

SALT CESS BILL

The Minister of Production (Shri K. C. Reddy): I beg to move:

"That the Bill to provide for the levy and collection of a cess on salt for the purpose of raising funds to meet the expenses incurred on the salt organisation maintained by Government and on the measures taken by Government in connection with the manufacture, supply and distribution of salt, be taken into consideration."

Sir, the Bill is rather a simple one. At the outset I wish to clarify that the Bill does not seek to impose a new or fresh cess, much less a cess at a higher rate than what is already in force. The Bill only seeks to provide for collection of a cess as precisely the same rate as has been collected for several years now from the time of the abolition of the salt duty in 1947. The levy of a charge on the salt manufactured in private and in Central Government salt factories at the rates now in force was decided upon in 1947, and a notification under rule 37 of the Central Excises and Salt Act was promulgated simultaneously with the abolition of the salt duty.

The abolition of the salt duty, a step of historic significance, is fresh in the minds of all of us. I need not recall to the minds of hon. Members the very great importance that was very rightly attached, if I may say so, during our freedom struggle, on the issue of the abolition of the salt duty.

Mr. Speaker: Order, order. Let there be no talk.

Shri K. C. Reddy: The move for such abolition entered an important and a dramatic phase in 1930 when Mahatma Gandhi launched the satyagraha movement and embarked on the Dandi march. The non-violent struggle ended successfully with the signing of the Gandhi-Irwin Pact which permitted certain relaxations on the collection and manufacture of salt by local residents in villages immediately adjoining areas where salt could be made. It was, however, only

after our national leaders had assumed office in 1946 that it was possible finally to abolish the salt duty on 1st April 1947, on the eve of Independence. It was decided then that salt would not be used, as it was until then, as a major source of revenue. At the time the step to abolish the salt duty was taken, Government considered the matter fully and decided that it was necessary to have an organisation which should not merely regulate the production of salt in India but also one which should concentrate on improving the quality, increasing the production and, in short, developing the salt industry in a comprehensive and planned way.

The then Finance Minister, the late Mr. Liaquat Ali Khan, during the budget session in 1947 when introducing the budget stated, *inter alia*, that—

"Until now Government's interest in the salt industry has been largely confined to the raising of revenue; hereafter it is intended that its interest should be entirely positive and constructive and should be directed towards developing India's salt resources to their full potential, improving the quality of salt and making sufficient grades to provide for all classes to consumers, encouraging increased consumption by individuals and by cattle, providing adequate supplies for industrial uses, keeping prices at a minimum and ultimately making India fully self-supporting in this important commodity."

As a means to implement this policy, a notification was issued in 1947 providing for the levy of a cess under the Central Excises and Salt Act, 1944. The present Bill is intended to regulate the collection of this cess at the same rates as at present under the authority of a statute. There has been some doubt expressed in recent times about the propriety of Government levying this cess on the basis of the Central Excises and Salt Act and the rules thereunder and opinion has been

given that it would be better to put the levy on a statutory basis. This is one of the reasons for the present Bill.

The second, and what I consider the more important object, is to lay down in the Act itself the purposes for which the sums so collected should be utilised. The House is well aware that we have similar cesses on the production of some other commodities which are collected, and after meeting the administrative expenses, the proceeds expended on the promotion of those particular industries. I may mention, for example, the cess on tea, coffee, rubber, for the development of these respective industries and the marketing of such products. We have also the example of the cess on coal levied in the interests of (i) coal mine labour welfare and (ii) conservation and safety in coal mines. Quite recently an Act has been passed that a cess shall be levied on mill cloth with the object of assisting and encouraging khadi and other cottage industries. The present measure, as I have explained, is a simple one. The cess is to be levied for and spent in the regulation and development of the salt industry, in a scientific and planned manner.

I would like to refer, at this stage, to the Salt Advisory Committee, which is consulted by the Government of India on problems relating to the Salt industry. The Committee includes representatives of the Central Government and the Governments of the various States which are the principal producers of salt, representatives of the salt manufacturers and traders and a representative of the labour engaged in the salt industry. The Committee has expressed itself in favour of the continuance of the cess and of the proceeds being spent on the development of the salt industry. The Salt Advisory Committee further advised in 1950-51 that the then existing exemption from the cess of the salt exported by sea to Calcutta should also be withdrawn. After their advice was acted upon by the Government with effect from February, 1952, all salt produced by the licensed manu-

facturers of salt in India has been subjected to the levy of the cess.

[MR. DEPUTY-SPEAKER in the Chair]

The recommendations of the Planning Commission, who have considered this salt industry in their programme of development during 1951-56 are of interest in this connection. The recommendations of the Planning Commission include the following: (i) The Salt Expert Committee's recommendations should be implemented as early as possible, including the adoption of more scientific methods of production by supplying technical advice to the Salt works, and by setting up model factories in the country, etc.; and (ii) the balance of income from the salt cess left over after meeting all administrative expenses should be utilised for the development of the salt industry.

I have referred to the Government policy decision taken in 1947 to play a positive and constructive role in respect of the development of the salt industry, particularly in the matter of improving the quality and increasing the production. During the last few years, some steps have been taken already to implement this policy. Licences were granted liberally. New salt works have been encouraged by affording all possible help to them in procuring, coal, cement, steel and other materials needed, with the result that production has been increasing very appreciably. The following figures will show the increase in the production during the last few years. In 1948-49, the production was 638 lakh maunds. In 1949-50, there was a slight fall to 579 lakh maunds. In 1950-51, it shot up to 718 lakh maunds. In 1951-52, the production was 750 lakh maunds and in 1952-53, it was 785 lakh maunds. The production in the current year is expected to reach the order of about 830 lakh maunds. The country attained self-sufficiency, for the first time during the last 100 years, last year itself. Not only has the country become self-sufficient, it has begun to export salt to foreign countries. The exports to Japan, for example, during

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the current year 1952-53 have come to about 70 lakh maunds. Many items of work which had been neglected have been attended to at the various salt producing centres, namely, purchase of generating sets, construction of condensers and kyars, replacement of track, raising of kyars, embankments and reservoirs, cleaning of pans, common channels sluices, etc. Besides, efforts have been made to improve the quality of salt, a matter regarding which there was no control before 1950. The Indian Standards Institution has laid down a 96 per cent. sodium chloride content for salt. The standard of purity, that is the sodium chloride content for salt, prescribed and insisted upon before it is released for human consumption was fixed at 92 per cent. in 1951 and raised to 93 per cent. in 1952. We had fixed for this year 93.5 per cent. and the standard for 1954 has been raised to 94 per cent. The 96 per cent. standard is expected to be reached in about 2 or 3 years time. We have established 5 test laboratories and one model salt works and arrangements are in hand to open a salt research station at Bhavnagar. The distribution system has been organised and the shortages and scarcities that occurred in different areas have been largely eliminated. In the case of special categories of salt like the rock salt and Sambhar salt, which are in short supply, but for which there is great demand by some sections of the public, in certain States there are certain difficulties which it has been planned now to overcome in due course.

Though appreciable progress has been made, much however remains to be done in regard to quality control, the general development of the salt industry, opening of more research stations and model farms, reorganisation and re-alignment of small units on scientific lines, establishment of more test laboratories, isolation and utilisation of by-products, etc. It is essential to up-grade the quality to 96 per cent. sodium chloride content soon. With the cess realisations at

our disposal, it will be possible to accelerate our development programmes, to encourage exports, to have more model farms, more research stations, etc., for demonstration purposes. Such research stations are needed also to utilise the by-products that otherwise go to waste. The Salt Expert Committee has recommended a long list of works to be attended to in this matter. For example, items like construction of percolation canals, cleaning of reservoirs and dams, laying of track, construction of stores, extension of water supply services, setting up of model farms, test laboratories, private roads, channels, bridges, common platforms, etc., to some of which reference has already been made by me earlier. Such measures which are in accordance with the Expert Committee's recommendations, and endorsed by the Planning Commission, have to be either undertaken afresh in some cases or intensified in other cases.

The House would, no doubt, be interested to learn exactly what the incidence of the present cess is on the selling price of salt. If I may say so, the theoretical incidence is 6 pie, that is to say 1/20th of an anna on salt manufactured in private factories and 1 pie per seer in the case of salt produced in Government factories. I say theoretical incidence from the consumers angle because this sum is so small, only a fraction of a pie, that, if it is abolished, it cannot obviously be passed on to the benefit of the consumer. Practically, we may say that the incidence is nil. If the cess was abolished today, the consumer will not stand to gain at all. The abolition would only benefit the large-scale manufacturer or the middlemen. This argument applies with even greater force to any proposal to alter or reduce the cess downwards. Such an action will, on the one hand, afford no benefit to the consumer and will, on the other hand, reduce the sum available to the Government and thereby hamper the collection of cess and development of the industry.

By contrast, the incidence of the old salt duty was Rs. 1/9/0 per maund, that is to say, about 7½ pies per seer. Now and then there are expressions of surprise, if not actual complaint, that even after the abolition of the salt duty salt is not cheaper today than what it was when duty was being levied.

3 P.M.

It is firstly necessary to remember that although the salt duty contributed substantially to the annual revenues of the Exchequer, to the tune of about Rs. 9 crores in undivided India, and from the angle of incidence—per maund it was Rs. 1-9-0—it was fairly noticeable, it was not even then very much, when one considered the incidence on the price per seer. It was only 7½ pies per seer. The other point to remember is that since 1947, wages of labour and cost of production generally, cost of gunny bags and other packing material and railway freight to some extent, have all gone up and these have reduced the benefit that would have otherwise accrued to the consumer because of the abolition of the salt duty. Expressed in a different way, the abolition of the salt duty has had its effect and but for it, the retail price of salt would be today higher than it was in 1946 or 1947, instead of being actually lower.

It is proposed that the amount of the total cess minus the collection charges will be transferred each year, with the approval of Parliament, to a suitable deposit head under the "Salt Production and Development Fund", to be opened in the Government account for the purpose. All expenditure on development work, including the running of Research Laboratories, operation of model stations and the expenditure on salt administration will, as heretofore, be charged to the appropriate major head, but then the entire amount will be reimbursed and the expenditure of the fund will thus be under Parliamentary control.

I have already generally touched on Clauses 3 and 4 of the Bill. With reference to Clause 5, the validation

Clause, I may explain that in order to remove all doubts, it is being provided in the Bill that the charge that was being levied in accordance with the 1947 Notification under the Central Excises and Salt Act, shall be deemed to have been levied under this Act, as if this Act was in force on the day on which the charge was so imposed, and during the period it has been levied. Such retrospective or validating measure is not uncommon or unusual. For example, in the Cotton Textiles Cess Act, 1948, the provision for giving the Act retrospective operation was adopted for the purpose of validating the levy of the cess from the 31st December, 1947 to the 1st March, 1948, when that Act came to be passed. An interesting case of validation of a cess that was being collected for many years is Act XXXI of 1927, Section 3 of which says that where any sum has been paid as cess under Section 116 of the Assam Labour and Emigration Act, 1901, before the commencement of Act XXXI of 1927, notwithstanding that it was not so payable and such sum would have been payable if the 1927 Act had been in force at the time of payment, such sum shall be deemed to have been legally due as cess. Quite recently, Section 31 of the Indian Income-tax (Amendment) Act, 1953, similarly validated certain assessments which might have been held to be invalid if the relevant decision of a certain High Court were allowed to have full operation.

Under Clause 6 of the Bill, provision is made for the making of rules for carrying out the purposes of this Act. Under these rule-making powers, provision will be made for the collection and expenditure of the cess, for giving exemption to specified categories, to draw up detailed development programmes etc. It will thus be possible to continue to exempt the salt manufactured by unlicensed manufacturers within specified limits. The question of the desirability of exempting the salt utilised in the manufacture of any other product of industry is engaging the Government's consideration, and the case of such industries too

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will be dealt with under the rules that will be framed.

I do not wish, Sir, any longer to take up the time of the House. I have tried to explain the salient aspects of the Bill, and I hope the measure will wholly commend itself to the House.

Sir, I beg to move.

Mr. Deputy-Speaker: Motion moved:

"That the Bill to provide for the levy and collection of a cess on salt for the purpose of raising funds to meet the expenses incurred on the salt organisation maintained by Government and on the measures taken by Government in connection with the manufacture, supply and distribution of salt be taken into consideration."

Shri A. M. Thomas (Ernakulam): Mr. Deputy-Speaker, Sir, I support the Bill. We are grateful to the hon. Minister for giving a historical retrospect of the salt question as well as for giving a clear idea of the present position of the industry. The Bill is very simple. By way of abundant caution, what is being done now is sought to be validated by a statutory enactment. As has been mentioned by the hon. Minister, no additional burden is sought to be imposed, to increase the present incidence of indirect taxation borne by the public at large.

However, whenever a discussion follows on any measure on salt in any form, a lot of sentimental consideration is apt to influence us all. It is an article of food, it is an article of daily use in all our homes, from the richest to the poorest. The hon. Minister did well to remind us about the significance attached to the salt industry in our freedom struggle. I wish to refer to what Gandhiji wrote to Lord Irwin in March, 1930. I quote:

"I regard this tax to be the most inequitable of all from the poor man's standpoint. As the independence movement is essentially for the poorest in the land, the

beginning will be made with this evil."

In 1945-46 the Government exchequer got Rs. 962 lakhs out of the collection of salt duty. In 1946-47 it was Rs. 846 lakhs. Taking into consideration the revenues of undivided India, evidently it formed a very substantial portion of our revenues. As has been mentioned by the hon. Minister, it was 7½ pies per seer before 1947, and it is only 0.6 pie per seer now, according to the cess which is now levied. On the basis of 0.6 pie per seer, our revenue amounted to Rs. 95 lakhs in 1952-53. It is, therefore, only a matter of calculation now, that a much greater amount than what we got in undivided India would have been secured by the Exchequer if we had adopted the old salt duty of Rs. 1-9-0 per maund.

Shri K. C. Reddy: About Rupees Fifteen Crores.

Shri A. M. Thomas: Suggestions have been made for increased receipt on the revenue side by resorting again to the salt duty which was levied before 1947. The House will remember that during last year, in the course of the Budget discussion, the late Dr. Syama Prasad Mookerjee even put forward a suggestion that we should put aside sentimental considerations and again revive the salt duty levied before 1947. I mention that fact not to advocate that suggestion, but to put forward the great difference in the incidence of taxation, if resorted to as a taxation measure. I am therefore surprised to find certain Amendments which have been tabled by the Opposition. I am referring to the Amendment of hon. Member Mr. Nanadas seeking a further reduction in the levy of duty that is sought to be introduced by the Bill, or the rate which is now being collected. The cess has been levied not from the standpoint of revenue at all. It is very clear from the Bill, and also from the speech of the hon. Minister. It cannot at all be considered as a revenue measure.

The question may be asked why not we abolish this salt cess altogether. The hon. Minister has given the answer. To cover the cost of the organisation and for the proper development of the industry, this small duty is quite essential. You will find from the Administration Report that has been published by the Production Ministry that a sum amounting to Rs. 38 lakhs has been spent in 1952-53 for keeping up the organisation itself. The expenditure had bordered on Rs. 38 lakhs in 1951-52 also. The previous year it was Rs. 37 lakhs. And it was thus ranging from Rs. 36 to Rs. 38 lakhs. I was pointing out that though this is a very attractive source of revenue for the Finance Minister, it has not at all been tapped. It is better also to remember that even the small cess that is realisable from the entire quantity of salt produced in the country is not being realised now, on account of several considerations. From April 1948, small scale manufacturers are allowed to manufacture salt freely without any licence or restrictions regarding storage, transport or sale over an area of up to 10 acres. The production of salt by such unlicensed manufacturers has been increasing by leaps and bounds. It is estimated that from 3 lakhs of maunds in 1949, it increased to 13 lakhs in 1950, 25 lakhs of maunds in 1951, 40 lakhs in 1952, and it will certainly be more than 50 lakhs of maunds in 1953. Even the Planning Commission has made a suggestion that this cess may be levied on the entire quantity of salt produced in the country, whether it be produced by licensed or unlicensed manufacturers.

I have got here a telegram which has perhaps been sent to the hon. Minister of Production, from the Tuticorin Salt Association, wherein that Association urges:

"Adequate provision in the Bill for levying cess on all salt produced, without discriminating between private licensed factories and unlicensed ten-acre factories".

I have read this telegram just to point out to the House the view put for-

ward to the effect that even in cases where the production is made on a ten-acre or below a ten-acre basis, the salt produced may be subject to the same cess as is levied on licensed salt.

Before proceeding further, I would like to refer to one observation which is found in the Administration Report of the Ministry, for the year 1952-53. On page 29 of that Report, it has been stated:

"The quality of this production, however, leaves much to be desired. But owing to inadequacy of staff, it is not practicable to exercise any check on it, though under the above Press Note, the only restriction that has been placed is that the salt produced by such unlicensed manufacturers should be of standard quality."

It is a confession of the fact that Government have not been able properly to safeguard the quality of the salt that is manufactured. I regret to state that this is not a happy state of affairs. It is a well-known fact that improvement in the quality of salt will have an intimate bearing on human health. I read a new item in yesterday's papers to the effect that Government have fixed a minimum standard for salt for human consumption. It reads as follows:

"Standard of Salt for Human Consumption"

The Government of India has fixed the minimum standard for salt for human consumption in 1953 at 94 per cent. sodium chloride content. In practice, however, the percentage enforced was 93.5, as fractions of 0.5 and above, over 93.5 were treated as equivalent to one, and the total as 94. It was intended that the percentage to be enforced for 1954 should be 95. Complaints about the hardships caused to the manufacturers, as a result of the standard fixed, have, however, been received, and

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It has been urged by some of them that a lower standard should be prescribed. After a very careful consideration of the representations that have been made by the salt manufacturers and their associations, the Government of India have decided to maintain the minimum standard for salt for human consumption in 1954 at 94 per cent. sodium chloride content, without any allowance for fractions between 93.5 and 94 per cent."

It is gratifying to note that Government are not satisfied with that position, for the Press Note adds:

"The rise over the standard fixed for 1953 thus is 0.5 per cent. only, and there is no reason why the salt manufacturers should not be able to attain the requisite standard without any hardship. The Government's aim, it may be reiterated, still remains the attainment of the standard of 96 per cent. sodium chloride content for salt for human consumption at the earliest, and this temporary relaxation allowed as a special case, does not affect that objective. The manufacturers would therefore be well advised to make necessary arrangements for improving their production, with a view to attaining this standard in the near future."

I simply referred to this press note on account of the fact that the quality that we maintain is far from satisfactory. Especially since we have reached a position when we are able to export salt to foreign countries it is all the more necessary that we should devote greater attention to quality control, both in respect of the salt meant for internal consumption as well as that meant for export. From the figures relating to salt production, it will be seen that the unlicensed quantity of salt manufactured in the country is not an insignificant one.

I heard with great pleasure the observations made by the hon. Minis-

ter in regard to the future programme of work. He stated that it is intended to open certain research farms, and he referred to the intention to open a research farm in a particular place. There was an idea to open a research station in Travancore-Cochin which is also one of the States that produces salt for the country's consumption as well as for export. I would like to know what exactly is the state of affairs in regard to this contemplated research farm in Travancore-Cochin.

In this connection, it is good to recall the measures that Government have in view. These are laid down in clause 4 of the Bill, and are as follows:

(i) the establishment and maintenance of research stations and model salt farms;

(ii) the establishment, maintenance and expansion of salt factories;

(iii) fixing the grades of salt;

(iv) promoting and encouraging co-operative effort among manufacturers of salt; and

(v) promoting the welfare of labour employed in the salt industry."

In the course of his speech, the hon. Minister was pleased to refer to the levy of such cess under the Rubber Act, the Tea Act, the Coffee Act, the Central Arecanut Committee Act, and the Central Coconut Committee and similar enactments. Since the hon. Minister referred to these, I would like to know why a similar Bill could not have been brought to constitute a salt board or committee, on the lines of the various commodity committees that the Central Government have at present. If that could be done, the organisation and management of the salt industry could be more efficient, since a body constituted under a statutory enactment will be more flexible, more autonomous, and will be in a position to deal with the problems of the industry in a freer manner than is possible in the case of an advisory

committee, which the Government have at present. Having regard to the food value of salt, and the importance of the salt industry, I would suggest, though it may not be possible to rectify at this stage, that the object should be to constitute a central salt committee or board on the lines of the various commodity committees which we have at present.

I do not want to take any more time of the House. We have to congratulate ourselves on the remarkable achievement that we have had in the case of the salt industry in the post independence period, and I take this opportunity also for congratulating Government on the progress that has been made in this respect.

Shri Ramachandra Reddi (Nellore): Mr. Deputy-Speaker, Sir, I welcome this Bill, for I feel that it has been long overdue. Though the cess has been levied and collected in some other form under the Central Excise Act, it is now being regularised in this Bill, and this has given an opportunity for the House to focus its attention on salt manufacture, and the development of the salt industry.

The Salt Expert Committee report was published three years back in 1950, and yet the Government have not come forward with their remarks on the recommendations made in the report. Just now we heard from the Minister a running commentary on the observations of the report, but we would have certainly liked a clearer and more detailed review of the Government on that report.

Shri K. C. Reddy: On a different occasion.

Dr. Lanka Sundaram (Visakhapatnam): From your own side, not from our side.

Shri Ramachandra Reddi: Because it has recommended so many things which require the greatest scrutiny both by the House and certainly by the Government. I take it that the Government would give us an assurance of giving an opportunity to

the House on a later occasion to examine it and discuss it.

We have known, and we have also learnt from the hon. Minister, that there has been a steady increase in the output of salt manufactured in India; but if an efficient administration had been allowed to grow, perhaps there would have been a more rapid advance in the output of salt in India. As it is, the old methods are being followed and we cannot see to what extent the more efficient methods have been introduced. I am sure the experience and the good reputation and perspective of our Minister in charge of Production will be able to solve these questions much more quickly than hitherto. I refer to the question of inefficiency in certain branches of this department and the existence of a state of corruption in most cases, especially in the lower rungs of the administrative machinery. It has been the experience of manufacturers in certain cases that they are subjected to certain indignities, a certain amount of coercion, and perhaps the cure was there always whenever they were able to find some need of appeasing the appetite of the lower officials. I would only wish that the officers at the Centre should see through these things much more clearly and quickly and I would ask them to see through their own eyes, to hear through their own ears and use their own wisdom in coming to certain conclusions regarding the administration. And I hope the efficient administration and reputation of the hon. Minister would stand in good stead to improve the situation in this respect.

The question of having a minimum sodium chloride content in manufactured salt has, of late, been the headache of the department. It is probably due to the fact that the Government have not had enough control over the production process and as such, the manufacturer is put to great disadvantage and the Government are not able to understand where the trouble arises. The present process of testing the sodium chloride content in salt is very peculiar. They

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take a handful from each heap, mix them together and then reduce them to a few handfuls and put it in a bottle and send it for test in a laboratory somewhere. There they find that the sodium chloride content is lower than a particular percentage. That shows that the products, good, bad and indifferent, are combined together, and they test the combined product with the result that the actual content in each heap is not found out. Therefore, it works a great hardship on the manufacturers in most of the coastal districts. I would only suggest that a testing laboratory should be located at each factory so that each heap might be taken into consideration, the contents tested and the results found more correctly than today. The Government naturally would feel that they have to spend a lot of money over these laboratories. My simple suggestion is that each factory might be asked to set up their own laboratory by a small contribution from themselves. In the beginning the Government might advance the capital, set up the laboratory and work it and in due course of time the required money for that purpose might be collected from the manufacturers. It seems to be the only way in which the manufacturers' satisfaction can be effected; otherwise, the present method of checking the sodium chloride content does not seem to be very efficient; on the other hand, it has become a source of constant headache to the Government.

I am glad, Sir, that the principle of taxing salt has been finally approved by the Government. On earlier occasions, I had pointed out the need for taxing salt because it would augment our revenues and it would go a great way to reduce our deficit.

Shri K. C. Reddy: May I just intervene on a point, Sir? There is no departure in policy so far as this measure is concerned. It is not as if the Government are accepting now for the first time a new principle and launching on a policy of taxation on salt. I submit that would create a

wrong impression. The salt duty was abolished and it has been the policy of Government not to revive it. When that duty was abolished, a cess however was levied simultaneously—a sort of service cess, if I may say so—and that is being done under the authority of a rule under a certain Act. What we propose to do now is to put it on a statutory basis.

Shri Ramachandra Reddi: I know and I quite realise it. But I say that the difference is between Tweedledum and Tweedledee. Anyhow salt is taxed now and we cannot go back or get away from the fact that the salt tax has to be paid in some other form. No doubt, the political delicacies are there. I appreciate them. But we have now come to a position when political delicacies have to be given up, and face facts. Economically it is not unsound to tax salt and get as much revenue as possible, because the manufacturer is not going to be adversely affected by it and the consumer also is not going to be badly affected. If there are any political sentiments, I am not going to say anything against that.

But, one baneful effect that the Gandhi-Irwin Pact has brought upon the manufacture and production of salt is that a number of unlicensed manufacturers have come into the picture and they are producing very large quantities of salt. Nobody knows whether they contain the required sodium chloride or not and nobody has got a check upon them and no one has tested the salt so produced. At the same time, it is entering the human stomachs with all the deficiency of sodium chloride content in it and Government has not come to check it so far.

Shri C. R. Narasimhan (Krishnagiri): It may contain even more percentage.

Shri Ramachandra Reddi: Probably that is a statement not supported by laboratory tests.

I want to invite your attention to the definition clause, where a "private salt factory" is defined. The definition is not complete or comprehensive. We do not know whether this private salt factory covers the cases of those unlicensed producers who are flourishing every day. This unlicensed salt has not been taxed all along and they stand at a great advantage compared with the licensed salt with the result that a rivalry is going on between the two kinds of manufacturers. But, anyhow, the encouragement given, directly or indirectly, to the unlicensed salt manufacturer seems to hit the very principle of control of salt production under good conditions. It also encourages unnecessarily a competition with the manufacturers who are licensed and who are under the control and direction of the Government.

In regard to the application of the proceeds of the cess, I have to point out that in all such legislation the proceeds are put into the Consolidated Fund of India and then spent by appropriation. In several other sectors, the cess that has been collected has been utilised in that manner. Even in regard to certain legislation which provided for amenities to be afforded to the labour, it is a solid fact that such fund has been put into the Consolidated Fund of India. What I would now suggest is that out of this collection, since a provision has been made for the promotion of the welfare of labour employed in the salt industry, all that money you can afford to spend upon labour welfare might be set apart and treated as a separate fund, non-lapsable, so that whenever there is an opportunity or necessity for spending money for the sake of labour, it might be taken from that Fund and spent, without much difficulty. If that Fund is invested in good investments, interest-bearing investments, it will go a great way to augment that Fund and the labour will be more benefited that way.

I have known, Sir, of certain cases where the Fund has not been placed in separate investments and interest earned thereby. I would refer to the

Mica Mines Labour Welfare Cess Fund which was created mainly for the mica mine labour. It has now an accumulation of nearly 80 or 85 lakhs of rupees. If that amount had been placed in interest-yielding securities, it would have fetched an annual income of 3 to 4 lakhs by way of interest. That, unfortunately, has not been done and today Government would say that the Act does not permit it, and, therefore, they have not thought of placing it in a separate Fund. Now, an opportunity has come to me to point out that a similar state of affairs should not be allowed to be repeated in regard to this Fund and, to the extent to which it is going to be allotted for labour welfare, it must be placed separately and not amalgamated with the Consolidated Fund of India.

Sir, one of the items to which this Cess Fund will be applied is for promoting and encouraging co-operative effort among the manufacturers of salt. This requires a special interest on the part of the Government. Now, a large number of small producers are coming into existence and they require financial help from time to time. Further, this is a seasonal industry and, in the off-season, it requires some little help to the manufacturers who would do it on a co-operative basis. I, therefore, suggest that separate sums of money from this Cess should be allotted for these two categories and be made available as non-lapsable funds.

The Salt Experts Committee has not dealt with the question of developing other industries in India, which have salt as their base. It is therefore necessary that the Government should appoint a small Committee of Experts to go also into that question of the better utilisation of the surplus salt of this country. No doubt, Japan would maintain its demand for some time longer, but we have to find out other methods of utilisation of our salt for our own purposes. For instance, the caustic soda industry is one which requires a lot of salt. Our capacity in India today seems to be about 17,000

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tons a year and we are importing about 25,000 tons every year, as noticed from the figures of 1952-53. If factories for the production of caustic soda are also established in India it will go a great way to improve our dollar position and our internal consumption would be met by our own production. I would, therefore, suggest that this industry should be looked into from that production point of view and also the national requirements point of view. There are other by-products that could be developed very easily, namely, ammonium bicarbonate, sodium sulphide and other sodium varieties, mag. sulph., soda bicarb and so on and so forth. This arrangement has to be gone into and I only suggest that the Government might appoint a Committee consisting of one or two experts who will go into this question and report about the feasibility of developing these industries in this country, to the best advantage of the consumers in this country.

At present, Sir, there is what is called the zonal system. This zonal system was evidently established with a view to effect supply to several zones in a proper and equitable manner. But, when we are able to produce more than our own requirements, the existence or continuance of the zonal system does not seem to be necessary. It is therefore, advisable that the question of abolishing the zonal system should be looked into and the question of reservation of stocks will also have to be revised. Today, I think, about one-fourth or one-fifth of the quantity in each factory is being reserved under compulsion, though such reservation does not now seem to be very necessary. This matter requires some consideration and, on re-consideration, the reservation of stocks will have to be done away with or its rigours will have to be modified.

As usual, Sir, in this legislation also, the Central Government makes the rules and they are published in the

official gazette. I would suggest that these rules, though they are published in the official gazette, should be placed on the Table of the House, so that opportunities might be taken by the House to examine the rules and suggest improvement.

Shri K. C. Reddy: Before they are finalised or after they are finalised?

Shri Ramachandra Reddi: Before they are finalised.

Dr. Lanka Sundaram: Before they are published.

Mr. Deputy-Speaker: They are published in the Gazette.

Dr. Lanka Sundaram: The suggestion being that if they are placed on the Table of the House, an opportunity would occur for the House for a debate.

Mr. Deputy-Speaker: Subsequently they may be modified.

Shri K. C. Reddy: The House will have to sit for more than one year if all the rules were to be published in that way.

Shri Ramachandra Reddi: Today, the manufacturers have to find markets in this country and elsewhere. An efficient marketing organisation might be established and necessary rules framed for the same, so that the marketing organisation might find out the markets for specific qualities and quantities of salt required internally. Every zone or region will have its own taste. I was amazed to hear from the manufacturers that Hyderabad requires black salt. How they ask for black salt is not known, but their tastes have also to be corrected and they might be encouraged to buy crystal salt. If a marketing officer is appointed with a suitable establishment, he can go round the country and find out where the markets are and which markets will consume which qualities of salt produced in particular localities.

I have one more suggestion to make. In the course of our normal legislation, we find always the statement of objects and reasons published. I have known that in England the statement of objects and reasons is not attached to the Bill. I have no complaint against this statement being attached to every Bill in this country, but I would suggest that the statement should be more clear and less misleading. As it is, we have got only a few lines here in this statement, which is likely to mislead that this Bill is a very innocuous Bill and that there is nothing there to be corrected or improved upon. If we cannot completely remove the statement of objects and reasons, I would suggest that at least the words "and reasons" might be removed, because we have got only objects and very few reasons in normal legislation.

In the end, Sir, I would ask the Minister why a differential treatment is given to "private manufacturers" as against "public manufacturers" and why the private manufacturers should be levied a lesser cess than the other manufacturers is not known. Is it a prize or present given to them for not manufacturing salt efficiently and up to the standard or is it a concession given to them for other than economic reasons? I would request the hon. Minister to clarify that point also before this particular matter is put to vote.

Dr. Lanka Sundaram: Mr. Deputy-Speaker, I come from a maritime province with a long coastline, with a rich tradition for salt manufacture, with a large number of establishments, big and small, functioning even today, with the result that my interest in this Bill may be taken to be rather intimate and pressing. Sir, I welcome this Bill frankly, because it puts on a statutory basis certain rules and regulations under the relevant section of the Central Excises and Salt Act, 1944. From the Financial Memorandum, you will see that it is expected to collect Rs. 95 lakhs from the cess imposed, of which Rs. 40 lakhs is stated to be

the expenditure on the salt organisation, and the balance of Rs. 55 lakhs is to be devoted towards the promotion and improvement of salt production in this country, not only with a view to making this country self-sufficient but also to have an exportable surplus of some substance.

I have listened with great respect to my hon. friend, Mr. Ramachandra Reddi, who comes from my own part of the country, and in view of certain provisions made in Section 4 and Section 6 of this Bill, I propose, with your permission and with the permission of the House, to disagree with most of what he said, especially with regard to manufacture rather production of salt. Let the House not run away with the impression that there are huge factories all along the coastline to the East and to the West, with lots of machinery and so on and so forth to ensure a greater sodium content, better quality etc. What happens in salt production is only whether it is the big fish or the small fish that produces it. I will presently show you a concrete case, a case which will clinch the issue insofar as Section 4(b)(iv) and section 6(2)(e)(ii) of the Bill are concerned. I have said earlier that Rs. 55 lakhs are sought to be spent towards the improvement of salt production. As I said earlier 'manufacture' is not the word but 'production' is the word. Let us see these two important sections. Section 4(b)(iv) says—

"promoting and encouraging co-operative effort among manufacturers of salt".

Section 4(b)(v) says—

"promoting the welfare of labour employed in the salt industry".

If you compare these with section 6(2)(e)(ii) which says—

"in respect of salt manufactured by any specified categories of small manufacturers;"

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you will appreciate what I say. I can look back with 25 or 30 years of experience, and Mr. Deputy-Speaker, you are no doubt familiar with the coastline of our parts—the coastline extends over a distance of 700 miles, and everywhere the small producer of salt is pushed out of existence, thanks largely to the manner in which the Salt Administration has invited tenders and allotted tenders or rather accepted tenders, with the result that the object declared here in the Bill, to my mind, will not be fulfilled unless and until the Government of India ensures that this co-operative approach of salt manufacture is properly solved.

Here, Sir, I have got a concrete case to show you, but I do not wish to waste the time of the House, which is very much interested in the Motion regarding Preventive Detention Act which is coming next. In my town, Visakhapatnam, there were 280 salt producing families who had been given a copper grant to the temple of Simhachalam in the year 1712, and who were in possession of this particular productive activity in that area for 210 years, until one fine morning the Bengal Nagpur Railway wanted to acquire the area for the construction of the harbour. I quite concede that in public interest acquisition was necessary, but I want this House to remember what exactly happened immediately after. For a period of thirty years, these people who were forcibly obliged to sell their land without compensation, had their occupancy rights and other rights destroyed. They were left out. And, suddenly, two years ago, the Vizagapatam Port Administration did not find any use for this particular salt producing area, involving in all 1,100 acres. And it so happened that one fine morning, tenders were invited and the highest bidder was given the bid. I have got the figures, and other facts here with me. I would like to examine here one or two points made by my friend, the hon. Minister while introducing the Bill. He referred to the question of getting the costs down and the prices

down, and so on and so forth. Here are the comparable figures, and to the best of my knowledge and belief this is the position. In the most important salt pan called Naupada, a *sist* of Rs. 1 to 3 'per acre is charged and here, in Vishakapatnam, two and a half years ago, Rs. 33 an acre were charged. In addition, Sir, I want the hon. Minister to contradict me if I am wrong—I am speaking with the best of motives and with such information as I could acquire in this matter—a sum of Rs. 1,10,000 as *nazrana* was taken from the tenderer who got this salt concession. 450 out of 1,100 acres were rendered surplus to the requirements of the Port Administration, and in between these thirty years,—I have got the personal affidavits of the persons concerned, Mr. Deputy-Speaker—these families were thrown out. I have got their written representation. I have with me here the complete petition, including the copper grant of the Simhachalam deity, under whose patronage they were doing all these things. I am directing my point, Sir, to the reference made by my hon. friend Shri Ramachandra Reddy. Section 4(b)(iv) and (v) will become inoperative and infructuous unless and until this question of the small manufacturer is properly solved. Here I have got three documents, and I wish to read them out to show the manner in which the small man is squeezed out of existence, and the so-called manufacturer of salt comes in on a monopoly basis. I would like to say that south of my city, Vishakapatnam....

Mr. Deputy-Speaker: Are you going into the general policy of the matter?

Dr. Lanka Sundaram: I am explaining, because to my mind, sections 4(b)(iv) and 6(2)(e)(ii) refer to the "promoting and encouraging co-operative effort among manufacturers of salt;" and "in respect of salt manufactured by any specified categories of small manufacturers". I am not taking the time of the House, because I shall be very brief on this issue. This is a very important point and I should

like to know what meaning they are going to give to these sections when implementing this Bill.

Mr. Deputy-Speaker: As I understand, the question of policy as to whether any taxes are to be imposed or not, is one that has been settled during the budget session. It is not the occasion now to refer to it. As to the other point—licensees, etc.,—under the Gandhi-Irwin Pact, they shall be allowed to carry on manufacture of salt. That is an accepted policy which ought not to be disturbed now. Therefore, the scope of this Bill is whether there is any necessity or no necessity for imposing the cess, and whether there is any differentiation, and how the cess is to be collected, and what is the purpose, etc. Therefore, though Mr. Ramachandra Reddi might have gone into the whole matter saying that one is trying to do away with the other, and so on, his point need not be replied to.

Dr. Lanka Sundaram: I will be very brief. Here is the letter addressed to me by the Port Administrative Officer, Vizagapatam, dated 14th February, 1952, and it says:

"From the technical point of view of salt manufacture, it is not now possible nor economical, to have numerous licensees as common canals and ponds and bunds, platforms, etc., are non-existent."

The burden of my point is, even under the Gandhi-Irwin Pact, when the small producer was sought to be encouraged,—here is the letter, Mr. Deputy-Speaker, where monopolies are sought to be created, as I have said earlier, whereby a particular tenderer who was favoured with this contract got the contract by paying the *nazrana*. This tenderer is known to me. He has got a salt factory at a place nine miles south of the city. Now that the land has become surplus, the poor people must be given back the land on occupancy and other rights. I would ask my hon. friend to contradict me if I am wrong. Up till now, salt was not manufactured within these two years by this tenderer

who got this contract after paying a *nazrana* of Rs. 1,10,000, and who simply had succeeded in shutting out the hereditary people who were living there for thirty years. I feel it is a very important point, Sir, that these two provisions of this Bill must be carried out. Otherwise, it stands as a dead letter, and it is no consequence to this country. Here is the Government of India's letter—Ministry of Railways (Railway Board), dated 9th August, 1952: from Mr. Vasist:

"The lease under reference was acquired by the Vizagapatam Port authorities for the development of the harbour. At the instance of the then Ministry of Industries and Supply, it was agreed to lease out the western portion of the land, measuring 330 acres, for salt manufacture for a period of ten years, in the first instance, as this portion was not likely to be required for any port development scheme during this period."

I request you to notice this fact: this monopoly is granted for a period of ten years, even though, under the terms, the tenderer's rights can be extinguished within one year.

I think I have riveted the attention of the House sufficiently to this point. Every acre goes to the development of monopoly, to the development of what you call cornering of the productive possibilities of all available land in the local area, with the result that the small man and the cooperative unit are completely squeezed out of existence. Finally, I want the House to remember this particular case, the very sad case—a very longstanding case of 30 years, which clearly indicates the point that these people have come forward to, and begged to form a cooperative unit to run the salt pans in which they were engaged for 210 years. As I said earlier, they are prevented from doing so. I would request the hon. Minister—of course he was not responsible for what happened then, because he took over later and the occurrences that I have referred to happened earlier—to

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investigate this matter and do justice. I am sure he will not grudge with me on this point. This Bill will be inoperative; small manufacturers will not be there; cooperative units will not come into existence; and these 55 lakhs of rupees, which the Government are going to draw as a surplus after the expenditure on the services are met, will be, what you call, "spent for the benefit of," shall we say, the bigger fry.

Shri K. K. Basu (Diamond Harbour): Mr. Deputy-Speaker, Sir, the cess levied on salt hitherto has been under the provisions of the Central Excises and Salt Act, 1944. Without going into the details of the levy and the other problems connected with it, I should like to restrict my observations within the scope of this Bill.

Sir, in this Bill, it is said in the Financial Memorandum, that a sum of Rs. 95 lakhs is proposed to be collected under the existing rates of cess and it is sought to be given statutory authority. Out of this sum, only Rs. 40 lakhs are necessary for the administrative purposes. Sir, I would like to know from the hon. Minister that so long as this sum is spent on administrative purposes, what has been done with the rest—Rs. 55 lakhs. As far as I can remember, the hon. Minister said the other day that we are in a position, either immediately or in the near future, to export salt and he has also said this morning that we have been able to establish a research institute at Bhavnagar. In the Statement of Objects and Reasons, the Minister has said that this Bill is necessary because we must have statutory authority to spend the surplus money that we might have after defraying the expenditure for maintaining the administration. Sir, I would like to emphasize that unless the Government is sure of its policy as to the manner in which this Rs. 55 lakhs that may be surplus after defraying expenditure on administration, is spent, there is no point in putting that in the statute. In his introductory speech, the hon. Minister referred to the Coalmines Welfare Board

and similar bodies. We know, Sir, the other day the Minister of Labour replied to one of the questions, that in some areas only Rs. 14 lakhs has been set apart for the development of the miners in the coal area and that nothing has yet been done with the money and accumulation apart from a scheme to have a welfare centre for one of the schools. Therefore, unless the Government is seriously thinking over the development of labour or the promotion of co-operative spirit among the small manufacturers, there is no point in having this provision in the Bill. Therefore the emphasis that I lay today is on the fact that Government must have a clear idea as to the manner in which the money should be spent so that in the next budget session, there will be no more occasion when, by setting apart some money, there will be nothing known about its proper expenditure.

4 P.M.

Then, Sir, I come to the question of labour welfare. I suggest a good portion of this money should be spent on the welfare of labour. The other day one of my hon. friends was telling me that in a large area in Travancore-Cochin State there was some disturbance and the labourers had to suffer; Government did not come forward with any kind of help, either financial or otherwise. Therefore, I urge upon the Government that if they are serious about working the provisions of Clause 4 of this Bill, they must immediately lay down their policy and have a regular plan of their own.

Sir, the hon. Minister himself has admitted that in spite of the abolition of the salt duty the price of salt has not gone down. He tried to make that this is due to other factors like increase in labour costs, and not due to the activities of monopolists who pay high rents for the lease of salt producing areas. Sir, as is very well known, salt has a sentimental value for us, because our national movement was based on

it. Salt is one of the most important human necessities, and high hopes were raised that as soon as a national Government came into power, its price would be reduced. Of course some money has to be paid to meet the cost of manufacture, or the improvement of the condition of the people working in it.

My hon. friend Dr. Lanka Sundaram has pointed out the activities of monopolists who earn fabulous rents. This tendency must be checked; otherwise there is no chance of survival of the small producers. The hon. Minister pointed out that it would be one of their endeavours to encourage co-operate effort on the part of small producers. In a number of areas spread throughout the country there are a large number of these small scale manufacturers of salt. But they are not able to stand competition from monopolists and unless some concerted action is taken they will be wiped out.

There has been a spate of criticism by the producers about the administration in the matter of granting licences and grading of salt. I have certain representations made to us in this respect. It may not be true all over the country. But it is a fact that the administration of this branch has not been very efficient. It is a matter of common knowledge that our process of manufacture of salt is neither modernised, nor up-to-date. Therefore the quality of salt that is manufactured varies from year to year, or season to season and from area to area. Now that a statutory body is going to be set up, it should take early steps to lay down a uniform policy in the matter of granting licences and also grading salt.

Before I conclude I have to emphasise one point. A good portion of the money that is going to be collected should be devoted to improve the quality of the salt that is manufactured. The hon. Minister said that we have now reached a stage when we are in a position to export salt. But we cannot have a good foreign market unless the quality of our salt is improved.

Salt is not only an important ingredient of human diet, but also one of the basic raw materials of many of our chemical industries. So, any amount spent for the improvement of this basic raw material will be a step in the direction of industrialisation of our country.

In the matter of labour welfare Government should have a positive scheme in view. They should not allow, as they have done in the case of the Coal Mines Board and the Mica Board, the money collected to lie idle.

Shri Kasliwal (Kotah-Jhalawar): Mr. Deputy Speaker, Sir, I am impelled to speak on this measure, because just as my learned friend Dr. Lanka Sundaram said that he came from a maritime State, I come from a State which has the biggest salt works in our land, that is the Sambhar works, in Rajasthan. Some mention has been made here of a Committee which was appointed in 1948, which came to be known as the Salt Experts Committee. That Committee was appointed with comprehensive terms of reference and they submitted an exhaustive report in 1950. They have made a large number of recommendations, some of which have been referred to here. I only want to refer to one important recommendation of theirs.

The Committee had stated that the entire administration of salt was in a bad state. They suggested that the production, consumption and distribution of salt should be rationalised and with that end in view they suggested the constitution of a statutory corporation, in which the Government of India, the Government of Rajasthan and the salt industry should be associated. They had gone into this question very thoroughly and I would like, Mr. Deputy Speaker, just to read one or two sentences from that valuable report. In page 378, the Committee say:

“Taking all these factors into consideration, they have come to the conclusion that a more satisfactory control and supervision of these works, as also their further development would be best achieved

[Shri Kasliwal]

ed if they were entrusted to a statutory corporation to be created for this purpose, to whom the entire responsibility of production, development and distribution of salt and the by-productions should be handed over.

The Corporation may be jointly financed or owned by the Government of India and the Rajasthan Union. The former should have a predominantly larger share in view of their having invested considerable capital in the Rajputana Works and bringing under the control of the corporation the works at Kharagoda in which the Rajasthan Government have also some vested interest."

Without taking any more time of the House I would only enquire of the hon. Minister as to why this particular recommendation of the Salt Experts Committee has not been implemented, and whether Government at all propose to implement it?

Kumari Annie Mascarene (Trivandrum): Mr. Deputy-Speaker, the Bill that is before the House, Sir, is rather amusing. Sir, I come from a constituency pickled in salt, and the thousands and thousands of voters who sent me over here have just made a request to me; "At least give us free salt during your service in the legislature."

An Hon. Member: You have the power?

Kumari Annie Mascarene: It is not in my power. I know in whose hands the power is. I request that the wishes of the people not only of my constituency but of Travancore-Cochin State may be fulfilled.

Mr. Deputy-Speaker: The hon. Member was a Minister.

Kumari Annie Mascarene: Of Health, not Salt, Sir.

I agree with the principle of this Bill as a sincere attempt to develop the indigenous industry of salt and satisfy the needs of the country. This ought to have been done long ago. I

do not think there will be a single Member in this House who can disagree with that principle. But what I object to is the taxing part of the Bill. My objection is on the ground that you are taxing a necessary of life, and taxing a necessary of life ought to be condemned no matter by which government it is done.

Sir, it is an unjustifiable tax imposed by a government which can trace a glorious past when the revered Father of India in company with his highly esteemed disciples led a satyagraha movement against this very inequitable tax, in their own words, on behalf of the common man, to satisfy the common need of common salt, which movement had shaken the very foundations of the imperialists, crushed their monopoly of salt and raised a canopy of shelter for millions to take refuge under its shade and languish for freedom and independence. It is an irony of fate. Sir, that those very moralists should have ushered on the forum of this House a Bill to justify a tax, to give statutory basis to a tax within a decade or two before the sacred memory of that august resolution can die into the oblivion.

Whatever be the justification of this Bill, I firmly believe that the Government today is in a position to develop this indigenous industry without imposing this nominal tax to collect an amount of Rs. 95 lakhs. I am therefore constrained to view this Bill as the most unkindest cut of levying a tax on a necessary of life, an indispensable article of food, as necessary as air and water for human existence.

Acharya Kripalani (Bhagalpur cum Purnea): They will also be taxed!

Kumari Annie Mascarene: I did not hear what was said.

Babu Ramnarayan Singh (Hazari-bagh West): That will come.

Kumari Annie Mascarene: At the rate you sit quiet you deserve a poll tax also!

This tax had an eventful past, had roused many an emotional eloquence in this very House by patriots and lovers of humanity, had gone through monopolies, committees, reports of considerable magnitude and serious consideration, and has now passed into the sacred trust of the hands of the sons of the soil.

The consumption of salt by the common man, my friend on this side said, is just a small amount, say, amounting to one-twentieth of an anna. I wish to tell my honoured friend that the consumption of salt is not confined to the common man alone. It is of great importance, of unique importance in a State like India which has certain drawbacks. A poor country like ours, living on starch or rice requires a higher percentage of salt *per capita* in order to retain or build up a healthy and hygienic constitution, unlike a man in the temperate region.

Mr. Deputy-Speaker: Should we go into the general incidence of Salt duty? Everybody understands that.

Kumari Annie Mascarene: That is why I want to impress upon the Government, here is a tax imposed on the poor man, who has to pay a heavier tax than his rich brother who is getting a relief on that account, because the poor man is completely living on starch. Besides being an essential element of food, salt is also used for agricultural purposes. Salt is used by animals, by cattle. Salt is used by industries. And salt is used in several ways to keep up life and business throughout the world. In our country cattle rearing requires salt. The heavy imposition of salt tax during the British rule in Bengal, I am told, had a repercussion in the diminutive size of the animals. Our industry is today nothing but applied chemistry. And chemicals like sodium, hydrochloric acid and chloride, all these are in essence salt and form the bulk of our trade and commerce. During the British period the question of importation of salt had been debated in this House and the indigenous manufacture of salt had been a moot question. Though I appreciate the principle of this Bill I

regret to point out that this is the last straw to break the camel's back.

The burden of taxation is increasing daily. In this very House we have been passing many Bills imposing cess on this and cess on that, during this session and during the last session. It is over and above the proposals of the Budget. So I wish to tell the Finance Minister... (*An hon. Member:* He is not here). He will not be here when such questions come up. So I wish to tell him that it is not an equitable distribution of national income that for an indigenous industry like this to be developed a tax has to be imposed on the common man. That goes to the very dregs of society and affects its subsistence itself. Such a tax on a necessity of life is justifiable in times of strain like war or development of irrigation canals, communication Railways etc. But, now it is time of peace and the distribution of the income of the nation should be so done as to develop this industry without imposing a tax.

I would request the Government to nationalise this industry completely without giving a partial share of the tax to the private sector. We have had experience of investing money in the private sector and it being utilised by the private sector for profiteering. They complain of no finance. But, what about the waste that is going on in this country. It is only the other day the Food Minister told us that implements completely useless are got down from the U.K. and U.S.A. and are still there waiting to be used. So much of money is being wasted this way and that. Instead of imposing more and more taxes on the people and making the burden of taxation heavier daily, I say that the Government should economise the top-heavy administration that this tax may be avoided and the poor man given some relief. Nationalisation of this industry is most desirable at this juncture. It is true that perhaps the poor man will be willing to pay a tax imposed by the Government at this time to develop the industry. But, when once the industry is developed, he is expecting tax-free salt.

[Kumari Annie Mascarene]

With these words, I oppose the tax levy.

Mr. Deputy-Speaker: Seth Achal Singh. Then, I will call the hon. Minister.

सेठ अचल सिंह (जिला आगरा—पश्चिम) :
उपाध्यक्ष महोदय, नमक जीवन की आवश्यकताओं के लिये एक बहुत जरूरी वस्तु है। नमक के ऊपर अंग्रेजी गवर्नमेन्ट ने एक्साइज ड्यूटी लगा रखी थी। उसके वास्ते महात्मा जी ने सन् १९३० में आन्दोलन शुरू किया, इसलिये कि नमक पर जो एक्साइज ड्यूटी लग रही है वह गलत है क्योंकि नमक की जरूरत हर आदमी को होती है और उस पर एक्साइज नहीं होना चाहिये। चुनावों जैसे ही १९४७ में हमारा देश स्वतंत्र हुआ तो हमारे नेताओं ने, हमारी गवर्नमेन्ट ने इस एक्साइज ड्यूटी को हटा दिया, लेकिन अफसोस इस बात का है कि नमक की एक्साइज ड्यूटी हटाने के बाद नमक जितना सस्ता होना चाहिये था उतना सस्ता नहीं हुआ ?।

[PANDIT THAKUR DASS BHARGAVA
in the Chair]

आज कल भी नमक तीन, चार रुपया मन बिकता है जब कि उस को डेढ़ या दो रुपया मन बिकना चाहिये। यह चीज हर इंसान के लिये जरूरी है और इस का असर हर गरीब व अमीर पर पड़ता है।

साथ ही मैं यह कहना चाहता हूँ कि हमारी सेन्ट्रल गवर्नमेन्ट ने नमक के ऊपर हर तरह की छूट दी है। लेकिन खेद का विषय है कि बहुत से प्रान्तों ने इस पर कन्ट्रोल लगा रखा है, जहाँ व्यापारियों को इसकी मनोपोली दे रखी है और वे मनमाने भाव से बेचते हैं और फायदा उठाते हैं। इस लिये इस बात पर भी गौर करना बहुत जरूरी है।

इस के साथ ही मेरा यह मुझाव है कि जो सेस लिया जा रहा है साढ़े तीन आने और दो आने मन के हिसाब से, उससे करीब ४५ लाख रुपये की आमद होगी। आज कल कई प्रकार का नमक मिश्रता है जैसे खेड़ड़ा, सांभर, पंचभद्रा और समुद्री उस में बहुत खराबियाँ होती हैं और उनसे जनता को सेहत के ऊपर बहुत बुरा असर पड़ता है। इस लिये जहाँ जहाँ काफी तादाद में नमक बनता है वहाँ वहाँ इस रुपये से लेबोरेटरियाँ खोलनी चाहियें और उन में नमक का टेस्ट होने के बाद उसको काम में लाने के लिये दिया जाय, जिस से जनता को सेहत पर इसका बुरा असर न पड़े।

इसके साथ ही एक बोर्ड होना चाहिये जिसमें पार्लियामेन्ट के मेम्बर हों जो कि इस बात को देखते रहें कि जो करीब ४५ लाख रुपया नमक के सेस के रूप में लिया जायगा उस को जनता के हित में खर्च किया जाय। जो लोग नमक के उत्पादन में काम करते हैं, मजदूर लोग हैं और दूसरे लोग, उन की सेहत, रहन सहन का भी ध्यान रखना चाहिये जिस से उस में काम करने वालों को सेहत अच्छी रहे।

यह बिल बहुत उपयोगी है, इस से हमारे हर एक आदमी की फायदा पहुँचेगा। खुशकिस्मती की बात है कि आज हमारे मुक्त में जितने नमक की जरूरत है उससे ज्यादा हम पैदा कर लेते हैं। हमारे यहाँ करीब साढ़े आठ सौ लाख मन नमक पैदा होता है जितने की कि हम को जरूरत नहीं है। हमारी सरकार को चाहिये कि एक बोर्ड बना दे और लेबोरेटरी बना दे जिस से जो नमक बने वह अच्छा बने। साथ ही साथ जो मनोपोली स्टेट गवर्नमेन्ट को दे रखी है वह भी खत्म हो जाय और जनता को सस्ता नमक मिल सके।

में समझता हूँ कि नमक जनता की जरूरत की चीज है और इस लिये मैं इस बिल का समर्थन करता हूँ।

Mr. Chairman: The hon. Minister.

Dr. N. B. Khare (Gwalior): I wanted to speak.

Mr. Chairman: I have called the hon. Minister.

Dr. N. B. Khare: I will speak for half a minute.

Mr. Chairman: All right.

Dr. N. B. Khare: Sir, you will be surprised to learn that I rise to support this Bill. The Lady Member from Travancore enlarged upon the reasons why salt should not be taxed. She said that it is one of the necessities of life. She also said that water is necessary, air is necessary, and that they are not taxed, and therefore salt should not be taxed. Sir, water is taxed as we know to our cost. Air is also taxed.

Acharya Kripalani: When the Doctor gives oxygen.

Dr. N. B. Khare: In the air-conditioned railway compartments air is taxed. She also rubbed hard this Government for being contradictory in their conduct, because previously they agitated for the abolition of the salt tax and now they are bringing this Bill. But, she forgot one thing. Formerly they were agitators; now they are administrators. There is a great difference between a person who is an agitator and one who is an administrator. She said that you have forgotten Mahatmaji, the Father of the nation and the great agitation that he led. I had the honour of taking part in that agitation and no doubt I was jailed for it. Still I say that I am for this Bill for one single reason. The time has now come when you may forget all fanciful and impractical past commitments; this will perhaps be more convenient. I support this Bill merely because it is against the tenets of Gandhism. That is all.

श्री अण्णवत शा: (पुनिया व सन्वाल परगना): नया मुन्ला पांच बार नमाज पढ़ता है।

Shri K. C. Reddy: Mr. Chairman, I am very happy indeed that there has been a general welcome to this Bill. Just before my hon. friend Dr. N. B. Khare got up, I had intended to confine myself in the first instance to some remarks made by the hon. Lady Member from Travancore. She was the only Member who had the honour and distinction of having to say something very damaging about this Bill. But my hon. friend Dr. N. B. Khare came to my rescue in a way and criticised the observations of the hon. Lady Member.

Shri Algu Rai Shastri (Azamgarh Distt.—East cum Ballia Distt.—West): No, Sir; his reasons are different.

Mr. Chairman: It is for the hon. Minister to interpret the speech.

Shri K. C. Reddy: I am afraid, so far as Dr. N. B. Khare is concerned, it is a case of "save me from my friends." In his attempt to support the Bill and to rebut the arguments advanced by the hon. Lady Member, he exhorted the Government to forget past commitments and embark on new policies. At the very outset, I want to clear the ground by saying that so far as Government is concerned, with regard to commitments and major matters of policy there is no intention to forget them or make any departure from the principles that have been closely examined and determined upon. I say this because there is a sort of impression in the mind of some that by introducing this Bill, and also that we are embarking on a new policy to levy tax on salt. I had made the point clear in the course of the debate that we are not embarking on any new policy, nor changing the policy in any respect whatsoever, not in substance, at any rate. It is only a procedural change that is being proposed. The hon. Lady Member invoked the name of the Leader of our Nation, Mahatmaji and said that we were doing something which was a violation of his memory

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and his leadership. May I remind her what happened in the past and what was the exact content of the Gandhi-Irwin Pact? I would respectfully invite her to read the section of that Pact. The Pact merely gives the right for the manufacture of salt by the local residents in villages in areas round about that village and prescribes that the salt manufactured by the villagers should be utilised only for domestic consumption but not for trade.

Then, in 1947, the Government of India went far beyond that agreement and gave certain concessions to the people. And what were those concessions? The concessions were that in areas of ten acres and less people could manufacture salt without any licence, without being subject to any of the other restrictions or controls or rules to which licensed manufacturers would be subjected, and the salt so manufactured could be utilised not only for domestic and household consumption, i.e., their own consumption, but also for sale in other places. This was a major departure, and, if I may say so, this went a great deal beyond the terms of the Gandhi-Irwin Pact. So, if the hon. lady Member were to review the past history, I am sure she will revise her opinion and will be chivalrous, if I may say so, to compliment and congratulate the Government that instead of violating the sacred memory of Gandhiji they have tried their utmost to perpetuate the memory in the best manner possible.

Acharya Kripalani: The Government will not be chivalrous?

Shri K. C. Reddy: I am afraid I had to refer to it at some length because this debate is likely to create an impression of the kind I referred to early in my remarks. Not only the hon. lady Member, but immediately after this Bill was introduced, another very respected lady Member of this House was perturbed and I was asked the question whether we were trying to do something here which was in violation of the Gandhi-Irwin Pact, which was in violation of the measures that we had taken or the policies that we

had decided upon in the past with regard to salt duty. I had to reassure her that we are doing nothing of the kind, and that we are merely trying to place on a statutory basis the collection of a cess, a very small cess, which was decided upon even at the time we abolished the salt duty as I have indicated in my introductory remarks. So, Sir, that is the limited scope of this Bill.

I am at a disadvantage in one respect. I thought the debate on this Bill would be confined merely, if I may say so, to the legal aspect and the constitutional aspect if there were any and hon. Members would not cover the entire field of administration—the Salt Administration. As usual, my hon. friend Dr. Lanka Sundaram referred to incidents and quotations from letters which he has received, and that kind of thing. He is very fond of that. He thinks he can strengthen his case by resorting to that kind of procedure.

Dr. Lanka Sundaram: Try to weaken it if you can.

Shri K. C. Reddy: The major portion of his speech was confined to unearthing some events that had happened in the past and what is happening at present, and he wanted to build an edifice on those facts and quotations. Well, Sir, if he had taken the trouble to find out as to what exactly has happened in the last few years in the matter of licensing, how many small manufacturers have been given licences, to what extent the manufacture of salt has increased in these small manufacturing centres, certainly his general conclusion would have been different.

Dr. Lanka Sundaram: I did not draw a general conclusion. I made a reference to Clauses 4(b) (iv) and 6 (2) (e) (ii) of the Bill. How do you enforce it? Where is the co-operative movement?

Shri K. C. Reddy: In fact, I was leading to that point. By quoting that single instance he wanted to make out a case...

Dr. Lanka Sundaram: No, no.

Shri K. C. Reddy:...that the aim of improving the salt industry, of improving the manufacture of salt by small manufacturers etc., was being given the go-bye. My contention, Sir, is that generally if you review the whole Salt Administration during the past few years, you will find that those very particular purposes which have now been mentioned in the Bill have been prominently kept in view, and to some degree the objective has been fulfilled; and our policy at present is to increasingly fulfil that objective.

Regarding the particular instance that he quoted, I would like to say only this. I would like to know from the hon. Member—I will try to find it out later—whether the Railway Ministry gave any compensation to those lands that they took over from the owners. If they did give compensation, what compensation did they give to the small manufacturers from whom those lands were acquired? If they did pay compensation, as I presume they did, then if they realised any money by way of auction at the time of disposing of the land again for the manufacture of salt, certainly it would not be very wrong as a matter of policy. Also, so far as this particular instance is concerned, the hon. Member should remember that this has nothing to do with the Salt Administration as such. If the land was the property of the Railway Ministry and if they decided that it was no longer necessary for their use and wanted to sell it or lease it out by auction for salt manufacture, certainly the procedure they have adopted is not wrong. Let us remember that the Railway administration has its own responsibilities. When the Railway Budget comes up for discussion, hon. Members will naturally ask: what are the gains and losses of the Railway administration? Is it working commercially? Is it working economically? And so on and so forth. Those are the questions that are usually put. I am not trying to argue that the Railway administration should always be considered a commercial organisation. It has also its service aspect, but whenever the Railway Budget comes up, we know what

kind of criticism the Railway Budget is subjected to. Against that background, if the Railways have made some money, at least on that basis the hon. Member is not right in saying that a particular policy is being followed by the Salt Administration in order to fill its coffers and forget all the while the main policy of encouraging small scale salt manufacturers.

Dr. Lanka Sundaram: I only requested you to look at it from the salt angle, not from the Railway angle.

Shri K. C. Reddy: Anyway, I will leave the hon. Member at that, and I will proceed to other points because an important debate is to follow on the Preventive Detention Act. I do not want to treat hon. Members too much of salt.

The Minister of Home Affairs and States (Dr. Katju): I will give them sugar.

Shri K. C. Reddy: My hon. friend Mr. Ramachandra Reddi, Mr. Thomas and other Members who spoke have referred to several aspects of the Salt Administration. I really do not know if I will be able to refer to even a few of them, much less all of them. Particularly my hon. friend Mr. Ramachandra Reddi has referred to almost all the important aspects of the Salt Administration. I would prefer dealing with some of them on a more suitable occasion, because it will not be possible for me to cover them satisfactorily now.

I would like, however, to refer to some important points. Firstly, both Mr. Ramachandra Reddi and Mr. Basu referred to certain departmental lapses. It was pointed out that whatever may be happening at the top, certain things are going on in various regions and localities where the officials are having their own way. Also in the matter of licensing, Mr. Basu pointed out that there are certain difficulties. As regards this, Sir, I will only content myself by saying that the head of the Department is naturally expected to be in constant touch with what is happening in the various regions and I have

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every reason to believe that he is so keeping himself in touch, but in spite of all that even in the best and most efficiently run departments there are bound to be certain lapses. No one can say or claim that there have been no lapses whatsoever, that the Department has worked on a perfect basis. I give this assurance that if there are any lapses that have come to the notice of the hon. Member and if he is kind enough to send them on to us, or if any lapses come to our notice by our own enquiries, then the Department will not be wanting to set those lapses right and to give a clean, efficient and satisfactory administration from the people's point of view.

Certain references were made by hon. Members regarding the important aspects of this Bill. Shri A. M. Thomas referred to one important matter, when he asked, why not set up a board as in other enactments of a similar nature. boards have been constituted; he also pointed out that we could have indicated in the Bill itself, what the constitution of the Board should be, and so on. I see the force of the argument, and I am free to confess that it has not been out of my mind. On the present occasion, we had to bring this Bill somewhat in a hurry, for we wanted to put the levy of this cess on a statutory basis, and validate what has been done during all these years, and so we had to confine ourselves to these specific clauses. It is our intention to bring in a more comprehensive Bill at a later stage, when we hope to provide for the constitution of a Board and other matters connected therewith.

Shri Ramachandra Reddi, and Shri Kasliwal referred...

Kumari Annie Mascarene: On a point of information, Sir...

Shri K. C. Reddy:...to the recommendations of the Salt Experts Committee.

Kumari Annie Mascarene: On a point of information.....

Shri S. S. More: (Sholapur): He is not chivalrous enough to yield.

Shri K. C. Reddy: I am sorry if I were to be deemed to be unchivalrous, but the limitations of time are there, and so the hon. lady Member will not misunderstand me, if I do not yield.

Kumari Annie Mascarene: All right, at the end I will ask you.

Shri K. C. Reddy: A reference was made to the recommendations of the Salt Experts Committee, and it was also made to appear that we have been sleeping over those recommendations, and no action has been taken by Government, or at any rate, no satisfactory action has been taken by Government. All I want to say is that the recommendations of the Salt Experts Committee have been closely examined and considered, and decisions have been taken on several of those recommendations, and on such of those recommendations on which Government have not been able to take any action so far, it is because of certain inherent difficulties, which have got to be taken into account.

A prominent instance was given by Shri Kasliwal, who asked, why not set up a statutory corporation for the salt industry? There are difficulties in taking such a step. My hon. friend the lady Member,—whose speech, if I may say so, was entertaining, if not amusing, she characterised the Bill as amusing—I am afraid some of her remarks were amusing—also referred to nationalisation. These are very big policy matters, and at each point of time, we have to take into account, not only the desirability, in abstract, of any particular course of action, but also the practicability, and feasibility of such a step. The pragmatic view of the problem should not be lost sight of. Is it necessary now to spend our money on the nationalisation of the salt industry, or can we do something better with the money which we would have to pay, if we were to nationalise the salt industry? That is one aspect I would like to point out. Again, what

are the difficulties or inconveniences that have been caused to the public, because the industry has not been nationalised?

With regard to certain major policy issues, I beg to submit that the Salt Experts Committee's recommendations have been examined, and necessary orders have been passed by Government. To the outstanding issues arising out of their recommendations, I desire to say, Government will continue to give their attention, and take such decisions as are feasible regarding them.

My hon. friend Shri Ramachandra Reddi referred to the zonal system, and asked, why should the zonal system continue, in spite of the fact that we have become self-sufficient in salt. There is plenty of salt, but there is not plenty of wagons. There is still transport difficulty, which we have to face. We have to tide over it, we have to prevent long haulages, we have to make the best use of the available wagons, and I submit that without some kind of zoning system, it will not be possible to do so. Moreover, by the adoption of this system of zoning, salt will have the benefit of preferential treatment in regard to wagon supply, in addition to the supply of wagons that may be made available on a free basis as well. If we abolish the zoning system, the priority that salt is enjoying with regard to traffic now, will disappear, and possibly there would be certain inconveniences to the salt trade thereby. I cannot go into the details, but I can tell the hon. Member that the zonal system is being maintained, because of the necessities of the situation, because circumstances warrant that such a system should still be continued.

My hon. friend Shri K. K. Basu seemed to think that export of salt will become possible in the near future, but as I said earlier, we have already been exporting since the last two years, and so the question of export is not in the womb of the future. Only we have to develop it further. Though there is overall self-sufficiency, when we take salt as a whole, we find that there are

still some bottlenecks in the supply of certain kinds of salt. Take for instance, Sambar salt which is in short supply. Certain sections of people in certain States want that kind of salt, and no other. Unless we have the zonal system, and have a certain amount of control on the distribution of the available supplies of such salt, there will be difficulty, and we would have any number of complaints from the consuming public. This is another reason which has necessitated the continuance of the zonal system.

Regarding reservation of stocks, an hon. Member complained, why should we have reservation, when we have got so much of salt. My answer is that the reservation up till the other day was 25 per cent. of production. Now it has been reduced to 20 per cent., and Government are considering whether they can reduce it still further, and if so, to what extent. At their last meeting, the Salt Advisory Committee recommended that it should be reduced to somewhere between 10 to 15 per cent., and Government are giving their close attention to the matter.

A question was asked, why this differentiation between the cess on salt manufactured in private factories, and that on salt manufactured in Government factories. That was a very relevant question, to which I should give an answer. Though it is a case of Government trying to tax itself more, the difference arose like this. So far as Government salt works are concerned, they have to pay certain amounts, under what are known as treaty rights, to the erstwhile Indian States. For instance, in a state like Rajasthan, where we manufacture Sambar salt, treaty rights exist, and under these treaty rights, "royalty" payments have to be made to the State Government. It is a charge which we have to take into account, and which has to be made good, in howsoever manner e.g. by a little higher cess than that on salt manufactured by private salt works. In the case of the salt that we manufacture in Government salt works,—it may be very strange, and it may be a pleasant surprise to some of my hon.

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friends who always criticise that in State undertakings, there is more of expenditure—the cost of production is lower than that in the private salt works. So, it is susceptible of absorbing a little more taxation than the salt manufactured in private salt works. Both these considerations weighed with Government in imposing a higher cess, namely 3½ as. per standard maund, as compared with 2 as. in the case of salt manufactured in private salt factories.

In fact, Sir, I was at one time thinking why this cess should not be made uniform. In fact, I am still thinking over it and I do not know what decision we will arrive at. I can only say this that the matter is engaging our attention. Whether we should continue to honour the treaty rights as they are now or whether they could be modified is an aspect which we have got to go into from the legal point of view and the constitutional point of view. After that is cleared, we have to consider whether this discrimination or differentiation between the cesses on Government salt and private salt should really continue. But so far as the present is concerned, we propose to continue it and that is why it finds a place in the Bill.

Another reference was made, Sir, to the need—I know hon. Members are impatient and would like to proceed to the next item on the agenda, so I want to be brief—for fostering various industries based on salt. It is not a matter which has escaped our attention. In fact, I may remind hon. Members that we are going to open a salt research station at Bhavanagar. One of the main purposes of this station will be to indicate to us in what respects and on what lines other industries round about salt could be built up. The Planning Commission have dealt with the subject. They have referred to the chemical industries that can be built round salt and it is very much in our minds that we should bring this very important part of the industrial development of our country into practice. But I want, at the same time, to point

out that the caustic soda industry, to which the hon. Member referred, needs plenty of money. We have to see whether the private sector will come forward to set up this industry. If they do not come forward, then Government will have to step in. These are all matters which require sometime and some thought before we can go ahead.

Sir, another important point was made to which, if I do not refer, I think hon. Members will not be satisfied, nor will I have satisfaction. That is with regard to the utilisation of this fund. Pointed attention was drawn to the fact that we should set apart a good part of this fund for labour welfare. I really appreciate that approach to the problem. In fact, I value very greatly and understand the necessity of our doing everything that is possible in order to improve the condition of labour. It was pointed out that certain funds of a similar nature have not been utilised to the full. I do not know why it has been so, but I join with the other Members in urging that that amount should be utilised to the full and maximum facilities should be given to labour. So far as this Bill is concerned, I can assure hon. Members that as much money as possible will be set apart for the welfare of labour.

Other references were also made in this connection. I cannot go into details, but I give the undertaking that when the rules are to be framed under section 6 of this Act, we will take care to see that enough amount is set apart for labour welfare and to indicate how it should be spent.

Shri K. K. Basu: It must be utilised.

Shri K. C. Reddy: There was also a reference, Sir, to test laboratories. I do concede that there is great need for establishing as many test laboratories as possible, but I do not know if it will be feasible to have one test laboratory for each salt factory. In this connection I welcome the assurance given by the hon. Member or the hope expressed by him that if a test laboratory is asked to be set up at every

factory, Government could pay in advance and then they could recoup the amount from the factories concerned.

Sir, there are other points to which reference was made. I do not want to make use of this opportunity to refer to them. I hope there will be a debate on this at the time of the budget estimates when I will give fuller information to hon. Members.

In conclusion, Sir, I am greatly gratified that there was a general welcome to this Bill and I hope that the next stage will be skipped—there are a number of amendments of which notice has been given—and the Bill passed unanimously by this House so that we may take it to the other House and have it enacted before both Houses adjourn.

Kumari Annie Mascarene: May I ask a question? The hon. Minister in his reply said that subsequently he is bringing a more comprehensive Bill. May I ask when the industry is fully developed, whether Government will relax this tax and give relief to the poor?

Shri S. S. More: Can't think about the future.

Mr. Chairman: The question is:

That the Bill to provide for the levy and collection of a cess on salt for the purpose of raising funds to meet the expenses incurred on the salt organisation maintained by Government and on the measures taken by Government in connection with the manufacture, supply and distribution of salt, be taken into consideration.

The motion was adopted.

Clause 2—(Definitions)

Shri Ram Dass (Hoshiarpur—Reserved—Sch. Castes): I beg to move:

In page I, line 21—omit "sajji"

Sir, by this amendment I do not ask the Government to make some sacrifice, but I ask for great relief.....

Mr. Chairman: Amendment moved:
In page I, line 21—omit "sajji".

Shri K. C. Reddy: I am sorry, Sir, I cannot accept this amendment, for one or two good reasons. There is no idea of subjecting *sajji* to cesser anything like that, and I do not think it will be possible to actually work out this policy of levying cess if I accept the amendment of the hon. Member. I am therefore sorry I cannot accept it.

Mr. Chairman: Does the hon. Member want me to put it to the House or does he want the leave of the House to withdraw it.

Shri Ram Dass: I want to explain.

Mr. Chairman: There is no question of explaining now. He has moved it and a reply from the Government has been given. Now I am asking him whether I should put it to the House or he wants to withdraw it.

Shri Ram Dass: In view of the assurance given by the hon. Minister, I do not like to press it. I beg for leave to withdraw it.

The amendment was, by leave, withdrawn.

Mr. Chairman: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3—(Levy and collection of cess)

Shri B. P. Sinha (Monghyr Sadr cum Jamul): I beg to move:

In page 2, line 25—

for "two annas" substitute "one anna".

In page 2, line 28—

for "three and a half annas" substitute "one anna".

Mr. Chairman: Amendments moved:

In page 2, line 25—

for "two annas" substitute "one anna".

In page 2, line 28—

for "three and a half annas" substitute "one anna".

Shri K. C. Reddy: I have already given reasons why such amendments cannot be accepted.

Shri B. P. Sinha: Mr. Chairman, Sir. I want to speak on my amendments.

Mr. Chairman: Order, order. The hon. Member has moved them.

Shri B. P. Sinha: I want to speak on them.

Mr. Chairman: Order, order.

Shri S. S. More: He wants to make a speech.

Mr. Chairman: The hon. Member wants to make a speech now when the Minister has replied?

Shri S. S. More: The Minister was too quick for him.

Mr. Chairman: He moved the amendments and I gave him time earlier to speak. He did not make a speech then and now he wants to make a speech when the reply has been given by the Minister. I am now going to put them to the vote of the House.

The question is:

In page 2, line 25—

for "two annas" substitute "one anna".

The motion was negatived.

Mr. Chairman: The question is:

In page 2, line 28—

for "three and a half annas" substitute "one anna".

The motion was negatived.

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

In page 2,

after line 28, add—

"Provided that the Central Government may, by notification in the Official Gazette, exempt the whole or part of the Cess leviable under this Act, for salt of any specified category or for salt required for any specified purpose, or both."

Sir, there is an omission of the word 'for' in the last sentence. It should be 'or for both'.

An Hon. Member: Is it grammatical?

Shri N. Somana: Sir, this amendment goes practically to the root of the matter because the clause empowering this Government to make rules cannot give any power of exemption unless in the substantive Act itself the power is given. Clause 6 reads as follows:

"The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act."

5 P.M.

Exemption is not one of the purposes of the Act. So, it will be *ultra vires* of the Government to frame any rules for exemption of salt of any kind. The substantive section must give the power to Government to exempt any particular salt. That is why I have moved a proviso to clause 3, where the power to levy a cess is given. Clause 3 is very clear on the matter.

"There shall be levied and collected in such manner as may be prescribed a cess in the nature of an excise duty on all salt manufactured in the territories to which this Act extends."

So, if any salt has to be exempted, it must come only under the Act; it cannot be done by the rule-making power. The rule-making power cannot go beyond the substantive section itself. Though in the rule-making power, the power to grant any exemption is also given, it is only the manner of exemption that can be determined under the rules, and not the power of exemption. The power to exempt can only be given by a substantive section. So, I feel, Sir, that this is a lacuna in the Bill and, I hope, the Government may not stand on prestige because this goes to the root of the matter. If any rule is to be framed later on, it may be *ultra vires* of the powers of the Government itself. I hope the hon. Minister will kindly consider this matter and accept this amendment.

Shri K. C. Reddy: Mr. Chairman, Sir, may explain the position very briefly. So far as the point urged by the hon.

Member goes, though it may appear to have great force, if you examine it correctly. I don't think there is any substance in what the hon. Member has said. There is no reason for the apprehension that he has in regard to this matter. I know the intention of the hon. Member is to help the Government to extricate themselves from a possible difficulty in which they might involve themselves later on in regard to this matter.

Well, Sir, the position is this. The provision enabling the Government, through rules, to make exemption in certain classes of cases, which are specifically mentioned in the Act itself, is also a provision of the Act. It is not as if the power conceded by clause 6 is not a power given by the Act itself. The Act itself gives that power and there can be no doubts regarding that.

Secondly, Sir, it is the general principle that a special provision will over-ride the general provision. Clause 3 of the Bill provides generally for the levy of a cess. Under clause 6, the Government is given the power to frame rules for exemption in specific cases. The power to give exemption is, therefore, valid. That is the opinion, which I have ascertained from the Ministry of Law and I don't think there is any reason to differ from that view.

I can give one or two instances where similar provisions have been made in Acts of a similar nature. Take for example, the Central Excise and Salt Tax Act of 1944, itself. There, under section 3 of the Act, a general power to levy a cess is given. Section 37 of the Act, at the same time, provides for the granting of certain exemptions.

So also, very recently, we passed a Bill in this very House—I am referring to the additional duty on mill-made cloth for the benefit of the handloom and khadi industries. If the hon. Member were to read that Bill, he will find the same sort of provision repeated there. Under clause 3, I believe, of that Bill, general power is given to

levy a cess. Under the rule-making clause, power is given to exempt certain cases, almost similar to this. So, I do not think there is any legal difficulty. Sir, I think the Bill may stand as it is. Though I could have accepted the amendment, I find, after giving further consideration to it, that it is not really necessary.

Mr. Chairman: Does the hon. Member press his amendment?

Shri N. Somana: Since the hon. Minister is not prepared to accept the amendment, I do not wish to press it, Sir.

Mr. Chairman: The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Mr. Chairman: I shall put clauses 4 to 6 together.

Shri U. M. Trivedi (Chittor): All together, Sir?

Mr. Chairman: Yes, the Members seeking to move amendments are not here. Does the hon. Member want to speak on any of these clauses?

Shri U. M. Trivedi: Yes, Sir; on clause 5.

Clause 4 was added to the Bill.

Clause 5.—(Validations of charges)

Shri U. M. Trivedi: I only rise to point out the illegality which is generally perpetrated by the Government in assuming certain powers to itself; and, this is an example of it. The head-note or marginal note—whatever we may call it—of this clause is, 'Validation of charges levied on salt before the commencement of this Act.' Last year, when I was reading the report, I saw that a particular amount of cess was collected on salt and I was looking for an Act providing for the levy of the cess. I found none. Now, I find that this law which is now being made is not made for any *bona fide* purpose.

[Shri U. M. Trivedi]

—of actually finding it necessary to levy the cess, but a particular wrong was committed by the Salt and Excise Department, and, just to white-wash it, this law is being brought before the House.

Two provisions of law exist. Under Article 3(1) of the Constitution, we have provided that nobody shall be deprived of his property without an authority of law. How was this cess collected from people without any authority of law? It passes my comprehension in these enlightened days. We have got another provision of law—Article 265 of the Constitution—which says that no tax shall be levied without an authority of law. How was this tax levied from the people without any authority? After having done this mischief and wrong and perpetrated this fraud on thousands of people, the Government has now come forward with a provision which reads hereunder:

“No claim shall lie in any court for the refund of any sum so paid.”

What an atrocious thing it is! You want to regularise or legalise. In other language, that is not regularisation; it is illegal legalisation of a wrong which you have committed. And, how can you do that? Sir, they are putting our courts in India in a false position. On the one hand, you say that it was illegal, naturally militating against the provisions of the Constitution, the law that you have framed. Now, whenever such arguments will be advanced, the defence of the Government will be that they have provided for validation. Therefore, it will be said that no claim shall lie in any court for the refund of the sum so paid. Everyone worth his salt—whether he be an advocate or otherwise—will argue that you cannot make a law to change the Constitution of India by this wrong method. It is not possible to effect a change in the Constitution of India and more so, in the third part of the Constitution, by this provision under any circumstances. I, therefore, say that you are opening the doors—I should say the

floodgate—of litigation. Instead of doing this, you ought to have come forward honestly and say “Here we have committed a mistake; here we have committed a wrong; here we have committed a blunder; we have been defrauding people; but now we found out that we have committed this blunder and therefore we are generous enough to return all the money which we have illegally collected from you.” Instead of that you say “We have no doubt robbed you, deceived you and cheated you, but we will continue to swallow the money that we have taken from you. This type of legislation is wrong and it should not be attempted. The Government must always be very careful in legislating or bringing forward such a retrospective provision of law in matters which were done quite illegally. I know a wrong could have been committed by oversight in some cases. A mistake is one thing but here with our eyes open, we went on collecting from year to year and upto this day we are collecting. Therefore, this provision of law is militating against the provisions of the Constitution and unless you repeal Article 31(1) of the Constitution and invalidate it, you cannot go against it. Therefore, this position must be considered in all its aspects by the House.

Shri K. C. Reddy: The point raised by the hon. Member is a very important one. He has invoked the relevant Article of the Constitution as supporting his position. He has referred to Article 31(1) and Article 265. I do not know really how those Articles can be made use of in support of the stand he has taken. I would like to be quite honest about it. There is no question of Government trying to be dishonest and there is no intention on the part of Government to do anything in a dishonest manner as suggested by the hon. Member. I think he has assumed too much; he has assumed that what we have been doing all these years is robbery and is quite illegal; he has assumed that we are now convinced that we are doing illegal things. All these assumptions are absolutely baseless and unwarranted.

Shri U. M. Trivedi: That assumption is patent from your own clause.

Shri K. C. Reddy: The whole position is this. In some cases, doubts do crop up as to whether a particular action taken by Government under an existing Act or otherwise is strictly legal or not. When a Bill is passed into law and action is taken thereunder, it might appear later on after a review of the legal position, that something is not absolutely correct and there might be doubts. When such a situation arises, it has been the practice not only in this country but all over the world, to set right matters in order not to give room for doubts and place matters on an absolutely legal basis. I know there are hundreds of instances of that kind which have happened in the legislatures of the world and if I had the time, I could quote half a dozen instances in this country where action of a similar kind has been resorted to. Let me tell my friend respectfully that we have done nothing illegal, nothing wrong or nothing immoral and we have not come forward here to cover up any such thing by this sort of validating clause. Nothing of that kind. The hon. Member may feel satisfied that we are doing a perfectly legal and constitutional thing and what we seek to do here is one which deserves his support also.

Shri Raghavachari (Penukonda): Why is there not a word about it in the Statement of Objects and Reasons?

Mr. Chairman: Reference is made in the very first line of the Objects and Reasons—under section 37 etc.

Shri S. S. More: What is the total amount recovered in these doubtful cases, Sir?

An Hon. Member: Rs. 5 lakhs?

Mr. Chairman: The question is:

“That clause 5 stand part of the Bill.”

The motion was adopted.

Clause 5 was added to the Bill.

Clause 6 was added to the Bill.

Clause 1 was added to the Bill.

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

Shri K. C. Reddy: I beg to move:

“That the Bill be passed.”

Mr. Chairman: The question is:

“That the Bill be passed.”

The motion was adopted.

MOTION RE WORKING OF THE PREVENTIVE DETENTION ACT

The Minister of Home Affairs and States (Dr. Katju): I beg to move:

“That the report on the working of the Preventive Detention Act, 1950, during the period 30th September, 1952 to 30th September 1953, be taken into consideration.”

Mr. Chairman, I am happy that this debate begins in a rather hilarious mood and I hope it will continue in the same spirit. Really there is not much to be said. The statement which I have circulated must have put the House in possession of all the relevant facts and figures. Speaking for myself, I confess that I was rather astonished at the moderation which the State Governments have shown in this matter.

Dr. Lanka Sundaram (Visakhapatnam): The same old song.

Dr. Katju: If hon. Members can interrupt me, I think I can go on indefinitely, but I wish to finish as early as I can. When you are considering this Motion, I would utter a platitude and that is, that you will please remember the vast size of this country and that this Preventive Detention Act is intended by Parliament to assist State Governments as well as the Central Government in keeping order and preventing outbreaks of violence in an enormous area among 360 million people. It is not a country like Denmark, Belgium or