

the Report of the Tariff Commission on the Fair Retention Prices of Steel produced by the Mysore Iron and Steel Works, Bhadravati and a copy of the Ministry of Commerce and Industry Resolution No. SC(A)-2(87)/52, dated the 1st July 1952. [Placed in Library. See No. P-29/52.]

INDIAN COMPANIES (AMENDMENT) BILL

Mr. Speaker: The House will now proceed with the further consideration of the following motion moved yesterday by Shri C. D. Deshmukh:

"That the Bill further to amend be taken into consideration."

Dr. Lanka Sundaram (Visakhapatnam): The Bill before the House this morning if implemented, will have very far-reaching consequences in respect of more than one sector of our national life. For years past, even when the British were ruling this country, there was a regular hue and cry against what were described as "India Limiteds"—the flotation of companies in this country, under the protective wing of the laws of the land, which for all practical purposes competed remorselessly with indigenous industry. I am not given to making extravagant statements but it occurs to me that the bill before us today is only an implementation of the policy statement made by the Prime Minister on the question of foreign capital more than two years ago. I personally feel that the very fact that this Bill has been brought before this House is only a confession of failure on the part of the Government of India to raise rupee capital from our own midst.

Sbri B. Das: (Jajpur-Keonjhar) No, no.

Dr. Lanka Sundaram: I would like to hear the Finance Minister on this.

In fact as one whose occupation is to apply his mind to economic and financial trends in this country, it occurs to me that once this Bill goes on the Statute Book a very serious and even critical situation might arise, namely, the throwing open of the flood-gates to foreign capital investment in this country.

As I have said this Bill has been motivated by the recent agreements signed by the Government of India on the one part and three oil companies on the other, even though I know that a similar situation to this might arise and there would be an extension of the provisions of the proposed legislation to other industries or other undertak-

ings which might be established in our midst with the assistance of foreign capital.

I believe this House is at a disadvantage for the reason that the full text of agreement signed between the Government of India on the one part and the Standard Vacuum, the Burmah Shell and the Caltex on the other are not available to us. I have seen some summaries of these agreements, and I would like to limit my observations to one particular agreement, that is, between the Standard Vacuum on the one part and the Government of India on the other.

To my mind there are two very important provisions of this agreement. If I am misquoting and if my data are wrong, the hon. the Finance Minister will correct me. It is this. For a period of 25 years these companies will have trading rights in our midst in terms of the provisions of this Bill. The most important provision to my mind is this—that within a period of 25 years it is open to the Government of India to alter, rescind or even completely abrogate these agreements, in other words, to take over the operation of the Standard Vacuum and other companies, in accordance with our declared policy of nationalisation of industry. To my mind it is a very important provision, and I am glad it is there. I do sincerely hope that now that we have made a beginning as regards attraction of foreign capital to this country this particular provision would not be lost sight of, and that the period of 25 years need not be there for the eventual elimination of foreign enterprises, and that the Government of India would take over all refineries concerned, paying, of course, adequate compensation.

The second point involved in this agreement between the Standard Vacuum on the one part and the Government of India on the other is in regard to training of personnel and also the housing of labour. I believe these are very important provisions too. Only I have got one misgiving. The present employment policy of non-Indian companies in our midst today—I would not like to mention names, because it would be invidious—has not been very happy. Data collected at the highest possible level show that the employment policy of foreign companies in our midst today has become discriminatory towards Indian nationals. I do sincerely trust that once this legislation is passed by this House, the Government would make sure that in the operation of the new contract with the three oil refineries this particular aspect of the question would not be lost sight of. In all, these three oil

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companies are supposed to have a capitalisation of Rs. 50 crores of rupees, and it is the intention of the Government of India to enable this country to have three million tons of refined oil from crude oil imported from overseas countries, in particular from the Persian Gulf area, Indonesia, and so on and so forth.

I was very glad my hon. friend Mr. B. Das made a very brief reference yesterday to the tremendous implications of the establishment of these oil refining companies under foreign management. I am not panicky about the possible recrudescence of war in the immediate future. But the point raised by my hon. friend Mr. Das yesterday was that in the event of war what will be the position of these companies—not in regard to the administration of the companies, but in regard to the production, distribution and sale of the products for which these companies are established. In the eventuality of a war our supplies of crude oil would be stopped; we would not be able to bring to this country the raw material for the processing of these oils for distribution purposes. That is one aspect of the question.

The second aspect as my hon. friend Mr. Das briefly said yesterday—I wish he had the opportunity of expanding it and with my limited experience of this question I shall try to do so—was that in the event of war a company here operating in our midst might take up an attitude which will be in direct contravention of the declared policy of the Government of India as regards the larger issues of war and peace. I do sincerely trust that the Government of India will ensure that nothing will be done to jeopardise not only our national security, but also our national policy with regard to the larger issues of war and peace.

My hon. friend Mr. B. Das—I am again quoting him, because I wish he had the opportunity of expanding his points with his vast experience as Chairman of the Public Accounts Committee—made a reference to the monopolistic activities of foreign companies in our midst. He mentioned one particular company and referred to the monopoly granted to it for the distribution of benzol. It occurred to me as far as the summaries of the contracts between the Standard Vacuum Oil Company and the Government of India are concerned, that there is no adequate provision made for ensuring that the sales and distribution arrangements

for the refined oil or the processed oil would not be made unavailable to the public of this country or to the business interests of this country. I am not speaking for any particular group, I am speaking of the nationals of India in regard to the operations of a foreign company. And it occurred to me again that unless and until there is satisfaction given to us on this point, this Bill has got to be considered very closely indeed. Once this legislation is put on the Statute Book, it occurs to me that these agreements will not be limited to the oil refineries alone but to large categories of undertakings in which foreign capital might be interested.

As I look at it, the question of location of the industries also is a matter of vital importance. And with your permission I would briefly refer to a sort of controversy which is sought to be raised as regards the location of the third oil refinery. As you know, two oil refineries, sponsored by the Standard Vacuum Oil Company and Burmah Shell, are located in Bombay. And the location of the third, sponsored under the auspices of Caltex and under the joint enterprise of Caltex and Indian capital, has still to be decided upon. (Interruption.) I think my hon. friend, Mr. Das is slightly behind the schedule of events. Last week, the hon. the Planning Minister, while launching a ship at Visakhapatnam, made a statement that this third oil refinery will be located in that city. I personally feel, as an Indian first and last, that technical considerations must be paramount and that the location of an industry of this vital importance—involving, as I have said, Rs. 50 crores, three million tons of processed oil and so on and so forth, and vital considerations of security etc.—should not become a matter of, shall I say, political wrangling between one area and another. I am perfectly satisfied that once these technical questions are properly disposed of—and I request the Government of India to be very careful in these things—there will be any scope for quarrel. My hon. friend is rather jubilant. He thought perhaps that I would make an observation as he expected me to.

Shri B. Das: No, I did not expect.

Dr. Lanka Sundaram: Now that he has provoked me to go into the details, with your permission I would like to say that the working party of the Caltex company is stated to have come to the conclusion that Visakhapatnam is best suited for their operations. And I have reason to believe that at the highest quarters the experts of the Government of India have also come to

the same conclusion. I would not have referred to this but for the intervention of my hon. friend Mr. B. Das.

Here I must state, and I speak with a full sense of responsibility, that some sort of wire-pulling is going on to sabotage the scheme. I am perfectly content, and provided the companies concerned and the technical experts of the Government of India are satisfied about the suitability of the location, whether it is Dhanushkodi or any other place in India I will not have any dispute whatever. But I feel very strongly that the question is one of technical dispute and not of political dispute. In terms of the larger implications of the Bill, the offer of a foreign company to come forward and establish any undertaking on terms allowed by us should only be implemented in terms of the best interests of the country at large and not on a parochial or political basis.

One other word on this Bill. Yesterday the hon. the Finance Minister made a reference to the recommendations of the Company Law Committee and said: "the Company Law Committee has suggested a solution, and that is, that the proposed Central Authority for the administration of the Company Law should have the power to exempt any company from the operation of the section" (which we are now seeking to amend by this Bill) etc., and then he came down later to a point that since this Central Authority apparently is not available the power which should have been vested with the Central Authority should be vested with the Government. I personally have no reason to suspect the *bona fides* of the Government as regards the administration of this power. But I do sincerely trust that the Government will very soon bring forward legislation to implement the recommendation made by the Company Law Reform Committee which the hon. the Finance Minister has accepted in principle, apparently. Because, I feel that these are questions involving vast sums of money, and propositions of this character will only become feasible if they are on a gigantic scale. Otherwise I do not think the Government of India would be interested in entering into an agreement with a foreign firm for establishing a few lakhs of rupees worth of industrial undertaking and activity. Since these agreements are negotiated at a Secretariat level, there must be a provision for ensuring that these are properly drafted and properly executed. I will be content if this Central authority is created. But there must be an opportunity for this House from time to time to examine the merits and the implications of contracts of this gigantic character involving, as I have said, crores

worth of money, involving considerations of national security and high policy, and the penalty clauses.

The Minister of Finance (Shri C. D. Deshmukh): During the course of negotiations or after them?

Dr. Lanka Sundaram: After. Naturally. But the point raised by the hon. the Finance Minister is very important. None of us here wish to interfere with the negotiations.

Shri C. D. Deshmukh: It is not a question of interference. But there are many delicate matters to be settled.

Dr. Lanka Sudaram: My intention is that once an agreement has been drafted this House should be given an opportunity of discussing it. I am not discussing the question of ratification, like ratification of an international treaty. My point is that it must become the subject of a brief discussion in this House so that public fears may be allayed. Otherwise, the political, strategic and industrial implications of contracts of this character will become a bone of contention between, shall I say, public opinion (that undefined thing!) on the one side and the Government of India on the other. And I do sincerely trust that the Government of India would proceed with the early establishment of that Central Authority and also give the House an opportunity of going into the bigger issues, not the smaller ones.

Shri A. C. Guha (Santipur): This Bill is going to remove one of the healthiest provisions in the Companies Act, and as such it is open to some criticism in the House. I accept the necessity of having foreign finance. I do not think there is anything wrong in having that; rather, we should encourage having foreign finance. The policy has been enunciated by the hon. the Prime Minister in April, 1949 as regards the terms and conditions on which foreign finance is to be invested here. So, from that point of view there is not much apprehension. I do not agree that there is any apprehension that as a result of any such agreements with respect to having foreign finance invested here we are going to have a control of foreign powers over our economic affairs.

At the time the provision of this Bill applies not only to foreign finance (which also is a very reprehensible thing) but also in respect of our Indian industries. On another occasion I had to mention the practice now prevalent in the Industrial Finance Corporation, and I think that practice has not led to healthy traditions. I

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have had complaints from various sources. Only yesterday the manager of a shareholders company came to me and told me that the money is generally invested in companies in which some of the influential directors of the Corporation are interested. Last year I raised this question and the Finance Minister gave me something like a vague assurance that he would look into the matter, but I do not think anything has been done in that matter. I take this opportunity again to draw his attention to those matters.

Apart from that there is another question in this Bill. This Bill has been provoked by some agreements regarding oil refineries at Bombay with some foreign companies. As far as I know the whole petroleum supply and all the oil refineries in India are in the hands of foreign concerns and we are having a new agreement with some foreign concern, even when we have got Independence, to establish some foreign refineries and we are providing some special provision for those foreign companies, so that they may be tempted to make their investment. It will be agreed that petroleum supply is one of the most vital needs of a nation and if the whole machinery of this important thing is left in the hands of foreigners and if we are to make a special provision in the Companies Act, I think that the hon. Finance Minister has to take special precautions to see that there may not be anything detrimental to the interests of the nation. I have stated before and I repeat again that I do not object to have foreign capital as such. So there is no question of having a foreign investment; but what are the terms that we are going to give them? Yesterday, Mr. Das and to day Dr. Lanka Sundaram have suggested that these agreements should be subjected to discussion in this House. I completely agree with them that there should not be anything secretive about these agreements. These agreements may be placed in the form of a motion or some how made available to the Members of this House for full and complete discussion. These are agreements with foreign countries and as such there may not be any question of ratification, but there should be full and complete discussion and the opinion of the House should be made available to the Government, so that in some future negotiation, the Government may be guided accordingly. I think that Government should take sufficient precautions to see that while giving exemptions to facilitate foreign

investment, they may not lead to some unhealthy practice as has happened in the case of the Industrial Finance Corporation.

10 A.M.

Shri K. K. Basu (Diamond Harbour): The motion today before us is the consideration of an amendment of a particular section of the Indian Companies Act, 1913. Judging from its size, it is very small and there is only one paragraph, but I might say that its implication has a far-reaching effect on the future economic life of our country. The hon. Finance Minister while moving the motion for consideration said, it is only a specific amendment to section 91B of the Indian Companies Act, 1913 and it is necessary in the interest of the nation. In support of his contention, he has quoted the recommendations of the Company Law Inquiry Committee. I shall start from his very proposition that the amendment is necessary for the working out of a particular agreement and whether in such agreement the Government is acting really in the interests of the nation or not. In the same paragraph of the Company Law Inquiry Committee where there is recommendation for exempting the operation of section 91B, they have also recommended that in some cases a more stringent and stricter application of this particular section should be made. Under the Articles of Association they have stated that the quorum of the meeting of the directorship should not be in any case one member. If we have to pass this amendment we have got to consider whether these exemptions are wanted in the interests of the nation. Let us now consider the particular proposition of the agreements for which these amendments are necessary. Some of the points, I am glad to say have been dealt with by my hon. friend, Dr. Lanka Sundaram and even our senior Member, Mr. B. Das, who, I am glad to note, has not joined in the chorus of 'ayes' in support of this motion. In this agreement, we are told that India is going to have oil refineries and for what purpose? It is because India's oil need may to a great extent be supplied by those refineries. We shall consider the terms of the agreement. I shall first refer to capital. It has been suggested that in one concern only 25 per cent. of the capital will be subscribed by Indians in the form of cumulative preference shares without any controlling voice or right to vote. In the case of the Burmah-Shell Company out of Rs. 22 crores of capital only Rs. two crores will be subscribed by Indians in the form of cumulative preference shares without a right to vote. That means that in

these concerns, Indians will have no voice.

Then there is no specific mention about developing the Indian resources. They only state that if the crude oils are available, they may be utilized by the refineries but the main source of supply of the crude oils will be the foreign sources. We know and it has also been mentioned by Dr. Lanka Sundaram how the foreign concerns behave and we do not know in times of emergency whether we shall have full utilization of these foreign concerns in the interests of our nation.

Then I come to the training of Indian personnel. We all wish that we should have oil refineries and develop our oil resources and naturally being a backward country, we need technical personnel and the 'know-how'. Here also there is no specific undertaking or promise given by these foreign concerns whether Indian personnel will be trained. Of course, I speak from information which have appeared in the press. I have not seen the actual agreement or an authentic copy of it.

[MR. DEPUTY-SPEAKER *in the Chair*]

It is said that the Indian personnel may be trained if possible and available in these concerns. That means that after 25 years of unfettered right to exploit the Indian market and exploit cheap labour, in India, we may be in the same position as we are today. Hence we are rather critical about these agreements and the floating of these foreign concerns. Then let us consider whether it will develop the capacity or the quantum of oil that is produced in India. We know it is nothing but refining of crude oil that is imported mostly from outside countries. If our Government were so keen on developing our oil resources, they might have got these foreign concerns and foreign capital to develop synthetic oil from coal or other resources. Therefore, we cannot say that this satisfies the test of national interests.

Let us then consider how these foreign concerns behave with the countries where they come to exploit. Public memory is not so short. If we look to the situation in the neighbouring countries, for example, the Middle East countries, we will know how these foreign interests behave. In this connection, I may quote the expression of one of the leading industrialists, Mr. Master.

"No patriotic Indian can believe that foreign capital has overnight become so altruistic and generous that it would in the future come to India only for India's salvation."

Mr. Master is not a communist propagandist or, as you call, a leftist who sees sinister motives in the actions of our Government. Therefore, we can easily understand the interests that prompt these foreign interests in coming here. If we allow these oil refineries to operate, we suspect they will build up big berths, wherein warships may be put into in times of emergency. We do not know; in future, occasions may arise when our country may not see eye to eye with the policies of the countries, the nationals of which are finding out this capital and establishing these concerns. We can easily understand what attitude they will take and how they will utilise these enterprises. We all know that economic domination is a vital thing. It is true, in a sense though there may be differences that to a certain extent we have got political power. Unless there is economic freedom, this transfer of political power has no meaning. In this connection, with your permission, Sir, may I quote a recommendation of the Congress National Planning Committee over which our present Prime Minister presided?

"The investment of foreign capital in Indian agricultural, mineral and industrial concerns since the establishment of British rule has resulted in the acquisition by foreign interests of a measure of control over India's economic and political life which has both warped and retarded national development."

It pains us to find that the same person, who is now the head of the Government is allowing these foreign concerns to come anew and invest their capital to exploit our national resources for another 25 years or more.

We have yet another experience of these foreign concerns. Specially in our part, there are so many foreign enterprises which exploit even today in the same fashion as they have been doing for the last 200 years. Therefore, I appeal to this House that, as the first elected Parliament of India, they should not give their support to this legislation which may one day endanger the political power that we have got. In this connection, I may mention how this institution is likely

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to work. Unless we categorically state that we have become allies or that we have tied ourselves to the interests and economic domination of the Anglo-Americans, we cannot support such a legislation. We have seen and students of history know well how the Britishers came to Delhi under *sannads* to trade and how they stayed to rule over us and exploit us for 150 years. We on this side of the House strongly oppose the special purpose for which this amendment is sought. It does not satisfy the test of national interests of this country. On the other hand, we think the time has come for this Government to decide, whether by allowing these foreign interests to infiltrate into our country and allowing them to exploit us for a number of years without restriction, they are bartering away the future of our country and thus in future we may lose whatever political power we have got today. We on this side of the House are not against foreign capital coming in. But, whatever foreign capital comes, must come without any political strings and without any possibility of their using the capital in such a way which may endanger the national security of our country. Therefore, we want that the foreign capital must come in at a Governmental level or if necessary in the form of loans. Therefore, I appeal to the Members of the Government and to the House to consider whether by giving their consent to such legislation, they are mortgaging not only the present generation, but also the future posterity of the nation.

With these words, I strongly oppose the acceptance of this particular amendment.

Dr. S. P. Mookerjee (Calcutta-South-East): The speech which the Finance Minister made yesterday has raised certain important issues. Of course, he made it quite clear that there was no intention on the part of the Government to deviate from the salutary principle which has been accepted and which is to be equally applied to all companies, but there are the cases of the subsidiary companies which are being created in India and which have special relationship with their holding companies abroad. It is quite possible that some exception may have to be made in their cases in the public interests. I am glad that this power has been kept in the hands of the Government and Government alone, because exceptions must not become the rule. In every case where an exception is made, I hope some opportunity will be

given to the House to consider that. I am not suggesting that in every case there should be a debate. But, the House should be told the circumstances under which such exceptions are being admitted, and the special public interests for which this is being done.

I do not feel very nervous about foreign capital coming to India so long as we play our part properly. We are a free Government now. We need not be afraid of any political domination being visited upon India through these companies unless our Government betrays. If our Government accepts conditions which are against national interests, then, it is no use blaming foreign capital; the blame will rest on our own Government. This matter has been under discussion for the last four or five years and certain general principles have been accepted. The Finance Minister and also the Prime Minister have often mentioned these general principles. Now, when foreign capital is coming to India, naturally it must be in respect of some industry which needs specially to be developed. We should not have competing companies established in India which will help to destroy the Indian-sponsored companies. So far as this oil refinery is concerned, I entirely agree with the Finance Minister that it is one of national importance. We cannot do it on our own. Therefore, naturally, we have to depend on foreign support. I shall just mention a few of the conditions that we should impose and I believe many of them would be acceptable to the Finance Minister, as he has himself said on previous occasions. So far as the foreign companies in India are concerned, why should not 51 per cent. of the shares be held by Indians? If that is not done immediately, why should not a time limit be imposed, that within such and such a period it will be open to Indians to hold the majority of shares in the companies?

Dr. Lanka Sundaram: It is 25 per cent. now.

Dr. S. P. Mookerjee: I know that I know the difficulty in the present case. They may not agree to accept more than 25 per cent. So, I would not rule out co-operation with this company because here we have to weigh the advantages and disadvantages. In India's interests these oil refineries should be established. In fact, we are a little late already. Now, if we find that to start with, they are not agreeable to have more than 25 per cent. of Indian share, well, it should be possible for us to have a

period within which this may be increased to 51 per cent. It is the aim that we have to keep in view in dealing with such matters. We cannot categorically deal with principles, but so long as the final aim is kept before us, we should be able to work in such a way that we help to encourage the foreign investors to come here, and at the same time we protect India's national interests.

Now, of late great stress has been laid on the need for training Indians. Now, every foreigner that is brought out, so far as technical work is concerned, must have an Indian understudy, and we must have a period settled within which these new endeavours can be controlled entirely by Indians. There is nothing wrong in this statement, but that should be settled before we come to an agreement with any company. Now, with regard to the arrangements that are now going on, I hope the Finance Minister is..... Is he leaving?

Shri C. D. Deshmukh: No, I am not leaving.

Dr. P. S. Deshmukh (Amravati East): He is getting the information on the point referred to.

Dr. S. P. Mookerjee: He carries his information in his head. He should be able to answer all right, and I am partially supporting the stand which he has taken.

Now, so far as the employment goes, I know it is a delicate matter, but I would like to speak out on this occasion because certain facts have been brought to our notice which are of a disturbing nature. I need not mention the names of the companies which are now functioning in India, but some of these oil companies which are now in Assam, have recently terminated the services of a number of Indians. It would not be correct to say that they have actually terminated their services. This is rather an important point which the Minister should hear.

An Hon. Member: This is much too unpleasant a truth. He does not want to hear.

Dr. S. P. Mookerjee: Recently, some of the oil companies in Assam have got rid of some of their Indian employees. They have a system of giving training for drillers or some thing like that, and the understanding is that as soon as the training is completed, they are absorbed in the service of the company. Recently, they have been importing the services of foreigners from Persia. They have lost their jobs on account of the dispute relating to the Persian Oil

Company, and they are being slowly imported into India. And the Indians who had hitherto been assured that as soon as their training was completed, they would get employment, they are being turned out. They are not always actually being turned out, but they are being told that their work is not very satisfactory, they have to be replaced by more competent persons, who, accidentally I suppose, are just being made available from Persia. Now, I have got a number of representations.

An Hon. Member: Their number will not be more than twelve now.

Dr. S. P. Mookerjee: But the question of principle involved is very important. If they once start doing it, they will go on applying this principle.

Here, consider what Pakistan has done. A similar attempt was made in Chittagong, and a number of employees there happened to be Muslims, and their services also were terminated on the same pretext. Here, there was equality about inefficiency in India and Pakistan, and suddenly, the Indian and Pakistani citizens working in these oil companies became inefficient and British employees from Persia came, but Pakistan took a very firm attitude. Of course, they do not have any legislative power, but only through gentle persuasion they have succeeded in reinstating practically all these persons, and also stopping this policy of importing foreigners from abroad for this purpose.

It is not with regard to the oil companies alone. Calcutta is a centre where there is a large number of these British companies still functioning. And in 1947, after the attainment of independence, there was a general reluctance on the part of many of these foreign employees to remain in India. At any rate, there was a drop in the number of new Britishers being appointed. But, now I have been hearing this has changed and a large number of foreigners are being recruited, recruited not on technical jobs, but on non-technical jobs also, and I know from personal knowledge that there have been cases of many qualified Indians who, on some pretext or other, have been asked to clear out. And not only that. Qualified Indians have been made to serve under young foreigners who have been brought out on much higher salaries. Now, this is the sort of thing which should not be tolerated. I know there is no legal power. These companies may well retort and say: "We are appointing these persons according to our choice". But there should be some general principle accepted. I am not against

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the appointment of any foreigner in India. Not at all. If for any technical job, no Indian is available, by all means, let the foreigners be appointed, but if they are appointed, these companies should make an attempt and appoint Indians after providing training within a certain prescribed period. But, so far as ordinary jobs are concerned which can easily be filled up by Indians, there should be restriction on the appointment of foreigners to these posts. Now, their number has lately increased. I am making a public reference to it here. First of all, I hesitated to do so and I thought of writing to the Finance Minister, but the way in which this is developing, we must cry a halt to it, and perhaps if a discussion takes place on the floor of the House on this occasion, it may give sufficient warning to these gentlemen. There should be some general principle on this question.

To sum up there is no difference of opinion so far as I am concerned, with the general policy enunciated by the Finance Minister on the occasion of the Budget, viz., that our primary consideration will be our national interest, that where we consider in our national interest foreign investment should be encouraged, we will encourage it, and we will lay down such conditions as will not in any way be derogatory to our national requirements. I do not at all believe there can be any in the Government, however much you may criticise them, who are anxious to sell the country to any foreign investor, or allow Emperor Jahangir's experiment to be repeated. There is no chance of any foreign investors coming in the garb of business men to India in 1952 and re-conquering India by fraud or by any other methods after 50 years. There is no chance of that happening, but still we should be a little careful, and there is no harm in our foreign friends knowing that if they desire to come to India, they do so on certain general considerations. Once they come here, there should be no discrimination. We should treat them in the same way as we treat Indians. There should be one provision, that we should be able to nationalise any particular concern if Government so decides. Now, when I was in office, I had something to do with negotiations with a number of foreign companies in these matters, and so far as my memory goes, many of them welcomed it, provided they were paid the necessary compensation. Now, here also whenever we enter into any big agreement with regard to a matter which concerns our

national interest, we should be able to provide that if Government decides at any time to nationalise the industry, it will pay the party reasonable compensation and it should not raise any objection if Government decides to take over such concerns. Some of these points are not new ones; they have been already raised in the House, but they have arisen out of the Finance Minister's speech made yesterday, and I hope he will reiterate the policy of Government so that there may not be any misgiving either inside the House or outside.

पंडित मुनीश्वर दत्त उपाध्याय (जिला प्रताबगढ़-पूर्व) : उपाध्यक्ष महोदय यह विषयक जो भवन के सामने है, इसके द्वारा हम कम्पनी ऐक्ट (Company Act) की दफा ९१ बी के कुछ प्राहिबिशन (prohibitions) को ढीला करना चाहते हैं। जब ऐसे निषेध, ऐसे प्राहिबिशन जैसे कि दफा ९१ बी में दिये हुए हैं, उनको ढीला करना होता है तो यह आवश्यक होता है कि हम देख लें कि ऐसे निषेधों को ढीला कर देने का क्या नतीजा होगा। यह निषेध अत्यावश्यक हैं। इन का सम्बन्ध डाइरेक्टरों (directors) से है जो कि कम्पनी के अधिकारी होते हैं, और जब कोई उनसे सम्बन्ध रखता हुआ प्रश्न कम्पनी के सामने आये, उनकी किसी कमेटी की बैठक में आये तो उनको इस पर मत देने का अधिकार नहीं होता। इस प्रकार का निषेध किसी कम्पनी के काम को अच्छी तरह से चलाने के लिये इतना आवश्यक है और इतना लाभदायक है कि जब कभी हम इसमें ढीलापन लाने की कोशिश करें या किसी वजह से इसको आवश्यक समझें तो यह जरूरी होता है कि देख लें कि इस निषेध को ढीला करने का क्या नतीजा होगा, इससे क्या हानियां हो सकती हैं, और जब तक कोई बहुत बड़ा लाभ न हो, इस ढीलेपन की तरफ सोचना भी नहीं चाहिये। लेकिन जैसा हम देखते हैं, जो प्रश्न हमारे सामने है,

बहां पर निषेध को ढीला करना आवश्यक समझा गया है और इस में सन्देह भी नहीं कि यह आवश्यक है और यह देश के लिये उपयोगी है। जैसा कि डा० मुखर्जी साहब ने भी अभी स्वीकार किया, वह कई तरह से उपयोगी है। उन्होंने कई सुझाव भी दिये हैं जिन के सम्बन्ध में कुछ निवेदन करूंगा।

जब हम देखते हैं कि ऐसे निषेध को ढीला करने से इतना लाभ है तो इस को ढीला करने में यदि थोड़ी हानि भी हो दिक्कतें भी हों, और कुछ प्रतिबन्ध भी लगाने पड़ें तो भी इसका करना आवश्यक प्रतीत होता है। अगर इस निषेध को ढीला करने से हमारी सरकार को यह अधिकार हो कि जहां कहीं अवसर मिलने पर वह देश को फायदा पहुंचा सकती है तो उनको यह अधिकार दे दिया जाना उपयोगी होगा इस से पहले एक बात यह है कि विदेशों से पूंजी हमारे देश को आती है और उस पूंजी के जरिये से जो उद्योग धंधे कायम होते हैं उसका उपयोग हम अच्छी तरह समझते हैं और फिर जो मुआहिदे हुए हैं इस सम्बन्ध में विदेशों के कम्पनियों से, उनकी उपयोगिता को भी हमने देखा और अपने मित्रों से सुना। मैं समझता हूँ कि इस पर कोई अधिक मतभेद नहीं है, सिवा इसके कि हमारे श्री वासु ने यह प्रकट किया कि उन को यह आदेश है कि कहीं ऐसा न हो कि एकानमिक कंट्रोल (economic control) बाहर वालों का हो जाये, एकानमिक डामिनेशन (Economic domination) उन लोगों का हो जाय। ऐसा सन्देह उन्होंने प्रकट किया, लेकिन मैं समझता हूँ कि अगर इस प्रकार हम छोटी छोटी बातों पर सन्देह करते रहें तो हम आगे बढ़ ही नहीं सकते। कोई दूसरे मुल्क वाले लोग अगर यहां पूंजी लगा कर उद्योग धंधे करते हैं तो ऐसा समझन

कि वह हमारी एकानमी (economy) पर हावी हो जायेंगे, मेरी समझ में इन्फ़ीरियरिटी कम्प्लेक्स (inferiority complex) की बात है, वरन् हमें ऐसा सन्देह करना उचित नहीं मालूम होता है। जो मुआहिदे हुए हैं वे हमारे पक्ष में हैं, जो बातें हम ने दूसरे मुल्कों से तय की हैं, इस सम्बन्ध में, उनसे हमारा फ़ायदा है। उस फ़ायदे को देखते हुए हम अपने निषेध को जो इस कम्पनी एक्ट में दिया हुआ है, दफा ९१ बी में, ढीला करने की सोच रहे हैं। लेकिन एक खतरा जो मुझे लगता है वह मैं आप से निवेदन करना चाहता हूँ। वह खतरा यह है कि जहां कहीं उस की आवश्यकता देश के हित में है वहां तो ठीक है, लेकिन इसमें हम जो संशोधन ला रहे हैं उस में विशेष रूप से यह नहीं कह रहे हैं कि यह उन्हीं कम्पनीज के सम्बन्ध में, या उन्हीं संस्थाओं के सम्बन्ध में है जिनसे हमारा मुआहिदा हो चुका है और हम इन निषेधों को उन्हीं के सम्बन्ध में ढीला करेंगे। या हम इन प्राहिबिशन को उन्हीं के सम्बन्ध में रिलैक्स (relax) करेंगे यह हमारे संशोधन में साफ़ तौर से नहीं दिया हुआ है। इस लिये अन्देशा यह है कि कहीं यह ढीलापन आम तौर से हमारे स्थानीय कम्पनियों के सम्बन्ध में भी न होने लगे और अगर ऐसा होता है तो दरबस्त यह बड़ा खतरनाक होगा। जहां तक हमारी केन्द्रीय सरकार का सम्बन्ध है और जहां तक मंत्री महोदय या और ऐसे ही लोगों के हाथ में यह काम होने का सम्बन्ध है, मुझे विश्वास है कि कोई ऐसी गलती नहीं हो सकती, कोई ऐसा अन्देशा किसी को नहीं चाहिये। लेकिन जब यह कार्रवाई चलने लगती है तो बहुधा नीचे के अफ़सरों की रिपोर्टों पर कार्रवाई होने लगती है और अगर कभी इस तरह की कार्रवाई हो और जितने अफ़सरों

[पंडित मुनिस्वर दत्त उपाध्याय]

को इसमें रक्खा जाय उन की रिपोर्टों पर कार्रवाई कर के कम्पनियों को मुस्तसना किया जाय, या उन के सम्बन्ध में निषेध डीले किये जायें तो उस जगह पर यह बड़ा खतरनाक होगा। अगर यह नहीं होता है तो मैं समझता हूँ कि यह जो निषेध को डीला करने की नीति इस संशोधन के द्वारा लाई जा रही है, वह हर प्रकार से उपयोगी होगी।

एक बात में और निवेदन करना चाहता हूँ। अभी डा० मुखर्जी साहब ने चन्द कम्पनियों के कर्मचारियों के सम्बन्ध में कहा कि उन्हें अन्देशा है, मैं उन से इस में सहमत हूँ कि जहां तक कर्मचारियों का सम्बन्ध है, जहां तक उन कम्पनियों में कर्मचारियों की नियुक्ति का सम्बन्ध है, उस पर जरूर ध्यान दिया जाना चाहिये। और जैसा उन्होंने सुझाव दिया कि अगर हम ५१ फ्रीसदी के करीब शेअर (share) अपने पास रखें, अर्थात् हिन्दुस्तानी कम्पनियों के हाथ में रखें तब हम कामयाबी के साथ उन पर अनुशासन रख सकते हैं, मैं समझता हूँ कि इस वक्त जो स्थिति है, जो मुआहिदे हुए हैं, उन मुआहिदों के अनुसार हम ५१ फ्रीसदी रख ही नहीं सकते हैं, हम मजबूर हैं पच्चीस फ्रीसदी रखने के लिये, उन्होंने एक और सुझाव दिया कि धीरे धीरे कुछ दिनों में ऐसा किया जाय कि यह बढ़ कर ५१ फ्रीसदी या उस से ज्यादा हो जाय। मैं समझता हूँ कि इस सम्बन्ध में पच्चीस वर्ष में कम्पनियां सरकार की हो जायेंगी—अग्रीमेन्ट (agreement) में उन के लिये पच्चीस वर्षों का समय है। तब तक यह हुकूम उन को रहने ही चाहिये। इस लिये मैं समझता हूँ कि यह सम्भव नहीं है।

जो कुछ उन्होंने कर्मचारियों के सम्बन्ध में कहा उस का ध्यान रखना मेरी सम्मति में आवश्यक है। यह विधेयक जो लाया गया है बड़ा उपयोगी है और अगर वह खतरा जो मैंने आप से निवेदन किया उस से हम बचें तो मैं समझता हूँ कि इस से हमारा हर प्रकार से लाभ होगा।

Shri G. P. Sinha (Palamau cum Hazaribagh cum Ranchi): I would like a clarification of the hon. Minister regarding one point. I would like to know what will be the position of Indian investors, to what percentage they will be allowed to hold shares, and what will be the nature of their shares, ordinary or preferential, and what will be their control?

Mr. Deputy-Speaker: The hon. Minister has stated the position already.

Shri C. D. Deshmukh: I have given that information already.

Mr. Deputy-Speaker: If there is anything lacking, the hon. Minister will give it in his reply.

Shri V. B. Gandhi (Bombay City—North): We shall do well to begin consideration of this the Indian Companies (Amendment) Bill, by clearing our minds of some of the prevalent misgivings. We shall in the beginning clearly understand that the prohibitions of section 91B will continue to be operating in all those cases in which they are intended to be operating hitherto. There will be no restrictions or limitations on the operation of this section. As we understand, section 91B is one of the three sections 91A, 91B and 91C, which have to do with the disclosure of the interests of Directors.

Now what is sought to be achieved by this amendment is not altering the substantive provisions of law in section 91B, but we are trying to add one more sub-section, sub-section (4) to section 91B. Now, this new sub-section (4) is intended to deal with a new type of company, which, we expect, will come into existence in this country, the type, I mean, of subsidiary companies, which are public companies, parent companies of which will generally be situated in foreign countries. Now whether or not we should encourage the coming into

existence of such new types of subsidiary companies is a question with which I shall deal presently when I shall come to consider some of the points made by my friend, the hon. Dr. Lanka Sundaram. Assuming for the present that we want such companies to come into existence and that they are in public interest in the present needs of the country, then it is necessary—very clearly necessary—that we relax to some extent in favour of these new types of subsidiary companies some of the prohibitions contained in section 91B. In the nature of things, we shall expect that a majority of the Directors of these subsidiary companies are bound to be the nominees of the parent companies, in as much as the parent companies are likely in most cases to have a major share of the capital. Now under the existing prohibitions of section 91B, it will be impossible to form such subsidiary companies, or rather I should say, it would be impossible to conduct such subsidiary companies since a majority of the Directors will be unable to vote on most matters dealing with the parent company, or in most matters in which the parent company is interested. In fact, under the prohibitions of section 91B, even the presence of this majority of Directors will not be counted for the purpose of forming a quorum. Therefore, if we admit that this new type of subsidiary company is in the interests of the country, then we must do something to make it possible that such companies should be formed in this country.

Now, the new sub-section (4) that we are going to add to section 91B does not really give any kind of an unqualified exemption or some kind of a blanket exemption, and also it does not give it to all companies, to any company that comes along. As has been made very clear by the Finance Minister and also as is stated in the new sub-section itself, the overriding consideration will be that, in the opinion of the Government of India, it is in the public interest that such exemption be granted to any particular company. Each case of a new company deserving such exemption will be examined on its own merits, and even in the matter of exemption it is not going to be a wholesale exemption. As is stated in the words of the sub-section itself, these exemptions will be subject to such exceptions, modifications or conditions as may be specified in the notification. In other words the scope of the exemption and in fact, the scope of the new sub-section (4) is very restricted.

I was very much pleased with the speech of the hon. Dr. S. P. Mookerjee.

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It was very encouraging and gave some very clear views on the desirability of having foreign investments in this country. I personally do not mind the very serious language in which the hon. Mr. B. Das yesterday uttered some warning in accepting or in encouraging foreign capital, although I would not be so very nervous as his words would indicate he was to some extent. After all, the oil companies like the Standard Vacuum, the Caltex and others which are involved in the present instance are mammoth organisations, world wide organisations; they are in power and prestige almost super-States and we cannot be too careful in dealing with them. I would rather be over-cautious than over-confident in such matters.

Now coming to one point made by Dr. Lanka Sundaram, he said that the Government of India seeking investment by agreement with these oil companies means an admission of failure to raise rupee capital in India. Now this claim is a very oft-repeated claim and we in this House may do well to consider it in some detail here. Now what does it mean? Our object here, let us understand it, is that we want to establish oil refineries in this country and we want them to function soon. That is our objective. Now that means—Dr. Lanka Sundaram said something like 50 crores of rupees. I do not quarrel with the figure, let us take it as 50 crores of rupees—and supposing we in this country are able to raise a capital of 50 crores of rupees, are we by that act in a position to have an oil refinery in this country? Laying out 50 crores of rupees in heaps in India certainly will not give us an oil refinery. What we require today is equipment, equipment of a highly specialised kind. What we require today is skill and the 'know-how' which, unfortunately, is possessed by citizens of countries other than India. Supposing we have this capital of Rs. 50 crores raised in India, and supposing we are determined to have an oil refinery with our own capital, what is the first problem we will be confronted with? The equipment that we need is available in foreign countries. In other words, we shall have to have foreign exchange to pay for that equipment granting that the equipment is available to us. Dollar exchange, for instance: Do we have the requisite amount of dollar exchange at our disposal today? That is our first difficulty. Secondly, even if we manage to have the necessary dollar exchange, is the equipment available? Oil refinery equipment is a thing of such a highly specialised

[Shri V. B. Gandhi]

nature that it is not available in the open market; we have to go through a series of negotiations with Governments and with monopolistic corporations in order that they may be induced to let us have the equipment. Then again there is the question of technical skill, and all that sort of thing. Therefore whatever may be the truth in the general statement of my friend, Dr. Lanka Sundaram about the non-availability of rupee capital, it is not very relevant in this particular instance.

Finally, I shall only say that the scope of the amendment is very restricted and that it is very necessary in the context of the present needs of this country. So far as other issues are concerned, such as the desirability of inviting foreign capital or the extent to which it should be accepted or the terms on which it should be allowed to come in, they are issues which may be considered separately.

Shri Nambiar (Mayuram): We are told today that there are certain stumbling blocks in the Act which stop money and material from coming to India and which also stop the further development of Indian industry, that by this amending Bill they want to remove those stumbling-blocks so that money and material may come into India from foreign concerns, so that in due course India may become prosperous. This is the sum total of the desire on the part of the Ministry in bringing forward this amendment. We are also told by the hon. Members on the other side that after all India requires oil refineries, India requires more and more oil and therefore these people are being invited to come in and help improve our industry. But I want to draw your attention to this fact. What are the agreements with these people who are supposed to help Indian industry? As an instance, I will confine myself to certain well-known firms, namely the Standard Vacuum Oil Co., the Burmah-Shell, and the other one which is in the offing, namely Caltex. The idea is that these concerns will bring into India Rs. 60 crores worth of foreign capital; they will not only import money but will also import crude oil which will be refined on the Indian shores. This crude oil which they will import will be free of duty. In return they will be free to export profits, unlimited profits, for a period of 25 years from India. They will also be given tariff protection for ten years from the date of operation.

I have said that the crude oil which they will import will be refined on

Indian shores. We have our own opinion of what sort of refineries they will be because we are not producing oil in this country. Their idea is to import it and towards this end every facility is being granted to them at the three ports of Bombay, Calcutta and Madras to berth oil tankers of up to 30,000 tons. Unless and until oil is produced in India there is no meaning in saying that these refineries will help us because the question we are faced with is shortage of oil. If oil cannot be got from the earth we can at least produce it through the synthetic process from coal. Even that is not done though we have large supplies of coal available in the country. Therefore, I say that it is only refineries that we get and not oil. And in return we say we will allow these people to take away up to Rs. 20 crores every year, that is at a 40 per cent. rate. They are given all these facilities. What I would suggest is this. Importing crude oil and refining it here will not solve our problem because instead of importing crude oil you can as well import refined oil. Our problem will be solved only by producing our requirements of oil in India itself. I say that this concession given to these foreign concerns does not basically solve the problem of India, it only gives them another chance to exploit us to the extent of about Rs. 20 crores every year calling it profits. By doing so we are allowing the foreign monopolists to have more say in the Indian economy and allowing them to harvest more out of India than really help Indian industry to develop. That is why I repeat that we should not allow the foreign capitalists to come here and have further sway in India. Let me quote from the American press. This is the *American Reporter* dated 5th December, 1951. It says:

"Standard Vacuum Oil Company, an American firm, is financing the aerial survey of 73,000 square miles of Bengal Basin, covering parts of both India and Pakistan. It has contracted with Fairchild Aerial Surveys, another American firm which specialises in aerial exploration, to map the hidden rock structure of the countryside with a magneto-meter".

What for? Because this is not only an attempt to get more and more of an economic stranglehold on India but also to have these strategic places in their control. They are trying to utilise this cover to get information about these strategic places in India because it is a part and parcel of the work of the American war machine

to obtain control over vast strategic areas in India.

Mr. Deputy-Speaker: The hon. Member is evidently seeing war in a basin.

Shri Nambiar: That is what is stated here. I am not speaking on my own, I am saying what is mentioned here—otherwise it can be easily stated that this is Communist propaganda. That is why I am quoting the very devil, from the devil's own scriptures so that I cannot be accused of a Communist stunt. When today we say we are trying to develop our own resources and trying to develop our own economy, when we want Indian interests to be supreme and Indians to come forward, why should we sell these things to the foreign concerns and make the foreign concerns dominate over us? I ask this simple question to the hon. Minister in all humility: Are we serving the interest of India and of her people by allowing these foreigners to come in, especially when we are hearing so much of the agitation by the people of Iran against the British dominated oil interests in Iran? The entire people of Iran are fighting against the British interests there and the fight is going on and has reached a very high stage as a national struggle. While monopoly interests are being fought everywhere by the people of Asia are we allowing these monopolists to come and sit tight over our heads? Is it in the national interest? Is this the way to encourage Indian industry? These foreign monopolists are given the right to exploit the labour in such a way that they violate certain labour legislations, or take their labour out of the ambit of those labour legislations. I do not know the details, but when we get the details we shall see that it is not in the interests of the Indian people to grant these exemptions. Therefore, I oppose this Bill.

You may ask: how are we to improve over industry? How are we to get more oil? I suggest that the Government of India may help Indian capitalists to discover methods by which they can manufacture synthetic oil out of coal. We have plenty of coal and a large number of collieries.

Shri H. S. Reddy (Kurnool): How is all this relevant? The present Bill only seeks to effect some modification in the Indian Companies Act. The hon. Minister wants to take powers to amend section 91B. In that connection, how is the hon. Member's reference to Iran, labour and all that relevant?

Shri K. K. Basu: I am afraid the hon. Member has not read the Statement of Objects and Reasons. This amendment is not in the interests of the nation and it is necessary to explain how it affects the interests of the nation.

Shri H. S. Reddy: The point has been placed before the Deputy-Speaker, and not the hon. Member.

Shri Gadgil (Poona Central): Let us hear a little of irrelevant things too.

Mr. Deputy-Speaker: The hon. Minister has referred to only one or two oil companies in Bombay.

An Hon. Member: Three, Sir.

Mr. Deputy-Speaker: In refusing to vote for this proposition and enlisting the sympathy of the House, the hon. Member wants to squeeze out the oil companies.

Shri Nambiar: No, Sir. Not only these concerns but also some other foreign concerns are about to come in, because I have an extract here from the *Bombay Commerce journal*, wherein it is said:

"A number of foreign manufacturers are currently considering the possibilities of extending their spheres of activity to India. Of this, particular mention may be made of an American company's willingness to consider a proposal for establishing a steel and titanium manufacturing factory either in collaboration with the Government or with private capital involving an investment of 10 million dollars."

Then, there is a proposal according to the same paper by a French firm for participating in the expansion and development of the shipbuilding yard at Vishakapatnam. Therefore, these oil companies are not the only ones involved. As and when you pass this Bill, it will give a chance to foreign capitalists to come in more and more. There are people ready to establish titanium plants, and you know very well how essential titanium is.

Mr. Deputy-Speaker: Order, order. Titanium may be essential, but the hon. Member must confine himself to the scope of the Bill. All that it says is that the present Act does not prohibit any contract being entered into between the subsidiary company and the original company. It wants to give some exemption. Whether those exceptions can be made or not, whether the Central Government can be clothed with that power or not—these are the only matters within the scope of this Bill. There is no good bringing

[Mr. Deputy-Speaker]

in the foreign companies, and explaining the details of the terms and conditions, the propriety or otherwise of a particular industry, etc. is beyond the scope of the Bill.

11 A.M.

Shri Nambiar: I am only arguing in order to show that these exemptions should not be granted. They are not in the national interest. Not only that, they are harmful. If titanium is allowed to be exploited by these foreigners, they may actually utilise it for producing the atom bomb and help in starting the Third World War. So, there is a positive and concrete danger, and no exemptions should be granted. If we grant them, we are "suiciding" ourselves.

Shri S. V. Ramaswamy (Salem): Is there a word like "suiciding" in the English language?

Shri Nambiar: If the hon. Member does not understand the word "suicide", I will ask him to refer to the dictionary.

Mr. Deputy-Speaker: It is open to hon. Members to create new words. There is no harm.

Shri Nambiar: Mr. Ramaswamy is capable of doing many things and he has done many things. He will not only create new words, but new theories also. I know that.

I submit that these exemptions should not be allowed. Firstly, it is not in the national interest. Secondly, it is against the common man in this country and the labourer in this country. Thirdly, it will make India more and more dependent upon foreign capitalists who are out to make India an appendage to their economy. Therefore, I oppose this Bill.

Shri N. C. Chatterjee (Hooghly): The hon. Finance Minister has referred to para. 98 of the Company Law Committee's report in justification of this Bill. That report points out that this section 91B imposes a very salutary prohibition on an interested director entering into a contract in which he may be directly or indirectly interested. You know that where there is any conflict between interest and duty the man who has an interest should not be allowed to participate in any proceedings in which decisions will be taken. This committee has further recommended that this section should

be made more stringent and the prohibition should be made more strict. It says that the interested director should not at all take part in the proceedings. As you know, section 91B says that a contract, if entered into in violation of the prohibition, shall be illegal. The recommendation of the committee is that the penalty that is now prescribed for the contravention of this provision should be raised from Rs. 1,000 to Rs. 5,000 and any director who violates it should be subjected to this heavy fine. Then, they have made another recommendation in pursuance of which the hon. Minister has brought forward this Bill. I do not think the hon. the Finance Minister is unaware of the feeling in this country that suitable steps should be taken to see that our economic interests are not in any way jeopardised by foreign companies being brought in to our national detriment.

One point that I wish to raise is that this Bill as it is drafted is repugnant to article 14 of the Constitution which guarantees equal protection of law. The Supreme Court in a number of recent judgments has clarified the position. The present Chief Justice of India, Mr. Justice Patanjali Shastri, has pointed out that before you make any classification or give an exemption to any person, the classification must be based on intelligible "differentia". I am quoting his language, in the Sholapur case. The classification "must be based on differentia having a rational relation to the object to be attained." And if there be no differentia prescribed in the statute having a rational relation to the objects sought to be obtained, then the matter is within the inhibition of Article 14 and hence *ultra vires*.

Another case came up before the Supreme Court recently, called the West Bengal Special Courts Act case. In the West Bengal Special Courts Act, there was some wording to the effect that you have here. Our Minister may point out that he has provided that only in the public interest a company can be exempted. There, the West Bengal Special Courts Act said that for speedy trial the Government might direct any particular case or particular cases to be tried by special courts having a special procedure. The contention before the Supreme Court was that it was illegal. The Attorney-General argued that there were some criteria, some differentia, namely, speedy trial. The Supreme Court held that was illegal, being repugnant to Article 14. The Supreme Court further said that even assuming that the Preamble of the

Statute throws any light on the section, the necessity of speedy trial or speedier trial is too vague, uncertain and elusive a criterion to form a rational basis for discrimination. I am asking the hon. the Finance Minister and the Law Minister to consider whether a bare statement like this, without laying down any criterion or differentia is not too vague, uncertain and elusive? Does it really prescribe any criterion to form a rational basis for classification?

The latest case which the Supreme Court has dealt with on this point is *Lachmandas Kewalram and another vs. State of Bombay* where the Bombay Public Security Measures Act has been declared to be *ultra vires*, because it authorises the Government in its discretion to discriminate in a particular case so that a particular case shall go to a special tribunal to be tried by special procedure. Mr. Justice S. R. Das, who delivered the majority judgment says:

While article 14 forbids class legislation it does not forbid reasonable classification for the purposes of legislation. In order, however, to pass the test of permissible classification, two conditions must be fulfilled, namely, (i) that the classification must be founded on an intelligible differentia which distinguishes persons or things that are grouped together from others who are left out of the group and (ii) that differentia must have a rational relation to the object sought to be achieved by the Act.

The contention that was put forward on behalf of the citizen was that you should not confuse the means with the end. Here public interest may be the end but not the means and if you do not prescribe a differentia, then it is liable to attack. I would therefore suggest that this clause is capable of suitable redrafting and that should be done to avoid any attack on the ground of inhibition of guarantee of fundamental right providing for equal protection of law. I am not saying that there should be no power given to Government whereby they may discriminate, but the principal criteria, the differentia on which the executive should be allowed to discriminate, should be prescribed in the Statute. You know that it is for the Parliament to legislate; it is not for the executive to legislate. The Supreme Court has said that legislation must be the expression of the will of the legislature and the legislature must formulate its legislative judgment. Therefore, the criteria must

be prescribed in the Statute. Otherwise it will be open to attack and this must be safeguarded.

Shri C. D. Deshmukh: I think I better give the factual background first. We have agreements with two companies and are still negotiating with the third and that is the principal reason why we are not able to place the agreements with the first two before the House. At the proper time I have no doubt that it will be possible for us to do so. That time may not come till after we have concluded agreement with the third company. There are certain clauses which will require further action and it would not be in the public interest to divulge the whole of the agreements now. But I can assure the House that it is not because it contains any political strings or for any other reason unconnected with public interest.

Now in accordance with two of the agreements, companies have already started construction work and they have established private limited companies, because of the difficulty which we are seeking to remove by the present provision. Therefore, it is not as if we are considering today whether we should have these agreements or not. The agreements are there and as I said in the fullness of time the House will have opportunity of expressing itself on them.

But today the question is whether, as the proceedings of these companies go on, we should not try to implement one of the terms of the agreement which is connected with the way in which control is exercised. That is the limited point of this Bill. It is not, as one hon. Member put it, with the object of attracting foreign investment. I have gone through my speech again and I fail to find any reference there to the attraction of foreign investment. I have merely said that this has arisen out of the agreements with the oil companies, although the recommendation is in general terms in the expert committee's report and recommendations. Therefore I do not wish to join issue with the two hon. Members opposite who drew attention to the danger of our entering into entanglements by way of inviting foreign capital. I would only like to reinforce the observation which fell from one of the hon. Members here that their general attitude seems to show excessive suspicion and excessive lack of confidence. The entire set of circumstances has now changed with the advent of independence and I have no doubt whatsoever—and here I am representing the whole Government's view—that

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we shall be able to deal with any political or other complications that might arise as a result of the establishment of foreign companies or foreign interests here. We shall welcome them only as long as they further India's interest. That will be the primary criteria.

In particular the remarks on crude oil of the hon. Member from Tanjore, struck me as somewhat crude, because in any case we are buying oil in one form or another and profits are going out. All that we say is that we shall allow these companies to refine the crude oil here. The advantages are not so much in limiting or doing anything to the profits that are sent out, but in giving opportunity to our own people first of employment and then of learning various trades. There are various important by-products of the refineries and in the manufacture of these and the utilisation of these our own people are bound to get experience.

That leads me to the other issue—a very important issue—which Dr. Syama Prasad Mookerjee raised. It is quite true that it is a point which we should always bear in mind. In the agreement there is a clause and I think again there is a reference to it in the Press Communique. I think one of the hon. Members, Shri Basu, said he could not find any reference to the conditions that we have laid down in regard to training. I would request him to have a look at the Press Communique again. I would not take the time of the House by reading it, but I have again verified it. I have got the copies here and I find there is a condition that these companies shall give opportunities of employment and training at all levels. This general issue which the hon. Member raised has been reported to me and it would be possible for us to take other steps to correct the situation that has arisen. I have no doubt that persuasion and admonition, if necessary, will have a considerable part to play in that kind of thing. I should be very much surprised if foreign companies disregard modern trends and carry on with what they are alleged to be doing now in spite of our advice, admonition and, if necessary, protest. So I think that situation will be taken care of.

So these preliminary remarks, I hope, reduce the problem to its proper perspective. Then we must consider whether on the merits what is proposed is desirable or necessary, or not.

That leads to the question of control and the part which has been assigned to Indian capital. That information, again, is contained in the Press Communique—25 per cent. in one case, and two crores out of twenty, which can be raised to three, in another case. The total capital involved is very large and when you take 25 per cent. of a large sum it does represent a considerable capital contribution. And in the circumstances in which we are somewhat short of capital in the country we thought, apart from anything else, there was nothing to be gained, from a practical point of view, in insisting on the 49-51 basis which, I think, is by and large our guiding rule. I shall be very much surprised if even that 25 per cent. is forthcoming readily, or the two or three crores in the other case. But I have no doubt that if we find at some time, contrary to my expectations, that we have a great deal of surplus capital, well, it may be that it would be possible for us to take up the matter with these companies at some other time. We can only try and persuade them to open out the field for Indian capital after the companies are established. So, the control must remain with them.

Now, oil is a very specialised business. It is not like any other business. And I was, frankly, unable to follow the observations that, again, fell from a couple of speakers there that there was going to be exploitation. The subject slips me I suppose because it is oil! But, really, I cannot see what exploitation there can be in importing crude oil into the country and refining it and selling it in its various forms and by-products. Further, these agreements do not exclude the use of crude oil. There are provisions in the agreement that to the extent available our own oil will be used. There again I could not understand the rhetoric of the hon. Member opposite in regard to the unwisdom of surveying the basin in West Bengal or utilising it. I think the suggestion that he made was: let us call Indian capital and let us utilize it. Well, I think that if that is correct, that remark can only come out of a lack of familiarity, again, with the various aspects of this very specialised business, namely, oil. In the whole world there is a very limited number of experts who can deal with the exploitation and utilisation of oil and its various products. I should like to make a pointed reference here. From recent developments one can see the evidence of what could happen if one were to spurn the possibility, shall we say, of employing specialists in the field. Therefore, in this business one has to take the

chance of employing the services of those who understand the business. And I have no doubt that it will be on those lines that we shall try to exploit any oil resources that we may discover as a result of any surveys that may be taking place, and I can assure the House that there could be no room for anxiety on this score.

The actual Bill is very simple. I think I have dealt with the general points raised, except that there was some reference to some agreement in regard to benzol or something. Well, that has nothing really to do with the Bill. But I have looked through that agreement and as far as I can consider it is not so disadvantageous to us as the hon. Member opposite seemed to think.

Now, I come to this question of *ultra vires*. I have again, taken counsel with my hon. colleague here and he thought that this Bill is *intra vires* and that public interest would be a sufficient differentiating criterion. But there is another difficulty in this and that is—although this is not the stage for amendments—we have discovered, somewhat too late, that one of these companies is held, not by one company, but by two companies. And it is not, as it is in the terms which we have given in our original draft or in the Bill as it is before the House, a subsidiary company, because the share of neither comes to as much as fifty per cent. Therefore, I am afraid that I shall have to move, if the House permits me, a small amendment in that respect. And at that stage I shall be happy to consider any amendment that the hon. Member may wish to put forward in order to avoid any possible misapprehension or any possible recourse to courts. So, with these remarks I would ask the House to accept my motion.

I have made a note, I may say, of the various observations, which have been on the whole very helpful, and we shall certainly bear them in mind, particularly the point about location (I am sorry to say) and that point is very much in our mind that the location should be diversified.

Shri Namblar: May I ask for an information? Are these companies exempted from the operation of the labour legislations now in vogue in India?

Shri C. D. Deshmukh: I do not think so. They are not exempt. There is no condition in the agreement to exempt them from labour legislation.

Mr. Deputy-Speaker: The question is:

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

The motion was adopted.

Clause 2.—(Amendment of section 91B)

Mr. Deputy-Speaker: So far as the amendments are concerned there is one standing in the names of Mr. Venkataraman and Dr. Deshmukh.

Shri Venkataraman (Tanjore): I am not moving it.

Dr. P. S. Deshmukh: I am not moving it.

Mr. Deputy-Speaker: I have received notice of an amendment by the hon. the Finance Minister. In view of what he has said that the one is not a subsidiary company of the other but that both the companies together have 51 per cent. or so, it is a small technical amendment. He may move it.

Shri C. D. Deshmukh: I beg to move:

In page 1, for lines 7 to 18, substitute:

“(4) Notwithstanding anything contained in this section, if in the case of any public Company the Central Government is of opinion that it would not be in the public interest to apply all or any of the prohibitions contained in sub-section (1), the Central Government may direct, by notification in the official Gazette, that this section shall not apply to any such public Company or shall apply thereto, subject to such exceptions, modifications or conditions as may be specified in the notification.”

Mr. Deputy-Speaker: But is it not too general? Here it may be that there may not be two companies which hold 51 per cent. but all the same one company will hold some other, in which case it will not be a subsidiary company.

Shri C. D. Deshmukh: We are getting out of that subsidiary company. We are putting it in general terms although the intention is to apply it in such special cases where public interest is served. And this is more in line with what the expert Committee has recommended. They have made no reference to subsidiary companies. It was our object first to restrict it as far as possible, but we find that we cannot bring that in unless we bring

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some general clause like controlling interests. And it is not very easy to define what controlling interest is or to ensure that the controlling interest is conjointly exercised by two companies, and we got into drafting difficulties.

Mr. Deputy-Speaker: The question is:

In page 1, for lines 7 to 18, substitute:

"(4) Notwithstanding anything contained....."

Shri N. C. Chatterjee: May I move a short amendment which will avoid the difficulty. I beg to move:

In the amendment moved by Shri C. D. Deshmukh, after "that" where it occurs for the first time, insert:

"having regard to the desirability of establishing or promoting any new trade, industry or business".

If this is accepted the Finance Minister's present amendment will run as follows:

"(4) Notwithstanding anything contained in this section, if in the case of any public Company the Central Government is of opinion that having regard to the desirability of establishing or promoting any new trade, industry or business it would not be in the public interest to apply all or any of the prohibitions contained in sub-section (1), the Central Government may direct, by notification in the official Gazettee, that this section shall not apply to any such public Company or shall apply thereto, subject to such exceptions, modifications or conditions as may be specified in the notification."

Shri C. D. Deshmukh: I shall accept that amendment.

Shri S. S. More (Sholapur): Will these notifications issued by Government be placed before the House?

Mr. Deputy-Speaker: Notifications will be published in the official Gazette.

Shri C. D. Deshmukh: I have taken note of the observation that the House would like to have placed on the Table of the House any decisions that we shall take and we shall do so.

Mr. Deputy-Speaker: I shall put the amendment to the amendment of the hon. Finance Minister before the House. Does the hon. Member want to define or restrict the words 'public interest'? Or does he want to bring them into conformity with the rulings of the Courts?

Shri N. C. Chatterjee: Yes, Sir.

Mr. Deputy-Speaker: Then I shall put it to the House.

Shri C. D. Deshmukh: 'Any' would be better, Sir.

Mr. Deputy-Speaker: 'Any' and 'new' are at the opposite poles.

Shri C. D. Deshmukh: 'Any' would be better. If we put in the word 'new' we might get into difficulties. 'Any' I think, would be better, if the hon. Member would accept that.

Shri N. C. Chatterjee: All right, Sir; you can have that.

Mr Deputy-Speaker: I am not clear about this: "The Central Government may direct by notification in the official Gazette that this section shall not apply etc." Why is there a modification from the original Bill?

Shri C. D. Deshmukh: By its nature, it can only apply to contracts made. That is all that is referred to in that section. It has a limited scope.

Mr. Deputy-Speaker: All right, I will put the hon. Minister's amendment as amended by Shri N. C. Chatterjee's amendment. The question is:

In page 1, for lines 7 to 18, substitute:

"(4) Notwithstanding anything contained in this section, if in the case of any public Company the Central Government is of opinion that having regard to the desirability of establishing or promoting any trade, industry or business it would not be in the public interest to apply all or any of the prohibitions contained in sub-section (1), the Central Government may direct, by notification in the official Gazette, that this section shall not apply to any such public Company or shall apply thereto, subject to such exceptions, modifications or conditions as may be specified in the notification."

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

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

Shri C. D. Deshmukh: I beg to move:

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

Mr. Deputy-Speaker: The question...

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

Mr. Deputy-Speaker: He ought not to refer to any of the arguments mentioned earlier.

Shri H. N. Mukerjee: I intend to take as little time as possible. I am sorry I have to oppose this motion inspite of the persuasive manner of the hon. Finance Minister. (*An Hon. Member:* Oily manner). I would not use that adjective at least in regard to the hon. Finance Minister but I do find that we are letting ourselves in for a good deal of trouble if we accept, as I am afraid, we are going to accept this Bill. This is not a very thin end of the wedge but it has already begun to be driven fair and square and into the economic interests of our country. That is the main reason why I oppose it. I find that the hon. Finance Minister representing, of course, the views of his Government has a habit of trying to explain away everything by reference to the position as it stands today and the limitations of the future which he envisages. He always says: "Granted capitalism, we can only proceed in a certain fashion and that is why I ask you to do this or that." When he says 'capitalism', I am reminded of Fieldings. "Tom Jones" and a character in it, the Rev. Mr. Thwackum. He said: "When I say religion, I mean the Christian religion and not only the Christian religion, but the Protestant religion and not only the Protestant religion but the Church of England." When the hon. Mr. Deshmukh talks of capitalism he talks about the kind of capitalism which we see in this country today and unfortunately, he does not see that the whole nation is in a process of change and that change has got to be incorporated in the action of Government which we are going to propose for our country's future. We are letting ourselves in for a great deal of infiltration of foreign capital and he does not see the danger, of prospecting for oil in a very peculiar fashion which only a very few specialists know. He says that it was all right that some American planes are hovering about the place trying to locate oil in certain places. We cannot forget that the *American Reporter*, which as we know is a paper which boosts the activities of the Americans in this country says very proudly that the Standard Vacuum Oil Company is

now financing the aerial survey of 73,000 square miles of the Bengal Basin, an area which is very near the India-China Frontier, an area which is of very great strategical and economic importance, an area which might in the near future, if war breaks out, prove to be of very considerable and crucial significance to the history not only of this country but of the world. We are permitting American planes without let or hindrance to fly all over the place and in the name of prospecting for oil which might be secreted in rocky structures, in the name of using the magneto meters and heaven knows what, they are going about the place and heaven knows what materials they are collecting and for what purposes. This is the kind of thing we are letting ourselves in for. As regards the infiltration of foreign capital, it is no good trying to forget that we have already changed the national policy which had been propounded by our national leadership until only the other day. There is no good forgetting that today the Americans boast that India's policy has changed in such a way that it is possible for foreign capital to come into this country on more or less their own terms. That is why we find a capitalistic paper like the *Commerce* saying in its issue of December 8th, thus:

"It is a striking proof of the claim advanced by no less an authority than the U. S. Ambassador to India, Mr. Chester Bowles himself, that India's foreign policy does not constitute a bar to import of foreign capital into this country.

"It is a sign of the confidence of foreign investors in the present administration of India, which is quite justified considering the effective way it has endeavoured to maintain law and order in the country and preserve democratic ways of life and Government against heavy odds."

I find my hon. friend Dr. Katju already arriving here to propound his philosophy regarding Preventive Detention. The way in which law and order has been maintained and is promised to be developed...

The Minister of Home Affairs and States (Dr. Katju): Why can't you wait and see...

Shri H. N. Mukerjee:in this country is a sure guarantee that foreign capital is going to have a free run for as long as they like. *Capital*, the organ of the British monopolists, says, in its issue of November 22nd:

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"The whole transaction (that is, the oil transaction) shows that New Delhi realises that whatever 'moral support' India gives to Middle Eastern nationalism, she will have to make firm arrangements to ensure that her own national interests are not prejudiced by the very people she sympathises with."

It goes on to say:

"And profitable arrangements can be made with parties that are denounced by her friends as vile exploiters, that only indicates that political realism is more mature in Delhi than in certain other capitals."

This is what *Capital* says. Political realism is more wise and sober in New Delhi than in Teheran or Cairo. That is what this paper says, and that is really true. Are we going the way of Iran before she made up her mind about throwing off foreign exploitation? Are we going the way of Egypt when Egypt and Sudan were the playthings of foreign exploitation? Are we not going to take a leaf out of the books of Iran and Egypt? If Iran and Egypt, with their limited resources, can take certain steps, why are we behaving in this fashion? Why are we cowed by these predatory foreign capitalists, about whose ways we know so much? Much has already been said here is to how foreign capitalists are behaving in this country. For instance, the Assam Oil Company is behaving in a most scandalous fashion. Dr. Mookerjee has already told you something about that. We are already getting representations from people who cannot for fear even sign their names on pieces of paper about the doings of these capitalists in Digboi. I may tell the Finance Minister, not only the Finance Minister, but also the Home Minister that the writ of New Delhi does not run in Digboi; it is the writ of the Assam Oil Company that rules, just as the Anglo-Iranian Oil company used to do in the whole of South Persia until the other day. That is the way these foreign capitalists are doing with their Indian assistants. You may go to Calcutta any day and see things for yourself. You may ask any one from whose family bright young men, with university education, and training in foreign countries, on coming back, got something like covenanted service in the European firms. They were soon shown their places; they were told to submit or get out; they were given terms which no self-respecting patriotic person can possibly accept. These foreign in-

terests are behaving in this fashion and are entrenching themselves even more strongly on our soil. We are meekly and mildly swallowing it all, and trying to justify it—that is the worst part of it—that this is the only way in which our economy can be developed. I know capitalism cannot be changed overnight just like that. I know revolutions are not carried in suit cases to be transferred from one country to another, and I am sure the Finance Minister would not question that. But, he does not see the writing on the wall which is not so undecipherable. Even so, he should take some lessons from the happenings of history and do something about putting checks upon the operations of foreign capital, which has so far behaved in a blackguardly fashion and which has kept our country in the position of an agrarian hinterland to their imperialism, and which is proposing even now to do the same thing. The Colombo Plan into which our Five Year Plan is incorporated, proposes an agrarian development scheme. That is the primary objective of whatever technical assistance is coming to us from the U.S.A. and the Commonwealth countries. That is the perspective, that is the context in which I will beseech the Finance Minister to consider this question. I know that he would say that his hands are tied. He does not see beyond his nose. At least his philosophy is not to see beyond his nose. That is why I will say, we do not want to upset the apple cart of our country's administrative structure, because we know that is not the right way of doing things. We know that revolution is wanted; at the same time, we know that revolution cannot just be ordered from somewhere. I would ask the hon. Finance Minister to appreciate and to remember what Bernard Shaw once said: "I am impatient for revolution; I shall be jolly glad if the revolution happens tomorrow. But, being an average coward, I want you to make the revolution in as gentlemanly a manner as possible". We are all more or less average cowards. If we all agree that we are going to make this revolution come in as gentlemanly a manner as possible, surely, we can make a wonder of this country, because, on the crest of the wave of a great patriotic movement, we have wrested certain powers from the most unwilling hands, and if we really and truly objectivise these powers, if we concretise these powers, if we do not tie ourselves to the apron strings of imperialism, which today is threatening to engulf the whole world in war, then, and then alone can we get that real mobilisation, and that maximum patriotic influence behind the economic reconstruction plan, which will lead to the

kind of Welfare State, which is so many times advertised in our country. We do not seem to be doing that; we pursue policies which run counter to the future that we on this side of the House wish to envisage. I do hope even at this stage,—I do not hope, I only want to place before the Finance Minister a humble suggestion—that perhaps he will consider that the world is not in such a static position as he imagines it to be. If the world is in a process of dynamic change, he must also respond and he need not remain as phlegmatic in his reactions to those influences as he possibly has decided to do.

Mr. Deputy-Speaker: Yes, the hon. Minister.

Shri Meghnad Saha (Calcutta North-West): Sir,

Mr. Deputy-Speaker: Is it necessary to have so many speeches at the Third Reading Stage? Let us be short. The hon. Minister has to go to the other House.

Shri S. S. More: Can we help it, Sir? We have a right to have our say.

Mr. Deputy-Speaker: I have asked the hon. Minister to resume his seat and he has sat down. Now, what is the objection? Hon. Members get encouragement to speak from other hon. Members.

Shri Meghnad Saha: I do not want to take much time of the House. I thought I could add one or two arguments to what has already been said. We have attained political freedom not attained economic freedom as my hon. friend Dr. Mookerjee has said. Without economic freedom, this political freedom is a mere mirage. Every act which we are doing, every Bill that we are passing here is taking us away from the goal of economic freedom. By giving chances to these capitalists under the name holding companies who from America boss over us through a number of subsidiary companies in India, we are putting ourselves more and more into the clutches of big American capital. I wish I had time to tell the hon. Finance Minister how this oil imperialism had worked in Mexico, how the oil imperialism had worked in Iran and Iraq. During the war in 1944 or 45, I was one of the scientists who were sent to America and Europe on a good-will Mission. We found that the technique of oil exploration for oil had gone beyond all measures, and after returning from America, I and my scientific friends had submitted a report to the Government of India that India should

organise a Central Geo-physical Laboratory where we should train our young men in the methods of this oil exploration, oil refinery and so forth. Now, so far this report has remained unnoticed in the archives of the Government of India, and now we are asking all these different companies—the Standard Vacuum Oil Co., The Burmah-Shell and all their subsidiaries—to undertake this great philanthropic work for us. As a scientist, I may tell you that whatever these companies may find, they are not revealed to the Indian public, and they are utilising them for their own use, and when a company is started, all the great experts will be from America, and we may be told that Indians cannot be trained to this kind of knowledge. As a scientist, I completely differ from this view. We have sent our students to America. Many of them have been trained in methods of geo-physical exploration, and if the Government take my suggestion to have a Central Geo-physical Institute in this country provided with up-to-date apparatus and machinery, then if we send our young men on these explorations, and they work in co-operation with geologists, it will not be difficult for us to locate all these pockets of oil in the different parts of the country, provided they exist.

In 1946 in a lecture I said if there can be oil in Saudi Arabia at a depth of 5,000 to 6,000 feet, below sand deposits, there should not be any reason why in the Bengal plain there should not be oil. And if we had started our geo-physical exploration by our own men, by now we would not be dependent on the foreign companies for the location of oil. I would therefore request this House to listen to my plea that education in this Country must be put on a new level, and that we should spend more on education, more for the training of our own men, so that all this exploration work we can do ourselves, we can train our specialists, and free ourselves from dependence on foreigners.

It has been said that it is only the Americans who can perform the great work of exploring for oil. I would humbly beseech our Finance Minister to read the reports on oil finding in Germany during the war. Germany during the war had evolved this technique of exploring for oil, and they had discovered many oil pockets in the plains of Hanover, in the Holland border and so on, and they were producing about two million tons of oil every year, and I know that the German technicians are far more cheaper than the American technicians. The Germans know their business quite as well, and I think had it been possible

[Shri Meghnad Saha]

to secure the services of a large number of Germans for this work, ultimately the exploration would have been far more cheaper. The course which we are taking today will lead us to the same kind of oil imperialism which the Americans had imposed on Mexico, and it was for this reason why, for about half a century, Mexico was merely a colony of America, and the Mexicans there could not expect a better job than that of a peon. Every expert used to be brought from America, even clerks and others, and this is what is happening in most of the European concerns in this country today. Before the war, before independence, if you take all these European companies, you would find that the number of European employees were very much smaller and they were being paid much less than they are being paid today. Now they are not only bringing their experts from their own countries,—but clerks, office hands, mechanics and so on. They are being paid four or five times as much as the Indians who do the same kind of work. If you take for example, a research chemist, the Indian research chemist may be paid seven to eight hundred rupees a month, but a European research chemist who is in charge of the laboratory—he may be an ordinary B.Sc., and he may have under him Indians who are Ph.Ds. of British Universities—are paid Rs. 4,000 per month. So of a good amount of profit which these European companies are making in this country, a substantial part is being taken away in the form of salaries. It is flight of capital on a large scale which is taking place through this process. I would ask the Finance Minister to appoint an Enquiry Committee to find out the scales of salaries which are being paid to foreign employees of European concerns in this country, so that this unmitigated flight of capital may not take place, and we may not be reduced in the times to come, when oil derricks will begin to emerge over the plains of 24-Parganas or Sundarbans, to the level of mere clerks, peons, and orderlies and there will be nobody to handle these oil derricks intelligently. I think our economic policy requires a complete re-orientation, and if we put ourselves entirely at the disposal of the Americans or any foreigners, in the way we are doing we shall not be solving the problem of our economic freedom. Without economic freedom, as I told you, our political freedom is not worth even a farthing.

Shri C. D. Deshmukh: As I pointed out, we have the three agreements and the companies have started private

limited companies here in order to implement or start implementing their part of the bargain. Therefore, the undoubtedly weighty observations which have fallen from the hon. Member who has just finished speaking could only be regarded as entering a caveat in regard to any future negotiations and so on, and I have no doubt that the Ministers concerned will take them into consideration.

So far as this Bill is concerned, as I have said, we are concerned with a very limited issue. He has more or less supported the observations made by the hon. Dr. S. P. Mookerjee in regard to training. I better read out now the provision in the agreement in regard to training. This is with one of the companies:

“It will ensure that the Indian company will arrange for the training of an adequate number of Indian personnel in refining operations, for employment in the refineries, and subject to the right of the Management to select personnel, will employ Indians in all capacities whenever qualified Indian personnel shall be available”.

I do not think that this could be constructed as facilitating their employing Indians only in a clerical capacity, and we shall take care to see that Indians—qualified Indians—are employed at all levels including the technical level.

That leads me on to the other point, and that is the contrast in the situation here and in other countries of the Middle East. So far we have not yet discovered any crude oil. There is some, partly in Assam, which is a very small percentage, and therefore, the case is not comparable with the Middle East.

Shri S. S. More: Did Government make any efforts to find out crude oil?

Shri C. D. Deshmukh: Efforts are being made. The dispute was about the method by which we discover them. It is not denied that efforts were made. What we were asked to do was to make efforts in some other way. The fact is established that efforts are being made, and as I said in my previous speech, the companies will be bound to use our crude oil when we find it. Therefore, I see nothing wrong in our learning the art of refining against the time when we should find the crude oil. The case, as I said, in some of the Middle East countries is different. There it is known that they have the oil, and the question was how it was to be refined, whether it was to be refined by a foreign

company or whether it was to be refined by a nationalist and so on. It seems to me that by these agreements we have a chance of learning the art in advance of finding deposits of crude oil. For the moment I think the oil that would be refined will suffice for our present purposes, but experience has shown that our oil consumption is going up by about five or ten per cent. every year, so that as new sources become available, then we shall be able to find out new means of exploiting them. That applies even to synthetic oil from coal. At the moment I am advised that the oil produced by synthesising coal is not as economic as oil that you get by refining crude oil. But it may be that that situation may not remain permanent. There may be inventions which would reduce the cost of producing synthetic oil, and there is nothing to stop us from establishing plants in order to exploit that particular source.

Dr. S. P. Mookerjee: The hon. Minister referred to synthetic oil. A full scheme and a project report were prepared for manufacture of synthetic oil from low-grade coal which was available in abundance in India. Has anything been done about it, or has the idea been dropped for the time being?

Shri C. D. Deshmukh: It came up several times before the Planning Commission, and it was finally discovered that it would cost us more to get the oil by synthesising coal than by other means. At one time—I do not know whether it was before the hon. Member left us—there was a question as to whether we should have the refineries or whether we should have a plant for synthesising oil. Then there was the other aspect also, that whereas it is easier to store crude oil, it is not so easy to store coal.

Dr. S. P. Mookerjee: You can have both.

Shri C. D. Deshmukh: What I mean is that there is this advantage in favour of crude oil. Anyway, that other scheme has not been set aside for ever. If the economics of it changed for the better, I have no doubt that we should be able to find out some room for it not in this plan, but perhaps in the next plan.

I am afraid I cannot make very useful observations in regard to the establishment of the Central Geo-physical Laboratory, because I have been taken by surprise. I am not prepared to answer the hon. Member. I can imagine, knowing his expertness, that there must be a great deal of advantage in establishing such a geo-physical laboratory to train our own people so that we should be able to stand pro-

gressively on our own legs. All I can undertake to do is to draw the attention of the Ministry concerned to these observations.

Lastly neither the Finance Minister nor the Government is as static as the hon. Member opposite imagines. Speaking for myself, I cannot see why we should be prepared to face a certain amount of gentlemanly revolution. It all depends on how you define revolution. We are well aware of the fact that we are living in changing times. When the Planning Commission makes a reference to mixed economy, it does not mean a mixed economy in which the proportions of the mixture are fixed. The proportions may keep changing also; in our country which is quite notoriously under-industrialised, there is such a vast field in which the State can take an increasing amount of interest, that I cannot see any conflict of interests between the private and public sectors. It is not as if we are wedded to having recourse to capitalism for every further industrial venture.

With these observations, I commend my motion to the House.

Mr. Deputy-Speaker: The question is:

“That the Bill, as amended, be passed.”

The motion was adopted.

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INDIAN PORTS (AMENDMENT)
BILL

The Minister of Law and Minority Affairs (Shri Biswas): I beg to move:

“That the Bill further to amend the Indian Ports Act, 1908, be taken into consideration.”

This is a very simple measure which seeks to amend two Sections of the Indian Ports Act 1908, section 14 and section 31.

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The first one relates to the question of recovery of actual expenses incurred by the port authorities in salvaging property from a vessel which may be sunk or wrecked or stranded in the port. The present provision is that in such a case, the Port Authorities are empowered to sell the salvaged articles by public auction, and to recover the cost out of the sale proceeds. But there is no provision as to what will happen if the sale proceeds are not sufficient to cover the costs incurred. Power is now being taken in that behalf. The amendment now seeks to provide that in such a case, the outstanding difference will be recoverable from the owner of the vessel, and it is very necessary to do so. No such