment

in the Iron and Steel Company or until his terms and conditions of employment are duly altered by that Company". I think this qualifies the entire sentence before and the contention of Pandit Thakur Das Bhargava does not hold good, unless specifically it is put down that such terms and conditions cannot be altered by the Government itself, I think they have a chance to make a change.

Pandit Thakur Das Bhargava: Is there any objection if you better the conditions?

Shrimati Renu Chakravartty: My amendment is for that. If their terms and conditions are bettered it is all right.....

Shri K. K. Basu: It should not be altered in any way adverse to the interests of the employees. It may be altered for the better.

Another point. I would like to know from the hon. Minister about this exclusion clause 'excluding therefrom directors, managing agents and London Committee Members'. There is a confusion about the managing agents and London Committee Members. I would like to know what happens to them after this amalgamation—whether they will get some special privileges or rights.

Shri T. T. Krishnamachari: In regard to the last point, security is not afforded to the London Committee Members. They can go. In regard to the point raised by the hon. lady Member, I think my hon. friend Pandit Thakur Das Bhargava, is quite right. 'Upon the same terms and conditions'—that fulfils the purpose that she has in mind. But she has not, I may venture to point out, asked for the deletion of the words 'unless and until he is duly removed from his employment in the Iron and Steel Company or until his terms and conditions of employment are duly altered by that Company'. If she had asked for the deletion of those words, very possibly there might be some purpose in putting in this: So long as those words are there, the note is meaningless. It is redundant—and she has not thought of deleting those words. Therefore the purpose is that while the employees of the Steel Corporation of Bengal would occupy the same position as they did when they were in the Steel Corporation, no rights are conceded here in respect of them which will be in any way superior to the rights enjoyed by the employees of the Indian Iron and Steel Company. The Indian Iron and Steel Company's employees are liable to be removed by

[Shri T. T. Krishnamachari]

giving them due notice or making charges against them and so on. What is now asked is that the dissolved company's employees must have a more secure position in the company which takes them than their own employees. If the idea is that no employee should be removed from any company, it is a different matter altogether. But here what the hon. Member wants is that these people must have a privileged position. The employees of the Indian Iron and Steel Company can be left at sea. This is the idea! While keeping the employees of the Steel Corporation the employees, the Iron and Steel Company's employees can be given notice and so on. So the purpose cannot be served by an amendment of this nature.

I would, therefore, suggest that the House vote against the amendments.

Shri A. C. Guha: Regarding No. 11. I do not like to move it. But I want the hon. Minister.....

Mr. Deputy-Speaker: Let me dispose of Shrimati Renu Chakravarty's amendments. The question is:

(i) In page 4, line 51, after "gratuity" insert "scales of pay, grades, and all other conditions pertaining to security and promotion".

(ii) In page 5, after line 3, insert:

"Note I.—None shall be retrenched as being surplus.

Note II.—The terms and conditions of employment shall not be adversely altered."

The motions were negatived.

Amendment made:

In page 4, lines 44 and 48, for "servant" substitute "employee".

—[Shri A. C. Guha]

Shri A. C. Guha: With reference to clause 11, I hope the hon. Minister will give us some clarification about the position of the managing agents. Clause 11 guarantees the rights and privileges and conditions of service of the employees and officers of the S.C.O.B. I think the managing agents also would come under this. What would be the remuneration and terms and conditions of the managing agents of the joint company? Would they continue to draw the managing agency allowances that they were drawing separately from the two companies? The same company, Messrs. Martin and Burn are the managing agents for both the companies. For S.C.O.B. only they were drawing over 4 lakhs of rupees

annually. I do not know what amount they were drawing from the other company. I think the House should be informed of the terms and conditions of the managing agents of this Joint company.

Then another thing is the London Committees. Both the Companies have got London Committees. What would be the terms and functions of the London Committees. As for my second proviso, the hon. Minister himself knows these companies have Europeans controlling them. They have been importing foreign officials at high pay very often without any real purpose, but simply to engage them and pay them high salaries so that instead of paying a certain amount as income-tax they have thought it better to pay it to some of their own countrymen. So I think there should be some provision that no new appointment of high-salaried officers should be made except with the approval of, or at least previous intimation to, the Government of India. As far as I know, the hon. Minister himself is very keen on this point. I hope he will throw some light on these.

Shri T. T. Krishnamachari: So far as the managing agents of the Steel Corporation of Bengal are concerned, their rights lapse. I have got the agreement here, and they have also agreed that they will claim no rights in regard to the loss that they sustain by reason of the fact that S.C.O.B. is dissolved. So, all that they will obtain is only the terms and conditions under the Martin Burn & Co., as managing Agents of I.I.S. Co. There will be no addition to the remuneration paid to the Managing Agents of Indian Iron and Steel Company, by virtue of the fact that there is additional weight or burden placed on them by the amalgamation. Of that, I am quite categorical because the arrangement stands as it is now. There has been no alteration. So far as the London Committee of the S.C.O.B. is concerned, it will be dissolved along with the other things. But in regard to the question of dissolution of the London Committee of the I.I.S. Co., I am not in a position to say anything very definite. The hon. Member may take it that as soon as we find it possible, when the debentures are all paid, the connection with London is cut. The Government would certainly keep this matter in mind.

Shri A. C. Guha: Will it be possible under the law?

Shri T. T. Krishnamachari: The position would be like this. I would like to say this, though it is not proper for

me to say it. So far as companies of this nature are concerned, Government have a certain over-riding control which does not go, because we are going to have a continuation of the relationship, we are going to finance them. They are going to come to us every time and the policy of the Government to the extent that we want a divesting of foreign control over these firms is a thing which should be exercised progressively. I can give that assurance to the hon. Member in regard to the employment of foreigners. As a matter of fact, the hon. Member knows it, we have asked for statistics before. I do propose, if the House permits me, to introduce legislation which will give me powers to ask for statistics from any company, Indian or foreign, in the matter of shares, securities, employment, salaries etc.

An Hon. Member: We will support it. We will pass it in half an hour.

Mr. Deputy-Speaker: The hon. Member says that they will pass it in half an hour.

Shri T. T. Krishnamachari: There is a progressive way of doing things. Possibly, I cannot go as fast as the hon. Member can. As I am not as fast in speaking as some hon. Members can do. I can give that assurance in a very general way and in this particular matter I hope the hon. Member will be satisfied.

Shri A. C. Guha: I am quite satisfied with the assurance given by the hon. Minister.

Mr. Deputy-Speaker: The question is:

"That clause 11, as amended, stand part of the Bill."

The motion was adopted.

Clause 11, as amended, was added to the Bill.

Clause 12.—(Directors of dissolved company)

Shri K. K. Basu: As per clause 12 as it is put here, the Directors of the Steel Corporation *ipso facto* become the Directors of the Indian Iron and Steel Company. As you know, Sir, Messrs. Martin Burn and Company are the Managing Agents of both these concerns. As Managing Agents they have their share of Directors. So in this Iron and Steel Company, as amalgamated, the number of Directors on behalf of these Managing Agents will naturally increase. So, what steps do Government propose to take as regards this matter.

Shri T. T. Krishnamachari: If there is any common person, he cannot claim two separate identities.

Mr. Deputy-Speaker: What the hon. Member is contemplating is if there is one extra Director, to that extent the number of Directors will be increased.

Shri K. K. Basu: My point is that the Managing Agents' representatives increase in the amalgamated company.

Pandit Thakur Das Bhargava: My understanding is that so far as the Managing Agency of the Bengal Steel Corporation is concerned, that will be regarded as dissolved. So, any Directors who are *ex-officio* Directors on behalf of the Managing Agents will also go away automatically.

Shri K. K. Basu: Because under the Companies Act there is some restriction as regards the Directors of the Managing Agents. As there is an amalgamation I should like to know the specific position.

Shri T. T. Krishnamachari: The position is there is no fresh addition to the number to the Directors of the I.I.S.Co. in order to provide for the weightage they have had as Managing Agents of the S.C.O.B. So, if they had anybody there as representing the Managing Agents of the S.C.O.B. he or they will go. But by virtue of the fact that they have shares in the amalgamated concern they might be able to nominate a few. That position cannot be taken away by the measure. But under the powers taken under clause 14, the Government can nominate Directors.

Mr. Deputy-Speaker: The question is:

"That clause 12 stand part of the Bill".

The motion was adopted.

Clause 12 was added to the Bill.

Clause 12-A.—(New Clause)

Shrimati Renu Chakravartty: I beg to move:

In page 5, after line 11, insert:

"12-A. Board of Directors.—The board of Directors shall consist of—

(a) two representatives nominated by the Central Government,

(b) two representatives of consumers interests, and

(c) the Directors of the dissolved companies in accordance with section 12."

[Shrimati Renu Chakravartty]

I move this because I find that there are hardly any powers given to the Central Government to actually have a hold on the working of this amalgamated organisation and we find that only in the rule-making clause there is a sentence, 'representation of the Central Government on the Board of Directors of the Company'. I think that it should be included within the body of the Bill itself so that at least the Government which is going to advance such big sums of money and is going to guarantee such a big loan from the World Bank will have some sort of check on the working of the Company.

Secondly, there should be some representative of consumers interests, especially the small manufacturers outside who will be buying this steel, because we find that the retention prices of steel may be increased. It has already been increased and, as the hon. Minister said, that may be later on increased again according to the conditions that prevail in the market at that time. Therefore, Sir, I feel that these two interests, both of the Central Government as well as of the consumers must be there. Therefore, I move this amendment.

Shri T. T. Krishnamachari: The proper time for an amendment of this nature is when the Government brings forward before this House an amendment of the Indian Companies Act when provision can be made that certain companies could have Directors of this nature. At the present moment, we are not conferring a charter on this Company like the Imperial Bank of India. This Bill does not constitute a charter. We are merely facilitating the amalgamation of both the companies. All that the Government have done in this instance is, that the Government have already given five crores and possibly it may give some more money besides provide a guarantee if the World Bank Loan comes through. We have taken the power to nominate some representatives on the Board. So far as the question of providing representation on the Board of Directors for other interests is concerned, I think, Sir, it does not arise at this moment. It has got to go on some general principles. Why should it be done only for the Indian Iron and Steel Company; why not do it for Tata Iron and Steel Company? We will have to do this in the Companies Act amendment and not here.

Mr. Deputy-Speaker: Shall I put it to the House? One portion has been

already incorporated. Under existing sub-clause (d), Government can nominate any number of Directors. This restricts it to 2. As regards the two representatives of consumers' interests, the hon. Minister feels that it must come in line with the rest of the companies under the company law. If it is the desire of the hon. Member that I should place it before the House, I shall do so.

Shrimati Renu Chakravartty: Yes, Sir.

Mr. Deputy-Speaker: The question is:

In page 5, after line 11, insert:

"12-A. Board of Directors.—The board of Directors shall consist of—

(a) two representatives nominated by the Central Government,

(b) two representatives of consumers interests, and

(c) the Directors of the dissolved companies in accordance with section 12."

The motion was negatived.

Clause 13 was added to the Bill.

Clause 14.—(Rule for amalgamation) Amendment made

In page 5, line 26, for "by notification in the Official Gazette" substitute "by rules published in the Official Gazette".

—[Shri Bansal]

Mr. Deputy-Speaker: There are other amendments.

Shri K. K. Basu: I would like to move mine.

Shri N. Somana: I have an amendment to move. I am sorry that a small mistake has happened. A comma has to be inserted so as to read on page 6, line 3—"transferred to, and vesting in, the Iron and Steel Company....."

Mr. Deputy-Speaker: We do not amend punctuations. That is not a part of the statute. The Draftsman will take note of it and insert the comma. We often put a comma, and the printer omits it by mistake. So, the hon. Member is not moving his amendment. The other hon. Member Mr. T. K. Chaudhuri is not in his seat. Mr. Sodhia is not also here. Mr. Basu may proceed.

Shri K. K. Basu: I beg to move:

In page 5, line 49, after "thereof" insert:

"or for restricting the power of the Director to remit profit or interest or dividends to any foreign country."

In this particular clause, Government are taking certain powers in regard to the determination of the right of borrowing of the Directors and so on notwithstanding the provisions of the Indian Companies Act. It means that the Government visualise that this amalgamation is a step which cannot be guided by the normal law of the land. As the hon. Minister himself has said, this is an industrial concern of national importance and the Government are going to guarantee a loan of large sums of money. Government have also undertaken to advance further sums over and above the Rs. 5 crores already advanced. We all know that these two companies have always been dominated by European influence. I do not say that they are dominated by European shares, because there are Indian shares which are possibly larger than European shares, but in regard to the character of this organisation we have seen that the managing agents of the concerns themselves have always been under the influence of Europeans. We know that even in the management of these concerns the European assistants get the same preferential treatment as in the other European business concerns. Therefore, we feel that when the Government are coming forward with a scheme of expansion and are advancing large sums of money, there must be certain restrictions on the powers which are to be used by the Government in regard to the remittance of the interest on the investment made by Europeans. Therefore, we feel that when Government are taking powers under this particular section in regard to the borrowing power of the company and in regard to the increase in the capital of the company, they should also take powers to see that they have a right, if they so choose, to restrict the rights of this particular company in the matter of remitting the interest on the European investments here. We know that the Indian Iron and Steel Company has long been established here, and actually the dividend on their investment is five or six times more than the investment itself. Therefore, I feel that when such a special legislation is brought forward by Government, Government should extend a different treatment to this concern, apart from what is laid down in the Indian Companies Act. In view of the fact that this company is intended to serve the interests of the nation, I hope that Government would accept my amendment and see that the monies of this country are not sent out in this fashion.

Shri T. T. Krishnamachari: I am not accepting it.

Mr. Deputy-Speaker: The question is:

In page 5, line 49, after "thereof" insert:

"or for restricting the power of the Director to remit profit or interest or dividends to any foreign country."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 14, as amended, stand part of the Bill."

The motion was adopted.

Clause 14, as amended, was added to the Bill.

Clause 15 was added to the Bill.

Clause 1 was added to the Bill.

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

Mr. Deputy-Speaker: I put clause 1, the enacting formula and the long title to the vote of the House and they have been adopted. I am informed that for greater safety it may be necessary to put the preamble—I thought the preamble was included in the enacting formula and the long title. The question is:

"That the preamble stand part of the Bill."

The motion was adopted.

The preamble was added to the Bill.

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

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

Mr. Deputy-Speaker: Motion moved:

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

Shri M. S. Gurupadaswamy (Mysore): I stand here, Mr. Deputy-Speaker, to oppose the Bill in its entirety. I expected that the Government while thinking of this measure would act with commendable freedom from rigid ideas and exemplary alacrity keeping in view the progressive trends in Indian economy. But it is very unfortunate that the Government is following a very humdrum policy in a matter which is so closely bound up with the interests of the nation. Everybody is aware that the iron and steel industry is the backbone and key industry which is responsible for the industrial advance of any country. All

[Shri M. S. Gurupadaswamy]

students of economic history know that in England it is the iron and steel and coal industries that were responsible for the industrial revolution. So, when dealing with this vital industry, while taking decision on such a vital matter, we must have forethought, imagination and deliberation. Sir, to my mind, a measure which proposes to bring about a merger of these two companies is not only wrong and misconceived, but also not in the interests of the nation.

You know, that though there were recommendations by the Tariff Board a number of times and also subsequently by the Tariff Commission that amalgamation was necessary, the Government of India did not take any action on those recommendations. But when a foreign agency like the International Bank said that unless these two companies unite, unless these two plants are merged together, they would not advance the loan of Rs. 15 crores, the Government of India decided that these two companies should be immediately amalgamated. Further, the Government of India have also promised to pay a grant of Rs. 10 crores. It is unsecured, it has no maturity date and does not carry any interest till 1957. I want to know what is the idea behind all this. The preamble to the Bill says:

"Whereas for the purpose of securing, in the interests of the general public and the Union, the efficient and economical expansion and working of the iron and steel industry in India, it is essential that the Steel Corporation of Bengal, Limited, and the Indian Iron and Steel Company, Limited, which are engaged in the manufacture and production of iron and steel, should be amalgamated;"

Does this amalgamation serve the interest of the general public? Does it serve the interests of the Union? Does it in any way help the efficient and economic functioning of this industry? Is it the only way of serving the interests of the Union? Is there no other way? Is amalgamation the only way according to the hon. Minister?

Shri T. T. Krishnamachari: The best way.

Shri M. S. Gurupadaswamy: Sir, I beg to differ from him. This is not the best way; this is the worst way. The best way would have been for the hon. Minister to come forward boldly with a measure to take the entire industry to the control of the Govern-

ment. That would have been the ideal way; that would have served the interest of the nation. That would have been a much better way than the present measure. I do not know what reason made him not to follow that course. He has not said anything either in his preliminary speech, or in the course of the debate, or given any assurance that this industry would be nationalised in future in the interest of the nation.

After the amalgamation is effected, it is expected that the dividend prospects of the combined concern would brighten. At the shareholders' meeting Mr. Leslie Martin said that the dividends of the new concern would increase, and, therefore, the shareholders should support the move. Is it with a view to increase the dividends of the shareholders that the Government of India are amalgamating these two companies. I want to know from the hon. Minister whether he has taken the interest of the consumer into consideration? So far they have not taken the interests of the consumers into consideration while fixing the retention prices of steel. The retention price of steel has been increased a number of times without paying due regard to the interest of the people who consume the products of this industry. According to Mr. Leslie Martin, "the higher retention prices were allowed by the Tariff Commission not because our actual cost had increased, but because the previous hypothetical estimates of works cost coupled with the erroneous assumption of production on which the retention prices were based in the 1951 reports were found to be unreliable." According to him the grounds on which the past calculations were based were wrong and after realising that the previous calculation was wrong the retention price of steel was raised subsequently. So from his own opinion the cost of production has not increased nor has there been any change in the establishment charges to warrant an increase in the price of steel.

Mr. Deputy-Speaker: The hon. Member is only repeating the arguments which were put forward during the consideration stage. The third reading of the debate should be directed to show the reason why the whole Bill should be thrown out by the House. Anyhow I wanted to watch before I interceded what new arguments the hon. Member was going to advance. There is no point in repeating the same arguments.

Is the hon. Member likely to conclude in five minutes?

Shri M. S. Gurupadaswamy: I would like to continue my speech after lunch.

The House then adjourned for Lunch till Half Past Two of the Clock.

The House re-assembled after Lunch at Half Past Two of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

Shri M. S. Gurupadaswamy: Mr. Deputy-Speaker, in the morning I was saying that the amalgamation of the companies is not the only way and is not the best way of bringing about a change, and as an alternative I was telling the House that the better way would be State control and ownership of this industry. England has given us a lead in this respect and it is better if we imitate the example of England.

Another point to which I want to draw the attention of the House is about the differential price system that is operating in this industry. There are not sufficient and strong grounds to give up the system of uniform price. Anyway I want to know why the differential rate should be charged, why the differential price should be in operation.

Shri T. T. Krishnamachari: We are giving Rs. 389 to Mysore.

Shri K. K. Basu: He is not so parochial as that!

Shri M. S. Gurupadaswamy: Then there is another point which is equally important. This year they have declared 10 per cent. dividend to the shareholders. It is a vital industry, a very important industry, and even 10 per cent. dividend to my mind seems to be somewhat high. It is really a high figure. According to the speech of Mr. Leslie Martin the dividends would be increased after the amalgamation. If the object of amalgamation is to increase the dividends the case for amalgamation goes away. And if that is the objective I do not think we can endorse this measure.

Of course the hon. Minister has said that with a view to increase the efficiency and expansion of this industry it would be advisable to bring about integration of these two companies. If we look into the story of these two companies we will understand that they have been terribly mismanaged till now, and after amalgamation the

structure and the form of the organisation will remain the same except that both these companies are brought together. When the structure and the character of the companies remain the same and there is no change, how can we expect better management and higher efficiency in the production? So the best way, and the only way, of bringing about expansion of this industry, and the only way of rationalising this industry—of bringing about rationalisation in the management, production and in all aspects of this industry—is to bring this industry under State control and ownership. That is the only way, that is the real way, and that is the best way. Government should take this opportunity. The opportunity has come to the Government of its own accord. These two companies have made a decision that they will not remain as separate entities. The Government should take this opportunity and force a decision on these companies. The decision should be that these companies should agree for State ownership. This is a golden opportunity and the Government should not miss it.

By bringing these two companies under State control and ownership we would be launching a great policy of nationalisation. This would stand as a great landmark in the history of our industrialisation. The Government believes in nationalisation of key and basic industries. And iron and steel industry is a key industry. It is so important to our national economy. If the Government makes up its mind to nationalise this industry, then the interests of the nation will be better safeguarded. So I say that the present Bill as it stands is wrong, misleading and hollow and it can be, I say, conveniently, cleanly and expeditiously assigned to the waste paper basket.

Shri K. K. Basu: I must thank you, Sir, for giving me this opportunity for indulging in a post-mortem examination of the *fait accompli* of the merger of these two steel concerns in our country. The Government has chosen to take this unusual step of bringing forward a special legislation to legalise the merging of the two companies who have so long been taking a very recalcitrant attitude in spite of the recommendations of the Tariff Board quite a number of times. I believe this change in attitude on the part of these concerns has been brought about by the guarantee of the Government of a loan to be taken from the World Bank and by another undertaking that Government will come forward to supply the shortfall of accommodation that

[Shri K. K. Basu]

might be needed by this concern after the merger. Therefore, Sir, before we consider the implication of this legislation, we have got to judge to what extent this merger will help the production of the iron and steel of the country which is very important for the future industrialisation of a backward country like ours. We are going to have a planned economy. Whether it is mixed or pro-capitalist or otherwise, I am not going into it. I hope the Government will concede that the role of the iron and steel industry is a very important one in the building up of other industries and to increase the national wealth of our country.

In this connection, the Government have come forward with a legislation with a very small explanatory note apart from the recommendations of the Tariff Board as to the ratio and the principle of the valuations and others and the cryptic speech of the hon. the Commerce Minister. These concerns, though possibly the Indians have a greater interest, have always been dominated by the British or the pro-British section of our people. By this kind of legislation the two companies have been merged and the rate of interest that they are going to enjoy seems to be rather high as has been expressed by a number of Members in the last few days and even today. This Iron and Steel Company had been enjoying a dividend of more than 10 per cent. It seems from the speech of the Chairman of this concern, the Indian Iron and Steel Co., that even after the merger, they expect to get a greater dividend; if not, at least this 10 per cent. which is the present prevalent rate. If our intention is that by this merger the production of iron and steel is going to be increased which will ultimately help the industrialisation of our country, we must consider whether this 10 per cent. of profit is going to be allowed. I went through the reports of the Tariff Board and it is urged there that these companies have impressed upon the Tariff Board that the steel concerns have their ups and downs and that they should have the same profit as they are having or more so the unrestricted profit. We feel if we follow the policy of industrialisation as the Government is indicating today and which they intend in the near future, there is always a possibility of this demand for iron and steel increasing because we know that even after the merger, it will fall much short of the demand.

It has been indicated by the hon. Minister and also by the Chairman

that after this merger, the total output of all these steel plants will come to about 16 lakhs tons whereas our need even at the existing level is about 25 lakhs tons. That means even after reaching this level, which of course even the hon. Minister could not definitely say but he hoped that after this merger, there may be a possibility that his expectations will be fulfilled, the production may increase—and there is every likelihood of this. However, we will be short of production by 900 tons in our country. We all expect that if the planning works out well and with true spirit, there is every likelihood of this demand increasing because it is very necessary for other industrial needs. Therefore, I feel that there is no chance, in the immediate future, of these rates of profits by the companies going down. Therefore, I hope that Government will see that this attitude of getting unrestricted profit must be put a stop to. I do not say that these industries should be allowed to be wound up but I do say that their profits should be so restricted that we must see that these concerns should come to the aid of the nation as much as possible.

Then, if you stand for a planned economy, these basic materials are always expected to be put under the public sector. I do not know whether Government had any schemes themselves for establishing an iron and steel plant in our country. I do not know whether after the loan has been guaranteed by the International Bank for Reconstruction and Development, Government have given a go-by to the scheme. In that event I think the steps taken are utterly wrong.

The other point I would like to urge is the principle on which loans have been granted. Of course the hon. Commerce Minister the other day said that no specific terms had been put forward but it is in the stage of negotiations. I gather from the speech of Mr. Leslie Martin, Chairman of the Indian Iron & Steel Co., that because of this loan, the shareholders are going to get definite advantage. They will not have to pay interest for the accommodations whether 10 crores or more because that will depend on the shortfall of the accommodation we are able to get from the International Bank. As regards repayment, they have a guarantee from the Government that the steel price should be so increased that they are in a position to pay all this liability.

Sir, it has been urged by these companies that in comparison with international prices, the prevalent price of steel is low. But we have got to consider the conditions under which the steel plants work either in the USA or in the U.K. which are the two main steel exporting countries. Therefore we cannot put the price in that level nor say that what is prevalent in the United States should also be prevalent here. The main criterion with reference to this concern should be that they should get an average profit. The steel sold to the consumer should be at a price which will help the consumer and the industry to develop. Therefore I request the Government to reconsider their attitude before they finally commit to this.

Another point I would like to urge is about the question of the managing agency system. I do not know what, as some of the hon. Members have said with regard to the managing agency system, would be the condition. The hon. Minister said that the managing agency agreement with the Indian Iron and Steel Company will continue. If they say, as a result of the merger, the production to increase and the cost of production not to increase. We have not been supplied enough material to justify this conclusion. We do not know what will be the overhead charges of the managing agency system or whether the present European dominated system will continue. This is very important. If this concern is managed in the same way as these concerns were managed during the last 15 years in the case of S.C.O.B. and 40 years in the case of the I.I.S.Co., I do not think Government will be able to reduce the cost of production, apart from effecting some technical improvement.

About profits sent out, we know, as in some of the clauses we tried to impress upon the Government, and the Government knows very well, that large interests of non-Indians are involved in this concern. They have been continuing to stabilise their position in the management. When Government has come forward to give such a large advance, they must have a certain control about this profit earning capacity of this concern. If the Government does not put a restriction on the right of this concern to send out profits to foreign countries, the basic consideration of the Government, that is the interest of the nation, has to be judged with doubt. We know that these concerns have earned a profit which has

354 PSD.

practically exceeded whatever investment they have made. We know from the recent legislation in the States, the Money Lenders' Act, the principle has been accepted that whatever is the principal, you can take only that sum as interest. Why remit the profit to foreign countries, further? If the Government is not in a position,—as the Treasury Benches have often said that they have given an undertaking,—to confiscate foreign assets, they can, for the time being, freeze this interest and utilise that sum for nation-building purposes. We know that this capital was invested here in days which were not competitive, which were not normal, because they came with the support of the then Government. They have earned a profit which is more than what they have invested in these concerns. Therefore I feel that if the Government has certain rule-making powers,—our amendments in this regard have not been accepted,—Government must come forward and reconsider their position before they finally commit themselves to the granting of the loan to this concern.

Another point that I would like to urge is about the interest of the shareholders. I do not for a moment say that the shareholders' interest has not been properly looked after. But, I feel that this merger has been done without notice to the shareholders. They should be given some say before the final steps are taken. It may be said in reply, that the Ordinance is there, what else can we do. As you know, Sir, under the Companies Act, the shareholders themselves, before an amalgamation scheme is sanctioned, are allowed by the courts to give their opinion and sometimes they can get back cash instead of shares in a different company. There is no provision as to that. Government has said that in certain cases, it will determine in what way a fraction of a share will be allotted to a particular shareholder.

Another thing that I would like to know, about which no mention has been made, is about the shares in the S.C.O.B. of the Indian Iron and Steel Company. We do not know which shares will be held after the merger and what would happen to the other shares. Nothing has been said about that: whether they will be sold out, or re-allotted or whether the Government will take them over. We would like this definite information to have been given before we are called upon to give our verdict. I feel that Government should come forward with enough facts to allow us to give our opinion on this Bill.

[Shri K. K. Basu]

Another important matter that I would like to urge is this. We should find out and compare the total production of steel in the country by these two important concerns, the Tata Iron and Steel Co., and the merged Iron and Steel Co., before and after the merger. You will find, Sir, that these two firms will control the Iron and steel commodity, if I may be permitted to use that expression, in our country. It is so vital that unless these monopoly concerns are held under control, one day they will so use their power and there is every likelihood that they will flout and put off the gear the industrial programme of our country. More so, when we find that in this concern, through this proposal there is the possibility of the International Bank coming forward with money. Therefore, there is the possibility that, through the International Bank, the big international steel racket, combining with our industrialists who produce steel and working, with them as junior partners, act in a way most detrimental to the interests of the nation. Therefore, I feel that, though the merger, *prima facie*, may seem to be an improvement upon the existing system, enough facts have not been produced before the House which would warrant our whole-hearted support to this. As far as we can gather from the speeches of the Chairman of the Indian Iron and Steel Co.,—whatever came out in the papers—and from the cryptic speech of the hon. Commerce Minister, we are rather doubtful that it is an improvement on the existing conditions and fear, from the point of view of the economy of our country, that this concern is likely to play an unholy role in the industrial programme of our country. Therefore, I feel that though the merger may look innocuous, this is a very important Bill and we should have been given more facts and more opportunity to discuss this Bill, and not given this opportunity of *post mortem* examination after the whole thing had been settled.

Shri H. N. Mukerjee (Calcutta North-East) rose—

Mr. Deputy-Speaker: The scope of discussion at the Third Reading stage is very limited. However, I did not want to interrupt the hon. Member. Each hon. Member will bear in mind that only those matters—not details—of general policy which have not been touched hitherto could be referred to.

Shri H. N. Mukerjee: I shall confine myself merely to matters of general policy.

Mr. Deputy-Speaker: Which have not been touched upon and elaborated also.

Shri H. N. Mukerjee: That I cannot guarantee absolutely.

Mr. Deputy-Speaker: Because, it will be mere repetition.

Shri H. N. Mukerjee: I know that in a little while this Bill will be passed into law as far as our House is concerned. But, I owe it to those whom I have the honour to represent here to express myself very strongly against the provisions of this Bill.

In the Statement of Objects and Reasons, there is a very significant phrase which, I think, clearly defines the scope and character of this Bill. It refers to the larger interests of the steel industry in India, which have been taken into consideration primarily as far as the decision regarding amalgamation was concerned. Perhaps, Sir, I shall concede that as far as the steel industry in India as at present constituted is concerned, its interests are going to be subserved by this process of amalgamation. But, I want the Government of my country to be concerned not so much with the interests of the industry as it exists at the present moment, but with the larger economic interests of the country, the interests of the people as a whole. And I say that this Bill does not assist the interests of the people as a whole even though it might be argued that it does help the interests of the steel industry in this country. As far as the steel industry in this country is concerned, they have already welcomed the merger and so, there is no doubt about that. They are very happy. But, from the point of view of the people, whose larger interests should be the only consideration of the Government all the time, this Bill is far from satisfactory.

The history of this Bill and the Ordinance preceding it is also somewhat peculiar. It happened with a sort of precipitancy. It happened with such speed that we did not know what exactly was in the air. For example, it was on the 29th October, that the President promulgated the Iron and Steel Companies Amalgamation Ordinance, 1952. On the same day, a Government delegation left for Washington

to negotiate a loan from the World Bank for the expansion of the country's steel industry. It was reported in the Press on the same day or the next day that the authorities of the two companies concerned were shortly proceeding to the United States of America for the same purpose. This combination of circumstances, this sudden exodus to the United States as far as our Government delegation and representatives of the commercial interests are concerned, is something anyhow I do not at all like. And then again, we find that the Tariff Commission also was given the job to decide as to whether the amalgamation should happen and in ten days' time the Tariff Commission examined the very complex problem, and produced its report. I know, Sir, of course, that from 1948 or so, this question of the desirability or otherwise of amalgamation had been discussed by the Tariff Board, the predecessor of the Tariff Commission, but at least, as far as the latest decision was concerned, I think the Tariff Commission should have taken a much longer time over it, and then, in that case, we could have been in possession of all facts regarding the desirability of the kind of amalgamation which is being proposed before us at the present moment.

3 P.M.

So we get this amalgamation decision and the two companies are to be combined, and the result, we are told, is that there is going to be a great improvement in the country's economic situation. Our steel production is still entirely unsatisfactory. We produce 1/15th of what Great Britain produces while we have seven times or more the population of that country. So, it is necessary for us to go ahead with such a basic matter as steel production in a very different manner from the manner which the Government has chosen.

Actually, soon after the achievement of independence, there was a feeling all over the country that the steel industry would be among the first industries to be nationalised. The steel industry, as you know very well because of your long parliamentary experience, has been molly-coddled for a very long time, and every kind of assistance that it was in the power of the country to give has been given to the steel industry, especially from those palmy days of 1927 when Tata Iron & Steel got tremendous assistance from our national movement. The national movement assisted the steel industry in the expectation that this basic industry would

grow in such a manner that the people's interests would be safeguarded and consolidated. And after the achievement of independence, naturally the feeling was there that because of the proved ineptitude of the steel industry which, in spite of its long career, is still apparently unable to carry on without a great deal of foreign expert assistance—in view of this proved inability of the steel industry as at present constituted, there was a feeling that the country would take it over and move on to a fresh sphere of activity to see that our industrial and economic interests are consolidated, but then in 1948, Government enunciated its policy which said that for the time being, at any rate, the steel industry was not going to be nationalised. But even at that time, there was an idea that for about ten years or so, the *status quo* would remain and after ten years Government would reconsider the situation. Now, it seems the Government's declaration of industrial policy in 1948 is thrown into the waste paper basket just as the Government's declarations in regard to the situation of foreign capital in this country made in 1948 have already been thrown into the waste paper basket and we are entering into commitments in regard to foreign capital which are extremely dangerous to the interests of our country. So, I say that in view of the expectations roused in the minds of our people regarding the nationalisation of the steel industry, what is now sought to be done is extremely unsatisfactory. And what is now sought to be done is really with a view to two things: one is to satisfy big business, the industrialists in our country, to satisfy the shareholders of the two companies concerned, as far as our present legislation is concerned; and secondly, to satisfy the demands and the interests of big business outside, viz., the capitalism on which we are so far depending, of which the World Bank is a representative symbol and spokesman. The result, therefore, is that as a consequence of this Bill, we do not get any very remarkable expansion of our steel production. We certainly shall not be satisfied with the idea that by 1957 we might produce 16 lakhs tons of steel. That would not satisfy what our country needs. We want a plan to be thought of at the same time as we pass this sort of legislation. If we are going to think of a worthwhile plan regarding the recasting of the conditions of life of our people, surely that plan would require so much industrial development that the production of steel in this country has got to grow to very much more higher levels than are contemplated as far as this amalgamation is concerned, and for that reason we

[Shri H. N. Mukerjee]

have to move about in very different ways. We should not depend upon the private sector as we are committing ourselves to. In the body of our Five-Year Plan as well as in this kind of legislation I find there are some very dangerous examples of this continuing dependence upon the private sector which ultimately will not assist the development of our economy and which will make a mockery of our plan which has turned into a sort of tragic comedy.

As far as this legislation is concerned, I feel that a great deal that we ought to have been told about in more detail has not been told—especially with reference to the loan which is now sought to be secured from the World Bank. I do not like the precipitate haste with which this question has been dealt with, and I do not like that any Member of the Government should get up and say that things are done and decisions made somewhere else, that already we are committed to certain things abroad which cannot be explained in this House and therefore we should be expected to write on a clean slate and we should not be expected to ask questions even about what is going on behind the scenes. I say there are things going on behind the scenes today. Only this morning, you were in the chair when a question came up regarding negotiations with the Atena (Japan) Company which is, as those in the know could easily realise, only a subsidiary of an American company of the same name. And this company is in the course of negotiation with the Government of India for the construction of a blast furnace and that sort of thing. Only the other day, the World Bank sent a steel mission headed by a man called Mr. George D. Woods and Mr. George D. Woods who is at the same time a steel king of the United States, told press correspondents in this country that he was interested in his personal capacity, as the head of a big steel firm, in the U.S.A., in the possibilities of investment in Indian steel business. This sort of thing is going at the same time as our Ambassador in the United States talks about larger American financial participation in industrial undertakings inside our country, especially from those palmy days World Bank come and state to our correspondents that they have interested themselves in the investment of their money in Indian steel business. You might remember, perhaps, I asked a supplementary this morning in regard to the character of this so-called Japanese steel delegation which was led by an American citizen, and there was no reply because Government is

not in a position to supply us with any information on that point.

But these are very dangerous indications. We do not quite know. Of course, as far as I am concerned, I have certain definite convictions in regard to the way the Government is going, but if they are wrong, it is for the Government to come forward and say that the grounds, the very tangible material, on which I am basing my allegations regarding what I consider to be the dangerous tendencies of Government policy, are wrong; it is for Government to come forward and say those materials are not right, they are baseless, but Government is not in a position to do so. And so, I say that this unholy alliance which is now being forged in a much more solid fashion than before between the Indian big business and American big business with the blessings of the Indian Government acting as an intermediary and playing the role of the priest for this unholy marriage, is something against which we have to raise our voice.

Then again, we find that the demand of the Indian steel industry as at present constituted, for an increase in its prices is going to be granted, but naturally if there is an increase in the prices of indigenous steel, which was also asked for by the World Bank mission, then surely that would, I am afraid, jeopardise very seriously the position of our medium and small industries on the one hand, and then again, on the other hand, it will place the foreign steel in a very favourable position as far as the market in India is concerned. So I say there are many dangerous indications in this Bill. I say this Bill does not satisfy the criterion, viz., the development of the economy of our country. I say it is only in the interests of the steel industry in this country, not in the interests of the economy of this country or of the people of this country. The Statement of Objects and Reasons is very explicit on that point. I say, therefore, that this is a Bill which we ought to throw out, knowing very well that in the present posture of parliamentary affairs, we are not in a position outright to reject this legislation.

Shri T. T. Krishnamaehari: I do not think I would be able to add materially to what I said yesterday in winding up the debate on the motion for consideration of the Bill, nor am I inclined to shake the convictions of the acting Leader of the Communist Party, which I have no doubt are very firmly

grounded. But I do feel that some good has come out of this debate, and that it has drawn the acting Leader of the Communist Party from out of his shell, and enabled him to entertain us with a very brilliant appraisal of the Government's sins of commission and omission. I could not agree with all that he said or even with a portion of what he said. But I do say that I enjoyed his speech coming as it did with that flavour of Oxford and Cambridge, which I am afraid has been denied to a person like myself.

Shri S. S. More (Sholapur): You can go to Oxford still.

Shri T. T. Krishnamachari: The one common element of the three speeches that have been made from the Opposition benches seems to be a very close partiality, affiliation or affection for the waste paper basket. One hon. Member said that the Bill should be consigned to the waste paper basket. Another hon. Member said that we are consigning our principles to the waste paper basket. Anyway, that seems to be the common feature in the thought process of the Members of the Opposition. I shall not be impertinent—and I cannot be, respecting as I do Parliamentary convention though I know my hon. friends on the opposite side do not—and far be it from me to say that I take whatever is said by the Opposition as something fit for the waste paper basket, but it does seem to me that the discussion was very entertaining and very enlivening; considering the material that came out from this side of the House, which was very dull and stodgy and considering that my speech was even worse than that delivered by my colleagues in the party, I am glad that something brilliant came from the Opposition. To that we ought to be grateful.

There are certain fundamental assumptions which the acting Leader of the Communist Party attempted to clarify, about which I cannot quarrel. I would only like to tell him that in the 1948 Industrial Policy Statement, all that the Government said was that the question of the industries in the public or what they called the first sector, would be reviewed after a period of ten years. Oftentimes two great minds posed on different sides of the arena look alike. I find that the acting Leader of the Communist Party is thinking in the same way as Mr. J. R. D. Tata, the Chairman of the Tata Iron and Steel Company. When he interpreted this question of review after ten

years, Mr. Tata said that this might mean that the Government is going to take these industries over after ten years. The acting Leader of the Communist Party says that all this means is that the Government will take these over after ten years. There is a fundamental similarity in outlook, and an inevitable desire to come together, between the two extreme ends often. And that is why we find in this House an hon. Member in the Opposition quoting the Constitution and holding that this Bill is a challenge to the privilege conceded to the individual by the fundamental rights.

Shri K. K. Basu: Is it commercial logic?

Shri T. T. Krishnamachari: Well, I know something about commerce. My hon. friend is apparently learning something about it, and I wish him well.

It is true and oftentimes we have heard that the capitalists in Germany had supported Hitler. It is not untrue even in this country sometimes capitalists have supported Communist candidates in election. Two opposing forces meet sometimes, and the two poles sometimes do meet. If that similarity is there, I do not grudge the interests concerned that similarity. And I do not even doubt the possibility of the capitalist and the Communist coming together in this country when they find that the Government is doing something which is not to the liking of either groups, and that is precisely what we are doing today. We refuse to be drawn towards anybody's bait, and we do not want to go into anybody's parlour. If we feel nationalisation is good.....

Shri S. S. More: Have you got any parlour as such. Sir?

Shri T. T. Krishnamachari: The hon. Member, I am sorry, has left his parlour far away, and he feels he is without a parlour, homeless without any roof overhead, wandering round the streets of Delhi. I am very sorry for him.

We refuse to walk into anybody's parlour. We shall nationalise if we feel nationalisation is good in the interests of the country, and that is for us the sole criterion for nationalisation. It is not that we are attached to any doctrinaire sentiment that nationalisation is good, nor do we believe in the sanctity of private enterprise. This Government, from that point of view, is happily placed. The interest of the

[Shri T. T. Krishnamachari]

country is the only guiding feature in determining its policies in such matters. If private enterprise does not pull its weight, and if it will not play the game if it is shown that it proves to be futile in our scheme of things and has no useful part to play, I shall recommend without any hesitation to my leader the Prime Minister that that particular industry should be nationalised.

You were good enough, Sir, to point out at the beginning of the debate that a discussion of nationalisation will not be within the scope of this Bill. Anyway, the matter has been raised, and that is why I had to deal with it.

The hon. acting Leader of the Communist Party said that this Bill is in the interests of the steel industry. It wants a lawyer to discriminate between the two sets of phrases. I am not a lawyer, and I have not got the ability to hair-split between words and to show what means what. My hon. friend is better equipped and he is entitled to do it. So far as I am concerned I feel that the wellbeing of the steel industry which I control as a part of the limb of the Government is a wellbeing for the interest of the people.

Shri H. N. Mukerjee: It is the commonsense interpretation, not the legal interpretation. You read the sentence.

Shri T. T. Krishnamachari: Commonsense is not the monopoly of those benches.

Shri H. N. Mukerjee: You read it.

Shri S. S. More: But you have lost it.

Shri T. T. Krishnamachari: May be, Sir. I have lost it when I became a Minister, but I have not sold it or otherwise put it into the hands of somebody thousands of miles away, I have sold it only to my people.

Shri Gadgil (Poona Central): Not mortgaged.

Shri T. T. Krishnamachari: Tomorrow, if I cease to be a Minister, I think I can take it back, and the Chief Whip of my Party will give it back to me, my conscience, my commonsense and my freedom to do what I like. But in the meantime I can say I have sold it only to my people and not to somebody who is far away, not to some principle that was made public in 1849.

Shri H. N. Mukerjee: We do not know to whom he is making a reference by this insinuation. (*interruption*). I do not like to disturb the temper of this House. If there are insinuations, we shall certainly reply in kind.

Mr. Deputy-Speaker: Fortunately today we are proceeding in very good humour. We must have a sense of humour, and I am sure all hon. Members have that in abundance. When one gives, one must also take. An hon. Member from this side said 'You are consigning your commonsense to somebody else', and the hon. Minister naturally says 'I consigned it nearer at home'.

Shri T. T. Krishnamachari: I am deeply grateful to you, Sir. But I can tell my friend the acting Leader of the Opposition that I do not want to wander so far away from my country as he is perhaps. There was a time when I probably drifted that way as he is doing now, but I found light earlier than he has done.

Shri H. N. Mukerjee: You are a wiser man.

Shri T. T. Krishnamachari: That is neither here nor there.

So far as the question of loan or aid to this country is concerned, I maintain that no matter where we borrow from, no matter who comes to this country to negotiate a loan, the independence and sovereignty of this country is preserved intact and when that is jeopardized I for one and my leader will not be here trying to run the Government of this country. This freedom has been won at great cost, and nobody wants to go and barter it away for just a mess of pottage. This argument that we are going to America or somewhere else for the purpose of what is merely a mere matter of arranging for some foreign exchange for the purpose of selling our soul, is good as a political slogan, is good for word play on a forum, but it is not a fact, nevertheless. The question of the loan to this company was raised, and I would say once again in all humility—I am a great respecter of Parliamentary traditions—that I do not wish by any sleight of hand or by any trick to cheat Parliament of its rights and commit it to give a loan to a firm, to an individual or a group of concerns, without its sanction.

Parliamentary sanction has to be obtained for any such action. In the eyes of the Opposition, it might mean

sanction from the Opposition. I know that we will never get it. We will not get anything from him except that small solace, that small assurance that my hon. friend, Mr. Basu, gave to me that if I bring a particular Bill, I can get it passed in half an hour. Perhaps he might do it in that particular case. If he does not change his mind, in the meantime. (*Interruption*) But generally parliamentary sanction does not mean the sanction of the Opposition. We know we will not get it. So we cannot give the assurance that we will in time obtain their consent to such a law. It is not possible. The fact remains if you are going to give a loan, the money should go into the Consolidated Fund and come out of it by means of appropriation which my colleague, the Finance Minister must make known to Parliament and its consent must be obtained. We can do nothing without it. You can pour all your wrath, all the molten steel that you can command from out of your mouth on our devoted heads at the proper time. That time is not yet. This Bill is an innocuous one. As I said at the time of moving the Motion for consideration, it merely seeks to implement the provisions of Sections 153, 153A and 153B of the Companies Act and nothing more. It is true we are in a hurry. The hon. the acting Leader of the Communist Party has asked, 'why this indecent hurry? Why should you have an Ordinance on the 29th of October? Why should your officials be allowed to leave on that day to the United States?' Yes, Sir, it is all part of a scheme. There is no conspiracy about it, no desire to hide. If we try to hide, the hon. gentlemen in the Gallery will make everything public. I say my hon. friend, the acting Leader of the Opposition quote from a newspaper.....

Shri M. S. Gurupadaswamy: He is not acting Leader of the Opposition. He is only acting Leader of the Communist Party.

Shri T. T. Krishnamachari: I am sorry. I beg your pardon. I recognise that the element of goodwill that I have towards the acting Leader of the Communist Party is not shared by my hon. friend.

My friends up in the Gallery would provide everything which the acting Leader of the Communist Party could use in his speech, and everything would be made public. Therefore, Sir, all that I can.....

Shri H. N. Mukerjee: May I ask the Minister; if statements are made in the House on the basis of certain reported items in the Press, can they be dismissed merely as quotations from scraps of papers or are they the ground for the Minister to say something tangible in reply about them?

Shri T. T. Krishnamachari: I must submit, Sir, that that is an embellishment of what I have said. I am not capable of rising to those heights of decorating what I say with words which do not have the meaning that I have in mind.

Shri S. S. More: You do not know your capacity.

Shri T. T. Krishnamachari: I do not venture to suggest that my friend, the acting Leader of the Communist Party is wrong. He is perfectly right in quoting from any scrap of paper, any printed matter, any newspaper, any journal that gives any information to him about the activities of the Government. That is what he has to do and that is what we were doing in the past. I do not grudge the hon. Member that. Only I say that if we should do something wrong, that weapon can well be placed in the hon. Member's hands by the newspapers and can be used very effectively against us.

I do not want to prolong this debate, even though I probably would like to speak a little more; because after all, the best form of flattery is imitation. I attempt to imitate the acting Leader of the Communist Party and so flatter him and feel that if I am not as good a speaker as he is, I might become half as good. But unfortunately, nature rebels and I am unable to speak. I do not think that any further explanation is needed on the part of Government. I therefore hope the House will pass this Bill.

Mr. Deputy-Speaker: The question is:

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

The motion was adopted.