

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

In page 1, lines 3 and 4, for "(Second Amendment)" substitute "(Amendment)".

*The motion was adopted.*

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

In page 1, omit "further".

*The motion was adopted.*

**Clause 2.**— (Amendment of section 25, Act 29 of 1953).

**Mr. Deputy-Speaker:** So far as Shri Tushar Chatterjea's amendment is concerned, it is out of order, because he wants to raise it, and he says "at such rate not less than four rupees". As he knows, any tax ought not to be increased without the sanction of the President. "Not less than four rupees" means it is the minimum. It is not "not exceeding four rupees".

Regarding the other amendment, I only want to impress upon the House that there is not much of substance in it. The amendment is "not exceeding four rupees" instead of "four rupees". If power is given to the Government to impose tax at the rate of Rs. 4, it is open to them to impose a tax at a rate less than Rs. 4 also.

The question is:

"That clause 2, clause 1, as amended, the Title, as amended, and the Enacting Formula stand part of the Bill."

*The motion was adopted.*

**Clause 2, clause 1, as amended, the Title, as amended, and the Enacting Formula were added to the Bill.**

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

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

**Shri M. S. Gurupadaswamy (Mysore):** May I say a word?

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

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

*The motion was adopted.*

**Mr. Deputy-Speaker:** We have exceeded the time allotted by five minutes. I would urge upon hon. Members, whoever is on the Advisory Committee, to take note of it. It is rather embarrassing for me not to allow Members to speak. I would certainly have called Mr. Gurupadaswamy—he comes from Mysore—and other hon. Members, particularly businessmen like Shri Tulsidas, to make their own contributions.

**Shri Tulsidas (Mehsana West):** I did not want to speak at all.

**Mr. Deputy-Speaker:** I shall remember their names, but more time must be allowed in such matters as this. It is for the Business Advisory Committee.

#### INDIAN TARIFF (THIRD AMENDMENT) BILL

**The Deputy Minister of Commerce and Industry (Shri Kanungo):** I beg to move:

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

**Mr. Deputy-Speaker:** On behalf of Shri T. T. Krishnamachari. Otherwise, the hon. Ministers may give notice in their own names. Very well.

**Shri Kanungo:** Sir, this Bill seeks to amend the Indian Tariff Act, 1934, by.....

**Shri A. M. Thomas (Ernakulam):** The time-limit may be fixed.

**Mr. Deputy-Speaker:** From 1-10 to 2-10 P.M.

**An Hon. Member:** Five minutes each.

**Another Hon. Member:** Ten minutes each.

**Shri Kanungo:** This Bill seeks to amend the Indian Tariff Act, 1934, by making certain changes in the First Schedule to that Act in order to give effect to Tariff Commission's recommendations. As the House will have noticed from the Statement of Objects and Reasons attached to the Bill, the Commission's recommendations involve the grant of protection for the first time to the automobile leaf spring industry, the withdrawal of protection to the sewing machines, the pickers and the zip fasteners industry and the temporary extension of protection to ten industries for a period of one year pending a review by the Commission.

I shall first deal with those industries which will be de-protected from the 1st January, 1955, namely, the sewing machines, the pickers and the zip fasteners industry. Copies of the Tariff Commission's reports on these industries and of Government's Resolutions thereon have already been laid on the Table of the House. I need not, therefore, go into the details of these industries and shall make only a passing reference to some of the important aspects which have led Government to take this step.

It is a matter of great satisfaction to me that the sewing machines industry has justified the protection which was granted to it about 7½ years ago in April, 1947. The record of this industry during the period of protection has been one of steady progress. Production has increased, quality has improved and imports have declined. The industry has not only been able to consolidate its position in the internal market but has steadily improved its position in the export market also, as will be seen from the following statistics. In 1951 we exported 6,164 machines, in 1952 8,119 and in 1953 we reached the five-digit figure of 10,863. The fair ex-works price of a domestic machine (Rs. 105) is lower than the

landed cost ex-duty of a foreign machine imported from the cheapest sources (Japan), viz. Rs. 146. The industry has now grown to that stage where it is no longer in need of protection and can stand on its legs. The Commission has recommended that protection may be withdrawn from 1st January 1955, and Government have accepted it, and the necessary provision has been made in the Bill. Sewing machines will become subject only to revenue duties with effect from the beginning of the next year.

In the case of the pickers industry, the Commission's investigations have indicated that the fair-ex-works prices of indigenous pickers are lower than the ex-duty landed cost. This favourable position in respect of cost should, in the Commission's opinion, enable the domestic industry to develop an export market, provided it maintains a high standard of quality of its products by strict adherence to the ISI specifications. The Commission has recommended that protection to this industry should be discontinued from 1st January 1955, and Government have accepted this recommendation. As protection was initially granted in April 1949, the industry would be enjoying protection for five years and nine months.

I now pass on to the zip fasteners industry, whose position, I regret to say, is not very satisfactory. The Commission has come to the conclusion that the domestic manufacturers did not make good use of the protection granted to them. The quality of the products has not come up to satisfactory standards. A comparison of the fair-ex-works price of the local products with the ex-duty landed cost of imported fasteners from the cheapest source indicated a protective duty of the order of 165 per cent. *ad valorem*. The Commission did not consider that there was any justification for imposing this heavy burden on the consumers and has recommended that protection to this industry be withdrawn from 1st

January, 1955. Since protection involves some sacrifice on the part of consumers, a protected industry owes a duty to the public to make the best use of protection. Since an independent tribunal has given its verdict that the zip fasteners industry has not acquitted itself well during the period of protection, the industry does not deserve sympathetic consideration at the hands of Government. The industry will, therefore, be deprotected, but the existing rate of duty, namely 66-2/3 per cent. *ad valorem* will be continued as revenue duty. Government will, however, be prepared to review the position if in future the zip fasteners industry is established on a more satisfactory basis and applies for protection again.

I shall now deal with the automobile leaf spring industry, to which protection will be granted for the first time. The House is aware that while making its recommendations on the protection of the automobile industry, the Tariff Commission considered that it was necessary to examine the case of each ancillary industry separately. They are taking up the cases of these industries one by one, and have submitted their report on the leaf spring industry. Copies of the report, and of Government's Resolution thereon, have already been placed on the Table of the House.

Leaf springs form an important component of a motor vehicle; almost the entire weight of the vehicle is carried by the front and rear springs. After careful investigation, the Commission has recommended that the existing revenue duty of 50 per cent. *ad valorem* on leaf springs and parts thereof should be converted into an equivalent protective duty till 31st December 1956. This recommendation has been accepted by Government, and the Bill seeks to implement it. I may add here that the acceptance of this recommendation does not involve any additional burden on the consumer.

Now, I come to the industries whose protection is due to expire on 31st December 1954, but the Commission has not been able to carry out its review. These are starch, glucose, soda ash, barium chloride, titanium dioxide, artificial silk, and artificial silk mixed fabrics, alloy tool and special steels, iron or steel machine screws, iron on steel baling hoops and grinding wheels. In all these cases, the Commission has recommended that protection be continued temporarily for another year, pending submission of their reports. The Bill, therefore, seeks to extend the period of protection for these industries till the end of December 1955. Short notes on these industries have already been circulated to the hon. Members. I need not dilate on them at this stage, as the House will have an opportunity again for full discussion, when the reports on these industries become available, and Government bring forward legislative measures for implementing their decisions.

I feel I need not take up the time of the House any longer.

**Mr. Deputy-Speaker:** Motion moved:

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

First, I shall call upon Shri V. P. Nayar, for he has tabled an amendment. There will be a time-limit of ten minutes for each Member.

**Shri V. P. Nayar (Chirayinkil):** The purpose of my amendment is not as much to have the duration of the present protective tariff up to the date I have mentioned, as to bring within the scope of the discussion certain facts about the industries sought to be so protected.

I shall confine myself only to one or two items, to which protection is proposed to be extended till 31st December, 1955. You know the Tariff Commission has made an inquiry, and it is on the basis of that that the sago and tapioca globules,

[Shri V. P. Nayar]

starch and other tapioca products, now enjoy protection. This Bill seeks to extend the protection in respect of starch, farina and sago flour.

If you go to the Tariff Commission Report, you will be surprised to find—I have pointed that out once before—that the Tariff Commission in inquiring into the details of these things has not inquired into certain very basic questions. For example, you will find that when the Tariff Commission admits that Travancore-Cochin has over 5½ lakhs of acres—I dispute those figures, because according to me, it is more than 7 lakhs of acres—.....

**Shri A. M. Thomas:** The Board of Statistics figure is 14 lakhs of acres.

**Shri V. P. Nayar:** No. Eight to nine lakh acres. Is that not so?

When they admit that about 1.5 million tons of tapioca globules are produced in Travancore-Cochin and also say that the industry has its relationship with the raw materials, i.e. tapioca root, you will be surprised find that the public hearing over this was held at a place in Bombay. You can imagine how a tapioca grower from Travancore-Cochin or Malabar or any place near Salem could go and depose before the Tariff Commission, which was sitting at that time in Bombay. That shows in what fashion the Tariff Commission has gone into this question. If you go through the import statistics, you would find that a considerable quantity of starch is even now imported. If you go through the internal prices of tapioca, you will find that there has been unprecedented fall in the price of tapioca.

**Mr. Deputy-Speaker:** What happened to sago in Calcutta?

**Shri V. P. Nayar:** I shall come to that later. I know this much that there was a case in the Supreme Court, but I do not know what happened about it.

Last time, when a similar Bill was considered on 21st December last year, Shri Karmarkar admitted:

“I am quite sure that the Ministry of Food and Agriculture who are concerned with this matter will surely take cognisance of the views expressed on the floor of the House.”

You will remember that then we pleaded that some arrangements must be made by the Government of India to stop the price fall in tapioca. But what is the present position?

The Travancore-Cochin Government appointed a committee to inquire and go into the details of tapioca. Dr. P. J. Thomas who conducted the inquiry recommended that the minimum prices for tapioca should be somewhere between 9 pies and 12 pies per lb. I am informed that today the price of tapioca is about 3 pies per lb. so that for one anna, you get four lbs. of tapioca. You can imagine from this the extent of price fall in respect of this commodity, which is grown in millions of tons, and on the price of which the economy of my State, of Malabar and of certain other places in South India depend to a very large extent. This Government, although it seeks to protect the subsidiary industry, does not do anything in this regard.

It will be interesting to note that sometime ago, on the 24th August 1954, Dr. Panjabrao Deshmukh, in answer to a question by Shri Singhal assured the House—I am saying this because last time, Shri Karmarkar told us that the Agriculture Ministry would look into it—that the Central Government would take suitable measures if the prices fell below the economic level. Here is a commodity on which several hundreds of thousands of people live and the price of which has registered a fall which is unprecedented. Here the Government come and say that they are

protecting a part of it by extending protection to the sago industry. This is not the attitude in which the Government ought to take this question up. I understand that certain representatives of the growers of Travancore-Cochin have come to Delhi to represent to the Commerce and other Ministries. I would ask the hon. Minister who is here to discuss with them and find out what is the position. I was going through their memorandum—I do not know whether Government are aware of that—that even in the matter of internal freight, when you transport tapioca starch and maize starch from one place in India to another by railway there is a discrimination. I am told that this discrimination is also seen in the case of freight in ships. According to my information, maize starch can be shipped at Sh. 103 for 18 cwts. while tapioca starch can be shipped at Sh. 115 for only 13 cwts. So that you will find that five cwts. more of maize can be shipped at a cost of Sh. 12 less than the freight which has to be paid for tapioca starch.

**Mr. Deputy-Speaker:** Is not greater care required for transporting tapioca?

**Shri V. P. Nayar:** No. Not at all. It has come to stay because there has been some oversight or because cereals and pulses have been classified and this would have come under that. I do not know where the snag is, but it is a fact, that maize sago and other things can be now sent from one place to another on the railway at Rs. 2-13-1 per md. while tapioca starch has to pay Rs. 3-11-1 per md. I would ask the hon. Minister to take this up. It is not a question merely of coming forward and moving an amendment to the existing legislation.

Then you will also find that Government can do something to protect the tapioca growers' interests. You know that Travancore-Cochin has been incurring a daily expenditure of Rs. 1 lakh for subsidising food.

Now, the Government of India have assured us that we will have enough supplies of rice. Owing to a variety of reasons, the tapioca prices have fallen. What have the Government done? Have the Government done anything for the export of this product? It is very easy to say that the textile mills are under the thumb of my hon. friend, the Commerce Minister, as he very often says. In war days when there was a scarcity of food material, I remember that the textile mills were asked to compulsorily take tamarind starch, in order to save food material, for their requirements. Tamarind seeds were not primarily consumed as human food. Therefore, I know that textile mills had been asked to get a portion of their demands met by tamarind starch. Now, here is a product; the price of tubers has gone down terribly and my hon. friend, the Commerce Minister, can very easily ask the textile industry to confine at least a certain percentage of their purchase of starch to tapioca starch, at least to the extent to which they are forced now to import starch from foreign countries, and then fix up a quota for tapioca starch.

**Shri A. M. Thomas:** No import is allowed now.

**Shri V. P. Nayar:** Of industrial starch?

**Shri A. M. Thomas:** No import now.

**Shri V. P. Nayar:** I would like Shri Thomas to verify the account of sea trade. It is declining, but I know that at least in Madras, starch is still imported for the manufacture of *kumkum* at considerably low rates from Singapore and other places. I have actually seen them in the godowns.

**Dr. Lanka Sundaram** (Visakhapatnam): What is the article he is referring to?

**Shri V. P. Nayar:** *Kumkum*.

**Mr. Deputy-Speaker:** What is the red substance that is there?

**Shri V. P. Nayar:** That is some chemical dye.

I am speaking subject to correction; my friend, Shri Kanungo, can tell us whether they have published any notification totally banning the import of starch. If there had been a total ban on the import of starch, my friend, Shri Thomas, will realise that this particular legislation would be superfluous. You are fixing an import duty and you are maintaining that import duty for a period up to the 31st December 1955 only because you have not banned the import completely. If the import had been banned, there was no question of an amending legislation keeping up the existing tariff wall till the 31st December 1955.

We are spending ever so much under the Planning Commission. In their report, you will find that crores of rupees are earmarked for development of small-scale industry. My State and the neighbouring places in the Malabar district, produce the maximum amount of tapioca. I ask the hon. Minister whether Government have contemplated so far the setting up of any factory which can consume the starch which can be produced to ensure a fair, high price to the tapioca growers. It has come to stay; there is no question of changing the six or seven lakh acres over to some other cultivation. It has to be done. We are importing a considerable quantity of glucose. The hon. Minister knows that the Tariff Commission has also gone into that and submitted their report. We require liquid glucose which is partly made here. We also require the other type of glucose. Why is it that Government have not been able to set up a factory in the growing area or in some other suitable place, by which the tapioca roots can fetch a fair, steady price? It can also be ensured thereby that the article which is so very vitally required for the pharmaceutical industry,

for the confectionary industry, for even so many other small industries, is produced from indigenous sources.

I would also request the hon. Minister to seriously consider the question of giving some subsidy until conditions are restored to their normalcy. It is not as if Government cannot give any subsidy. Government have the means for doing it, and there is a very strong case for giving subsidy to the tapioca growers. It is not as if hundreds of thousands of tapioca plantations have come into the hands of one or two individuals. You have recently been to my State. You will find that almost every patch of land on either side of the road will be planted with tapioca. You know they take a lot of interest because this plays a very important part as a cash crop and also as an alternative in times of food crisis. I therefore request that the hon. Minister may please consider whether Government can take some steps, some positive steps, by which a subsidy could be paid to the tapioca growers, to the cultivators, until such time as the starting of industries under the auspices of Government or by Government's recommendation so that the tapioca growers can be ensured a fair, steady price for all times. Until that is accomplished, I urge the Government of India to go to the help of the tapioca growers, because we have found that the Travancore-Cochin Government has done precious little about it. I think they have not even cared to answer the questionnaire sent by the Tariff Commission. So that it is a matter also for the Centre, especially in view of the assurance given by the Food Minister that the Government of India would step in when prices went below the economic limit. Here is a case in which prices have gone four times below the economic limit. I therefore once again urge upon him to have the matter discussed thoroughly with the Members of Parliament who come from those places, from those tapioca growing areas, and also with representatives

of the growers who are presently in Delhi, and have very quick steps taken in order to mitigate the hardship which is caused by the policies of Government to the tapioca growers of my State.

**Shri Tulsidas** (Mehsana West): Sir, I do not want to make a very lengthy observation on this Bill because this Bill is a very small and good measure for giving protection to different industries. In this, about 13 industries are involved. There are three industries which are discontinued to be protected. There is one industry in which the Tariff Commission has made a report and in the case of the other 10 industries they are being extended for a period of one year, but there have been no Tariff Commission Reports. This, in my opinion, is a very undesirable practice because from year to year we hear about the extension of the protection without Tariff Commission's Reports. This House would naturally be interested to know what the Tariff Commission's views are on the protection which is extended.

I find that the Tariff Commission is rather taking a very long time for giving their reports whenever any industry is submitted for their examination.

**Dr. Lanka Sundaram:** On the contrary, it is more swift than it should be.

**Shri Tulsidas:** But, the Tariff Commission is a Commission which must work quite in time and must give the report as early as possible whenever any industry is submitted to them. I know that there are certain limitations. The Tariff Commission naturally takes a very comprehensive survey of the whole industry and so on. I have been always feeling that the Tariff Commission must be strengthened. There is a provision according to the Act that the Tariff Commission should not consist of more than 5 persons including the Chairman. We are on the threshold of the Second Five Year Plan. We

want to increase our industrial potential in the country, not only of the large-scale industries but also of the small-scale industries. Therefore, it should be proper that the Tariff Commission must be in a position to give to the Government reports as soon as any industry is referred to them. It may be, that, we are required to increase the strength of the Tariff Commission. They may require instead of 5, 7 members. Why should not the Government come forward and amend the Act to increase the number of members on the Tariff Commission?

Thus, every year coming forward for extension of protection from year to year, does not give any protection. In my opinion there is only a very short-term protection and the industry would like to know what is the long-term protection. It may be that next year the position may be different. After all, they do not know where they are.

Now, there is also the other aspect. The Tariff Commission gives report not merely for the protection by way of increase in tariff, but there are, ancillary suggestions also which are made. They are, I am sorry to say, not properly looked into. I can give you examples of a number of cases in which the Tariff Commission has given ancillary suggestions and they have been always, if I may say so, ignored. I will give you an example. One of the non-fiscal measures of assistance which the Tariff Commission recommended was with regard to reduction in freights and rates structure and preference in purchase of stores. Even with regard to— to give an instance—the automobile industry, the Commission recommended the implementation of the recommendations of the Motor Vehicles Taxation Enquiry Committee's Report, of reduction on taxation, reduction of freight rates etc. But, nothing substantial in this direction has yet been done. This is another aspect.

I can also cite that in a number of cases where the Reports are made, they are not submitted to the House

[Shri Tulsidas]

within the period according to the Tariff Commission Act, that is, within three months it must be submitted to the Parliament. There is a proviso of course, whereby the Government can extend this period on account of difficulties. But, I am afraid, too much advantage is taken of this proviso because in a number of cases, after the Commission made the reports, they have been submitted to this House after a considerably long time. Power and Transformer Report came after 7 months; Cement Prices Report came after 6½ months; Sericulture Industry Report came after six months and so on. I think too much advantage should not be taken of that proviso. We should have the Report as soon as it is submitted to the Government within the time prescribed under section 16(2).

**Dr. Lanka Sundaram:** What about the businessman's lobby?

**Shri Tulsidas:** Let them come to a decision and indicate what is in their mind.

[There is another aspect. If the Government feels that this examination by the Tariff Commission should take more time, then I say, there is no other alternative but to have resort to giving powers to the executive to increase the import duty or reduce the import duty, or to have the quantitative import control. Either of these things must function; otherwise the industry is always kept in the lurch to know what protection the Government is going to give them.]

Sir, I have a certain experience with regard to a particular Committee of which I was member—the Import Control Enquiry Committee. I know there are difficulties. I can just give one example. Here is the question of soda ash. Now soda ash industry has to be looked not merely from the point of view of the industry as such, but the articles which the industry produces are also raw material to other industries and therefore, those industries which consume this raw

material have also to be considered. It has to be considered whether the protection which is given to this industry is more than what it should be given, or is it that other industries might suffer on account of the protection given to this industry; whether we have to increase import of other goods and so on. They are difficult problems, but a reasonable balance can be struck and in that respect the quantitative restriction of import policy must be an instrument in the hands of the Government. I know, under the GATT which is at present discussed in Geneva there is a certain amount of restriction, but, in a country like ours which is undeveloped and which has still to develop considerably, particularly with the balance of payment position of this country, this quantitative restriction is an instrument in the hands of the Government, in spite of GATT restrictions, and that should be utilised if this speeding up of the Tariff Commission's Reports is not adhered to. That is my feeling and I hope the hon. Minister will look into it.

**Dr. Lanka Sundaram:** Mr. Deputy-Speaker, I think the House will join me in congratulating the hon. Deputy Minister for the dexterity with which he has stated his case, being the maiden performance as Minister in charge of the Bill.

My hon. friends Shri V. P. Nayar and Shri Tulsidas have made a number of points with respect to the implications of this Bill, and I do not want to repeat the arguments used so far. But, I think this House is entitled to satisfaction on a very important constitutional and procedural point. You, Mr. Deputy-Speaker, would recall that when the first amendment to the Tariff Bill was brought here by my hon. friend's colleague Shri T. T. Krishnamachari two years ago, I raised this question of composition, powers and competence of the Tariff Commission to deal with questions of that character. My hon. friend Shri Tulsidas made reference to inordinate



delays with respect to submission of reports by the Tariff Commission. I have before me a complete tabular statement of the number of industries remitted to the Tariff Commission, and sometimes you see that it does not take even six weeks to complete an enquiry. I consider that this sort of disposal of enquiries remitted to the Tariff Commission is not in the interest of the country. You would recall, I hope, Mr. Deputy-Speaker, that when I made this point nearly two years ago, the Commerce Minister agreed with the suggestion made, namely to strengthen the personnel of the Tariff Commission and if necessary to divide the Tariff Commission into *ad hoc* groups for immediate disposal of enquiries. I would like to know from my friend what steps have been taken specifically to strengthen the composition of the Tariff Board.

While saying this, Sir, I would like to draw your attention to another point. There has been a tendency on the part of Government to permit members of the Tariff Board to vacate office and accept other employment. I consider it a very very dangerous thing. An experienced man—this type is really very small now in this country—has been lost to the Tariff Commission. My hon. friend the Minister knows to whom in particular I am referring to. Also there is another danger here. Sir, I am not anxious that mere college professors should be elevated to the position of members of the Tariff Commission. The House would recall that, when for the first time an Administrative Officer from the Bombay Government was appointed as Chairman, there was a lot of criticism in this House. On a balance, I think, an Administrative Officer, perhaps, is better placed to discharge the functions assigned to him as a member of the Tariff Commission, than a mere college professor. If you analyse the names of the gentlemen who are members of the Tariff Commission, you will see that the requisite experience, ability and scientific knowledge necessary for the sifting of data and arriving at con-

clusions which are capable of guiding government decisions is not available among the personnel of the Tariff Commission. Most of them are my personal friends, and I know them, and indeed, I do know most of them. I am not reflecting upon their integrity or character. That has not been doubted. But are they properly equipped? Are they capable of discharging their duties? Believe me, sometimes more than a score of enquiries are remitted to this Tariff Commission within one year. How can they dispose of them?

Mr. Deputy-Speaker: Does the hon. Member suggest any cadre or any training school for them?

Dr. Lanka Sundaram: If necessary, Why not?

Mr. Deputy-Speaker: It is not in a spirit of joke that I enquired. Probably you want a separate cadre of men, a category of professional people from whose ranks these people could be drawn to the Tariff Commission.

Dr. Lanka Sundaram: I quite appreciate the spirit in which you have made those remarks. I entirely agree with the Chair. I shall make a concrete suggestion. Why don't they take business executives, as an experiment? Surely, why don't they take business executives on the Tariff Commission? Have they not done so with reference to the Industrial Finance Corporation and other State bodies which have come into existence in recent years? But that is a question which has got to be investigated properly. But the main point is: the statutory limitation of five members for the Tariff Commission is insufficient to deal with the task entrusted to the Commission. The result is, as Shri Tulsidas has complained, in the case of certain enquiries the Commission takes too long a time and in the case of certain other enquiries, the investigations are too perfunctory, with the result that the competent

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advice which is expected of the Tariff Commission is not available to the Government and ultimately to the country. When this matter was discussed with him the hon. Minister gave an assurance, a definite assurance nearly two years ago that he would try to strengthen the personnel, and that when the time comes for strengthening the personnel of the Tariff Commission, adequate examination would be made about the suitability of the members to be selected.

Now, I would like to spot-light here only one point. Here, in the Bill, we have ten industries in particular with reference to which the hon. Minister sought to extend the protection time. I would definitely say, without any compunction at all, that this sort of legislation is trying to circumvent the Constitution. I agree that my friend, the hon. Deputy Minister, is helpless, when he found that the protection has expired and that the enquiry was not completed. Government then could make up its mind whether the protection should be continued or not. So, the best course is to postpone it for one year! This sort of legislation is not good as far as the country's interests are concerned. I beg to say with all humility that it is actually circumventing the provisions of the Constitution. I cannot take up the position that I will refuse to vote for this Bill, because I know the helplessness of the Minister. He does not know what he has to do, and he tried to move, as Shri Tulsidas has said, by bringing in what you call an enabling Bill about protection for different industries for different periods. In fact, I am inclined to request the hon. Minister to accept the amendment which will be moved at the proper time by Shri V. P. Nayar. Why do you require one year more for this Bill? Why not you ask the Tariff Commission to complete its enquiry in six months' time? Why do you saddle the consumer with the cost of protection without knowing exactly whether the protection is

justified in the circumstances? What I am making out is not a political or a light-hearted argument. It is a very definite point to be remembered by the Government and this House, before this Bill is assented to. I repeat that the Minister should consider the amendment reducing the time sought to be taken for extension of the protection given to these ten industries. You will see that these industries are of disparate character. Each one of them must be decided on merits. But, on the other hand, you find a sort of back-log of protection programme just heaped up on this House, on the spur of the moment, simply because Government is unable to make up its mind. I consider that this matter has got to be looked into. I have no disposition to oppose the Bill because I know it has got to be gone through for the sake of extension of protection. Now, this has come here three times—these amendments to the Tariff Act—in the present Parliament. Government, I hope, will certainly take steps early enough (a) to ensure that the personnel of the Tariff Commission is strengthened and (b) that adequate advance notice is taken of the time factor—when the tariff protection is going to expire in respect of certain industries—and make adequate enquiries justifying the need for protection before asking the House for extension of protection.

Shri Jhunjhunwala (Bhagalpur Central): The points which I wanted to make out have already been covered by the previous speakers, but they are so important that if I take a few minutes of the House by placing the same from my point of view, it will be quite justified. As has been pointed out by my hon. friend, Shri Tulsidas, every year the Government comes up before the House saying that protection should be extended or discontinued in respect of certain industries; without having the report of the Tariff Commission and placing the same before the House in order to judge and find out whether that protection is justified or not, it is difficult for the House to proceed with the matter.

Secondly, as has been pointed out by my hon. friend, Shri Tulsidas, in respect of the industries to which protection is being granted, the man who starts the industry does not know, and is not in a position to judge as to how long this protection will continue, and so, he cannot work with full attention and energy.

**Dr. Lanka Sundaram:** He cannot plan out.

**Shri Jhunjhunwala:** I thank my friend. He cannot plan out that is a proper expression. He should be enabled to proceed with certainty. These are the two things which the Government should look into. Before they come with any other Bill of this nature in future, they should see that Parliament has got the Tariff Commission's report before it. Or, just as has been pointed out, Government should take executive power and their department should study the problem, whether protection should be given to a particular industry or not. This is not a good procedure but at least if we have the report of the department, we will be able to judge whether protection should be given to any industry or not.

We have got the Five Year Plan, and shortly we shall be having another Plan. We shall be starting more and more industries, and the Tariff Commission should be fully equipped so as to give its full attention to the Plan. As has been said by my hon. friend, Dr. Lanka Sundaram, the Tariff Commission is so much overworked that at times they cannot do full justice, while sending their recommendation, and this aspect namely, whether they are fully justified in recommending protection or not becomes a question. So they must be fully equipped with sufficient staff to give sufficient attention to all the problems which are presented before them.

Now, under the GATT, we are under an obligation not to raise the tariff protection duty on particular articles, unless we negotiate beforehand. If the Government or the Tariff Commission does not take proper action, does not give the report in time or does not

review the position of those articles—whether any further protection for those articles is necessary or not—we shall go on losing our foreign exchange and we shall not be able to develop our industries also. Take the case of dye-stuffs. We are importing dye-stuffs to the extent of Rs. 10 crores a year and for the last one year or so, we have not ordered any. What has the Tariff Commission to say on this point? I understand it is more than a year now, and the Tariff Commission has not reported on this. This is a very important thing. Under the GATT obligations, we cannot increase duties as such, we have to see that at least the reports on these items are truly made and particularly looked into. If the Tariff Commission cannot look into these things, the Government should have a department which should look into those points and give reports so that negotiations can be carried on with GATT to enable us to increase duties on these items.

There is one other point regarding which I have got a representation, and that is in respect of a village industry in my State—the button industry in Champaran. The protection for this button industry has been discontinued. Unfortunately, I have not got those facts and figures. They say that because this protection has been removed, the industry will die. I shall pass on that representation to the Commerce Minister. It is not with me at present. Government should look especially to these village and small-scale industries which are developing in villages and districts and see that they are properly protected.

**Shri A. M. Thomas:** I would have followed the lines that have been adopted by the three previous speakers had it not been for the urgent necessity of bringing to the notice of the Government one or two burning questions of my State. My friend, Shri V. P. Navar has touched on that question. I would also wish to supplement his remarks by certain other facts.

One of the provisions in the Bill provides for the extension of the period of protection till the 31st of December

[Shri A. M. Thomas.]

1955 to ten industries which the Tariff Commission are enquiring into. Among those ten, we find two items, viz. starch including sago flour and farina and glucose. About these, I wish to offer a few remarks.

My friend, Shri Nayar, has told the House that the conditions now existing in the tapioca industry of my State are really distressing from the point of view of the tapioca growers in the States of Travancore-Cochin and Madras. It is alarming also if it is viewed from the economic point of view of the two States, especially of Travancore-Cochin. When we are attempting to give protection to any industry, what is to be enquired into and examined is the possibility of internal development of that industry so as to reach self-sufficiency and if possible examine the possibilities of development for an export market. I submit that nothing substantial has been done in the matter of this industry which I have pointed out and so I join with my friend Shri Tulsidas Kilachand in charging the Government with omission to implement the ancillary recommendations that are generally made by the Tariff Commission. We find from the note that has been circulated by the Ministry of Commerce and Industry that with regard to starch industry including sago flour and farina the number of existing units is only 18. The estimated domestic demand is 55,000 tons per annum whereas the actual production in our country in 1951 was near about 8,793 tons. In 1952 it was about 7,762 tons but in 1953 there is an improvement and the production was about 17,193 tons. In 1954, up to August it has been 26,349 tons. I should think that the possibilities of expanding this industry internally have not been exploited properly.

I would like to bring to the notice of the Central Government the Tapioca Enquiry Committee's report. It was a Committee constituted by the Government of Travancore-Cochin and presided over by no less a person than Dr. P. J. Thomas who was Financial Adviser

to the Government of India and who was also Chairman of a Committee constituted prior to the Kanungo Committee to enquire into the conditions of the handloom industry. I should think that proper value should be attached to the recommendations contained in that report. My friend just referred to the acreage of tapioca cultivation in my State. According to Government statistics it is 5,40,649.7 acres in Travancore-Cochin alone. According to the statistics collected by the Board of Statistics in Travancore-Cochin by a speedy sample survey method, the figures for Travancore-Cochin will come to about 14,25,917 acres. The importance of tapioca cultivation from the point of view of the economy of my State is self-evident from these figures. The total production of rice from that State is about 2.7 lakhs tons. The total production of tapioca from six lakhs of acres has been pointed out to be about 7.6 lakhs tons. When we take the valuation of these two crops we find that it will come to about twenty and odd crores of rupees if a reasonable price is got for the tapioca. This is double the value of the rice that we have got in that State. So, it will be found that it has got a substantial place in the economy of the southernmost State. It contributes to the food supply and also the national income of that State.

I want to emphasise one aspect which is quite relevant to the discussion; the industrial possibilities of tapioca in relation to the industries to which we give protection. It is unfortunate that this valuable raw product is not put to any proper industrial use. The chief industrial use of tapioca is for making flour, starch and starch products like dextrin, sago, glucose and power alcohol. Good biscuits, it is stated, can be manufactured from this. I would particularly refer to chapter 7 of the report, which I have referred to, in which it has been stated:

"During World War I, when Dr. S. G. Barker was the Director of Industries, Travancore State, an elaborate scheme was prepared for

the manufacture of tapioca flour on a large scale, and machinery for this was ordered from Java." But nothing took place after that.

**An Hon. Member:** What happened to that?

**Shri A. M. Thomas:** I am very glad that the hon. Minister in charge of the cottage industries is piloting this Bill and he would do well to take note of this. I may refer in passing that it is found here that there are tremendous possibilities of an export market for the tapioca products. In fact clean tapioca has an extensive world market. It will sell readily anywhere. Imports of tapioca flour into the United States of America amounted to 280 million lbs. in 1946. Although Brazil was the main supplier, Indonesia had also a part in it. There are possibilities of even capturing the United States market by our country. Dr. Thomas also refers to the industrial possibilities and refers to the possibility of manufacturing starch which is important for the textile industry. It can be used in textile sizing, for colour printing of fabrics, for paper making, for manufacture of adhesives, for making moulded articles, etc. Even in leather industry it can be used. It can also be used in laundry work and in pharmaceutical and toilet preparations. These are the various uses which this raw material can be put to. I am drawing attention of the Government specifically to this aspect.

My friend, Mr. Nayar, referred to a point. The price of tapioca per lb. has fallen to three pice. The economic price according to this Committee—my friend had stated quite correctly—will be from 9 to 12 pice. Frantic telegrams are reaching all the Members of Parliament from that State and the Government also with regard to the deplorable conditions that now exist among the growers of tapioca. It has also been stated that it is possible to export a considerable quantity of starch so that the present distress may be alleviated. I can understand that we are not self-sufficient in the matter of starch. But the price of the maize starch has fallen down in value to such an extent that the tapioca starch is not

at all in demand. I understand that there is demand for this starch in foreign countries and I would suggest that Government might allow exports of substantial quantities of starch, even as a temporary measure, so that the growers might get reasonable price for the tapioca tubers.

I just now referred to the industrial possibilities of tapioca. I understand that representations have been made to the Central Government for starting a factory for the manufacture of starch and sago on a small scale as a cottage industry. That is why I said earlier that I am glad that the hon. Deputy Minister who is in charge of the cottage industries is piloting this Bill. One memorandum states:

"It has been stated by Shri S. N. Rao who is one of the greatest textile experts in India, that tapioca starch is better than maize starch in many respects in its application to the textile industry. As stated by him in his article in the *Textile Journal* in its issue of August 1954, the tapioca starch on account of its property of penetration and adequate surface protection and its shorter boiling time and its ability to form a smooth non-scaly and elastic film, is sure to replace the maize starch in its application in the textile industry. Further, the value of tapioca starch has been recognised even by more advanced countries like the U.S.A. where, as against the 800 million lbs. of corn starch and 20 million lbs. of potato starch locally produced, 300 million lbs. of tapioca starch are being annually imported at a higher rate than the rate ruling for corn starch. Thus it can be seen that the tapioca starch industry has unlimited scope for development."

2 P.M.

I read only one paragraph from the representation that has been made to the Central Government just to emphasise the importance of the statements contained in their representation. I trust that Government would bestow its attention on this aspect.

[Shri A. M. Thomas]

Last time when the Tariff (Second) Amendment Bill came up for discussion, seeking to give protection for the sago industry, the importance of developing the tapioca industry was mentioned and the hon. the Commerce Minister, Shri Karmarkar, who piloted that Bill gave an assurance that the various suggestions made would be forwarded to the Food and Agriculture Ministry for appropriate action. Sir, I beg to submit that in these matters there is no proper Co-ordination between the two Ministries—the Food and Agriculture Ministry and the Commerce and Industry Ministry. These are matters on which the early attention of Government must be bestowed. Suggestions sent to one Ministry lie there for considerably long time, and nothing is done either on a long-term basis or even on a short-term basis within a reasonable time. Here is an instance in which the two Ministries should jointly find out some methods by which the vast population of my State can be protected.

With these observations I welcome this Bill. Though it is a non-controversial measure, the aspects that I have now placed before the House, I hope, will be given due and weighty consideration.

**Shri Kasliwal** (Kotah-Jhalawar): Mr. Deputy-Speaker, Sir, it is unfortunate that we are discussing this Bill in the absence of any report from the Tariff Commission. This Bill proposes to extend protection to ten industries. In respect of most of these ten industries there was discussion last year also. There was one important point which I raised at that time and I propose to raise again: the question relating to the rated capacity of these industries.

Mr. Deputy-Speaker, you will see that out of the ten industries, there are seven which are producing much below their rated capacity. Their rated capacity is very high and they can meet and they are capable, of meeting the entire domestic demand,

but their production is extremely low with the result that today we have to import large quantities from abroad.

Take the case of the starch industry itself. My hon. friend Mr. Thomas just now said that the estimated domestic demand was 55,000 tons per annum? But what was the actual production? 17,000 tons. The rated capacity of only eight units working at present was 43,000 tons. Take the case of the glucose industry. The estimated domestic demand is 3,500 tons; the rated capacity is 5,300 tons; in 1953 the actual production was 102 tons; in 1954 the actual production is 130 tons. Take the case of the calcium chloride industry. The estimated demand is 800 tons; the rated capacity is 2,600 tons. But what is the actual production? The actual production in 1953 was 649 tons; in 1954 January to June 219 tons. Similarly, Mr. Deputy-Speaker, take the case of the Titanium dioxide industry, alloy tool and special steels industry, iron or steel machine screws industry, iron or steel baling hoops industry. The rated capacity is there. But why are these industries not producing up to their rated capacity? I made this insistent enquiry last year from the Commerce Minister and he gave an assurance that enquiries will be made into the rated capacity of these industries. He said that at the present moment an enquiry was being made into the engineering industry. We do not know what enquiry has been made into the engineering industry. I want to know from the Deputy Minister whether he proposes to make any enquiry into these industries which are producing far below their rated capacity.

**Dr. Lanka Sundaram:** Is it the hon. Member's point that these industries are keeping their production low to qualify for this benefit?

**Shri Kasliwal:** I cannot say I am really unable to say. But I make this query: why should protection be given to such industries who refuse to produce up to their rated capacity.

There are three other industries which I must say are producing up to their rated capacity, especially the artificial silk, the grinding wheels industry and the soda ash industry. I want to say a word about the soda ash industry. There are only two units working in the country: the Tatas and the Dharangdhara Works. In their Report the Programme of Industrial Development the Planning Commission said that it is very important that the soda ash industry should be given a fillip. They said that some more units should be established. But what do we find? Although four years have passed, no unit has been established. As the Report of the Planning Commission said it is necessary that the development of new units should be actively encouraged and supported by the State. But up to date no step has been taken to develop the soda ash industry. I hope the hon. Minister will keep this particular point in mind.

As against this, Mr. Deputy-Speaker, so far as the grinding wheel industry is concerned, the rated capacity of one unit is sufficient to meet the needs of the country. I find that two more units are now coming up. I do not know why these two more units have been permitted, especially when these two units which are going up have a large foreign capital. That is all I have to say.

**Shri V. B. Gandhi** (Bombay City-North): Mr. Deputy-Speaker, we in this House can give our general support to this Bill. The Bill divides itself into three parts: one part deals with the granting of protection to the leaf spring industry; another part deals with the extension of protection for a further period of one year to certain other industries,—ten in number; and the third part deals with the withdrawal of protection in respect of three industries.

Now, Sir, so far as the protection granted, or proposed to be granted, to the leaf spring industry is concerned, we heartily support the measure. Leaf spring industry, Sir, is a very important industry in the automobile field

and we are glad that this industry is now going to have a more or less certain future before it. The development of this industry will fill an important gap in our programme of producing a complete automobile in this country with all parts made in India.

Now, coming to the other part which deals with ten industries, in respect of which protection is going to be extended for another period of one year, I must say that it is not very creditable to a Government to have such a long list year after year to place before this House and ask the permission of the House to continue protection. This is rather acting blindly. (**Dr. Lanka Sundaram**: Helplessly.) In this connection I add my voice to the case made out for increasing the Tariff Commission personnel, the case as made out by three speakers who preceded me, namely Shri Tulsidas, **Dr. Lanka Sundaram** and Shri Jhunjhunwala. It is not so much against the existing personnel; I would like it to go on record that the examination and the reports as made of these industries by our Tariff Commission are of very high quality. What the Commission suffer actually from is probably they are under-staffed, they probably need additional personnel. I have my own doubts whether the suggestion made by **Dr. Lanka Sundaram** is practicable. I mean his suggestion with regard to an effort to be made to draw on business executives for filling the personnel of the Commission. He referred to the Board of the Industrial Finance Corporation. I do not think that analogy can be stretched too far, because the Board of the Industrial Finance Corporation meets only occasionally, probably once in two months or three months, whereas the work that the personnel of the Tariff Commission is called upon to do requires continuous day-to-day work. Anyway the difficulties should not be allowed to keep us from taking active measures to add to the strength of the Tariff Commission.

**Dr. Lanka Sundaram**: What about the College professors? Are they to continue every time?

**Shri V. B. Gandhi:** I do not mind if College professors of a suitable standard are taken up in a kind of a secondary cadre and trained, along with the present personnel.

Anyway I hope Government is not holding back this very desirable move only on the score of cost, because the cost is being paid by the industries as well as by the community so long as this kind of under-staffing of the Commission continues. Here in this Bill are ten industries. Their fate is in the balance. They do not know whether their protection is going to be continued or whether it is going to be withdrawn or whether it is going to be modified. That is a very unsatisfactory state of things for important industries, such as we find included in the list of these ten industries, to be in. And the cost is also, I think, unethical in this sense that if some of these industries are industries in respect of which ultimately the decision of the Commission is to reduce or to abolish or to withdraw protection, then that protection should have been withdrawn now and not a year from hence, and during this period of one year the community would have paid and the industry would have gained, I think, in a manner in which it did not deserve to gain. It is in this sense that both the industry as well as the community is paying for this inaction on the part of the Government. It is a very urgent problem and my plea to the Government would be that serious attention should be paid to this deficiency in the present set-up of our Tariff Commission.

**Shri Kanungo:** I am extremely obliged to all the hon. Members who participated in the debate, because on the whole the purpose of the Bill has been supported by and large.

**Dr. Lanka Sundaram:** Small consolation to you!

**Shri Syamandan Sahaya (Muzaffarpur Central):** There is nothing perfect in this world.

**Shri Kanungo:** As Mr. Gandhi has pointed out, the Bill has got three

parts. Regarding the first part, namely protection given to the leaf springs industry, there is a unanimity of opinion. So I need not dilate upon it.

Regarding de-protection of the three industries there has been no comment, and the facts being in the possession of the House from the reports and resolutions placed before it I take it that it has got the support of the whole House.

Regarding the third part, namely extending for a year protection to the ten industries which are enjoying protection at the moment, I must agree that there is great force of argument on that. But the House has to remember that the complexities of our problems are so many that perhaps this was not anticipated at the time when this particular procedure was undertaken. Parliament in its wisdom has decided that it will consider subjects on the advice of an independent tribunal. Whether the tribunal is adequate or inadequate, that is the point that has to be decided. There is considerable force in the argument that when ten reports become arrears there is need for examining this question.

But in extending this protection for one year, I suppose the House is not doing any violence to itself or to the industries. After all, based on the report of the Commission, the House has considered and granted them protection for a given number of years. If a report could have been available within the stipulated time, then the matter would have come to the House whether the protection should be continued or discontinued. But I think extending by a year that protection, in most cases, will not be unfair, for the simple reason that it is maintaining the *status quo*. If a particular industry was very bad—which I hope will not be amongst the ten, or there might be one or two—then it will be certainly hitting the consumer to a point. This position merely indicates that protection when granted must be for a sufficiently long period to assess



its results, or there must be a continuous enquiry going on—a sort of Tariff Commission working two shifts or three shifts, whatever it is. These are the two alternatives. And these points have got to be considered by Government. Certainly it is not a satisfactory thing either from the point of view of the Government or from the point of view of the House. But it certainly does not bring in that amount of uncertainty as has been made out by some of the hon. Members. Who are the parties mostly interested? Apart from the consumer—I suppose the consumer is the most interested because he has got to pay higher or lower prices for it—the two parties mostly interested are the producers and the importers. Now, the time-lag between a particular measure and its implementation either for de-protection or protection is sufficiently long to enable them to plan their production or import policy. In the matter of imports, I suppose judging from the opinions expressed by the Import Advisory Committee, the position is satisfactory and it has met with the approval of the body of importers as a whole. Most of the licensing periods are on a half-yearly basis. Therefore, the conditions are improving steadily.

As far as Dr. Lanka Sundaram's proposition that it is a violence upon the Constitution is concerned, I do not express any opinion on that, but I may agree to a certain extent that it would have been fairer if the reports could have been made available in time.

**Dr. Lanka Sundaram:** Tweedledum and tweedledee.

**Shri Kanungo:** Yet, the speaker himself has admitted that the work which is loaded upon the Commission is such that it is physically impossible for them to turn out the work expected to them. Of course, the House knows, judging by standards five years back, the Commission has been provided with a certain amount of specialised staff for helping them, but as I have said earlier the position requires review and serious consideration.

Another point which was made by Shri Kasliwal was about the rated capacity and actual production in the zip fasteners industry which is being deprotected by this particular Bill. A study of the report will show that there is ample rated capacity for production in that particular industry, but the industry has not been able to produce anything. There are several factors. There are demand factors, consumer resistance factors, and hundred and one factors; and of the most important things is to rationalise the management of the units. If the management is not rationalised—and I lay emphasis upon that—the capacity there cannot be utilised fully. Of course, it is desirable that whatever productive capacity there is must be utilised to the full, as that will be getting an economic return for the investment from the capital point of view. By and large I suppose we are progressing in that direction.

Judging from the figures of production of starch, the House will notice that the production is increasing year by year, and in several other industries, the same phenomenon is being observed.

**Shri Kasliwal:** Glucose is going down.

**Shri Kanungo:** There might be several reasons for it. When the enquiry is taken up, the Tariff Commission may be able to point out what are the reasons, why this has happened, and whether those reasons could be corrected or not.

**Dr. Lanka Sundaram:** May I interrupt the hon. Minister on a point? On this rated capacity question, is Government prepared to give a direction to the Tariff Commission to make sure that the industry is not keeping production too low to qualify for this benefit and still arrange for imports of the stuff to come in? That is the crux of the problem.

**Shri Kanungo:** A direction is not necessary. I suppose they have got to judge the totality of circumstances

[Shri Kanungo]

and recommend to the Government whether protection is necessary or not.

**Dr. Lanka Sundaram:** But the figures given by Shri Kasliwal are clear on this point. No particular industry has stepped up production, proportionate at least to its rated capacity.

**Shri Kanungo:** It is quite possible that under given circumstances, the actual production may be much less than the rated capacity. That does not hurt very much. It all depends upon the time etc.,

**Shri Syamnandan Sahaya:** The time, place and the recipient.

**Shri Kanungo:** But by and large I will say that the particular industries which we are protecting or de-protecting, and a large number of them which are given temporary protection for a year, or enjoy protection, have proved their worth.

Regarding the point which Dr. Lanka Sundaram and Shri V. P. Nayar made out, as to why it should be for one year, I may say it is for abundant caution. You have the example in the past, that wherever reports are available, Government have taken decisions quickly, much earlier than the stipulated one year period, and they come up before the House with legislative proposals. Therefore, in this particular instance, as soon as the reports are available, Government will immediately take steps. It may be within three months, six months or nine months, but.....

**Shri Syamanandan Sahaya:** If nine months are over, no difficulty after that I suppose.

**Shri Kanungo:** Therefore, this one year period is asked for simply by way of abundant caution, and we are not asking the House to spend its time on a matter which is not of very great importance at the moment. Though we have asked for this time,

we hope we will be able to do it in a shorter time.

Quite a large amount of time was taken particularly by Members from **Travancore-Cochin** on the utilisation and price of tapioca. For years tapioca has been the talk of the town, so to say. When we were short of food, people thought that tapioca would carry us through and we started saying that tapioca should not be exported, it should not be used in industry, it should be conserved for food purposes etc. But today, as I understand it—and I think it is correct—and as the Members mentioned it, the prices are going down, and the producer or the farmer of tapioca is being hard hit. I should say that is a problem which is part of the bigger problem of agricultural price. Even if the entire starch requirements of the country would be available from the source of tapioca, that would not be enough to bolster up the prices. The price of tapioca is going down, the price of rice is going down—whether it is good or bad for the total economy is another matter—and if we want to bolster up the price of tapioca, one small effort in that direction might be its utilisation for starch manufacture, but it will not wholly support the price of tapioca. That has got to be tackled from the background of protection for agricultural prices. And, as a matter of fact, judging from the progress in the manufacture of starch we are making in the country, I believe in a very short time we will be producing the entire amount which we need.

Shri Jhunjhunwala has mentioned about the button industry. I would refer him and the House to the Resolution of Government dated 28th November, 1953, in which on the basis of the Tariff Commission's Report, a part of the protection to the button industry was taken out, but the rest of it was maintained.

In regard to glucose, Shri Kasliwal has maintained his stand that protection should not be continued. In their Resolution, Government

have observed that the production of glucose has gone down. Government have also warned that if the conditions do not improve, then it will not be possible for them to continue the protection on glucose, for after all Government owes a duty to the consumers also. National economy is one of the important factors, but it has got to be balanced with the interests of the consumers as a whole. If protection does not give the right incentive, and is not able to raise the right incentive from the people to take advantage of it, then Government have reluctantly got to look into the interests of the consumers and drop it.

**Shri Velayudhan** (Quilon cum Mavelikkara—Reserved—Sch. Castes): Just like the All India Radio, there is occasional silence.

**Shri Syammandan Sahaya:** Silence is sometimes more expressive.

**Shri Kanungo:** I am sorry for it.

As I have said at the outset, as there is almost practical unanimity on the purposes of the Bill, I submit that the House must accept the Bill.

**Dr. Lanka Sundaram:** Silence is a token of the peroration.

**An Hon. Member:** The silence was because of Shri Velayudhan who was very eager.

**Shri Kanungo:** Now, he has missed the bus.

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

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

*The motion was adopted,*

#### Clauses 1 and 2

**Mr. Deputy-Speaker:** Now, we shall take up the clause by clause consideration. There is one amendment by Shri V. P. Nayar to clause 2. But the hon. Member is absent. There are no other amendments to this Bill.

The question is:

“That clause 2, clause 1, the Title and the Enacting Formula stand part of the Bill.”

*The motion was adopted.*

*Clause 2, clause 1, the Title and the Enacting Formula were added to the Bill.*

**Shri Kanungo:** I beg to move:

“That the Bill be passed.”

**Mr. Deputy-Speaker:** Motion moved:

“That the Bill be passed.”

**Dr. Lanka Sundaram:** This debate, as I have said earlier, need not have been the cause of any controversy. I have said that there is no disposition on the part of any of us here, belonging to either side of the House, to obstruct the progress of the Bill.

Now that the hon. Minister of Commerce and Industry is present here, I would like to have an assurance from Government on two points. One is that the hon. Minister has given us an assurance two years ago about strengthening the personnel of the Tariff Commission. I repeat that demand now, and I want an answer. I want the earlier assurance to be carried into effect, because it has not been carried out so far.

The other point is more important to my mind. The question of rated capacity has been raised in this House times out of number. The short point concerning this Bill is this. In the case of those ten industries for which protection is sought to be granted for another one year, and also other industries, as they will come up from time to time, is it a fact—I am only posing a question—that certain industries which are granted protection are not making efforts to increase their actual production up to the rated capacity, in order to qualify themselves for continued protection? I am sorry I have put it in a very roundabout way, because I am not here prepared to

[Dr. Lanka Sundaram]

charge any particular industry with deliberately cheating Government by keeping production low. An investigation is necessary into this question. If that is the case, the industry concerned will not be, or should not be, entitled to protection. I think this is a matter which has got to be looked into very carefully.

My hon. friend the Deputy Minister gave me a negative answer, when I asked him, why do you not give a directive to the Tariff Commission specifically to investigate into this point, and to make the report completely clear that every effort has been made by the industry concerned to step up the production to the rated capacity, before it is qualified for getting the protection to be continued.

**The Minister for Commerce and Industry (Shri T. T. Krishnamachari):** Directive to the Tariff Board?

**Dr. Lanka Sundaram:** My hon. friend the Deputy Minister said earlier, in the course of the first reading, that such a directive is not necessary. I would like the hon. Minister of Commerce and Industry, now that he is present here, to answer this point. Whether a directive is necessary or not is a small point, but the major point is this. Have Government satisfied themselves in the case of every single industry asking for continuance of protection that the rated capacity is sought to be reached? If that is not sought to be reached, what steps are Government taking to ensure that such a position is reached? Otherwise, the consumer is mulcted, and I am sure this House will not be a party to the consumer being mulcted.

**Shri T. T. Krishnamachari:** I must apologise to this House for not having here during the earlier discussions. On the two points raised by my hon. friend Dr. Lanka Sundaram, I think I might be able to give some answer.

In regard to the question of the strengthening of the Tariff Commis-

sion's staff, we are trying to strengthen the staff. The question of personnel of the Commission itself is a matter which has been engaging my attention. We found on a survey of the inquiries, that there has been a falling off in new inquiries. I may tell the House the reason why there has been a falling off. There are two ways in which incidental protection has been afforded to industries. One happens to be the regulation of imports partly by Q.R.'s. The other happens to be the large-scale increase in customs duties, which we have effected over the last two years for revenue purposes. That has necessitated, or rather that has occasioned some reluctance on the part of many of the industries to come and ask for protection. Hon. Members would have found even in regard to the industries for which the House is granting protection, in some cases, the revenue duty is higher than even the protective duty recommended. For instance, the Tariff Commission has recommended that the zip fasteners industry be deprotected. Nonetheless, we are still carrying on 86/2/3 per cent. duty on it for revenue purposes, because it is an article which is only—what you may call—a semi-necessity—I would not call it semi-luxury. We do like zip fasteners for various purposes, but I think we could pay a little more price for it in order to augment the resources of the state.

That being so, the quantum of work that we can envisage by means of regular new inquiries is tailing off. The responsibility of the Tariff Commission in order to keep the industries for which protection has been granted at the expense of the consumer is undoubtedly very great, and is one which I have to call the attention of the Tariff Commission to every now and again. I must tell the hon. Member that I am keeping close touch with the Tariff Commission, in the manner in which I could possibly do without impinging on their independence. Recently, before we sent a delegation to the GATT, we got the

members of the Tariff Commission here, we got the members of the Planning Commission we had the delegation to the GATT with us, and all the concerned Departments; and we had a full-dress discussion. I am, therefore, trying to the extent of my ability, to get the Tariff Commission integrated with the policies which Government are pursuing. But it is a matter of time. It is very difficult. I do not mind confessing that the work which I probably commenced about two years back is just taking shape now. It takes time.

In regard to staff, what is more important than even the personnel of the Tariff Commission happens to be the staff of the Tariff Commission. Here, we have been having an enormous amount of difficulty in getting technical staff. We cannot afford to pay them as much as private service will pay them. These difficulties have to be faced. You know also the normal method of recruitment; we cannot bypass the UPSC. And the UPSC is loaded with such a lot of work that if we send up a requisition for the appointment of two cost accountants and two technical personnel to assist the Tariff Commission, it takes about a year.

These things are there which impede progress with the larger quantum of work that they have to do. Now and again we are sending them a number of new references by way of price inquiries and that sort of thing. I am keeping in very close touch with the Tariff Commission. There are some changes on the administrative side which I have recommended they should make; I do not say it is a perfect machinery, but we are trying to make the machinery as perfect as possible.

In regard to the other matter that he has raised, that is, the question of rated capacity, whether the industries enjoying protection are using it or not, it is again a matter where progress has been slow. I do not mind admitting it. Progress has been slow merely because of the amount of personnel at my command, and

the degree of concentration that we are able to bring to bear on the problem. It is one thing to be able to send for the industry and tell them 'you are doing wrong' and another thing to get the information for you to enable you to do that. That we are watching with a great deal of keenness. To a very large extent, the Tariff Commission and the Government are depending on the Development Wing that I possess. I must confess that the Development Wing that I have at my disposal is entirely inadequate even to fulfil a moiety of the ambitions that we have in regard to industrial progress in this country. But so far as rated capacity is concerned, I have often times told the House that 'rated capacity' itself is sometimes a very misleading term. In the case of one particular industry, electric bulbs, where for reasons of giving some protection to the weaker units we had, more or less streamlined production all over, we had to go and assess the rated capacity again at the government level, not accepting what the industry had said. We found that we had to bring down the rated capacity in many cases. So I say the term 'rated capacity' is a somewhat misleading term. Nonetheless, I do agree.

**Dr. Lanka Sundaram:** May I interrupt the hon. Minister? What is the machinery available to him today to investigate the actual production conditions inside every industry before it comes before the Tariff Commission, to satisfy himself that the information given is accurate?

**Shri T. T. Krishnamachari:** As I said, I am entirely dependent on the statistics furnished by my Development Wing. We have an organisation called the Development Wing attached to the Commerce and Industry Ministry. We have Industrial Advisers. Under them are the Development Officers holding charge of groups of industries. We have Deputy Development Officers concentrating on certain number of industries. I do not mind telling hon. Members that I meet these people at least once in two

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months or sometimes once in a month. Each man is asked to bring his diary and tell me what industries he visited, what is the nature of the production of a particular industry and so on. These are all done administratively. But I feel that the Development Wing has got to be trebled before I could even take a step forward to fulfil any portion of the ambitions that we have in regard to the industrial future of the country. To a very large extent, even the Tariff Commission is dependent on the information that the Development Wing can give. I cannot start a parallel organisation in the Tariff Commission because Government cannot afford the money. We are trying, as far as possible, to bring these industrial organisations in various Ministries together. I have now a scheme under which the Defence people send 8 or 9 men from their ordnance factories to the Development Wing so that there may be some amount of exchange and we can know more and more about ordnance factory work. We have made available the services of these people to the Supply Department. The amount of work that these people have to do, if one knows the amount of work that they are actually doing—and they do it honestly—is something colossal.

The first question is to build up the organisation. At every stage, my difficulty is that Government salaries are not adequate enough to attract proper material, and I am very happy to say that we had recently a communication from the Chairman of the UPSC who has said, 'I cannot get men for these posts unless you step up these salaries'. That is a fact which we have to face. We are trying to persuade the sister Ministries to give us a little elbow-room. But the thing can only happen if there is a conscious and deliberate recognition on the part not merely of Government, not merely their officers, but also of the hon. Members of the House, that the industrialisa-

tion of this country is a harsh unperative and no sacrifice is too much for getting a move on in respect of industrialisation. I welcome any strong criticism that might be levelled against my Ministry in this House, if that criticism will lead to a strengthening of the Government machinery and to making us get a move forward.

**Dr. Lanka Sundaram:** The House never refused you funds.

**Shri T. T. Krishnamachari:** Unfortunately, the proposal for funds has got to be processed somewhere else before it comes to this House. But I do welcome this criticism from my hon. friend because I can go back to my own people and tell them: This is the criticism that I have got to face. These are my ambitions, about which, I think, the House will probably tell us something when we discuss the economic policy. I concede completely that what Dr. Lanka Sundaram wants must be fulfilled. The mechanism must be there; the consumer must be protected. I do not suppose anybody in the Government has cried himself more hoarse than myself for consumer protection, very often it might have led to nothing. The will is there, but, I am afraid, the flesh is weak, because we are not able to get the necessary amount of personnel. But, as I said, we should bear in mind what the hon. Members have said and we do hope that by this time next year I would be able to give a better account of what the Tariff Commission and the Commerce and Industry Ministry do in this regard.

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

"That the Bill be passed."

*The motion was adopted.*