

Of course the Government of India has spent crores of rupees and done all in its power to give relief to these people. But I am compelled to say that the measures taken are absolutely inadequate. When this matter of the exodus started I had a talk with the late Sardar Vallabhbhai Patel and I told him that if this problem is to be tackled it has to be put on a defence basis.

**Mr. Chairman:** Order, order. The hon. Member is new to the House. I would only tell him that the scope of this Bill is very limited. It relates only to claims and not generally to the difficulties that are suffered by displaced persons. The hon. Member may take another opportunity to express his views in that regard.

**Shri Meghnad Saha:** May I go on, Sir?

**Mr. Chairman:** Yes.

**Shri Meghnad Saha:** The great mistake was an administrative mistake. This matter should have been dealt with on the basis of emergency, and if this was done for the same amount of money which we have spent much more relief could have been given. I will give you one example. What the displaced persons want is land and there are two million acres of cultivable waste in West Bengal. This is not my opinion. This is from the Government statistics and I suggested that all this land should be acquired compulsorily by the Government and distributed according to some system amongst the refugees. This was not done. The usual procedure for land acquisition is being resorted to and if the usual methods of land acquisition are resorted to, I know it takes two to four years before anything can be done and then you have to go to a lot of litigation. Most of the money, I can assure my hon. friend opposite and the Treasury Benches, has not gone into the pockets of the refugees but into the pockets of greedy zamindars, officers and others and, therefore, this money has not gone to the relief of the refugees themselves.

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

"That the Bill be passed."

The motion was adopted.

## INDIAN TARIFF (SECOND AMENDMENT) BILL

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

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

This amending Bill consists of a number of items. I believe the Commerce and Industry Ministry have sent out to hon. Members notes in regard to the contents of this Bill, and I hope every hon. Member has got a copy thereof. The one feature of this Bill to which I would draw the attention of hon. Members is, with the exception of the zip fasteners, all other items mentioned in this Bill enjoy protection now. The only new item is zip fasteners, and that is the only item which has not been notified under the powers vested in Government by section 3A of the Indian Tariff Act, under which protection can be given as soon as the Tariff Commission or the Tariff Board submits a report. All the other items have been notified under the powers vested, as I said by section 3A. The duration of protection of the various items varies. I would again like to tell this House that in regard to only two items, the Government have acted on their own without any specific recommendation by the Tariff Commission. The items concerned are aluminium and bicycles. These two subjects are now being considered by the Tariff Commission and it is expected that reports will be forthcoming before the end of the year. As the protection was lapsing, Government had to take action to continue protection on the existing scale till the end of this year, so that further action can be taken on the recommendation of the Tariff Commission.

I shall just say a few words in regard to the other items. Sago flour, starch and farina relate to the starch industry. I suppose some hon. Members are familiar with this subject as people who have been here before must know all about it. This kind of measure is a sort of an annual which appears time and again in every session. Starch is an industry which has been promised protection by the British Indian Government in 1944. In 1948, the Tariff Board recommended protection and it has been enjoying protection since then.

Silk products, silk waste, silk yarn, silk sewing thread and fabrics not otherwise specified, which contain 90

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per cent, of silk, have also been enjoying protection. The Tariff Board report in regard to this particular industry has recommended protection only upto the end of 1952. It may surprise some hon. Members why the Board which has gone into this matter has recommended protection only for a short period. There are, I know, hon. Members in this House who are interested in the silk industry, which is not in a particularly good way now. I might invite the attention of hon. Members to the concluding portion of the report of the Tariff Board in this regard which indicates that the industry concerned has not fully placed their case before the Tariff Board, and that all that they could do was just to recommend protection for a short period. The matter is one about which the Government is very much concerned and it is under examination. Very possibly we may again ask the Tariff Commission to look into it to see if any further protection is needed, unless it be that by the operation of import controls, some measure of protection is incidentally conferred on this industry and no immediate action becomes necessary.

Items 75(5), 75(6), 75(7) and 75(8) relate to bicycles. The next item happens to be alloy and steel for the purpose of making tools. This is covered by the Tariff Board's report. The protection that is to be given is to last till December 1954.

Items 66(a) and 66(1) relate to aluminium. As I have said, this is a matter which is now being considered by the Tariff Commission. The protection granted is a purely temporary one.

The next item relates to grinding wheels. At the moment, the protection for grinding wheels has lapsed; unless this House passes this Bill and it is also passed by the other House, no protection will be available to this industry. The report of the Tariff Board on this particular industry does not recommend protection in the same form and to the same extent as was granted before. The rate of duties has been changed and actually the duties have been substantially reduced from 105 to 50 per cent. Certain types of grinding wheels have been withdrawn from the category that has been protected, namely, bigger wheels which are not being manufactured in this country, and which industry needs.

I have already mentioned about zip fasteners. So far as protection for

this particular industry is concerned, it would only be afforded if the House approves of this Bill, because, a notification under section 3A has not been issued in this connection. There have been minor variations in regard to duties on zip fasteners which the Finance Department have made under the powers vested in them by the Sea Customs Act; but they are not in any sense protective.

The one item which needs explanation is the variation in the Tariff Schedule which appears at the end, namely, that in item No. 75(9) (ii), in the entry in the second column, after the word "leather" where it occurs for the first time, the word "plastic" shall be inserted. This is merely a matter of bringing the Schedule up-to-date because this particular item relates to parts and accessories imported for the purpose of the motor car industry. Now, plastics are being introduced for the purpose of making upholstery for cars and things of that sort and therefore this alteration has been made.

The total import of this particular Bill is not considerable. It may be that some hon. Members here feel that the protection granted is inadequate. But I do not believe there are many people who feel that the protection should not have been granted. The essential items, perhaps hon. Members might be interested from the consumer point of view, would be the two industries for which we have given only temporary protection, namely, bicycles and aluminium; bicycles, because it is a conveyance needed by the common man, aluminium because of the vessels and other things that are made out of aluminium. But both these will come up for review again before this House when the Tariff Commission reports on them. I might humbly submit that there is no possible room for dissatisfaction that the measure of protection granted is excessive. It may be that some might feel it inadequate, but the hands of Government are tied in this matter, because the Government normally does not act in an executive capacity in this matter. We are dependent on the Tariff Commission's report. Some hon. Member who spoke to me privately said, "I would like the duty to be raised further". But it is not a matter which I can decide; the House can decide, but I cannot decide on behalf of Government for the reason that the ultimate consequences of the raising of duty on a particular commodity are consequences on the consumption of that article by the general consumer. It has to be considered and reported upon by the Tariff Commis-

which is a statutory body. Therefore, to that extent we are precluded from accepting any amendment which seeks to raise the duty. It may be the House might totally reject the Bill, it may be the House might want the quantum of protection to be reduced—the House is sovereign in this matter—but so far as Government is concerned, it is not in a position to exercise its discretion in the matter of raising the duty or in importing into the body of the Bill another category relating to any particular item mentioned in this Bill. That is the position of Government.

I do hope that I have by way of preliminary remarks mentioned enough to make the position clear to hon. Members. Should any hon. Member feel that he wants further clarification, I shall have an opportunity of speaking again towards the end of this discussion. I shall then satisfy him to the best of my ability.

**Mr. Chairman:** Motion moved:

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

**Shri S. V. Ramaswamy (Salem):** I have been listening to the hon. Minister with great interest. Now, I am interested only in two items about which I would like to place a few facts for the consideration of this House. With regard to item 11(2)—Sago flour—I wish to submit a few points. The starch industry is supplying materials which are necessary for three main industries, namely the textile, jute and the paper industries. I see from page nine, of the Tariff Board's report that the total requirement of this country per annum is about 50,000 tons. Now, if that is so, I would request the hon. Minister also to look at page 30 in which it is said that starch can be produced out of some other indigenous material available in our country to the tune of about 90,000 tons. At page nine it is stated that though the present requirement is only 50,000 tons, if the Size Control Order were withdrawn, the consumption of different kinds of starch, excluding wheat starch, would probably increase to 75,000 or 80,000 tons. Even if that be true, we find from page 30 that by using some material which is available to us in our country and which has not been fully exploited, we can be completely self-sufficient in the matter of our starch production. We will even have a surplus of 10,000 tons per annum. The protection for the starch industry is necessary for this reason. I am only sorry that the protection is not greater.

My hon. friend has told me that at this stage it is not possible to increase the duty. I wish the House had the power...

**Mr. Chairman:** The House has always got the power; only the sanction of the President is necessary.

**Shri S. V. Ramaswamy:** Thank you, Sir, I shall now give some other reasons to show why the duty has to be increased. Starch is now produced out of maize, and tapioca. As my hon. friends coming from Travancore will know, tapioca is an important item which comes into our food requirements. It is unfortunate that so much of tapioca should be used for the starch industry alone, instead of being used to satisfy the food requirements of the country.

The difficulty about the sago imports is this. If sago is allowed to be imported freely, it affects the starch industries of our country. I know there are about 100 sago factories in and around the Salem city alone in Madras State. About half a dozen of them produce sago starch. The indiscriminate import of sago has led to a serious loss in those factories. The stuff which is imported from abroad is considerably cheaper; it needs investigation as to why and how those foreign factories are able to export to us at such a low price, so low that factories in our country are not able to compete with them. It is therefore necessary that protection should be granted to the indigenous industries.

In doing so, I should like to make a few suggestions to the hon. Minister. Steps should be taken to see that tapioca, which is such an important item in our food requirements, should not be used for the production of starch.

Secondly, I would like to urge that some urgent steps should be taken to see that a full utilisation is made of the tamarind seed kernels. In this connection, I would like to draw the attention of hon. Members to some extracts from the report of the Tariff Board.

On page, 31 it is said that there was a reference made to it in 1947, with regard to the tamarind seed kernel powder as a sizing material. On page 30, it is stated

“In a note dated 25th May, 1951, forwarded by the Ministry of Food and Agriculture, it was stated that the progress of research and developmental work on tamarind

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kernel powder had been extremely slow owing to non-availability of electric power in Bombay city where one of the more important manufacturers had his factory."

Again in the same page, it is stated:

"The Indian Standards Institution had already prepared a draft standard specification for tamarind kernel powder, and that this was now under consideration and would be ready for adoption in three months' time."

Hon. Members are aware that tamarind seed oftentimes goes into the dust-bin, while we can make wealth out of this. Here is a case where wealth can be made out of waste. I am sure, that if all the tamarind seeds are collected, we can manufacture enough starch out of them. Not merely will it be possible to meet our possible increased requirements, but we may also have a surplus left after meeting the sizing needs which will come to about 50,000 tons. You know that all our avenue trees in all the district and local fund roads in the whole of the Madras State, consist only of tamarind trees and nothing but that. The seeds coming from them can be utilised for this purpose; by this we can save so much of our national wealth, which can be conserved for other and more useful purposes.

Incidentally I may mention—my friend the hon. Minister will also be interested in it—the tamarind seed contains another very important material for another industry. The brown rind of the tamarind seed contains tannin out of which tannic acid is made for swabbing our throats if we have a sore throat, probably by making a vehement speech.

**An Hon. Member:** The Opposition can then take advantage of it.

**Shri S. V. Ramaswamy:** If an industry can be started for making starch out of this tamarind seed kernel, you will incidentally be having as a by-product tannin which will be useful for the pharmaceutical industry. I therefore submit that the hon. Minister will kindly see that there is no delay in pushing forward the schemes for the utilisation of this waste-product and thus see that we manufacture 90,000 tons out of this tamarind seed which goes into waste, into the dustbin and municipal refuse dump, and make wealth out of this for our country, for the benefit of the people at large.

I pass on next to the sericulture industry, and I have got a report about that also. I am not so much interested in the rate of duty as the duration of the protection that is sought to be given. At page 14 of the report, I see a note to the effect that the import of raw silk from foreign countries has had a very depressing effect upon the sericulture industry of this country. You know that sericulture is a very important cottage industry. You know that in portions of Kashmir, Bengal, Mysore, Kollegal taluk of Coimbatore district and Hosur taluk of Salem district, this is a flourishing cottage industry. And if sufficient protection is not given to it, this industry might well be threatened with destruction, because under conditions of sweated labour, foreign countries produce silk and export to us at rates at which we cannot compete with them. If that is so, and if that proposition is accepted, I shall place before this House another proposition, another statement of fact which I find at page 31 of the same report. The domestic demand of raw silk is estimated at four million lbs. per annum. The indigenous production during the last three years has been of the order of 2.1 million lbs. It is patent that we are able to satisfy our requirements only to the extent of 50 per cent. and the gap is about 50 per cent. If that is the gap, we will not be able to fill up that gap within a short period of six months. We are now in May, 1952. This Bill, if it is passed into an Act, is to have effect only up to the end of December, 1952. I ask you, Sir, in all humility if this gap can be filled up by them? What would be the effect of such a short term protection upon those people who are interested in this industry and possibly in increasing the production?

Unless a reasonable guarantee is given to the producers that there will be a continuity of the protection given and an assurance is given that the time will be long enough for them to invest some amounts to increase the production, I am afraid and I respectfully submit, that the producers will not come forward to invest their money.

I am rather surprised at the report, which has got two conflicting paragraphs which are almost juxtaposed on page 32 and 33. At page 32 the report says that the Board wishes to examine this question every six months. At page 33 the report says:

"The consensus of opinion at the public inquiry was that such instability will seriously militate

against the success of any efforts at improving the quality of cocoons and raw silk. We agree with this view and consider that apart from long-term measures such as those designed to reduce the cost of mulberry, to improve the quality of silk worm seed and cocoons, to secure more orderly marketing of cocoons and to improve the efficiency of reeling, it is urgently necessary to devise measures to promote greater stability of raw silk prices."

There seems to be a conflict in the report between long-term and short-term measures. My respectful submission to you is that these things cannot be reviewed off and on, within three months and six months. The people who are interested in this business of increasing silk production should be assured of a longer duration of protection so that they may have the incentive to invest in the business and increase production.

With these few words, I respectfully beg to submit that the hon. Minister will be kind enough to take note of the few remarks that I have made and try to implement them.

**Shri Venkaraman (Tanjore):** I propose confining my remarks to the grant of protection for the new industry, namely, the zip fastener industry. The idea of granting protection has not come a day too soon, and we all welcome it because for the first time our country is launching upon fabricating high value out of small material. The zip industry is very prosperous in other countries, and though we do not have exact figures as to the amount which we import, from the variety of uses to which it is put, from the large use that every one of us makes in the country, I take it that the demand for zip fasteners must be something very great. I am unable to agree with the Tariff Board's conjecture that the demand would be about 7.5 lakhs per annum. Our suitcases, our leather handbags, ladies' handbags and what not are all made with zip fasteners, and, therefore, there is a very great market for zip fasteners in this country. (*Interruption.*) Our bush-shirts, as my hon. friend reminds me, are made with zip fasteners, but of a different material; they are made out of plastics, but protection is not sought to be given to the zip fasteners made out of plastic material. So far as zip fasteners made out of brass strips are concerned, the country has already established a very important industry in my part of the

country, and I am happy to say that it is progressing well. But unless the helping hand of the Government goes to that industry, it cannot prosper in the face of competition from other countries. The total amount produced so far has been negligible. In 1950, I find they have produced only about 61,000 feet, and for the year 1951 the production is 67,000 feet. But we are happy to find that in the Tariff Report the expectation for the year 1951-52 is 1,20,000 feet and for 1952-53 it is 4,80,000 feet, and that for 1953-54 the production is expected to be 7,20,000 feet. Therefore, we may take it that experts have gone into the question and have come to the conclusion that this industry deserves the support of the people and the Government.

There are one or two points on which the Tariff Board has made certain recommendations, and I wonder whether the Government are going to adopt them in giving this protection. For instance, the brass strips which form the basic material for the manufacture of zip fasteners are not readily available in this country. Our metal fabricating companies, like Devi Dayal and the Kamani Metal Products, do not produce these metal strips, and they have got to be imported from other countries. It was urged on behalf of the companies which produce these fasteners that protection should be given for import of metal strips from other countries, whether it is from hard currency areas or from soft currency areas. I do not know what the Finance Minister is going to say with regard to the import of this material from the hard currency areas, but if they want that this industry should prosper in this country, they should strain every nerve to see that the import of metal strips, the quantity of which is not likely to be very large, is allowed from even hard currency areas. There is another handicap with regard to this industry, namely, that only 35 per cent. of the material comes out as zip fasteners and the remaining 65 per cent. of the metal scrap becomes practically waste. There are no facilities existing in this country for re-rolling that scrap. Permission should therefore be given to those factories to export that scrap for the purpose of getting it re-rolled. But if under the very strict enforcement of the law such permission is not given to one to export this metal scrap outside India and the companies are prevented from sending it to other countries for re-rolling into

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metal strips, then the industry will be under very great handicap. It is up to the Government to say whether they would permit export of scrap which is left behind after making of those metal teeth. The question is very important because 65 per cent. of the raw material which is used in the industry becomes scrap and the cost of production becomes, therefore, very high. Therefore, I would urge on the Government that this aspect of the industry should be given due weight and the companies which are making these zip fasteners should be permitted to export the scrap to foreign countries for the specific purpose of re-rolling them into metal strips.

We are very glad that the Government has come forward to protect a nascent industry which according to me requires only these two facilities, namely, the right to export scrap and also the right to import from hard currency areas. We do hope that the Government will give their sympathetic consideration to this matter.

With these few words, Sir, I heartily support the measure before the House.

**Shri A. C. Guha (Santipur):** I think the Government is committed to the principle of affording protection to the industries. So, from the point of view of giving protection to the Indian industries, there cannot be any objection. But the question is whether the protection that is being given is sufficient or whether the protection is being mis-used by the industrialists. The hon. Minister was kind to mention the interests of the consumers, and I think when an industry is given any protection, the interests of the consumers also should be taken into consideration. The hon. Minister will find that the fair selling price of the two items—sago globules and tapioca pearls—before 1950 was reported to be Rs. 34 per cwt. In 1950 the fair selling price was reported to be Rs. 41 per cwt. and now we find that the fair selling price is Rs. 61 per cwt. So, the question naturally arises as to whether the industry has been mis-using the protection that we have given to it. Why has the cost of production risen so much? One reason is given in the report, that is the cost of maize starch.

1 P.M.

**Mr. Chairman:** It is now one o'clock. The hon. Member may resume his speech later.

*The House then adjourned till Five of the Clock.*

*The House reassembled at Five of the Clock.*

[MR. SPEAKER in the Chair]

#### GENERAL BUDGET, 1952-53

**The Minister of Finance (Shri C. D. Deshmukh):** I deem it a great privilege to present this Budget to the first Parliament elected under the Constitution.

As hon. Members are aware, a budget for the current year was presented to the Provisional Parliament last February as usual and a Vote on Account was obtained from that Parliament to enable the Government to be carried on for the first four months of the current year. A Finance Act was also passed by that Parliament continuing, during the current year, the taxes in force when the Budget was presented. I then mentioned that the Budget as then presented will be presented again to the new Parliament with such changes as may be considered necessary by the new Government.

The usual factual information contained in the Budget speech was embodied in a White Paper which was circulated with the Budget last February. I am having this White Paper and the speech I then made circulated to hon. Members. I do not propose to go over the whole ground covered by this White Paper and I shall only deal with the further changes that have taken place since I presented the Budget to the Provisional Parliament.

In my speech last February I mentioned, as a welcome development in the country's economy, the steady drop in prices which had been taking place from July 1951 onwards. At the end of January 1952 the general index number of whole-sale prices stood at 430.3, a drop of nearly six per cent. from the peak figure of 457.5 reached in April 1951. Between January and March there was a more pronounced fall in the index number, which dropped to 364.9 points, that is, by a further fourteen per cent. by the middle of March. Since then there has been a slight upward movement and the index number for the week ended the third May stands at 369.8 points which may be compared with 301.4, 367.2 and 393.3, the corresponding index numbers for August 1947, May 1948 and May 1950 respectively.