

the hon. Member. In fact, that point has been in our mind always.

**Pandit Thakur Das Bhargava** (Gurgaon): May I know what are the special reasons for the increase in the price of mercury in foreign countries? The previous price was somewhere about Rs. 275; while the ruling price abroad is said to be Rs. 850?

**Shri Karmarkar**: I think, Sir, that is much too broad a question to ask. That will require a thorough study, as the hon. Member will appreciate, of the foreign trade conditions in that country. We have not been instrumental in raising the price. It may be due to cornering of stocks, stock-piling, speculation and so many other reasons. But I shall study that point and convey my impressions to my hon. friend.

**Mr. Deputy-Speaker**: The hon. Member (Dr. Saha) evidently wants to be a little guarded. If any particular material is necessary in the interests of our defence etc. and if that material is taken away, ultimately we may discover that we have lost so much of the material. It is for that purpose that he wants to know the position.

**Shri Karmarkar**: Sir, we have made the best possible calculations in that regard and taken all possible precautions. The material (a little part of it) is required for Defence purposes, part of it for drugs and medicines and part of it for laboratory purposes. We have made a fair study of these requirements and we have provided sufficient for the next three years. It is not as if these requirements will all of a sudden leap, and in our opinion the arrangements are fairly satisfactory.

**Shri T. T. Krishnamachari**: Sir, the point to be taken into consideration is the capacity of these people who have now got them to hold on to them. There is an enormous amount of stock, anything between 28 to 30 thousand flasks—we have not got the correct picture, but that is our estimate—and the capacity of these people to hold on to their stock is not infinite. Therefore there is a certain amount of speculation, the price comes down and it is being played about in the market. We therefore felt that we were quite within the limits of safety in permitting the export of 10,000 flasks, which will leave roughly 16 or 17 thousand flasks and which, according to the most optimistic estimate, will last for more than three and a half years. I think my hon. friend Prof. Saha will grant that the provision for three to four years is quite reasonable and I

do not think we need project our minds beyond a period of four years.

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

“In pursuance of sub-section (2) of section 4-A of the Indian Tariff Act, 1934 (XXXII of 1934), the House of the People hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry No. 35-T(1)/52, dated the 8th October, 1952, by which an export duty of Rs. 300 per flask of 75 lbs. was levied on mercury with effect from the date of the said notification.”

The motion was adopted.

#### INDIAN TARIFF (FOURTH AMENDMENT) BILL

**The Minister of Commerce** (Shri Karmarkar): I beg to move:

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

Sir, this is one of a series of measures which the House will be called upon to consider from time to time. I know the keen interest which the House takes in matters generally relating to tariff protection. As hon. Members will have observed from the Statement of Objects and Reasons, the object of this Bill is to continue the period of protection which is due to expire shortly in respect of twenty-nine industries. Out of these twenty-nine industries the period of protection for twenty-six industries will expire on the 31st December, 1952 and that for one industry, namely the cotton textile machinery industry, on the 31st March, 1953. Sir, notes, fairly exhaustive, have been circulated to Members of Parliament and detailed particulars about these twenty-nine industries will be found therein.

As regards the duration of protection now sought, it works to nine months for the cotton textile machinery industry, one year for twenty-six industries, two years for the photographic chemicals industry, and three years for the motor vehicle battery industry. Hon. Members might like to know why protection is being extended for such a short period, that is to say up to the 31st December, 1953 in respect of twenty-seven industries. To this my answer is that the new Tariff Commission, which has replaced the old Tariff Board, was established on the 21st January, 1952, and this Commission inherited from the latter a

[Shri Karmarkar]

heavy back log of cases, five relating to claims for protection, three for review of prices, and forty-two for continuance of protection. In addition, Government have referred to them for enquiry and report, ten fresh cases. Owing to the number of important enquiries which the Commission have had to undertake during the last ten months it has not been possible for them to hold regular investigations in respect of all the twenty-nine industries referred to earlier. They have, however, completed their investigations and submitted their reports on two, namely the photographic chemicals and the motor vehicles battery industries. Their recommendations are that the period of protection for the former should be extended up to the 31st December, 1954 and that for the latter up to the 31st December, 1955. Government have accepted these recommendations of the Commission. The Commission is now engaged in reviewing the cases of the plywood and battens, sericulture and aluminium industries, but have not completed their work. They have expressed the opinion that it would not be desirable to allow protection to lapse in the case of any industry without proper investigation and that the duration of protection in respect of these twenty-seven industries should for the time being be extended up to the 31st December, 1953.

Of the twenty-nine industries concerned, protection has been granted to twenty by the mere conversion of the revenue duty into an equivalent protective duty. The significance of such conversion is that once an industry is protected, the quantum of protection can be varied from time to time by notification under section 4(1) of the Tariff Act, 1934 without having recourse to legislation. In these cases there is no additional burden on the consumer. The extension of the period of protection for a year in these cases will not therefore, I hope, be open to criticism.

As regards the iron or steel baling hoops industry, although the rates of duty were increased when protection was originally agreed to in September, 1948, the increased rates have not been brought into force as they were conditional on the fulfilment of certain measures by the sole concern engaged in this industry. Jute baling hoops are manufactured by the J. K. Iron and Steel Company and when recommending protection the late Tariff Board recommended that the location of the factory should be shifted from Kanpur to the neighbourhood

of Calcutta because in their opinion there are certain natural advantages to be derived by locating it in the neighbourhood of Calcutta. The other condition was that the concern should be converted from a private firm to a public limited company. After a good deal of effort the management of the concern have succeeded in securing a suitable site for their factory at Rishra near Calcutta where a factory has been erected and it has commenced production on 1st August, 1952. The concern have yet to convert themselves into a public limited company. When this condition is fulfilled the industry will qualify itself for the protection and steps will have to be taken to give effect, by a notification, to the enhanced rates of duty, that is 30 per cent. *ad valorem* (preferential) and 40 per cent. *ad valorem* (standard). Continuance of protection in this case may therefore be regarded as purely formal for the present.

Now I come to the remaining eight industries where protection was initially granted by an increase in the revenue duty in force prior to the grant of protection, namely soda ash, calcium chloride, photographic chemicals, coated abrasives, sericulture, plastics, bicycles and cotton textile machinery industries. The rates of duty before protection and those in force at present are indicated in the Notes which have been circulated. It is not proposed to modify the present rates.

As the House is aware, the Tariff Commission can *suo motu* make enquiries and report on various matters such as increase or decrease in customs duty in relation to the protection of any industry, prevention of dumping of goods, abuse of protection, etc. The late Tariff Board did not have this power. The Tariff Commission, unlike the Board, have been given wide discretion both in regard to the general principles relating to the fixation of tariffs and the principles relating to the obligations of protected industries. Among the general principles, as hon. Members are aware, to be taken into account is the effect which protection has on an industry. The obligations laid on the protected industry into which the Commission has to carry on investigations at suitable intervals are the scale of output, the quality of output, the prices charged, technological improvements, technical research, training of personnel and the use of indigenous resources. The Tariff Commission keeps a watch over the progress of protected industries and if the Commission

thinks that the existing protection is inadequate or insufficient in respect of any industries which seek protection, it will be open to them to recommend a modification of the rates of duty. This can be effected at any time by a notification under section 41 of the Tariff Act.

Sir, I do not want to burden this House with any further observations. Members of the House have been supplied with the necessary material and all the Tariff Board's reports are also in the Library of the House. I do not propose to deal at any length on these matters. Actually, as I have said, the two industries that come up for fresh protection are there and in respect of others what we propose is to continue protection till the condition of those industries is again re-examined carefully by the Tariff Commission.

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

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

**Shri S. V. Ramaswamy (Salem):** Sir, I support this Bill. In supporting it, I wish to submit that I do not understand the principle underlying the frequent amendments. I also fail to understand why it is necessary to make these amendments so often, say twice a year. It was only in June last that this was amended and again this has come up. What I humbly submit is this, Sir, that, as far as possible, tariff protection must be given for such a period that it will be able to attract people to invest their money and reap the rewards of their efforts. If you go on amending the Act and seek to provide protection only for a period of six months, how will you be able to attract capitalists to come and invest in these industries? Because they may not be sure whether the protection might be extended or continued beyond the period of six months or whether it would be for one year. If you want to really improve the trade concerned, if you want to increase the capital invested in these industries, and if you want really that the industries should develop and the country should also benefit by it, the period of protection given must be of a longer duration. I submit, Sir, this is a cardinal principle which the Government will kindly take note of. I would refer only to two items on which I would like to make submissions. In regard to Serial No. 2 in the list, sago globules and tapioca pearls, the protection sought to be given is only up to 1953. I have tabled an amendment to bring it under clause 2(1) in order that protection may kindly be given

at least up to 1954. Sir, sago globules, as you know, are made out of tapioca roots. In my District of Salem about rupees twelve crores worth of tapioca roots are grown and two or three years ago because a large number of import licences were given to import these from Java, half of the sago mills were nearly liquidated. The imported sago was cheap and people of small means who had invested in about 100 sago factories in Salem District were mopped up because of the large import from Java and other places. This consequently hit not merely the manufacturers of sago but the producers of tapioca root as such. Also the producers of the raw material were at a disadvantage. It is essential that protection should be given to this industry for at least two years so that they must steady themselves and not keep out due to foreign competition or import. If a long period of protection is given, they will be able to make some profit, improve the trade, learn the methods of economising in the cost of production and will ultimately be able to give benefit to the consumers as well by the reduction in the prices and ultimately they will also be in a position to compete with the foreign staff. That is why I submit that it is necessary to continue to give protection to this industry for at least two years.

I now come to Serial No. 13, sericulture. Sericulture, as you know, Sir, is a cottage industry of very great importance. Hosur taluk in my own District of Salem is vitally interested in this. It will also be of interest to know that it is quite close to Mysore which has got vast areas of sericulture. I see from the note appended that the total requirement of the country in the matter of silk is to the tune of four million lbs. We are not able to produce two and a half million lbs. The rest I presume is met by imports from foreign countries. If you want really to be self-sufficient in the matter of raw material of this vital commodity it is absolutely necessary to give a long period of protection and not go on making amendments every six months, every one year. I repeat, Sir, this is vitally important as a cottage industry and as you know, it is very difficult to persuade people with money to come and invest in such a cottage industry. Nevertheless it is still of vital importance that this industry should also be protected and encouraged. If that is the aim, I submit it will be necessary to extend the protection by two years and not one year.

With regard to several other items also, I submit the principle itself is

[Shri S. V. Ramaswamy]

wrong in frequently amending and extending the Act for short periods. This is my submission, Sir.

**Dr. Lanka Sundaram** (Visakhapatnam): Sir, one of the very serious doubts or misgivings which has assailed some of us on this side of the House has been set at rest by the Minister in his speech just delivered introducing this Bill, that is, the attempt to grant extension of protection for a period of one year for the majority of the 29 industries listed. I quite see, Sir, that barring a few industries which he mentioned—photographic materials, cotton textiles and motor batteries—26 of the 29 industries listed would automatically have protection upto the end of next year. I personally feel that the Bill before the House is a routine affair which cannot be avoided, but I must say with a sense of responsibility that this method of approach to tariffs, in particular, has become, unfortunately, a routine or *ad hoc* matter, lacking a positive approach to industrialisation, export and import trade and also the interests of the consumer. I am sure some of my hon. friends in this House will consider a statement like this to be rather too wide and general in character. I am prepared to sustain this statement by making an analysis of some of the figures made available to the Members of the House in the note circulated by the Ministry. Now, let us take the internal demand for certain commodities and the production targets reached or planned to be reached by the industries concerned:

Preserved fruits: Internal demand is 6,230 tons; production last year, 1951, is 5,700 tons; sago—internal demand is 7,000 tons; production is 6,000 tons; cocoa powder and chocolates—internal demand is 15,000 tons, production is 3,477 tons; Soda ash—demand is 115,000 tons, production is 47,000 tons; pencils—demand is 500,000 gross, production is 242,567 gross; coated abrasives—demand is 96,000 reams, production is 27,000 reams; plywood—demand 100 million tons, production 46 million tons, sericulture—demand four million lbs., production 177,338 lbs.

I do not wish to weary the House with further figures. The point that I am trying to make is this. Whatever the capacity of the industry, whatever the internal demand for the product of that industry, the same tariff action, as I have said, *ad hoc* and routine, is doled out to it. Actually I am anxious to find out from the hon. Minister the measures that the Government propose

to take in order first to bridge the gap between the demand and installed capacity of each particular industry, and secondly to bridge the gap between the installed capacity and the production target reached. I have worked out figures from the data supplied by the Ministry. I think my hon. friends will feel rather wearied with the recital of the targets aimed at and reached and not reached. I believe I have said enough to show...

**The Minister of Commerce and Industry** (Shri T. T. Krishnamachari): Will my hon. friend repeat those figures?

**Dr. Lanka Sundaram:** They are all collected from your own notes.

**Shri Bansal** (Jhajjar—Rewari): Plywood could not be in tons.

**Shri T. T. Krishnamachari:** Plywood and Pencils.

**Dr. Lanka Sundaram:** For plywood it is Square feet. As an overall proposition that does not matter very much.

I believe I have said enough to show that the gaps are wide and the same type of tariff protection is sought to be given to every industry simply because of the reasons explained by the hon. Minister in his introductory speech, viz that the Tariff Commission is going to look into these cases and it has to complete its enquiry before any further definite action could be taken.

The second important observation I would like to make is this. Barring the routine and *ad hoc* tariff protection in most of the cases listed here, conversion of the revenue into protective duty seems to be the only instrument with which Government proposes to deal with the protection needs of the country. I believe that mere routine handling of problems of this vital magnitude would not, as I have said earlier, lead to a sound industrial expansion policy and also an export policy and import policy, and to a solution of the problem involved in the question of consumer interests.

I am very glad that the hon. Minister made reference to the enlarged functions of the Tariff Commission. Hon. Members would remember that on the last occasion, when the Indian Tariff (Second Amendment) Bill came before the House, I ventured to remark that the Tariff Commission is still not properly and comprehensively equipped to deal with the enormous amount of work which is heaped on it



from time to time. It is a bit extraordinary that nine enquiries should have been completed by the Tariff Commission in so many months since its constitution in January this year. I quite see that it is a tribute to the speed with which it is carrying on its work. The important point, however, is this: the paucity of Membership or smallness of Membership, and the lack of appropriate apparatus are definite handicaps. To that extent, anything done in a hurry would not be comprehensive and efficient as an enquiry. I am not saying anything to belittle the work of the Tariff Commission. I am sure my hon. friend Mr. T. T. Krishnamachari would remember that I was on the last occasion very genuine in my approach to this problem, when I said that we must strengthen not only the personnel of the Commission, but also the Secretariat of the Commission and its apparatus in order to ensure that nothing is done in a hurry by way of completion of an enquiry. Because, anything done in a hurry would be disastrous in its implications, and would reduce the value of the recommendations made by the Tariff Commission. I do hope that I will have enough indication this afternoon, when the Minister replies to the debate, that some positive steps are taken to see that the Tariff Commission is enabled to carry on its work with an apparatus equal to the task involved.

I am sure my hon. friend Mr. Karmarkar would again repeat exactly the performance of my hon. friend Mr. T. T. Krishnamachari on the last occasion, when I make reference to the existence of imperial preference I have got the official record of the debate on the last occasion and with your permission, Sir, I would like to quote two passages from the speech of my hon. friend Mr. T. T. Krishnamachari on 28th May this year.

**Shri T. T. Krishnamachari:** I need hardly be reminded of that.

**Dr. Lanka Sundaram:** I am only reading it for the benefit of my hon. friend Mr. Karmarkar.

**Shri Karmarkar:** Nor do I need it either.

**Shri T. T. Krishnamachari:** I shall deal with it myself if the point is raised.

**Dr. Lanka Sundaram:** He said:

"I am glad to have had the support of two Members on this side. (Myself and Mr. Nambiar) We

are not new to this game. It is a baby which we probably handed over to hon. Members opposite."

**Shri T. T. Krishnamachari:** I am glad the baby is alive.

**Dr. Lanka Sundaram:** I am glad the hon. Minister is in a happy mood. I am now coming to the serious portion of the statement. It runs as follows:

".....this is a matter which is engaging the attention of Government constantly and if preference in any particular item or series of items operates against the interests of the country, we shall terminate the agreement."

I should like to have information, if not actually an assurance, during the course of the debate, when the hon. Minister is replying to the debate, whether since May this year, an examination has been made by Government at appropriate level of the point whether imperial preference in respect of certain categories of commodities manufactured here which are competing with manufactures abroad, has really harmed the interests of this country, and if so, what those commodities are, and more than everything else, whether Government is prepared to take the action promised by my hon. friend Mr. T. T. Krishnamachari on the last occasion, namely, to give notice of termination to this imperial preference. I am not given to whipping a dead horse. It is a very live and important question.

**Shri T. T. Krishnamachari:** It is very nearly dead.

**Dr. Lanka Sundaram:** I am going to listen to the speech of my hon. friend as to what exactly is the incidence of imperial preference in relation to our national industries, and once I get a statement of that character, the entire House and the country at large will get a chance to know where we stand.

There are one or two small points which I would like to refer to before I sit down. I find from the data supplied by the Ministry that production has increased,—a very gratifying fact—in most of the industries given protection last year, barring alloy tool and special steels, antimony, calcium chloride, glucose, jams, and machine screws industries. The point which engaged my attention rather seriously was something of a curiosity in terms of the economic phenomenon in this country. Barring one or two items which are given protection, like hydroquinone prices of most of the

[Dr. Lanka Sundaram]

protected commodities have fallen since last year. It is an extraordinary phenomenon, not easily explainable by the ordinary canons of economic approach, with the result that one or two doubts have arisen. Does the fall in the prices of the protected commodities during the past few months, twelve months and more, indicate the exhaustion of the protective action taken by the Government in order to enable industry to carry forward? Or, does it only represent the facts that (a) there is no purchasing power in the hands of the community, and (b) there is a glut of stocks in the hands of Indian industry. I am raising these points in order to set them in their proper perspective in relation to the problem whether the interests of the consumer are being properly looked into. If prices fall over a period of months for protected articles, there must be an answer available as to whether the protective action has exhausted itself, in which case something must be done to see that protection is not conceded. As a general proposition I personally feel that this country must be industrially advanced, and any sacrifice made by the consumer is worth its while. I have always held that opinion, and I have nothing to say in detraction of the opinion which I have held for 20 years, but what strikes me is whether we have come to a stage where the grant of protection can be lowered in order that the consumer's interests are not jeopardised consistent with the industrialisation of the country.

Last time I made an observation which drew forth from Mr. Krishnamachari some sort of a humorous counterattack. I spoke about the behaviour clause which I insisted upon from the industrialists or industries before protection is granted. The hon. Minister will allow me to explain what I meant to convey. It is simply this, that when protection is granted to an industry, there must be an attempt to follow up the manner in which the protection has operated—questions of quality control of the products produced, and questions of price control. As I have said earlier, the price factor seems to be extremely favourable, even though I do not know whether it is due to glut of stocks or exhaustion of the protective action taken by Government. But I believe that something more positive than what has been done so far is necessary on the part of Government in order that Indian industry may march forward with courage, and also with an adherence to quality and

excellence, without which I am afraid mere continued protection would be of no use to the country, because while the country must be industrialised, the products of industry also must be of a quality comparable with the products which foreign countries are likely to export to us. This is the reason why I have said that this aspect of the question must be looked into. From some of the notes circulated to us on the working of the Tariff Commission, I am convinced that, with the enlarged powers and technical information available to the Commission, an attempt of this character is being made, but I again repeat that the Tariff Commission, as it is at present constituted, is not sufficient or equal to the tasks entrusted to it. With a frightening total of 29 industries—actually 40 commodities are under the protected list—a Commission of four individuals—I believe I am right in saying that—cannot possibly cope with this sort of work which is highly technical, complicated and laborious. I have come across instances—my hon. friend will correct me if I am wrong—where it has practically come to individual members of the Commission being entrusted with the enquiry of the tariff needs of a particular industry. It may be quite arguable that members divide the work among themselves, but the Commission must be a group of experts who are capable of applying their undivided joint attention to the needs of every industry in the country. I consider four members on the Tariff Commission are not enough for the needs of the country. I do hope the hon. Minister would have to say something on this aspect of the question.

I welcome this Bill but I do hope that once this temporary difficulty of the Commission's creation early this year is got rid of, there would not be an attempt from the next session on the part of the Government of India to come forward with any periodical, almost fractional approach to protection, say once or twice a year, or even, sometimes, more than that in a year.

**Shri P. T. Chacko (Meenachil):** The tariff policy of the Government was given in a statement on the industrial policy of the Government in 1948. It is said that "the tariff policy of the Government will be designed to prevent unfair competition and to promote the utilisation of India's resources without imposing unjustifiable burdens on the consumer." From this view point I wish to examine the

proposed protection for one or two industries.

I am first concerned with the aluminium industry as part of the work of a manufacturer in this industry is done in my State, and as I know something about the working of the factory in my State. The protection given is as follows:

Items 66(a) and 66(I):

Aluminium Manufactures—30 per cent. *ad valorem*.

Aluminium crude form—also 30 per cent. *ad valorem*.

It is stated that the Tariff Commission will be reviewing the industry, and so the protective duty now existing is sought to be extended as an interim measure. So, I wish to make some observations in the hope that the Government and the Tariff Commission will take into consideration these facts, when the revision is made.

There are only two producers in this country—The Indian Aluminium Co. Ltd. and the Aluminium Corporation of India Ltd. This metal is increasingly used now in the manufacture of domestic utensils and furniture. Therefore, it is necessary that the price of the metal should be such that even the poorest in the country can have access to it.

India is having a very rich reserve of bauxite ore. The estimated demand of the metal in India is 15,000 tons a year, and the production at present is estimated at 4,000 tons. Therefore, India has to import 11,000 tons from other countries for which 30 per cent. more has to be paid by the consumer because of the protective tariff.

The Indian Aluminium Co. Ltd. has a share capital of Rs. 200 lakhs, and Indian nationals hold only a share of Rs. 60 lakhs. The Aluminium Limited, Canada, holds shares worth Rs. 140 lakhs. This Company is selling the major portion of its production of sheets to one Jiwanlal Limited, Calcutta, who is manufacturing utensils. Jiwanlal Ltd., is a subsidiary Company of Aluminium Ltd., Canada. Therefore, it can be clearly seen that out of the profits of the company, 70 per cent. goes to the Aluminium Limited, Canada. Also, the entire profits of the Jiwanlal Ltd. goes to the Aluminium Limited, Canada. Moreover, it is seen that for technical advice tendered to the company, the company is paying to a subsidiary company—the Aluminium Limited 15,000 Canadian dollars a year; and also 1,200 Canadian dollars to another subsi-

diary company of the Aluminium Limited for advice and assistance in respect of finance and accounting. The General Manager, Secretary and Chief Engineer are even now non-Indians, appointed by the Aluminium Limited, Canada. The estimated cost of production for ingots is Rs. 1,780.4 per ton, and the landed cost without duty is Rs. 1,914. It will be seen that the cost of production is less than the landed cost. In the case of Aluminium sheets, the landed cost without duty is Rs. 3,123, while the cost of production is estimated at Rs. 3,574 per ton. This cost of production includes the heavy establishment charges: When the fair selling price was estimated by the Tariff Board, four per cent. interest on working capital plus a return of ten per cent. on block capital and a depreciation at fifteen per cent. were allowed. From these, it is quite clear that the protection given to this Company with its lion's portion of the shares belonging to a Canadian Company, is more than what is actually needed. As a result of this protection the price of aluminium products is not coming down to a level which is accessible to the poor people. My submission is, that we are having enough bauxite with us. According to the estimate made by the Tariff Board, the quantity of bauxite in India will be sufficient for us for about 100 years to come. The total production of the Indian Company and also the company to which I have referred earlier, is only a small portion of the demand in this country. I wish to ask whether it is justifiable in these circumstances to give such protection to this foreign company. Moreover, this company is given electricity at a very cheap rate by the Travancore-Cochin Government. There was an agreement between the Travancore-Cochin Government and this Company, for the period of the duration of the war. After the end of the war, the Government wanted to revise the rates I do not know whether the Government have revised the rates now. Even now, I think, electric power is given to this company at a very cheap rate. I wish to suggest that by giving subsidy for electricity, will it not be possible to help the production of aluminium in this company? The Tariff Board itself says:

"There is no doubt that the aluminium industry in this country cannot have a reasonably low cost of production, until the capacity of existing units has been expanded to at least 15,000 tons. One of the main hindrances to enlarging the capacity of existing units is the lack of adequate power supply."

[Shri P. T. Chacko]

The Travancore-Cochin Government can supply sufficient power at cheap rates, if another project which is now under work, the Chengulam project, is also completed immediately. I would suggest to the Government that they might help the Indian Aluminium Company by giving a subsidy to the Travancore-Cochin Government so that sufficient quantity of electric power could be immediately produced from the project under construction. Take into consideration that almost the entire profits of this foreign company goes to The Aluminium Limited, Canada.

**Mr. Deputy-Speaker:** Will the hon. Member take some more time?

**Shri P. T. Chacko:** I would require about ten minutes more.

**Mr. Deputy-Speaker:** In that case, the hon. Member can continue his speech after lunch.

The House will now stand adjourned till 2-30 P.M.

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

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

[MR. DEPUTY-SPEAKER in the Chair]

**Shri P. T. Chacko:** Sir, I was saying in the morning that there is only one Indian company which manufactures Aluminium. It is the Indian Aluminium Corporation. The paid up capital of this company is Rs. 90 lakhs. It is almost a family concern and the members of the J. K. family hold share worth 45 lakhs and debentures worth 25 lakhs. Thus the family owns shares and debentures worth 70 lakhs out of a paid up capital of 90 lakhs. This company is producing something less than 2,000 tons of aluminium a year, and even the Tariff Board in its report has noted the inefficiency of the working of the company. There is great inadequacy of machinery and there is dearth of technical experts. With all that the company's cost of production per ton of IGNOT is Rs. 1,839 and the landed cost, without duty, is Rs. 1,914. The cost of production of sheets is Rs. 3,600 which may be compared with the landed cost, without duty, of Rs. 3,123 per ton. Sir, my submission is here also it can be seen that the cost of production of aluminium sheets is more than the landed cost without duty because of the inefficiency of the working of the factory. As regards electric power, they are generating their own power at great cost. Of course, Government can supply cheap current after a few years when some of its projects

are completed. Along with this if this company can get some expert advisers and also some expert engineers, it can be seen that they can also produce aluminium sheets at a cost less than the landed cost without duty. So what I am submitting is that the protection now given to this industry is enjoyed by a company which has practically a monopoly in the field. The main concern in the field the Aluminium company is paying huge amounts as salaries to its foreign Manager, its foreign Engineer and its foreign Secretary. Apart from that, this Aluminium Company of India, as I have already pointed out, is paying 15,000 Canadian dollars per annum to the Aluminium Ltd., Canada, for technical advice. This Aluminium Company of India itself is practically a subsidiary company of Aluminium Ltd., Canada, and I do not see any reason why this huge amount should be paid to that company. They are not giving any expert advice as far as I know, except appointing the Manager, the Engineer and the Secretary who are experts in the field for whom the Aluminium Co. of India is paying.

Then there is another matter also which I wish to point out. The aluminium which is produced at Alwaye is taken to a place near Calcutta, about 1,500 miles away from the place of production at Alwaye for rolling the aluminium into sheets. Of course if they wanted, I submit, they could have that factory also along with the factory where alumina is converted into aluminium. These transport charges come to a big amount and it enhances the cost of production. So if these two companies can have more equipment and can produce more, and if cheap electric power can be given to them, aluminium can be produced in India at a cost less than the landed cost of the imported Aluminium. Therefore, I submit, Sir, that there is no necessity to give such an amount of protection to this industry. If any protection is needed for the Indian concern, I submit that the Government can give some subsidy and that too until Government will be in a position to supply electric power at a cheap rate to the corporation. And, as I have already stated, the Aluminium Company at Alwaye can get electric power at a cheap rate within a very limited time if the Travancore-Cochin Government can complete its Chengulam project. I only want to point out.....

**Mr. Deputy-Speaker:** Does the hon. Member know the figures to show how much of the output of the whole of Aluminium in India is used for industrial purposes?

**Shri P. T. Chacko:** The entire output is now only 4,000 tons and the demand is 15,000 tons.

**Mr. Deputy-Speaker:** Is any portion used for industrial purposes?

**Shri P. T. Chacko:** It is also used for industrial purposes.

**Mr. Deputy-Speaker:** What per cent.?

**Shri P. T. Chacko:** I cannot say what percentage. It goes mainly for the manufacture of domestic utensils and furniture. I cannot say what percentage is used at present for industrial purposes. But I only wanted to point out these facts so that at the time of revision at least these facts may be taken into consideration.

I wish to say a word regarding another industry. It is about item numbers 70 (2) and 70 (3), Antimony. There is no Antimony ore in India. Antimony ore is imported and there is a protective duty of 20 per cent. *ad valorem*. Antimony is manufactured by only one Company in India and the fair selling-price of the Indian produce, estimated by the Tariff Board is Rs. 167.56 per cwt. This includes interest at four per cent. on the working capital and return of block capital at ten per cent. on the gross block of three lakhs. The landed cost of Chinese metal is Rs. 168 per cwt., which includes a duty of 30 per cent. Now I do not know why this protection should be given to this industry, because by giving protection we are gaining nothing. If the duty on the crude antimony is removed, the fair selling-price of Indian produce will come down by 20 per cent. In this case I think, this is practically some sort of aid given to a particular individual—I do not think that the Company is a limited concern—which is manufacturing antimony here. We are not having any antimony ore and we can get antimony from other countries at a cheap rate. Why should we manufacture it at all? At any rate we will have to import antimony in the crude form. So, I would like to know from the hon. Minister whether it is to encourage any indigenous industry in this country, whether it is in the interest of the consumer in this country, that this protective duty is imposed on antimony imports.

A word about glucose also, Sir. The demand in this case is 2,500 tons and in 1951 the production in India was 161 tons. The quality of the produce—it is conceded even by the industrialists—is very poor. There are three or four companies which are now engaged in the manufacture of glucose. Now, when the Tariff Board was having its enquiry it could not come to any definite conclusion because there

was dearth of data. The cost of production was not calculated on any data supplied to Government by these manufacturers. It was conjectured. It can be seen from the Tariff Board Report that it was so. These companies could give no data. The landed cost is also not known. It is not given in the report of the Tariff Board. Now, I do not know whether it is justifiable in the interests of the consumer to have such a heavy tariff duty on this, mainly because the production in India is not even a small percentage of the consumers' need.

Finally I wish only to know the policy of the Government in circumstances like these. When there is no prospect for an industry flourishing in India, when the ore or the raw material is not available in India and when the manufactured product itself is something which is necessary for the life of the community, I wish to know whether it would be in the interests of the people at large to have heavy protective duties. If it is not—in the case of Aluminium and also in the case of Antimony—I would request the Government of India to go into the details of the working of the Industries and revise the rates if necessary.

**Shri Bansal:** Sir, I again find myself in an awkward position of asking questions as to what has happened with the voluminous report submitted by the Fiscal Commission. We have only one action taken by the Government so far, and that is the appointment of a permanent Tariff Commission. But what has happened, to the number of other recommendations made by the Commission? I would refer to one of those recommendations. The Fiscal Commission rightly held that the case for protection to Indian industries no longer required to be argued from the first principles and that discussions on the subject now no longer turned on the old theme of protection *versus* free trade. The Fiscal Commission proceeded forthright to state a criterion which should be applied in the consideration of applications from industries for protection or assistance. In this connection they had recommended that the protection of industries should be related to an overall plan of economic development and grouping of the industries that might be included in the plan under the following classes:

- (1) defence and other strategic industries;
- (2) basic and key industries; and
- (3) other industries.

**Mr. Deputy-Speaker:** Large extracts are not allowed to be quoted. It is re-writing a book.



**Shri Bansal:** No, Sir, it is not from any book.

In regard to the first category, namely, defence and other strategic industries, the Fiscal Commission recommended that whether approved plans exist or do not exist, these industries should be established and maintained, whatever the cost may be, on national considerations, and such protection and other forms of assistance should be given to them. In respect of basic and key industries also, the view of the Fiscal Commission was that the fact that they are included in the national plan should itself be a justification for the grant of protection and other forms of assistance that might be needed for their development. Then they went on to say that while the Tariff Commission should proceed with enquiries in certain specific cases on recommendations from the Government of India, they should be free to carry out *suo motu* investigations in regard to those industries which are included in the approved plan. I want to know what has happened to this very vital recommendation of the Fiscal Commission.

Then, we have a long list of industries which have been included in this Bill. Excepting one or two, none of these industries have been dealt with by the Tariff Commission. Obviously, they have had no time to do so, because one or two other urgent cases were in the meantime referred to them. It is natural therefore that the Commerce Minister should come before the House for an extension in the period of protection by another year. But I wish to know for how long this process will go on. This year we are extending the period for one year more in the case of most of the industries. Is it the intention of the Commerce Minister to come again before the House next year? If this process goes on and on, it will neither give the Tariff Commission sufficient time to go into all these industries carefully nor will it afford this House sufficient time to review these very cases closely. Therefore, I suggest that the protection should be for a longer term of years than just a year or two. Most of the industries covered by this Bill are small-scale industries with the exception of two or three large-scale industries, and these small-scale industries have their own difficulties. Most of them were developed during the period of the war and in the post-war period and they have not yet been able to stand on their own feet. Therefore, I do not know why the protection in their

case should not be given for a much longer period; so that the Tariff Commission is not burdened with enquiries on these very industries from time to time.

In reply to a question by me this morning, the hon. Minister pointed out that there were seventeen industries in respect of which requests had been received from the industries concerned for protection and their cases are still under the consideration of the Commerce Ministry. Some of these industries are very important ones. For example, you have the radio, hinges, leather cloth and allied products, polishes, glass, pipe fittings, sanitary-ward and wall glass tiles industries. If the Commerce Ministry takes a year to consider whether these cases should be referred to the Tariff Commission or not, and then the Tariff Commission takes two or three years to consider these applications, the result will be that all these industries will be hanging high and dry.

**Shri T. T. Krishnamachari:** I wish they are kept dry!

**Shri Gadgil (Poona Central):** In Bombay they will be dry.

**Shri Bansal:** It is my suggestion therefore that Government should take less time in deciding whether these cases should be referred to the Tariff Commission or not. If they decide quickly, they should make it easy for the Tariff Commission to work in an efficient manner by taking the load off their shoulders. This can be done by giving protection for a longer term and by increasing the staff of the Tariff Commission. The Fiscal Commission had pointed out that the Tariff Commission should be adequately staffed both in regard to the personnel of the Commission itself and in regard to the research section and administrative staff. I think that a lot requires to be done in that direction.

Then, Sir, in this list which we are going to approve now there are one or two industries included which have been established in this country, but even so some foreign interests have been allowed to come in. I ask the hon. Minister what is the purpose of this legislation then? After all, when Indians are running industries efficiently or at least they are trying their best to put their industries on a sound footing, and when the purpose of protection is to protect them against foreign competition, how can you protect them by allowing these foreign interests to come in and have a

strangle-hold here? It means that instead of allowing our industries to be exploited from abroad, we are installing that exploitation in our own country.

**Mr. Deputy-Speaker:** Is there any case where, after the grant of protection to an indigenous industry, foreign companies were allowed to come in?

**Shri Bansal:** Yes, Sir. There is the case of motor batteries. EXIDE and OLDHAM have been allowed to come in.

There is another case, which I may mention, although protection has not yet been granted to it. It is the case of the Remington Typewriters. I understand that after a lot of correspondence the Commerce Ministry has allowed Remington Typewriters to come in, when an Indian concern has invested lakhs of rupees for manufacturing typewriters here. Although they have not come to the production stage, they are going on with their preparations. The Commerce Minister may turn round and ask me, "How long can the country wait for the indigenous manufacturer to come up?" My answer to it is this. "Remington Typewriters have been supplying typewriters for fifty or more years. Where were they all these years? Were they sleeping? Why did they not put up a factory here? They come and think of putting up a factory here only when an indigenous concern tries to establish a factory here." Sir, this is a point which will have to be carefully considered by this House and by the Commerce Minister, because this kind of menace is looming large on the horizon, particularly after the remark made by the hon. Minister during the last session about the "leavening effect" of foreign industries. I am all for leavening effect, but that leavening effect can well be had by allowing the imports of some foreign products. But why allow the foreign industries to be established here? No one can deny today that the quality of Indian products is improving. Take the case of cycles. It is well known that our cycles when they began to be manufactured here were not very good, but now we are not only producing cycles which can compare very favourably with any imported variety but we are also producing them in sufficient numbers. The same is the case with so many other articles. My hon. friend will remember that when the *Swadeshi* movement began the Indian *dhoti* was not a *dhoti* at all. It was just like a sack, but gradually after years of trial and error Indian textiles have gained a standard and also foreign markets and they now compare very favourably with foreign textiles, and

in some respects they are even better than the textiles anywhere else in the world.

Regarding the question of imports versus protection to indigenous industries, this matter crops up again and again, and the Ministry has taken the stand that we cannot use import control as a protective measure. I do not quarrel with that decision at all, but my quarrel is when they say on the one hand that on account of foreign exchange requirements they cannot allow certain commodities or articles to be imported and on the other hand, do not support Indian industries. Is the consideration of the commodity or article being produced in our country not one of the reasons for allowing lesser imports of these commodities or articles? On this question the Fiscal Commission and the Import Control Enquiry Committee have come to the conclusion that there cannot be any hard and fast rule and while it is desirable that for obvious reasons of international repercussions we should not use import control for the purpose of giving protection to our industries, nevertheless in practice we shall have to do so. Therefore, I think that a more practical attitude has to be taken by the Government in this matter. Then, Sir, I just now said that most of the articles which are before us today for protection are products of small-scale industries and I find that some of them are not producing to their full installed capacity. I do not know what is the reason for it, but as they are all quite small-scale industries, they do deserve Government's sympathetic consideration as regards factors which handicap them. In some cases I know the Tariff Commission itself has been pointing out to Government the directions in which those industries can be helped, for example, in the direction of transport costs, in the direction of rebate on import duties on the raw materials which go into the manufacture of those articles etc. But some how in the Government of India's resolutions no mention is made of these suggestions. I would be glad, Sir, if the Commerce and Industry Minister very kindly enlightens the House as to why such recommendations of the Tariff Commission are not being looked into.

3 P.M.

[MR. SPEAKER in the Chair]

Then, Sir, Dr. Lanka Sundaram—for whose views I have the greatest respect—just now said that in the case of a number of articles, the prices are falling and he was wondering whether this fall reflected an exhaustion of the

[Shri Bansal]

protective effect. Then he linked it up with the interests of the consumer. Sir, I was surprised at his diagnosis, because it is as well that prices fall. After all everyone of us want that protected industries progress in a manner that they come to a stage where prices begin to come down and the consumer begins to get the benefit of that price-fall. I really could not follow his argument. I went to his seat, but unfortunately I could not get any enlightenment from him.

Sir, there are one or two cases where although Government have done their best to grant protection, by some conspiracy the full effect of that protection is not availed of by the industries concerned. I refer to the belting industry and the pencil industry. A number of representations, I understand, have been received by the Commerce and Industry Ministry that although protection has been given to these industries, certain imports are being made without payment of import duties under some guise. These loopholes are due, perhaps, to defective notifications or defective classification in our import-export tariff Schedule. I would request the Commerce and Industry Minister to look into this and try to plug these loopholes.

**Dr. Krishnaswami (Kancheepuram):** Sir, I wish to enter a caveat against some of the arguments that have been propounded in the course of this debate on protection and grant of tariff to certain industries. I should like to make it clear at the outset that this is only a continuing measure and that we have to await the Tariff Commission's investigations on many of these industries.

But having considered that point of view, I should also like to suggest that so far as this measure is concerned, whenever a question of tariff comes up before the Legislature, we are under a duty to examine some of the aspects of our tariff policy and find out whether we should have an extension of tariff, whether there should be a modification in our tariff policy, whether the expectations that we entertained about our policy have materialised.

The classic argument in favour of protective duties seems to have been that in a backward country, it is an obvious instrument for industrialisation. Wherever countries have been retarded industrially, it has been always pointed out that a protective duty does help to create a new industrial framework. The policy helps to build up technical skill and as a result

of the growth of technical skill, other industries also multiply. But there is a difficulty which I find about some of these protective duties that have been suggested in this Bill. The basis of protection, as far as I can make out is that industries grow within a sheltered framework and eventually they are able to satisfy the demands of the internal market. But when we find that certain industries, in spite of protection being given to them, are not able to satisfy the full consumer demand within the country, we have to ask ourselves whether a change in the policy is not called for, whether there ought not to be certain supplements to the policy of protection that we have been pursuing until now. If the gaps between the productive capacity and the consumption requirements of our community are great, what is it exactly that is to be done? Now, on this matter no simple answer can be given. I should like to place before the Government of the day one or two criteria that they may take into account in order to determine the type of policy that they should follow.

Suppose it is an article that is being demanded purely by the lower middle classes or by those who are in the lower income groups and we find, for instance, that as a result of a high protective duty being given to a particular commodity, the local industry in spite of its best efforts is not able to cater to all the demands, what exactly should the Government do? I should like to suggest for the consideration of the Minister for Commerce and Industry that a revision of this policy in a slightly different manner might be attempted. The component parts and raw materials that are to be imported might be given to the manufacturer and a refund of the duty might be allowed as soon as the articles are sold and a sale certificate is produced by the manufacturer. Undoubtedly, one of the complaints which the manufacturer has put forward is that even the duties do not constitute a sufficient protection, because there is what is known as the buyers resistance due to the market having been occupied in the past by foreign producers; due to a goodwill having been built up through years of patient advertising campaigns, it does seem to be difficult for the buyer to switch away from the foreign product to the domestic product. In that event a slightly higher duty, which is not as high as a protective duty, might be imposed, because that would give an opportunity for the lower middle classes to buy

these goods at fairly cheap rates and at the same time give sufficient incentive to the local indigenous producer. That is one of the suggestions that I have to make.

The other suggestion which I should like to place before the Commerce and Industry Minister is this. In the first place, there are certain industries which have been protected in our country. This morning we heard of the aluminium industry: we heard of the Aluminium Corporation. Some hon. Members pointed out that the Aluminium Corporation of our country was a purely family concern. Now, I do not know whether we can possibly help this sociological development in the present set-up of our country. Sometimes it happens that certain families have got the capital and they are busy starting certain industries. On that account I do not see how we can possibly quarrel with them, unless and until we decide to revise our policy and have an outright policy of nationalisation of these industries. But I should like to say this much of the Aluminium Corporation, and I think it would be fair on my part to quote only a brief extract from what the Tariff Commission have said about the Aluminium Corporation.

It was pointed out to them (that is, the members of the Tariff Commission) that the Aluminium Corporation was very much "handicapped due to lack of technical skill and due to the fact that foreign manufacturers were extremely unwilling to lend their technicians to the Corporation". Here it is not an instance of the industry being inefficient—here it is a case of monopolised skill abroad not being made available to the local industry and I do not see why the sins of the monopolists abroad should be visited on the head of the indigenous capitalist here in this particular instance.

But having said that, I should like to point out that even now the capacity of our aluminium industry, even if it gets the maximum protection will not be sufficient to meet the domestic requirements of our country. Therefore, in such cases Government should think, along with protective measures, ways and means of increasing the size of plants in different parts of the country so that the domestic demands might be met. The great difficulty which people find in entering into certain branches of industry is not due to unfair practices on the part of capitalists, but due to the fact that capital by its very nature has a monopoly value. A great deal of capital is required for investment in a 280 PSD

modern factory and it is very difficult for people to make an entry into an industry due to the fact that they do not have sufficient capital. In such circumstances the Government should think of ways and means of encouraging different types of competition to enter into these industries so that there might be a better chance of the community getting the products cheaper.

The argument that has been put forward by the Tariff Board that some of these industries do not have proper costing methods can also be met by the employment of this device, because where you have three or four corporations we can have a comparison of the alternative costs and we will be in a position to determine whether the particular industry has benefited by the protection and whether the consumer is not mulcted unduly as a result of protection being given to the particular industry.

There is one aspect of the matter which seems to have missed the attention not only of the Government but also of the various Tariff Boards which have gone into this question. We have viewed the problem purely from the point of view of indigenous industries being developed. It is an excellent and laudable object. But the transitional difficulties have to be taken into account. For instance, there are a large number of dealers who depend for their income on imported commodities. A sudden changeover in the method of production and a sudden denial of available goods to them tends to bring about a depression in a large sector of our economy. Take for instance an industry which is protected but which is not able to satisfy the full demands of the community. As a result of its not being able to satisfy the full demands of the community, many dealers who depend for their trade and livelihood on this particular vocation are either driven out of employment or they are forced to work at a very great loss. In any event, as a result of the depression in that particular branch of activity, what happens is that the rate of turnover is very sharply decreased, and as a result of it there is also a depression in income. I suggest therefore that when the Tariff Commission next enquires into all these matters it should take into account not merely the interests of the consumer but also the interests of the dealers and others who have been depending on this trade for their livelihood, because obviously a sudden throwing out of work of these dealers would affect the productive mechanism as much as an industrial collapse, and I would like that particular aspect of

[Dr. Krishnaswami]

the matter to be gone into very carefully by the Tariff Commission.

As regards protection the general argument in favour of it (that it ought to be used as an instrument of industrialisation) acquires additional force in the present circumstances. My own view about how far import controls might be utilised for the purpose of giving protection is very simple. In the post-war period, constituted as this country is, in many cases import controls have acted as a protective device for industries. But obviously it would be unfair and unwise on the part of industrialists to depend on import controls as a protective device. I would like the Government to suggest to them that they should not base their plans of production and of expansion on the definite hypothesis that import controls are going to continue for an indefinite period, because import controls have been imposed for the purpose of conserving exchange control, and if suddenly the needs of the country demand a relaxation of the control in favour of the consumers, the industrialists should not come forward and say "we have made our production plans on the definite hypothesis that this is going to continue for an indefinite period, kindly continue the import controls for a longer period". That would be unfair to the community. That would not increase productive efficiency and it would also lead to very large sections of the community grumbling against the Government and suggesting that it is trying to sponsor the interests of vested growth without paying regard to the interests of the community. I suggest therefore that on the next occasion when the Commerce Minister brings forward a Bill relating to tariffs and protection in respect of these various articles, along with the Bill there may be appended a statement of objects and reasons in which all these aspects may be gone into more thoroughly so that we may have an opportunity of examining the question from these points of view.

**Shri A. C. Guha (Santipur):** Sir, I think there cannot be any difference of opinion as to the necessity of protecting Indian industries. It has been the accepted policy of this Government, and for that very purpose a permanent organisation namely the Tariff Commission has been set up and an Act passed to that effect by this House. But the question here is whether the protection afforded to these industries here is adequate or proper. Most of these industries developed during the

war, and since then they have been getting protection all the time. But from the report that we have got we find that they have not made much progress as regards production of the commodities concerned or as regards quality. In respect of glucose for instance—it has been mentioned in the notes that—against an annual requirement of 2,500 tons our production is only 161 tons. In regard to hurricane lanterns, against our annual demand of 30 lakhs the production is only three lakhs.

**Sarv Karmarkar:** May I correct the figure? Our demand is only three lakhs. That zero is an ink spot, not a zero.

**Shri A. C. Guha:** Oh, I am sorry.

**Shri Bansal:** And our production is four millions.

**Shri A. C. Guha:** In regard to silk, our annual requirement is four million lbs. and we produce only 62,000 lbs. per annum, even though sericulture is an ancient and important industry of India.

In regard to the sago industry, during the war we had 100 factories. The number of factories came down to forty, then to twenty, and the number of units at present in existence is not known. So, to whom are we going to extend the protection? We do not even know how many factories are producing this thing now. This is the case with respect to most of the items, if not all of them. In regard to pencil also I think the number of factories has gone down. For coated abrasives there were five factories and now we have only two. I do not know why the number of these factories is going down. In respect of many of these items these Notes have also admitted that the quality has not been improving satisfactorily.

Our apprehension is that under the protection of these duties some of these capitalists have taken a complacent attitude. They know that they will get their share of profit; so it is no concern of theirs to improve the quality or reduce the cost. I do not know what action Government has so far taken or intends to take to see that these protected industries make an earnest attempt to reduce the cost and improve the quality of the products. Another item, Sir, I am referring now to the belting industry. The Government has admitted that the industry is not making proper progress due to the lack of demand for this article. But during the war, there were practically no imports of foreign belting and the Government and the Indian industries were doing with Indian beltings. I do



not know why suddenly there has been this lack of demand of Indian belting on the part of the Government and the public. As far as I know, Government is a big consumer of belting and about two years ago, there was a reference here in this House that the Indian Railways had been purchasing foreign belting. During the war Indian Railways and the Government have been doing quite well with these Indian beltings. Then, why suddenly the Indian Railways or Government Departments have been importing foreign belting, in spite of the fact that this industry has been getting protection for the last 20 years? It is high time for the Government to see whether this industry really deserves any protection or not.

Then another thing, Sir. I think in the Tariff Commission Act it has been stated that it would be within the competence of the Tariff Commission to look also into the question of the supply of raw materials and of standardisation. I do not know why in many cases it has been stated here that these industries are not getting proper raw materials and if that is the case I want to know whether Government have taken any steps so far or whether the Tariff Commission has made any recommendation as regards the supply of proper raw material.

Then comes the question of standardisation. There is an Indian Standards Institution and the Tariff Commission has also been given the charge of looking into the standardisation of manufactured articles. I would like to know if the quality has not been quite satisfactory, whether any definite attempt has been made by the Tariff Commission or by the Government to improve the quality of the products.

It has been stated by some previous speakers that there are some industries in which only one or two firms are interested. Last time also one or two such things came before this House for protection and in the third amendment to the Tariff Act this year it was pointed out that only one or two firms were interested in producing some of those things. In such cases the Government should take a more strict attitude in giving protection to them. It may be simply that they are so sure of their position—neither is there any internal competition nor any export. They are protected from internal and foreign competition, so they may take a complacent attitude as regards quality and rate.

In certain industries where our internal production is only ten per cent. or twelve per cent. or even twenty per cent. of the actual requirements I think

Government should seriously consider the question whether it should extend protective duties or it should give subsidy to those industries. As against ten per cent. or twelve per cent. indigenous production, 90 per cent. or 85 per cent. foreign commodity is consumed in this country. Due to protective duties their price is also raised by about 30 per cent. or 40 per cent. which means that about 90 per cent. to 85 per cent. of the consumers are penalised for the benefit of the industries which can supply only ten to twelve per cent. of the same goods. In those cases I think it is better, instead of having a protective tariff, to have some subsidy so that the industry may develop and the general consumers may not be penalised for that and whenever Government decides that there should be a protective duty, Government should take definite steps for the setting up of some other factories so that the actual production in the country may be at least somewhat near about 50 per cent. of the actual requirements. Otherwise the consumers' interests, I am sorry to say, will not be taken into consideration.

In the Tariff Commission Act it has been mentioned that the consumers' interest also should be taken into consideration while any protective duty is being imposed. When an industry can supply only ten or fifteen per cent. of the total requirements, the consumers' interests should be protected and instead of giving a protective duty Government should rather give some subsidy to those industries.

Dr. Lanka Sundaram made a reference to what was generally previously called the Imperial Preference. Of course I do not think there is any justification now to call it Imperial Preference. But there is a bad odour in it because of its past...

**Dr. Lanka Sundaram:** Would you call that a Preference at least?

**Shri A. C. Guha:** Yes, it is a bilateral pact, it is certainly a preference. I would like to draw the attention of the Commerce Minister to certain news items published recently and I think that things also must have been discussed in the recent Commerce and Finance Ministers' Conference in London last month or about six weeks ago. There is a movement in the United Kingdom to scrap what is called the General Agreement of Trade and Tariff on the GATT and the tendency in the United Kingdom is to have more of Commonwealth or Imperial Preference, by whatever name it may be called, but I think we should take a strong attitude on that matter. We should

[Shri A. C. Guha]

rather move towards multilateral than bilateral commerce and trade and I think every item in the preferential list should be particularly scrutinised. I do not like to quote here the opinion which the present Commerce Minister gave in this House some two years ago but anyhow I think each of these items should be re-examined as an assurance was given by the previous Minister also that all these items would be re-examined, and periodically re-examined. I do not know if all these items have periodically been re-examined and if so, this House should get some idea about the results of those examinations. I do not like that because of its past the whole thing should be scrapped. I do not like to start with that prejudice. Previously because of our political relations with the United Kingdom there was ample reason to take everything with suspicion. Everything connected with the United Kingdom produced suspicion, but now that we have become independent there is no question of political subservience to the United Kingdom. We should not now say that anything coming from the United Kingdom or anything connected with the United Kingdom is bad or to be suspected but in any case because of its origin I think all these items should be re-examined and the results of those examinations should be placed before this House so that the House may have the assurance that whatever agreement we may have with the United Kingdom must be based on the best interests of India. I would also, before I conclude, ask that we should move towards the general agreement on trade and tariff rather than towards bilateral agreement with the United Kingdom or any of the Commonwealth countries.

**Shri Karmarkar:** I would like to make a small correction. My friend was right in saying that the demand for hurricane lanterns is 30 lakhs.

**Shri A. C. Guha:** Production is only three lakhs?

**Shri Karmarkar:** Production meets the whole requirements.

**Shri A. C. Guha:** It is here stated that the production is 3:3 lakhs.

**Shri Karmarkar:** That is the monthly average. We shall deal with it later.

**Shri A. C. Guha:** Not only for one year, but year by year the figure has been given as 3:3 lakhs, or near about that figure.

**Mr. Speaker:** He may check up, if he likes, at leisure and then point out.

**Shri Meghnad Saha (Calcutta—North-West):** Sir, along with many other Members on this side of the House, I have my doubts regarding many of the recommendations of the Tariff Commission. As we scrutinise, we find that one thing has not struck many of the previous speakers. While there is a protective duty for many things, there is a discrimination between British manufactures and manufactures of non-British origin. You have, for example, jute baling hoops, protective duty: on goods of British manufacture 30 per cent., on goods of non-British manufacture 40 per cent.; cotton baling hoops; 30 per cent. and 40 per cent., and so on. I know that this kind of discrimination between British manufactures and non-British manufactures exists also in certain other fields. The result is, that though many scientific instruments and other substances could be obtained at cheaper cost from places like Germany and U.S.A., since there is a preferential duty on goods of British manufacture, we are compelled to buy them from the British market. I do not know why after Independence this kind of discrimination should be going on.

The second point to which I wish to invite the attention of the hon. Minister is this. We find that in the case of 30 out of 42 industries revenue duty has been converted into a protective duty. Conversion of the revenue duty into protective duty is justified when it induces more production of the material, when it has the effect of bringing down the prices. Everywhere protective duty has been imposed on the basis of cost of production. It has very seldom taken into account the price which is borne by the consumer. I find that in many cases, the consumer has to pay 30 or 40 per cent. more. In one or two cases, for example, the chocolate industry, he has to pay 100 per cent. more. Does it not mean that the consumer is entirely at the mercy of the producer? Taking advantage of the protective duty, he is extorting a very high price from the consumer. There is no protection afforded to the consumer. When you scan the duties of the Tariff Commission, you find a clause there which says that the consumers' interests should be protected. I think this is known to the hon. Minister. Here it is: "Enquire and report on the effects of protection on the general price level and cost of living". This is one of the duties of the Tariff Commission. I do not know whether the Tariff Commission has got any machinery to find out whether the consumer is at all being protected. I find in many cases

the retail prices are very much higher. So, it may be taken for granted that the consumer is not being protected.

I shall illustrate the ineffectiveness of the Tariff protection in one particular case. We have got a glass industry. The glass industry became very flourishing during the war period because the import of foreign glass was stopped. They not only manufactured all the glass which was needed in the country, but also exported some of this glass to outside countries. At the present time, the glass industry is almost in a state of collapse. It is not a figment of my imagination. You can read the report of the Planning Commission where it is stated that the installed capacity for the manufacture of sheet glass is 12,000 tons whereas the actual production is only 5,000 tons, about one-third. It is the same with respect to hollow glass, bangles, etc. So, the glass industry is in a state of collapse. What is the cause of that? The glass industry requires three fundamental things: sand, limestone and soda ash. Sand and limestone you can obtain at the same price in this country as in Europe. But, what about soda ash? Soda ash is in a very peculiar position. Soda ash is sold in Europe and in England at Rs. 120 per ton or something about that. In this country, it is sold at about Rs. 380 per ton. There are two chemical concerns in this country who manufacture this article, Messers Tata Chemicals, and another. They say that they cannot manufacture soda ash for anything less than Rs. 360 a ton. We find actually that very little soda ash is being manufactured in this country. Our requirements are 170,000 tons; we are producing only 44,000 tons. That too is mostly of a light variety and not of a heavy variety which is used for the manufacture of glass. There is something wrong somewhere. Soda ash is being made in this country. When the manufacturers are asked why they cannot make it at competitive rates, they give some kind of explanation which has not been convincing even to the Tariff Board. As a matter of fact, the Tariff Board which was the predecessor of the Tariff Commission, said in their report of 1949 that they were not convinced why the price of soda ash in this country should be so high. They actually recommended that there should be a Government factory at Sindri for the manufacture of soda ash at competitive prices. It is there in the Tariff Board's recommendations of 1949. Now, nobody knows why this kind of thing is taking place. The Tariff Board look at the figures supplied to them by the two Chemical concerns and they conclude that soda ash cannot be manu-

factured in this country at less than Rs. 360 a ton. Whereas, in Europe it can be manufactured economically at less than Rs. 120 per ton. Now, here is a vicious circle, and one has to find out why it is so. It is because many of our heavy industries are only manufacturers in name. They are really subsidiaries of the chemical and aluminium empires of foreign concerns—of the Imperial Chemical Industries which has got a chemical empire for the whole of the British Dominions; or, if you take the U.S.A., the Dupont du Nemours Co., and other concerns. Aluminium industry in the major part of the world is part of the aluminium empire of Canada. And it is in the interests of these bodies to see that these industries do not flourish in other countries. Therefore, a vicious circle has been created. Many of our so-called manufacturers, who are also distributors, find it cheaper, and they make more money, by entering into some kind of clandestine contract with the empires to which they are subsidiaries. They buy it at some concessional price from them and dump it at this protected rate here, and make money. This is the reason why no soda ash is being made at competitive prices in this country. And this is a very vicious circle from which we must rescue ourselves. There is no meaning in freedom unless there is economic freedom, and I know that in this country there are sufficient raw materials, and sufficient talent to enable us to achieve economic freedom, provided we, once for all, get rid of the idea that every foreigner is a super-genius and there is no genius in India.

As a result of this vicious circle in soda ash, we find—here I have got the report of the Tariff Commission—the landing price of sheet glass—it is given here—is six annas per square foot, whereas if you buy sheet glass from the market, it is about four times the price. There are sheet glass factories in this country—one in U.P. and others in some other places. You find that the production is just one-third the capacity of these factories. Why is that so? That is because many of these distributors have got an interest in the sheet glass industry, and they are seeing that no sheet glass is produced, so that they can buy foreign sheet glass at a very cheap price, at six annas-per square foot, and sell it at more than one rupee and pocket all the money. So, this tariff policy, instead of increasing the production in this country, instead of helping in the development of new industries, is being utilised by the capitalists of this country for their private benefit, and

[Shri Meghnad Saha]

this is a thing to which we must pay our very serious attention.

I find, on page six of the report of the Tariff Board, they have extended protection to the starch industry without giving any argument whatsoever. I do not know why this protection has been given. They ought to have given some argument as to why this protection is to be extended.

There are many other items where you find the Tariff Commission and the Planning Commission have come to an agreement. One of these things is that many of the heavy chemicals, which are key materials for the promotion of industries in this country, should be left to the private sector. One of these things is sulphur. Sulphur, as you know, is a very important key material. It is not produced in India. We have to buy it either from U.S.A., or from Italy or from Japan, and all these three countries are under U.S. domination. So, in the event of a third World War, if we do not develop any sulphur industry in this country, then, half of our sugar factories would come to a stop, and our chemical factories would come to a stop. Since 1942 we have been talking of manufacture of sulphur in this country. We have not got sulphur as it is. We have got pyrites; and other European countries in a similar position to ours like Germany, have developed methods for the manufacture of sulphur out of pyrites and it is competing successfully with the price of sulphur imported from U.S.A. and other countries. Why are we not able to manufacture sulphur in this country at competitive prices. The Tariff Commission say that they have consulted some of the factories and they have carried out experiments. Their experiments show that it cannot be manufactured in this country at competitive prices. I am not at all satisfied with that kind of answer, because many of these chemical concerns are really subsidiaries of foreign companies. And when they say something, you have to take it with a grain of salt. Therefore, I suggested the other day that we should not depend upon any of these private chemical concerns for data. Thanks to the initiative of our Prime Minister, we have got a number of national laboratories. We have got a very fine laboratory at Poona—the National Chemical Laboratory. This laboratory ought to be asked to find out a process for the manufacture of sulphur out of Indian pyrites and I think if they can solve this one problem, all the money which has been spent on them will be

well spent. We must not depend upon the figures given to us by any of the private concerns.

Then, we had a lot of interesting discussions on aluminium. The total need of aluminium in this country has been given to be 15,000 tons. That is because we require aluminium only as a mineral which can be made use of for making utensils. The greatest use of aluminium is in the manufacture of aeroplanes, because practically the whole body of an aeroplane is made of aluminium and its alloy duraluminium. As a matter of fact, I know, three or four years ago, a German expert, who was no less a man than the famous designer Messerschmidt, was invited to this country to advise the Government on the manufacture of aeroplanes. The first thing he advised us to have was an aluminium factory otherwise the country would have to depend upon foreign countries for the most important material for aeroplane. But we have every raw material in this country and there is no reason why we should go for aeroplanes to other countries. If you manufacture aeroplanes in this country, our demand for aluminium will not be 15,000 tons. It will come to something like 50,000 tons. And aluminium is the coming metal of the century. It is used not only for making utensils, but for making parts of ships, and it is replacing iron and other things in many other industries. So, this is an industry to which we must give our serious attention.

Shri C. R. Narasimhan (Krishnagiri): On a point of information, my hon. friend Mrs. Kale says that in Canada a bridge was built of aluminium.

Shri Meghnad Saha: We find that instead of producing 15,000 tons, we are producing only 4,000 tons, and the cost of production here is much higher than the cost of production in other countries. Of course, I admit that one of the causes is the high price of electricity, because the main item in the production of aluminium is electricity. To produce one ton of aluminium, you require 120 thousand units of electricity. Unless the cost of electricity can be cut down, we cannot produce aluminium in this country at a cheap rate. But why are you not producing electricity at a cheap rate? The Aluminium Corporation is in a coal area and its cost of distribution is almost nil, but the cost of production of a unit of electricity as shown by the Aluminium Corporation is one anna, instead of 1/4th anna as it should be. This is a great mystery. And I think

the Tariff Commission had neither the means nor the time to go into this question. Also they are simply playing into the hands of the manufacturers who are using the ignorance of the Government and their inability to go deep into things, for their own interests. I quite agree that so long as we leave the manufacture of aluminium, sulphur etc. to private sectors, as has been given out by the Planning Commission, we shall never have any industry at all in this country in spite of the fact that India is very rich in raw materials. I think we have got the best kind of bauxite, all over the country, in Ratnagiri district, in Bihar and in many other parts. As long as we allow ourselves to be guided by our industrialists, in these matters, we shall never be able to reach our goal. We have to go deep into the 29 industries that have been sought to be protected, and see whether they actually need protection, whether by giving protection to them, we are not encouraging inefficiency and cheap methods of making money etc. All these things have to be gone into very deeply. I find from the note circulated that the Tariff Commission has been entrusted with a very large number of duties of an important character. The functions of the Commission are much wider than those of the Tariff Board.

One of the functions of the Commission is 'inquiry and report on the grant of protection, for the encouragement of an industry'. In this matter, I think they are entirely guided by industrialists. But there are other parties in this country as well, who can take interest in industry. I know many of the scientists who are being employed in our National Laboratories, the National Chemical Laboratory, the National Physical Laboratory, the Glass and Ceramic Research Institute, the National Metallurgical Laboratory etc., can give advice of the highest order, not only on scientific matters, but even on cost of production etc. I find that the Tariff Commission has seldom asked for their advice. On the other hand, the Commission is entirely guided by the industrialists; and this, I think, is a dangerous factor.

Another item entrusted to them is the variation in the customs or other duties for the purpose of protecting industries. The fourth item mentioned is the most important one, inquiry and report on the effects of protection, on cost of production, and fixation of prices. The fixation of prices is a very important and large item in the economy of a country. It can promote an industry, or demote an industry, and it can also bring in sufficient

money, if you properly manage it, to the State Exchequer, for the development of the country. On going through the report of the Planning Commission, I find that they have planned a number of industries mostly agricultural, but leaving other industries entirely to the private sector. On looking into the chapter on Finances, I found that their financing is on old-fashioned lines, just having some taxation, some deficit financing etc. But the most important source of financing is the turnover tax which is the main item of taxation with the aid of which Russia has developed her Five-Year Plan on a very wide scale and that has been dismissed by the Planning Commission in one short sentence. The Planning Commission probably has no idea that Russia has developed all their industries from nothing; the main source of their income was the turnover tax. Turnover tax is nothing but fixation of price and taking the surplus for the interests of the country. Instead of the money going to the pockets of private industrialists, it should go to the State Exchequer, so that the State may invest that money in schemes for the promotion of industries. I have given you one example, that of sheet glass. Dealers in sheet glass—I know many of them—are making an enormous income on account of this protective tariff. I doubt very much whether by means of taxes and so on, you will be able to recover the same, because they are much more cleverer than the Government. I would agree to the fixation of price of glass at Rs. 1-8-0 per foot, provided all this turnover tax is taken by the Government and is invested by them for the development of industries in this country. So this Tariff Commission has got a very important function to perform, in the fixation of prices for the industrial development of the country. I think they have not got sufficient machinery to discharge their functions. They must therefore be given additional aid. They must not only consult industrialists, but the scientists and technicians also, as also the representatives of the consumers.

These are my criticisms on the recommendation of the Tariff Board. I am sorry I was not able to make a more detailed study of the note, because I got it only two or three days ago. I think this is a very important question, because, on the policy adopted by the Tariff Board, will depend the growth of industries in this country and the interest that will be taken in that behalf.

Mr. Speaker: Now I call upon the hon. Minister.



**Babu Ramnarayan Singh** (Hazari-bagh West): I want to say something.

**Mr. Speaker:** The hon. Member may have his chance after the hon. Minister finishes his speech. The hon. Minister is not replying to the debate now.

**Shri T. T. Krishnamachari:** I would like to intervene at this stage of the discussions, in order to clear some misconceptions that seem to exist in the minds of hon. Members. My colleague who moved this motion made it very clear that with the exception of three industries regarding which protection has been recommended by the Tariff Board, the rest is merely a matter of extension of existing protection, because the Tariff Board has not been able to go into the question as to whether protection should be continued, if so what should be the quantum of protection, should it be raised or lowered etc. It is more or less an administrative recommendation. I am very glad, that hon. Members who spoke before me recognised the value of the services of the Tariff Commission.

[**SHRI HARI VINAYAK PATASKAR** in the Chair]

The House will forgive me if I make a reference to the President of the Tariff Commission, who has now left this country, Mr. G. L. Mehta, who over a period of years has given this country valuable service and also set the traditions and standards in the matter of tariff inquiries, that should be adopted by the Commission in the future. It is indeed a matter of good fortune for this country that he has been the first President of the Tariff Commission. We have been hard put to it to find a successor to Mr. G. L. Mehta. Now I am happy to say that I have been able to persuade Mr. Bhatt, who has a very fine record of public service and is well known as a man of the highest integrity, to accept that responsibility, though he was rather disinclined to do so.

4 P.M.

**Shri S. S. More** (Sholapur): Does he know anything about industries?

**Shri T. T. Krishnamachari:** A little more than what my hon. friend does. I think it is...

**Shri S. S. More:** He has not replied to my question, Sir. He may know much more than I do, but whether he is qualified to be the Chairman...

**Shri T. T. Krishnamachari:** Unfortunately for the hon. Member, Mr. More, we happen to be in power and we feel he is qualified. He has got to accept it.

**Shri S. S. More:** I rise in protest, Sir. When I am seeking...

**Shri T. T. Krishnamachari:** I am not yielding, Sir.

**Mr. Chairman:** Let him finish. After that I will allow the hon. Member an opportunity to speak. Let there be no discussion across the Table.

**Shri S. S. More:** When Members are asking some questions of the Government side, he cannot be so satirical about it. We can return that in a larger measure.

**Mr. Chairman:** As a matter of fact, he has given a reply. Probably the hon. Member does not appreciate the way in which it was given. I can understand that. But at the same time, it is not desirable to carry on discussion this way. After the hon. Minister has finished, I will take into account what...

**Shri S. S. More:** We are not a controlled commodity here, Sir.....

**Mr. Chairman:** Let him proceed. I do not think we need now discuss it.

**The Minister of Revenue and Expenditure (Shri Tyagi):** The Government cannot allow...

**Mr. Chairman:** I think the hon. Minister may now proceed.

**Shri T. T. Krishnamachari:** I am sorry, Sir. If my hon. friend mistakes what is called humour for satire, it is rather unfortunate. But, unfortunately, 'satire' is not a protected commodity. Anybody is at liberty to use it. If my hon. friend wants to use it, he is at perfect liberty to do so. We are willing to take it. We have a devoted head which will take all that is showered on us. That is by the way. I am very sorry that any remarks should have been made about a person who is not here.

**Shri S. S. More:** It is not a remark about an individual. I wanted him to clarify. My friend has paid a compliment to a particular individual. We are perfectly entitled to ask about the qualifications of that individual. The individual does not come in. The Chair will concede that we can ask whether the new Chairman is perfectly qualified or not.

**Mr. Chairman:** I think this small matter has been replied to. Of course, I do not know whether the manner in which the reply was given was correct or otherwise, but the hon. Minister himself says that he is sorry.

**Shri S. S. More:** I accept the apology.

**Shri T. T. Krishnamachari:** No apology has been offered?

**Mr. Chairman:** Let there be no mistake. The hon. Minister did not intend any offence to anybody. Let this small matter end there. We know over such a small matter, we cannot carry on a controversy. I would appeal to the hon. Minister also now to proceed to the merits of the Bill. Let us leave this matter here.

**Shri T. T. Krishnamachari:** I am deeply obliged to the Chair, Sir. But, Sir, the reference was made because my hon. friend, Dr. Lanka Sundaram, did lay emphasis on the amount of staff and the number of members in the Tariff Commission as being an integral part of the utility of that Commission. Hon. Members will recognise the difficulties that Government has in being able to obtain suitable men to serve on a body like this. He cannot be an industrialist; he cannot have any vested interests; he must be a man who has got the highest integrity, from the knowledge that we possess, and he must have superhuman abilities. These are rather difficult to find, at any rate, in this country—I mean to the extent of the knowledge that I and other members of Government possess. And I made this reference because while we could now appoint another member and augment the number to five, we find it difficult to secure a suitable person. Having appointed a person and finding that he is not good enough for the job is, I think, a little more awkward than not appointing a person at all.

On this question of the work of the Tariff Commission, I would like to say that I had an opportunity of going to Bombay recently and discussing with the members of the Tariff Commission, not their work—that is not within my province, they are entirely independent of Government—but their programme, the extent of the staff that they would need, the number of inquiries that they could complete in a given period and what additional members they would require; for instance, for the inquiries in regard to prices, because the Tariff Commission can also have the assistance of *ad hoc* members. It is after a review of all these considerations that the Government came to the conclusion that it would be better if the period of time when protection lapsed in regard to any particular industry was not in the middle of the year but towards the end of the year. We chose upon the date, 31st December of a year, as be-

ing a suitable date. Instead of having protection expiring in March or April we thought it should extend to December of a particular year.

There is another object also in doing so. It is that the programme of Parliament has to be considered. It is not always possible to bring in a measure of this nature during the Budget Session. We have to hustle the House and pass it at the cost of other business that it has. So my view was that it would be much better to take up consideration of tariff measures in the Autumn Session, towards the fall of the year. And then we reviewed the quantity of the work that the Tariff Commission had on hand. They had about 53 inquiries pending. Out of them, 27 were expiring towards the end of the year or in March, 1953. They have one or two very important inquiries on hand which have to be completed within a short time. It was humanly impossible for them to give us any report, even a preliminary report, in regard to these industries protection to which was expiring by December, 1952 or March 1953. Well, we thought the best thing was, with their concurrence to make an *ad hoc* extension of the time of protection to the end of 1953 and give them more or less a whole year to go through all these inquiries. In the meantime the choice of the subjects on which they should undertake enquiries whether it be industries into which they have to make an exhaustive enquiry or a cursory one, is left for the Commission to decide.

That is really the excuse, the reason, the cause for our having presented the House with what looks like a complex piece of legislation but which in reality is a simple one. I welcome, Sir, any criticism that hon. Members make in regard to the grant of protection or to the failure to grant adequate protection or with regard to the failure of either the Tariff Commission or the Government to inquire into how that protection has been used or abused. We provide every opportunity for hon. Members. I think, having been myself a Member of this House in a private capacity for several years, I cannot altogether forget the fact that a Member of the House wants opportunities when he can examine the acts of the Government with as powerful a microscope as he can possibly get. Therefore, I do not resent any criticisms made. I welcome them in the spirit in which they are offered. If Members feel that Government have not done their duty, I take proper note of what they say and as far as humanly possible for me, with the resources, time and intelligence at my disposal,

[Shri T. T. Krishnamachari]

I try to remedy the situation. So if I say a few words in regard to some of the remarks that fell from the hon. Members in a very general way—because I am leaving the particulars to the hon. the Mover—I would ask them to accept them in the spirit in which they are offered.

On this question, Sir,—again to revert to the question of the composition of the Commission—I agree with the hon. Members with the remarks they have made and on a previous occasion I had told them that I was grateful for their suggestions in this regard. At the present moment I could fill in the post of the fifth member in the Commission if the Government could make up its mind on a suitable person. In fact, I have told the Chairman of the Tariff Commission that he should, as far as possible, utilise *ad hoc* members for price enquiries, so that we would be able after a time to know that there are a number of suitable and proper men available. In fact, if this experiment is tried, that will be a testing ground to enable us to make up our mind before we appoint them as permanent members of the Commission. Very possibly before long, I may have to come to the House to permit me to expand the number of members of the Tariff Commission also.

I might, Sir, certainly acknowledge the very valuable suggestion made by that eminent scientist sitting on the other side of the House that we should use the services of scientists. I shall be very grateful myself if scientists would agree to come into the Board or to agree to serve as *ad hoc* members. But it would be wrong for anybody to say that the Tariff Commission ignores scientists and depends entirely on industrialists. They do not. It is a wrong presumption because I suppose the hon. Member who spoke will know exactly how the Tariff Commission went about its work.

**Shri Meghnad Saha:** Sir, I did not say that he should have only scientists. I said that in addition to industrialists he should have scientists and a leavening of the representatives of other interests.

**Shri T. T. Krishnamachari:** I am very obliged to the hon. Member. I do agree that there should be a leavening—I rather like the word leavening—of all types possibly—not merely economists but also public servants even though they may just be able to judge what is right and what is wrong—that is a very valuable qualification,—and scientists as well, who

may not always be able to judge from the concrete point of view but who might sometimes judge things from the abstract point of view, even so they have their utility. But it would be wrong to generalise that the Tariff Commission is dependant for its information and guidance on any one set of people. Actually, they are very much dependant on their cost accountants and what the figures say. The evidence of others is heard. It is certainly open to anybody who is interested, not only the industrialists, but also the consumers, to give evidence before the Tariff Commission and their evidence will be welcomed by the Tariff Commission.

Sir, one other matter before I go into details,—I mean the details in a very general way—about these imperial preferences. My hon. friend, Dr. Lanka Sundaram reminded me of my promise. I must tell him that I did not make the promise in order merely to tide over a temporary difficulty. I meant to do something about it, when I made that promise—an evaluation of all the terms of the Indo-British Trade Agreement of 1939, by means of which we have given them some preference, which we, for lack of a better wording at the present juncture, still call 'imperial preference'. I have had a preliminary survey today conducted by competent people. Though I am not in a position to divulge the results, I can show to my hon. friend that the document is very impressive because you find quite a lot of photostat copies of statistics. I have a preliminary survey with me in regard to which I find a certain amount of difference of opinion in the evaluation of these statistics. What it shows is that while sentimental considerations and all that would necessitate the dropping of the words 'imperial preference' the advantages are not entirely unilateral. There are certain advantages which we gain now, which may be temporary advantages but which are, in the contest in which those advantages are, available of course, to us very valuable.

**Dr. Lanka Sundaram:** May I interrupt my hon. friend, Sir? Is he aware that Pakistan has conceded imperial preference in respect of 30 items?

**Shri T. T. Krishnamachari:** Imitation is the best form of flattery. I do not propose to flatter Pakistan. The economy of that country and the economy of our country are totally different; the points of similarity are very few. It is a complementary economy, I agree, if Pakistan and we can co-operate; one economy can be

complementary to the other. Manufacturing economy and agricultural economy can be complementary so far as their mutual relationship is concerned. What Pakistan does is not a thing that suits me. And my hon. friend Dr. Lanka Sundaram would have obtained his Doctorate in vain if he passes judgment on the actions of a country merely because it seems to agree with his own particular proclivities. They have to be judged on more serious grounds. Of course, he has to take me in trust.

**Dr. Lanka Sundaram:** When do you publish it?

**Shri T. T. Krishnamachari:** I am not going to publish it. What I will publish is something more definite. It is only a preliminary work which is purely confidential for the benefit of the Government and those who have to work with it. I find two or three differences of opinion even on this preliminary investigation. There is, however, some good that has come out of this survey. I was able to find in this in relation to a commodity about the rules of which I am hard pressed at this moment—that these protective duties were of some advantage. So I propose to hold on to it until such time when I feel that the advantages are non-existent. In any event we cannot hold this document or some such document from the gaze of my hon. friend Dr. Lanka Sundaram for any length of time.

**Dr. Lanka Sundaram:** Is that a promise, Sir, that some of us can see it?

**Shri T. T. Krishnamachari:** I do not propose to make any discrimination. I remember always article 14 of the Constitution; and, Sir, when it is available for inspection, it shall be available to all the hon. Members of this House and of the other House also. I referred to this now because I felt that I ought to tell my hon. friend that I am doing something about it.

My hon. friend, Mr. Arun Chandra Guha is a very diligent student, for whose diligence I have the greatest respect—he is unfortunately not here—made a reference to something that has happened somewhere in London from the reports he has seen. I am afraid all these reports are wrong. I may tell him there is no possibility of something being done in the shape of 'imperial preference' being crystallised as against the multi-lateral trading facilities that we allow to other nations which are signatories to the GATT. There may be a difference of opinion whether the GATT itself is worth while or not. We do not propose to

sacrifice that for something else unless there are some decisive advantages. Hon. Members all know that we are going on with these bi-lateral treaties with countries. We had got certain advantages in regard to certain commodities that we can sell to them.

I am very grateful to my hon. friend Mr. Bansal but my only complaint is that he blows hot and cold. Yesterday he was very cold, pleasant; today he is very hot, very unpleasant. This is, I suppose, his mood. I suppose an element of the Jekyll and Hyde personality is there in every human being, it is endemic. It is we that make those particular proclivities to come out as we react to our own wishes. I agree that I am sometimes a catalytic agent in this House, and I suppose that is how I have drawn from him the wrath that he has poured out. I do not want to refer to his association with an august body because I have very great respect for that body, but it seemed to me that his association with that body is having an undue influence over him, at this particular moment. I might very well have heard the President of the Federation of Indian Chambers of Commerce speaking today when I heard all that Mr. Bansal said.

Sir, one feels very happy to hear many speakers on the other side supporting us sometimes. It is rather funny that sometimes in certain matters we find strange bed-fellows, holding views which probably I hold. In this question of free trade and protection these are views that there should be no question of protection for all time for any commodity. Nobody says that in future, there should be only free trade, which means that the consumer can be allowed to find his own level if there is any level at all for him. But the idea that protection has come to stay for all times seems to be a little far-fetched for me at the moment to absorb. I must tell my hon. friend Mr. Bansal that I am not yet ready. My education is progressing; I may come to that level sometime but not yet.

Then he said something about foreign interests. If an Indian comes along and says, "I am going to manufacture typewriters", then my hon. friend's suggestion is that since an Indian national has said it and has declared his intention, and probably he may declare that intention before a magistrate and confirm it by solemn oath and the magistrate's seal may be there, the Government of India should not permit anybody else after that to come into that industry. That is the sum total of what my hon. friend said. I know

[Shri T. T. Krishnamachari]

this particular friend whom he has in mind, because forty different associations have complained to me about this particular case. Thirty different members of Parliament have written to me and several Members belonging to my party also have written to me, not to speak of other people who are interested in this particular single individual who has got a grouse against somebody else who has started a typewriter industry. Sir, this is one of those cases which are being exaggerated unduly and that is not good for my friend who is going to start the typewriter factory nor for the economy of the country nor for the sponsors of this complaint. There must be some definite basis for a complaint. Supposing it is true that this gentleman has declared his intention to manufacture some 12,000 pieces, and according to our estimate we require about 28,000 to 30,000 pieces. Where are the remaining 16,000 or 18,000 pieces to come from? They must be imported. If they are not to be imported and if I allow somebody else to manufacture them in the country, then what is wrong? This point is left completely out of account. That is when I consider the intervention of my hon. friend Dr. Krishnaswami to be valuable. As an economist he did point out certain basic facts which we cannot altogether ignore. If there is a gap between local production and the amount of demand, what are we to do about that gap? I think he was right when he asked that question. Government must do something to fill up the gap. We cannot allow the gap to remain. One course is to import. But at the same time luckily for my hon. friend Shri Bansal and people who are of his way of thinking, there is a chronic shortage of foreign exchange so far as we are concerned and much as I would not like to help lame industries to thrive or to exist by a measure of protection which is indirectly granted, I have willy nilly to grant them protection though indirectly because when I make up my import budget I have to take into consideration how much of money I have and how much imports are necessary and how much is available through local manufacture and then find out how much I have to import. I think some hon. Members have pointed out the value of there being certain imports. I hold that opinion very strongly. Even if we become a manufacturing country—let us say up to the extent of 99.9 per cent.—even then we ought to allow three or four or five per cent. of goods of a particular type to come from outside, so that our standards can be maintained. It does not matter from which country those goods

come. They may come from any country. Hon. Members may have different preferences, but I do feel that if somebody else makes an article better than we do in this country, and we allow some goods of that type to come into our country, our people here will become dis-satisfied with the indigenous article and insist upon the Indian manufacturer giving the same standard as the foreign stuff. That is the way in which normally industries grow. When I do that, the Federation of Indian Chambers of Commerce and Industry criticises me. It says, "There are local industries and local manufacturers. Why do you allow this?" It is forgotten that I also get kicks from the consumers. Supposing I say that razor blades will not be imported as a measure of protection to the indigenous razor blade industry, then the consumer protests. If supposing I say that bicycles will not be imported for another two months, then the consumer comes down upon me. I do not know which way one can go. If I try to please everybody, I would soon be in the position of the miller, his son and the ass. I think the best way is to adopt the golden mean and not listen to anybody. Perhaps that is the best thing to do in matters of this nature, where academic economists, consumers' representatives and industrialists' representatives—all of them come out with different advices. I must choose my own method of solving the problem rather than listen to any one person. I am perfectly sure that when everybody complains, I am in the right.

On this question of foreign interests, I think I have said on former occasion more than what is necessary. It is wrong for hon. Members here like my hon. friend Shri Tulsidas Kilachand to understand me when I say that there should be a leavening of foreign interests as saying that people of his community are not honest. It does not mean that. If somebody deduces something from what I say, I cannot help it. If he deduces something which I had no intention of making known as my opinion, I cannot help it. I am not fond of the British or anybody else and I think there are several hon. Members who I know are not fond of them either. But we do sometimes feel that if we are not quite sure of our own people—and let me tell you very honestly that sometimes we are not quite sure of our own people—then, I say let us have some foreigners. There may be a few of them; not a whole lot of them. I do not want a whole lot of them here. But a few of them will set up some



standards here. It does not do us any harm. So long as they do us no harm, so long as they play the game, I propose to have them. I propose to give them national treatment so long as they accept national obligations, and there is nothing more to be said about it than that. If even when I do this, you come and say, "Well, you are encouraging the foreigner", then I cannot understand it. I am only trying to do what is in the interests of the country. But if you are only trying to coin a slogan which with gain currency by all means do it. If you want to raise this bogey of foreign interests or of the Government of India favouring foreign interests, then let me tell you that all this discussion is just to raise a slogan and nothing more. It has no more validity than that. Of course, it is true that there are some interests in our country who have come in when the British were here and some of them have large interests. But then various complications are likely to arise in dealing with them. We do not want to quarrel with friendly nations. Some of these interests will probably go in course of time. They will stay only so long as they are useful. But if they are not useful, they will not stay; they will go. And there is nothing more to be said about it.

In regard to particular industries. I shall leave it to my hon. colleague to reply, but I think I should say a word on this question of scrutiny of particular industries at this moment. As I said, this is avowedly an *ad hoc* arrangement, and we are just extending the protection for another year. My hon. friend Shri Ramaswamy from Salem said, "Oh, industries must have some kind of security." I too would like them to have security, but I have not got the means. The Tariff Commission is not in a position to go on making enquiries now. If they do not make an enquiry, I cannot extend protection beyond a year. It is not legitimate. The administrative discretion in this matter can be projected only up to one year and not beyond that. It may be that there are some incidental inconveniences. They have to be put up with it because I have not got the staff.

Then, a point was made about soda ash and the glass industry. My hon. friend the distinguished scientist had something to say about it. I appreciate what he said, because although it may be that he speaks in a type of language that is somewhat different from ours, there is sincerity in what he says and you cannot altogether ignore it. But on this question of import of

heavy soda ash, I think, we are helpless. We have to get heavy soda ash from abroad. There is no manufacturer here who produces this type of soda ash. The one Corporation which controls the distribution of magadi soda ash does not manufacture it but scoops it out from nature. For the glass industry, they want this heavy soda ash. It will take quite a long time before we can manufacture it and even if we succeed, I doubt if it would be economical.

**Shri Meghnad Saha:** Even in the report of the Tariff Commission, 1949, they have stated that soda ash is the key point in the manufacture of glass and they have suggested the manufacture of soda ash at economic prices. They have recommended that round about the Sindri factory Government should set up a factory for manufacturing soda ash, because the manufacturing processes are practically the same. If you take the ammonium soda process, you have to take ammonium and that will react with lime. The Tariff Commission made some kind of investigation and they found that if such a factory is started there, you can make soda ash in this country on a competitive basis. I want to know why for three years now no action has been taken on this recommendation.

**Shri T. T. Krishnamachari:** I quite recognise that it can be manufactured but I am rather doubtful if it can be made on a competitive basis, because the price of imported heavy soda ash is certainly cheaper. I may tell him that I have my difficulties in this matter. We have had, as I said, the insistence of the consumers in this matter. I think formerly the Government had to put this under O.G.L. Quite a lot of stuff came in, and what happens in regard to the O.G.L. is that persons who have no interest in the soda ash trade come in and obtain licences for some phenomenal amounts like Rs. 50 lakhs. I know of a firm which has taken licences for Rs. 50 lakhs for import of soda ash and caustic soda—just to corner the stock. I asked somebody to find out what the capital of that firm was and I found out that it was just Rs. 15,000.

**Shri Meghnad Saha.** It is very easy to answer. You have got the installed capacity of sheet glass. As I find from the report of the National Planning Commission it is 12,000 tons. They are actually producing only 5,000 tons. That shows that they can consume a large quantity of soda ash, if it is available at competitive prices.

**Shri T. T. Krishnamachari:** I said that estimate of the consumption of soda ash varies. The Tariff Board has said it is 1,07,000 tons; I have heard people say it is 1,20,000 tons; I have known of another estimate which puts it at 1,40,000 tons. The dhobi's demand is something which we have never been able to estimate. The producers say it is only 80,000 tons. It is rather difficult to reconcile these figures. But it does seem that all the imports have been brought in by people who are more or less speculators,—people who have nothing to do with the trade but—merely take out a licence because one is available and all that they do is to spend a hundred rupees for that purpose. This half year we have not allowed any imports. Unfortunately, the two factories that used to produce soda ash have closed down in spite of my persuasion, in spite of my telling them that I was going to control the bringing in of soda ash from abroad. They had not enough faith in me. Perhaps they may open their factories before only. This is only one of my headaches, because every industry causes a headache at one time or other.

That is all that I have to say from a general point of view, to several of the criticisms that have been made. A reference was made by my hon. friend Dr. Saha in regard to scientific instruments. He and I both know what the origin of it was and I can tell him that if there is any real difficulty, that difficulty will be removed. In regard to other matters of detail, I think, my hon. colleague would be able to reply. I am very grateful to you, Sir, for having given me this opportunity.

**Pandit Munishwar Datt Upadhyay.** (Pratapgarh Distt.—East): Sir, although the hon. Minister has spoken on the most important points raised and on the far-reaching implications of this Bill, I have to say a few words on the lesser important aspects of this matter. I should like to submit that when we are considering the question of giving protection to industries, we are dealing with businessmen, whose main object is profit. They are out to make money: hence the complaints and objections to the protection, because these protective measures are likely to be abused, because the persons concerned are likely to misuse this protection. This fear is absolutely out of place. All that we have got to do is that we should have an efficient machinery for controlling these industrialists and persons who are in a position to abuse the protection grant-

ed to them. It is with that object in view that we have established the Tariff Commission.

The Tariff Commission has a number of functions to perform. It devotes its entire time to this and as the hon. Minister just now told us about the working of this Commission, they have taken up the work very seriously and during the period of about eight or nine months the work they have done and the control that they have exercised over the industries, are I think, by no means, insignificant. The need for a permanent Statutory Tariff Commission has been felt for long. The Fiscal Commission recommended the need for a permanent body and in response to their recommendation the Commission was appointed last year by an Act of Parliament. The functions of the Commission are not limited to the functions of the Board that we had till last year. Now they have to look into the question of granting protection to an industry and also to look to the question of continuing the protection wherever necessary. They have also to recommend the variation of duty, where called for. Besides that they have to look into the abuses, or the malpractices, the manner in which this protection is being used or abused or misused by the persons who are responsible for running the industries.

The Commission also sees that immediate action is taken on its report. Under the Act that we passed last year, the Central Government has to bring before Parliament, the recommendation made by the Commission, within three months of the date of its report. Government have to explain as to whether they have accepted, *in toto* or in part, the recommendation of the Commission, and if so whether they have implemented it. They should also explain the reasons for non-acceptance of the Commission's recommendation. The necessity of bringing the matter before Parliament within a period of time, does not allow any scope for delaying the matter as used to be the case previously.

When we have set up a statutory body of that sort, I think we must closely study the recommendation of the Commission, before we come to a decision. In fact, the Commission has not been able to go into the details of the working of some of the industries. They could not make enquiries, but they have made a suggestion that the protection in such cases may be extended up to the end of December, 1953. The reason for this has been explained by the hon. Minister and it is but proper that we should accept

that suggestion. There are at present 42 industries receiving protection, as against twelve industries which before the war used to receive protection. The Tariff Board and the Commission up to now have held enquiries into the case of 132 industries. It is quite a large number and to say that the working of this body is not up to the mark would not be justified.

Then I wanted to refer to certain industries in which I am feeling interested. I find that in many rural areas community radio receiving sets have been installed. But they are not working properly because there are no batteries, and it takes two or three days for the people to go to a place fifty or sixty miles away from the village to have the batteries charged. They have no generators there. This question of dry batteries, although it may not be of great importance in other respects, has assumed importance on account of the fact that many of the States have installed community receiving sets in the rural areas where it is not possible to have these wet batteries which require charging every ten or twenty hours. Therefore the provision of these dry batteries for these radio sets has become very important. The working of these radios is mostly unsatisfactory for want of battery.

In respect of dry batteries I find that there are at present only four companies working—formerly there were five, but one has gone out of working. Most of the manufacture is done by the National Carbon Company of India Limited. This company is being financed by foreigners and is managed by foreigners. Eighty per cent of its production is consumed in India and there is a part which is also exported. So, although we think that we have banned imports and are trying to use the indigenous product and trying to help our own industries in the country, the fact of the matter is that even now the entire profit goes to foreigners, the entire management is by foreigners, the key men who are employed are all foreigners, and the greater portion of the money is going to foreigners. As I find from the report, when the question of costing arose this firm did not allow the Tariff Commission and the Tariff Board to look into their accounts, so as to calculate what was the cost of production. The cost of production that we have got (on the basis of which we are proceeding) is the cost of production that was supplied on the basis of the accounts of Estrela Batteries Limited, Bombay. If that is the attitude of these people in spite of all the advantages that they are getting, I

would submit that we should see that the foreign companies do not get that advantage. That can be done only by giving a certain amount of subsidy to the other companies which have newly started and which are not in a position to compete with this company which besides being very old and very well established has other advantages also over the smaller companies.

This dry battery industry can very well flourish in our country as most of the raw materials required for it are available in our country and we only require a little imported mixture of certain other raw materials—it is a technical matter and therefore I would not like to go into details. But mostly the raw material for the manufacture of dry batteries is available in our country. So if we mean to encourage this industry, all that we have got to do is that we should give a certain amount of subsidy to the other companies that are now in the field and that are really Indian concerns.

The position as it stands today is that the production at present is about 180 million cells, and it is expected that by the end of 1955 the production may come up to 200 million cells. Our requirement is much more than that figure. In fact we are not in a position to meet our requirements. Our need at present is 220 million cells. And this foreign company is exporting a number of battery cells. If we mean at all to make this industry our own, we should see that we grant subsidies to the smaller companies which are trying to compete with this big foreign company in our country. As a matter of fact, the exports by this foreign company go to 39 lakh cells. That was the figure in 1947. I do not know what the figure now is. I could not get the figure for 1952.

This dry battery industry was given protection in 1947 and since then we find that it has gradually grown, although the growth has mostly been in respect of the foreign company. But recently I find that the production of dry batteries is gradually going down. That is a very bad sign, and if they are trying to reduce the production of dry batteries it is likely that the abuses of which we complain so much might set in this industry.

The other industry to which I would like to refer is the industry to which we are to grant the longest period of protection, namely the motor vehicle battery industry. It is only this industry about which a detailed report could be given by this time by the Tariff Commission—this industry and probably the photographic chemicals

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industry. To the photographic chemicals industry they have recommended an extension of protection up to December, 1954 and to this industry, namely the motor vehicle battery industry, they have recommended it up to December, 1955. They want the longest period to be given for this. In this industry you will find that since the protection was granted there has been considerable improvement. The number of units has increased from ten to eighteen, the capital now invested in this industry is over Rs. two crores, the number of people employed is 1,700 and the increase in production is over 100 per cent. As regards the prices, they are also reasonable. So we find that this industry is working very satisfactorily. I do not know why this industry should not be given even a longer period of protection if they want it.

One point that I wanted to make was that our demand for this wet battery which is being used by motor cars, trucks, motor cycles etc. is over three lakhs. Our supply of this is only 2,50,000. So I think there is a very big gap between the demand and supply. To make up this gap batteries are being imported from foreign countries and I find the price of those batteries is much higher than the price that we have allotted for the batteries of our indigenous production. We find Sir, that although we have been importing, we have been trying to reduce that import gradually but the reduction of import is badly affecting the consumers. As a matter of fact, our policy should be to make up this gap, to import these batteries because they are meant for working certain machines which are very useful for our transport purposes and in case we do not import sufficient number of batteries our work would suffer and the prices of the batteries are likely to go very high. They have gone really very high. My submission is that so far as these industries go, there should be no objection to allow them to take protection for the period that is mentioned in the Bill.

The last thing I would submit, Sir, would be the fruit preservation industry. That is an industry which requires attention. In this industry, although a number of persons have been working, there are a number of factors that stand in the way of the growth of this industry. Unless special attention is paid, unless a subsidy is granted, unless a careful watch is kept over the working of this industry, I am afraid this cannot prosper. We

have a very great advantage in respect of raw materials, we have great advantage in respect of sugar and other things that are necessary for the preservation of fruit industry but still we find that we have not made any headway simply because of the factors that stand in the way of sugar prices and others that stand in the way of the growth of this industry also. With these remarks I support the Bill.

**Shri M. S. Gurupadaswamy (Mysore):**  
Sir, I am not a protagonist of free trade. I am a firm believer in the theory of protection. I belong to this school of thought since my student days. There is a saying "Protect the child, nurse the young and free the adult". I say that this should guide our protection policy. Our country is just now passing through a period of transition. It is at the cross-roads and we are just seeing the glimmerings of industrial renaissance in the economic horizon. Is it not but right therefore that this renaissance should have a complete course to enable us to reap good results? Sir, protection is a very good instrument, or shall I say, a very necessary instrument of industrialisation. Without protection today our industry, our advancement, our economic progress will be stunted, the strength of the country will suffer. So, it is of paramount importance that not only should we believe in the theory of protection but also follow it as far as it goes. I know that protection alone is not everything, it alone is not enough to the industrial prosperity of India. Some more complementary measures may be required such as cutting down of imports, positive encouragement of industries by subsidy, and subvention and so on. Nevertheless, protection should play an important role in the growing industrial economy of our country and we should accept this basic fact. Further protection that is given should take a shape, a definite shape. It should be a discriminating protection. It should be a protection, well thought out, well considered, well judged and it should be a protection based on vital factors. In this connection I say that the quantum of protection and the period of protection are very important if the protection policy should succeed well. Further, if we erect a wall of protection, that wall should be very strong and it should not have any holes at the bottom. It should not crack anywhere in the middle. But I do not mean this fortress of protection should remain eternal. What I mean is that so far as the protection wall is there, that should be strong and effective.

There should not be any drawback in that fortress. Now, I would draw the attention of the Commerce Minister—he is not present now—

**Shri Karmarkar:** I am here.

**Shri M. S. Gurupadaswamy:** He made a statement that protection policy is good, effective and there are no loopholes. I would draw his attention to one fact. Though industries are protected, they are importing large quantities of goods, protected goods into this country. My friend Dr. Lanka Sundaram pointed out that there is recently a growing tendency of decline in prices of protected commodities in this country. He was at a loss to find what was the reason for it, whether it was due to lack of purchasing power or due to something else. I say, Sir, it is not due to lack of purchasing power—though in a

general way that reason may be advanced—but it is mainly due to the import of goods into this country, goods which enjoy protection here. Also I may point out,—I do not use the word dumping,—there is smuggling now going on in certain types of protected commodities.

**Shri Karmarkar:** I do not want to interrupt but I should like to know what is the example?

**Shri M. S. Gurupadaswamy:** I will come to that point.

**Mr. Chairman:** The hon. Member will take long. The House Will now stand adjourned till 10-45 A.M. tomorrow.

*The House then adjourned till a Quarter to Eleven of the Clock on Friday, the 14th November, 1952.*