

limit and have made the Act applicable by notification to be issued by any State Government, which considers it necessary to cover establishments employing a smaller number of workers as well.

Mr. Speaker: Is the hon. Deputy Minister likely to take more time?

Shri Abid Ali: Yes, Sir.

Mr. Speaker: He may continue tomorrow.

15:03 hrs.

MOTIONS RE: PUBLICATION ON
THE PUBLIC SECTOR INDUSTRIES
AND
PUBLIC SECTOR UNDERTAKINGS

Mr. Speaker: Shri Harish Chandra Mathur.

Shri Mahanty (Dhenkanal): Regarding the question of time, it is a very important motion and many hon. Members would like to speak on this. May we beg of you to extend the time?

Mr. Speaker: The time allotted has not been spent. How does the question of extension arise now?

Shri Naushir Bharucha (East Khandesh): This is a very important subject.

Mr. Speaker: I agree it is a very important subject. I will allow two hours today and let it stand over. Tomorrow we will have two more hours. We will finish it tomorrow. Shri Mathur may take 20 minutes.

Shri Harish Chandra Mathur (Pali): Now that you have extended the time, I may be given 30 minutes. The mover has the right to have 30 minutes under the rules; to cover the whole ground.

Mr. Speaker: He has also got the right of reply. Let me see.

Shri Harish Chandra Mathur: Mr. Speaker, Sir, I beg to move:

"That this House takes note of the Publication on the Public Sector Industries, laid on the Table of the House on the 8th March, 1960."

"That the question of placing public sector undertakings on sound basis in regard to their forms, organisation, parliamentary control and the financial principles which should govern them, be taken into consideration."

We attach considerable importance and significance to this subject under discussion. I need hardly emphasise here that the public sector has come to stay and has to grow in a big way. Apart from the ideological grounds, even otherwise, in every country, even in the capitalist countries, it has been found that public sector is almost indispensable. It does not need any support from great thinkers, but I might say that even persons like Prof. John Kenneth Galbraith have said that in many parts of the world, including India, there is in fact no real alternative to extensive public enterprise. They recognise that public enterprise is almost inevitable in most of these countries. I wish that we understand it in a proper context and correct perspective.

Let us understand that even before this Government took charge, when the Britishers were there, I think the biggest nationalisation was done by them—nationalisation of the railway companies. Today when we talk about the public sector, which is there in every country, in USA, Canada, U.K., France and every other place, certain misgivings are created. Certain people who are powerful and hypersensitive regarding the private sector just try to create a scare. Let us understand it in the proper perspective that the public sector is inevitable not only in countries which

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are wedded to socialism, but even in the capitalist countries, it is there and it has to play a vital role.

I wish to emphasise another fact that this Government is very accommodating and liberal in another sense. It is not that in the public sector, we are nationalising the existing industries. Far from it. As a matter of fact, we have stated as a matter of policy that only new enterprises by and large will be started in the public sector, unless and until for certain special reasons, for social justice or public interest, we have to nationalise the existing industries.

We have nationalised the air corporations. But what was the story of these corporations? They were being run on certain subsidies from Government. As a matter of fact, they wanted that they should be nationalised. Similarly about shipyards. We have taken out these people from trouble. We have set up these three steel plants in the public sector. Can the private sector conceive of setting up these three steel plants? Similarly, we have set up the Heavy Electricals and Heavy Machine Tools. These are all absolutely essential. I would rather say that these projects go a long way to sustain the private sector. When we produce so much steel, it is for consumption by certain industries. A number of industries are set up simply because we have put up these public sector industries in the public sector. Otherwise, the private sector could not have grown and developed even to half this extent.

I wish further to emphasise that the private sector should understand that the public sector's importance is for various reasons inevitable. Apart from these things, I wish to stress that if we have to go from Plan to Plan, we must have the public sector to augment our resources. I asked the question today about the break-up of Rs. 440 crores, because my feel-

ing is, taking into consideration all the factors, there is no reason why the public sector should not be able to contribute much more than what we are expecting from it. When I discuss the other motion, I will give the important reasons for it; our expectations will be fully justified and we should be able to get easily Rs. 100 crores to Rs. 125 crores per annum from the public sector on very modest standards. That is very necessary for going ahead with our developmental activities.

Also, we are saying there is so much tax evasion, and it should be cut. The public sector cuts out tax evasion, because there is no question of tax evasion in regard to what is produced in the public sector. It must be accepted that big private sector is always the greatest source of corruption. There is no other source of corruption so great as the private sector in a big way. Even when I say all this, I do feel that there is a great scope for the private sector. Both their hands will be full; if they want to go ahead in a regular and controlled manner, Government is going to give all the incentives to them. It is, therefore, only natural that we all give our very enthusiastic support to the public sector. But while giving our warmest and enthusiastic support there is our anxiety to see that the public sector is run on very sound lines. It is our complaint that in spite of the fact that independent thinkers have said so much on this point, in spite of the fact that so much has been said even on the floor of this House, and the Estimates Committee has gone into this matter and made recommendations after recommendations for the last several years urging on the Government to take certain steps to see that the public sector is governed on sound lines and your predecessor, Sir, even in 1954 addressed a letter to the Prime Minister asking for the appointment of a standing committee of Parliament so that the question of the accountability of the public sector could be solved to

the satisfaction of the country, still nothing seems to have been done in this direction. The public sector must create confidence in the minds of the people, the Parliament and the country at large that it fulfils all our expectations. Even the Congress party appointed a committee, which had gone into the whole matter and made a recommendation. In 1958 that committee also supported the recommendation for a standing committee, apart from making many other important recommendations. But so far, Government have not formulated any policy and they have not come forward before this House stating what shall be the organisation that the public sector is going to have. Therefore, my first demand on the Government is that they should formulate a tentative policy statement as to how the public sector is going to be run, what are the objectives, what can we expect out of the public sector, its profitability, its accountability to Parliament and various other important matters. I wish that statement should be discussed on the floor of this House for 2, 3 or 4 hours, as you think proper, and then they may finalise their policy statement regarding the running of the public sector.

Secondly, we find that no definite principles have been laid down in regard to the form of organisation. Since independence the public sector has grown very considerably. I will give you a small indication of it as to how it has grown. In 1948-49 there were only 4 corporations and 4 companies; in 1951-52 there were 8 corporations and 10 companies. Today we have 15 corporations and 45 companies—that is the figure which I have got from the report of the Estimates Committee. So, it has grown considerably. And where is the largest growth? In the company type of administration.

I wish the House to take note of what the Estimates Committee has remarked very forcefully regarding this company type of administration.

I have gone through various other reports and articles on this subject and I find the greatest objection has been taken against this company type of administration. Either we must have the departmental administration, as we have in the railways, or we must have statutory corporations. Even in the case of departmental administration, of course, we can give full internal autonomy in financial and other matters. We can give them all the advantages if their accountability and administration are sound. After all, the railways have done exceedingly well. Why can we not, in most cases, have that type of administration? Failing that, we would like to have statutory corporations sanctioned by Parliament. But this company type of administration has been roundly condemned by many independent thinkers. But, unfortunately, what we find is that we have the largest number of company type of administration.

Mr. Speaker: Rightly condemned or wrongly condemned?

Shri Harish Chandra Mathur: I wish to submit that we must determine the principles on what is going to be the organisation of our public enterprises. The company form of administration has not been approved by the Estimates Committee for very valid reasons given by them. There have been other independent thinkers who also have on the very same lines objected to that. There is a very interesting article on this subject appearing in a journal of the Institute of Public Administration. There was a seminar in that Institute under the auspices of the United Nations Organisation. They also discussed various forms of organisation and the administrative problems of those enterprises. There again all have very strongly supported either these administrative departments or these corporations and not the companies, but we find we have got the largest number of companies. The company type of administration is largely the creation of Ministries. They do not

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come to Parliament. They have been rightly defined as "babies of the Ministries". Naturally, the ministerial officials exercise more control than evident; their autonomy, according to the Estimates Committee, is just a fiction; there is more of bureaucratic control and less of accountability with neither the advantages of departmental management nor that of a private company. I will not stress this point much further, but I would like to say that we have to bear in mind certain principles. What I suggest is that either we must run them like railways departmentally or we must have statutory corporations with certain defined purposes.

Then I come to the question of the governing boards. Here again very strongly a feeling has been voiced by the Congress party. They have very strongly objected to the boards of the corporations having civil servants in their board of directors, and they have given very good and sound reasons for not having Government officials, Secretaries and others, in the board of directors. If the Government officials function there part time, they cannot give sufficient attention to them and then the autonomy which we wish in the corporation is destroyed. We have seen in the case of the LIC that the presence of the Secretary paralysed the autonomy of the Corporation. It is only natural that when the Secretary is there, the autonomy is not there. It is obviously so. Also, they are not the people suited for it. But we are going in a big way with it.

So, it is high time that we have started another service, called economic and industrial service. Now what is happening at the present moment? Every retired officer is on the look out for some high office in some of these corporations. I can tell you, Mr. Speaker, that except the solitary exception of one officer from the railways, all the Railway Board members and most of the General Managers, immediately after retire-

ment, have entered into some of these corporations. We may be short of personnel; I can understand that. But if he retires from a particular employment, from the railways, if he cannot be permitted to continue there, how can he be permitted to continue in another place for a further period of five years? Why not create the economic and industrial service and say that if any officer of the Railways or similar organisations, up to the age of 45, wants to join any of these corporations, he should join that cadre. Therefore, my second and very important point is that these governing boards must be so constituted that we do not have part time civil servants there. Half of them must be permanent directors, drawn from the enterprise itself, who are the functional experts. Then you can have 3, 4 or 5 others, but not civil servants like Secretaries and others.

Mr. Speaker: The language used by the hon. Member does not seem to be appropriate. If he uses the term "civil servants", it only means "non-military". So, he can say that administrators should not be put in charge of the industries.

Shri Harish Chandra Mathur: The civil servants are entirely different in the sense that they have got a certain code of conduct, by which they are governed. Those service rules cannot be operated in respect of those people who are engaged in the corporations, because their objective will have to be entirely different. So, if these corporations are to be effective and if they are to fulfil our expectations, then the code of conduct of the employees of these corporations will have to be entirely different. Therefore I say that those people who are in the regular civil service are not suited for this. Their entire outlook is different.

Shri C. E. Fatabbi Raman (Kumbakonam): In America they persuade people like Shri Morarka to run this business.

Shri Braj Raj Singh (Firozabad):
Morarkas are in America also?

Shri C. R. Pattabhi Raman: Businessmen are persuaded to run these corporations.

Shri Harish Chandra Mathur: I do not know.

Further, I strongly object to hon. Members of Parliament being put as directors of these corporations. There is a very strong basic objection to any Member of Parliament put as director of these corporations. Why are you wanting to bureaucratise the Members of Parliament? You are doing nothing. You are making him either a junior first-class officer or a senior first-class officer, something of that type, to go and do the work which legitimately belongs to somebody else.

In U.K. so far as I know and if I am correctly informed this is one of the disqualifications for those who could be directors. A member of the House of Commons cannot be a director. It is a disqualification. I do not think in our growing democracy at the present moment we should permit any Member of Parliament to be on the directorate of these corporations. We need not bureaucratise them. It will do us a very great harm. It so much conflicts with their duties and responsibilities as Members of Parliament.

There are various other points of detail which I will leave out. But there are two or three important matters to which I would like to make a reference. We get very scanty reports about these. This Parliament gets very little information regarding the working of these enterprises. As I told you in the morning, I have been wanting to put together all this information and I have not been able to do that nor has the Research Section been able to help me in doing this. Therefore I further urge that because of our growing interest in them and because of the growing importance of these we must definitely

want that the statements of accounts and the reports of these public enterprises are placed in the hands of Members of Parliament at least ten days before the Budget session.

Mr. Speaker: Did he ask the Research Section of this Secretariat to get him the facts or details relating to this Rs. 440 crores? They could have easily collected the information from the annual reports.

Shri Harish Chandra Mathur: Not only Rs. 440 crores.....

The Minister of Industry (Shri Manubhai Shah): The break-up was indicated in the book to which the hon. Minister of Planning was pointing out at that time. The entire break-up of Rs. 440 crores as estimated by the Planning Commission is being worked out. But perhaps the hon. Member wants every time a ready reference. If he could only indicate to us, we will send him advance information.

Shri Harish Chandra Mathur: No, Sir. It is not so easy. I asked the hon. Minister of Planning in those committees. When this question was tabled, your Secretariat was not admitting this question. They told me that this information was available in that book to which my hon. friend refers. When I convinced them that this information is not available and they should let me have this information, you were pleased to admit this question. When you failed to find that this information was available in any public document of the Government, it is only then that you admitted this question.

But apart from that the important matter is that we must have two or three days allotted in the Budget Session when we should be able to discuss the working and the performance of all these industrial enterprises in the public sector. These reports should be made available to us. The Estimates Committee should be requested also to put in their reports just in

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time, a week or ten days before the Parliament meets, so that we may be able to discuss them.

I will immediately pass on to the second motion which is about the working of these enterprises.

Mr. Speaker: Does he mean to say that there must be a separate report and budget for these?

Shri Harish Chandra Mathur: During the Budget session we must discuss these reports which are submitted. These public undertakings are under the various ministries. Here is a publication from the Cabinet Secretariat which tries to give some account of these public enterprises under the various ministries. This is not in the correct form. I might submit that we want it in a very presentable form. The commercial statement should be there. The budget should be there. What is their performance during the year, what was their performance during the past year and what can we expect from these enterprises in the next year—they must give a full account of all this. They must have a performance budget. Then and then alone and when we are discussing the demands of the various ministries if we would discuss these public sector enterprises, I think it will do immense benefit. That is my submission.

As I said, I do not want to say that the public enterprises have not been running very satisfactorily. I felt very heartened when I read this report which was presented only two days ago by the Ministry of Commerce and Industry. So far as the antibiotics are concerned, this concern is doing very marvellously good work. This is an advantage of public sector. They have reduced the price of penicillin from 69 nP. to 50 nP. and still they have made about Rs. 60 lakhs profit. This is very heartening. They are doing all that. They possibly go to find funds from the enterprise's own resources for expansion.

Similarly, the Hindustan Tools have done exceedingly well. There were 69 foreigners. Now the services have been completely Indianised. They have reduced the prices of their machines. Their criterion is that they fix the cost at 25 per cent less than what would be the landed price of a similar machine from foreign countries. Nothing better could be expected. Still, they have made a fairly good profit and they have given us an indication of their programme for expansion. It is really heartening.

Another concern has also done fairly well. But when we take the overall picture, we find from this book to which a reference was made this morning that about Rs. 170 crores are invested in the concerns. There are three statements in the book. Statement No. 1 indicates those concerns which are in full swing. I am talking only of those concerns which are working and are in full swing. The total capital of these concerns which are in full swing is Rs. 171 crores. What is the return on this Rs. 171 crores? The return is less than Rs. 5 crores before payment of income-tax. They must provide definitely for income-tax, wealth tax, depreciation fund, development fund and then we should expect at least 5 per cent return from them. As you know, most of these socialist countries where the public sector is prominent are almost running on the profits of these public sector concerns. Here we have got these public sector concerns and what is the return? The return works out to less than 2½ per cent.

Shri Naushir Bharucha: Not even that.

Shri Harish Chandra Mathur: Not even that. If you take income-tax and all that, on an investment of Rs. 171 crores the return is less than 2 per cent. We give the fullest and, as I told you, the warmest support to the public sector, but we do expect a very sound performance from them. Therefore we must take care of this

organisation and must streamline the administration. We must have a plan and programme. If all these public sector enterprises which have already been put up are streamlined and if they give a really sound performance, there should be no hesitation in our saying that we do want these concerns to make profits so that this amount may be made available to augment our resources. We do not want that they should make no profit and sell things cheaper and do that.

What would be the total capital involved? That will be more than Rs. 2,000 crores. If it is Rs. 2,000 crores, the return must be at least Rs. 200 crores per annum. If we get Rs. 200 crores per annum, you will see what real assistance it would be to the public sector and to our Plan and developmental programmes.

I thank you for allowing me all this time. I do wish that the Government will make a full note of it and will come forward with a resolution. I hope they will constitute this standing committee immediately and will see that we get a comprehensive report before the Budget. When we meet for the next Budget session, I hope we shall be able to find time to discuss these public enterprises and may be able to create confidence in the mind of the people that these public enterprises are of such great and immense value to us for augmenting our resources and in helping the country to forge ahead.

Mr. Speaker: Motions moved:

"That this House takes note of the *Publication on the Public Sector Industries*, laid on the Table of the House on the 9th March, 1960."

"That the question of placing public sector undertakings on sound basis in regard to their forms, organisation, parliamentary control and the financial principles which should govern them, be taken into consideration."

Both of them will be debated together. Shri Naushir Bharucha. Many hon. Members want to speak. Hon. Members will limit their remarks to 15 minutes. I do not know even if 15 minutes are possible.

Shri Naushir Bharucha: Control of Parliament over the public sector undertakings is not an end in itself, but it is a means to an end and that end is to secure to the consumer at reasonable prices the goods manufactured by public undertakings or the services rendered by them.

The House had before it two reports of the Estimates Committee. The Eightieth report dealt with the growth of public undertakings, multiplicity of organisations, forms they should adopt and so forth. There was another report, the Seventy-Third Report which recommended that business type of budgets should be prepared, performance budgets should be prepared which should be placed before Parliament in proper time to enable the Parliament to discuss the affairs of public undertakings at the time of the Budget. I am sure this House will fully endorse the recommendations contained in the Eightieth Report. There has been a haphazard growth of undertakings. More will come in future in view of the projects in the Third Five Year Plan. It is important that this multiplicity of organisations should be restricted. I am also of the view that the experience of the existing undertakings should be utilised as far as it is practicable in respect of forming new organisations.

Discussing the forms of our organisation in the public sector, the Estimates Committee stated that so far as Government companies are concerned, they should only be formed where the Government desire in an emergency to take over the existing concern or where the Government intend to run the concern in association with private capital. They also stated that prior approval of Parliament was necessary before forming such a company. I fully share that point of view, because, today, companies are formed by a mere

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executive act. Parliament has no say in the matter. At one stroke of the executives' pen, a certain sector of public enterprise is taken away completely from the purview of Parliament. It has been our common complaint so far as statutory autonomous corporations are concerned, that their reports are not available at all till a very late date, and when they are available, they do not contain sufficient information, and when the budgets of the autonomous corporations at all come to our hands, we find that these are *fait accompli* and Parliament is powerless absolutely to alter a comma or a full stop from those documents. As it happens, notwithstanding the considerable concern that the Chair has shown in this matter, it is not possible to find time to discuss the reports of some of the most important autonomous bodies, with the result that this House cannot have any control over the autonomous corporations which are functioning. What is worse, according to the Rules of procedure, no question can be asked in this House regarding the day to day working of these autonomous bodies. Parliamentary control, if I may say so, has been reduced almost to a farce. It is very necessary that the recommendation made by the Estimates Committee in their Eightieth Report must be accepted.

One outstanding recommendation which the Committee has made is that there is need for a general law that all public undertakings should conform to a common pattern of administrative set-up and of accountability to Parliament and they should conform to common requirements, namely maintenance of accounts, what materials the report should contain and to what extent Parliament should be in a position to control them. The Seventy-third report of the Estimates Committee recommended that a volume should be printed containing the financial activities as well as the principal objects of the undertakings, so that hon. Members may have at a glance some idea as to how the public sector is functioning. Above all, the

Committee recommended that there was need to evolve a common pattern of report which should also contain matters such as cost of production, price structure, and employment trend.

While the Committee has recommended that there should be a general law on the subject, I am of opinion that this recommendation does not go far enough. What is necessary is to bear in mind the fact that Parliament wants to control these public undertakings not merely for the pleasure of controlling them, but with a definite objective in view. That objective is how the consumer will be able to get at a reasonable price the product of the public undertaking or the service that it renders. Public undertakings, by their very nature, are monopolistic concerns. There is no competition and the consumer has inevitably to turn to this public sector for the satisfaction of his requirements. There is no protection of the consumer whatsoever. Take the case of steel or take the case of fertilisers or newsprint. Parliament has got absolutely no power in determining the prices at which these enterprises will sell their products. Various other considerations enter the determination of the prices. Therefore, it is my belief that the time has come for this House to take into consideration that there should be a general law which shall lay down the financial principles and their application to public undertakings as has been done in the case of the electricity supply industry. As this House is aware, the electricity supply industry has been regulated to such an extent that the licensee or supplier has no right whatsoever to charge more than the maximum prescribed in the 6th schedule of the Electricity Supply Act of 1948. I see no reason why what has been done in the case of the electricity supply industry cannot be done in the case of the major enterprises such as steel, fertilisers, newsprint and many others.

It is very necessary that a law of this type should include the following

matters. It should include the principles governing the capital structure of public undertakings. May I point out to this House that so far as the steel plants are concerned, today, what is the capital structure? It is determined not according to certain recognised principles governing commercial establishments, but as it suits the Government. They will say, so much shall be the capital—Rs. 300 crores will be the capital and the rest is loan. Who determines that Rs. 300 crores will be the capital and the rest will be loan. It is not Parliament. It is the whim of the executive which determines it. The time has come to replace the whim of the executive by definite legislative enactments.

We discussed this morning the contribution of the public undertakings to General revenues. All this is in the air, with due respect, I submit. In the first place, before making any contribution to General revenues, certain items have to be satisfied, namely, Income-tax, Corporation tax and also depreciation and other items of expenditure. Who determines what are the admissible items of expenditure which are to be taken into account? Take the case of a public undertaking which comes and says today that it has made a profit of Rs. 2 crores. The whole thing is completely illusory. Why? Because there is no law which requires that it shall set aside depreciation at a particular rate, or compute 'net profit' in a particular manner.

Shri Manubhai Shah: Without meaning to interrupt the hon. Member I may say that the income-tax law stipulates proper depreciation for each type of machinery, and just as private industry is governed by the taxation laws, all public sector undertakings which are in the form of companies or corporations are subject to the same obligations of depreciation and other allowances.

Mr. Speaker: Income-tax also?

Shri Manubhai Shah: Yes. In the income tax law, the Board of Revenue....

Mr. Speaker: I am not talking of income-tax law. Are they observing the practice, so far as these corporations are concerned, of setting apart interest, income tax, depreciation etc.?

Shri Manubhai Shah: Yes, Sir. All the rules which govern a normal commercial company in the private sector are more rigorously followed in the public sector undertakings.

Mr. Speaker: Over and above that, what is the dividend that Government gets? In the private sector, they deduct income-tax etc., and ultimately the profit is the dividend that is distributed.

Shri Manubhai Shah: Similarly, we also pay dividends from the public sector undertakings to the general exchequer.

Mr. Speaker: Is this Rs. 440 crores made up of dividend, interest, income-tax and other things?

Shri Manubhai Shah: It is an estimate of profit. After deduction of the taxes that they have to pay, there are also interest charges on the borrowed money for each company, because they are in the same context as any private or public limited company.

Mr. Speaker: What does it come to by way of dividend?

Shri Manubhai Shah: Dividend comes from the net corpus, the total corpus of the profits. An industrialist or a managing agent or a board gives dividend to the shareholders out of that profit. This represents the net contribution of the public sector undertakings to the national exchequer.

Mr. Speaker: I am not able to understand. If Rs. 440 crores is the net balance after making allowance for interest, income-tax depreciation and other charges,—of course, working expenses are excluded—what remains is profit. That is what happens in a private company. If that is the profit here, at what rate does it work? What is the average rate of dividend?

Shri Manubhai Shah: It works like this. For instance, some concerns have given 5 per cent dividend. I know one which have given 7 per cent dividend, and a few concerns have started with 2 per cent dividend. What I urge is that this net fund means that the dividend will come out of this, the reserves and depreciation block to be created will come out of this.

Mr. Speaker: Out of this Rs. 440 crores?

Shri Manubhai Shah: Out of the earning after paying the taxes, the contribution of the public sector undertakings to the general exchequer would represent the dividend or profit.

Mr. Speaker: I am afraid there is a kind of confusion. If depreciation is also included in this, what is the profit?

Shri Manubhai Shah: I will explain it in an elaborate way while replying to the debate.

Shri Morarka (Jhunjhunu): This Rs. 440 crores does not represent only the profits of the public enterprises, but the total resources or the surplus which would be accumulated in the public enterprises.

Mr. Speaker: It is no good. Of course, instead of allowing for depreciation, interest etc, you can say that for the Third Plan we have all this money. That is something like eating into the capital.

Shri A. C. Guha (Barasat): That is in addition to the taxes and depreciation, reserve fund etc. All the commercial procedures of other companies are followed.

Mr. Speaker: What remains?

Shri Manubhai Shah: It is just like any other private company. If you examine the balance-sheet of a private company, the manner of presentation is the same. And Shri Bharucha, I am sure, understands it, having been

associated with a public limited company.

Shri Naushar Bharucha: I have got much more than what you have in mind.

Mr. Speaker: I am sure every Member of Parliament understands. These Rs. 440 crores are available for investment in the Third Plan. That is not the point. But out of this Rs. 440 crores, what exactly is the profit that was earned? We are dealing with the administration of public undertakings. If depreciation is removed from this, what is the net balance profit?

Shri Manubhai Shah: That break-up cannot be anticipated in any enterprise. Even if you ask any private industry to estimate what its gross turnover will be in the next five years, it will be impossible. I will deal with this when we come to the reply.

Mr. Speaker: I cannot proceed without knowing something about it. I am sure hon. Members also share the same doubts as I have. I am speaking on their behalf. I will not allow it to be proceeded with unless I am satisfied.

Shri Manubhai Shah: Shall I explain?

Mr. Speaker: I am asking the question, let him explain. There must be a profit and loss account for each concern. At the end of the year what is the profit? Then you make provision for interest and other things. Divide whatever remains by the share capital. What is the percentage? What has been the average during the past years by way of dividend? Can it not be given?

Shri Manubhai Shah: I shall explain the whole thing. In a balance sheet the gross profits are calculated after deducting all the encumbrances of payment due, and from that the tax is deducted. Out of the balance

dividends are paid. The public sector undertakings invariably pay the same type of dividend as any private sector undertaking except for the limitations which the House thinks fit to impose before declaration of the dividend. There is also a certain reserve for further expansion or remodelling, same as in the case of any private company. These two, the balance after payment of taxes to the exchequer and the net reserve for expansion, represent the contribution to be made by the public sector undertakings some of which will be by way of dividends to the Government of India.

Mr. Speaker: How do they work it out?

Shri Manubhai Shah: They will depend upon the board of directors. If I may say so in one company they decided that Rs. 25 lakhs should be set aside for expansion and 7 per cent must be given to the people of India who own this factory as dividend.

Mr. Speaker: I am not worried over that. What I want is both of them together. At what percentage do they work?

Shri Manubhai Shah: If you want the return over the net investment in equity share holding, it is too big an arithmetical calculation to make at this juncture, but one can say reasonably that 12 to 15 per cent will be the return on equity holding.

Mr. Speaker: That is the reserves plus dividend if declared. Very good.

Shri Naushir Bharucha: May I point out that much of what my hon. friend, the Minister in charge of this matter, has said is really vague and nebulous, because when we talk of net profit, first the concept of net profit has to be defined by legislation. How do you calculate it?

Mr. Speaker: He says in practice they are following the private com-

panies. If the hon. Member wants a separate law, he may have it.

Shri Naushir Bharucha: That is exactly what I am coming to. The time has now come to define everything properly and incorporate them in a code which will govern the financial principles applicable to public undertakings.

As you yourself asked, what is net profit? What is the concept of net profit? That must be defined first. After taking expenses into account, he says this is the net profit. You just now asked: what about the reserves? My hon. friend replied there are certain reserves set aside. The reserves themselves must be regulated according to law.

For instance, under the Electricity Act you are permitted only to set aside three types of reserves and not more. Certain concerns may say that they have earned so much net profit without setting aside any reserve whatsoever. One company may set aside a rehabilitation reserve, to rehabilitate its worn out machinery over and above the depreciation fund. Another company, not being under a legal obligation, does not do so. That will show more profit. This is all moonshine.

Take for example the principle which you are applying in the case of the railways. There also, depreciation is calculated on an *ad hoc* basis. If you calculate less depreciation, you will show more net profit. The point I am making is that it is not merely enough for this House to regulate the form and the method and manner of presenting balance sheets and the method and manner of Parliament's control over it, but it is very necessary that a general law should be passed which should lay down the principles as to how among other matters, the net profits of such undertakings have to be calculated. Under the Companies Act, the method of calculating net profits for certain purposes has been determined, and so, one can understand. But the Com-

[Shri Naushir Bharucha]

panies Act is not applicable to these public undertakings.

Shri Manubhai Shah: May I point out that the Companies Act is wholly applicable to all public sector undertakings excepting those establishments where by a statute, some exemptions might have been voted upon by the House?

Shri Naushir Bharucha: My point is that autonomous bodies do not determine the net profit on the basis laid down in the Companies Act. They may or may not. That is a different point. But there is no legal obligation on them to determine net profits on the basis of the principles laid down in the Companies Act. Therefore, anybody can come up and say that the net profit was so much, and nobody can check it.

Again, the question of contribution of public undertakings to the general revenues must be regulated. It is no use saying that a particular concern will contribute one per cent, and another concern will contribute half a per cent. Some sort of minimum standard must be laid down, and the company or the undertaking must be asked to account for not coming up to that standard.

Again, so far as the prices are concerned, profit has no meaning unless you regulate the prices. If Parliament has no control over price regulation of the products manufactured or the services rendered by an autonomous body, then it is possible for that body, being in a monopolistic position, to push up the price to any level and increase its net profits. Now, what is it that we are controlling? We do not want to control merely the form and the content of the reports and leave it to the sweet will of the Government companies or autonomous bodies to decide their price structure in any way they like.

I shall give a very typical example. The telephone rates were put up recently. Who put them up? Gov-

ernment put them up by executive action. This House was not consulted, and this House had no right to control it. Supposing the telephone and the postal departments, for example, were taken up as an industry or as an autonomous corporation, and we had a law to control the work of this autonomous corporation, then the Minister would have had to come here and justify the increase.

15-53 hrs.

[SHRI MULCHAND DUBE in the Chair]

Therefore, what I say is this that mere control of Parliament over autonomous bodies has no meaning. It is not an end in itself. The end is that the consumer must be protected, and for the protection of the consumer, Parliament is at present completely helpless.

Therefore, my suggestion is that the general law should contain the principles which will define the capital structure of public undertakings, the method of computing net profits and the method of setting aside depreciation, and regulate many other financial aspects of public undertakings.

My hon. friend the Minister in charge has said that depreciation is being set aside on the basis of what is mentioned either in the Income-tax Act or in the case of an electricity company, according to the relevant law. But may I point out that unless elaborate fundamental principles are laid down prescribing how depreciation is to be computed, it may not be possible, with the best of goodwill in the world, for any autonomous concern to set aside adequate depreciation; it might always be either in excess or very probably, the depreciation would be less, in order that the undertaking might be able to show greater net profits.

Again, it is necessary that such a general law should define the principles as to what is 'permissible ex-

penditure' in arriving at a 'reasonable return' for a public undertaking. It is not enough merely to say that it is showing so much of profit. We are not interested merely in the profit percentage. We are interested in finding out how much the consumer has been mulcted in order to produce that profit.

Today, for instance, the case of penicillin has been given. If, instead of having a particular price per unit, we put it up 50 per cent higher, still, the consumer will turn to the Government undertaking for the satisfaction of his requirement. You will get a higher price and say that you have made so much more profit! But my I point out that the efficiency of management of public undertakings is not to be gauged merely by the quantum of profit that they make, unless such profits are controlled by law which Parliament has passed to regulate these profits? Therefore, a general law should also include provisions laying down the principles for determination of price structure of the products or services of the public undertakings.

The general law should also lay down what the reserves should be. One autonomous corporation may show that it has made a net profit of 10 per cent and not set aside any reserves whatsoever, because it is under no legal obligation to set aside reserves. Another, working on a more prudent and sound basis may set aside three or four types of reserves and show 5 per cent, and yet, the financial position of the second undertaking will be far better than the financial position of the first undertaking.

Therefore, I say that all this talk of Parliamentary control over autonomous bodies is futile unless we have a law and Parliament has got the authority to determine the price structure, and it is not only that, but we should have what are prevalent in the U.S.A., what are known as regulatory commissions. In the U.S.A.,

if particular railway wants to increase its fares—because they are private railways there—if a water company wants to raise its rates, if a gas company wants to raise its rates, if an electricity company wants to raise its rates, they cannot simply by a stroke of their pen raise their rates. They have got to go before a regulatory body and justify the increases. Today, my hon. friend here, without coming before the House, can raise the price of any product of an autonomous undertaking at his sweet choice, and I can do nothing about it. Even if the budget is submitted, it has no meaning to me, because I have not got the real power to control. Power to control does not mean looking into the budget. Power to control means controlling the undertaking itself in substance, and that cannot be done unless we have regulatory legislation controlling the entire gamut of the activities of public undertakings. This is what I mean by control. My hon. friend the Minister laughs, because he knows that it is not going to come. May I point out to him that even casual glances at the reports of these public undertakings will illustrate my point. Today, I casually glanced at the latest report of the LIC. There, there is one paragraph which says that the expense ratio is. It reads thus:

"The overall expense ratio, i.e. the ratio of expenses to premium income for the year is 28.7 per cent . . ."

Who is wiser by this type of report? What is the meaning of expense ratio unless you determine what the permissible or the legitimate expenditure is? If that is not laid down by law, I can say that the expense ratio means nothing. What is it that we are trying to find out? Do we want to control only the form and the skeleton of the budget and the report, or do we want to be able to control the substance of the budget and the report? If we want to control the substance, that can only be done when we have got a regulatory legislation,

[Shri Naushir Bharucha]

when we set up regulatory commissions, as it is being done in the U.S.A., or when we create rating committees, etc., if necessary; in that way only, real control can be established.

As I said in the beginning, control of Parliament over public undertakings is not an end in itself. It is a means to an end. The end is a higher object, namely that the consumer must be able to procure, as a result of the existence of public undertakings, the goods which they manufacture or the services which they render, at reasonable rates, and if we cannot attain that object, to my mind, no amount of parliamentary control by other means, which have been expressed by the Estimates Committee, is going to be effective or fruitful.

Shri Jaipal Singh (Ranchi West—Reserved—Sch. Tribes): I must confess that I have never been friendly to the public sector. That is a prejudice which in certain sectors, certain sections, I should say, is not justified. But my prejudice is amply vindicated by the overall picture in regard to the performance of the public sector. It is not that I want to be prejudiced. I would like the public sector to do well. I am not one who has any indoctrinated ideology about the private sector being better or worse than the other sector. But I judge by sheer performance, by results, by what actually happens, by how I gain or how I suffer. It is a purely personal experience.

Sir, I regret that in my own home area, the Jharkhand area, where the public sector is very prominent, I cannot say much in the way of cheering up my hon. friend opposite. He is a nice fellow, a young man wanting to do the right thing. I think he really means well. He has also learnt, since he joined the Treasury Benches, to use very satisfying language. And I think he means well. But that is exactly where he stops. It is the same thing with the Leader of this House who has left his file and

gone. I wish he were present here, because I do want to talk about a sector no other hon. Member has so far mentioned—that is, the public sector in the Ministry of Defence. That is also a public sector, if you will forgive me. In this particular debate and in this particular Report, it does not come in; none-the-less, it is a public sector. There is the question of the manufacture of Avro 748, the replacement for Dakota. Is this House conscious of the fact that all the fighter squadrons have been starved of their maintenance personnel in order to man this particular project in Kanpur so that Avro 748 can one day be produced and shown? Unfortunately, the Minister of Defence is not here. It is highly improper. If he were here, I would have crossed swords with him. The poor Leader of this House has now to carry the burden.

16 hrs.

As the hon. ex-Minister of Defence Organisation said this morning, there it is. We want to know—in the private sector as well as in the public sector; the demand is there; the public feeling is there—what kind of cost accountancy is being done in regard to this particular project. Can my hon. friends over there—they are very dear friends to me; make no mistake about it—say what is the cost of production of this Avro 748? I shall be told—we shall be told—that as far as the defence of the realm is concerned, cost does not come into the picture. The cost is nothing so long as we can produce an aircraft! Is this an attitude Parliament should accept?

Then there is another thing also. I am afraid the other Minister is also absent, I mean the young friend of mine across there who is now building an enormous Empire, greater than the British Empire—petroleum exploration. I have talked about this before. I am very glad that my hon. friend, Shri Naushir Bharucha, has pinpointed this particular aspect. I

do not agree with him altogether. I do not know whether because the general elections are in the offing he is protecting the consumer. I am doing a little bit more than that. I would like to protect the consumer like my hon. friend, Shri Manubhai Shah. I would like to do that.—this is the type of language he is accustomed to. But there is something more than that. I think the defence of the realm is an important consideration. We fight for petrol. The rest of the world has been fighting for petrol in the Middle East and everywhere else. They have been sacrificing many other things for the sake of petroleum. But are we fighting for petroleum or are we just showing off—window—dressing—saying 'Here we can also do these things'? There are other people, the private sector. I do not care if they are foreigners. To me it is immaterial if they are foreigners, because when we want, we can nationalise any foreign concern, any time we want. When we are short of funds, as we are, why this folly of trying to build up an Empire, a petroleum industry, when we can use those funds for much better purposes? That is the point. It is a question of priorities.

I have no grievance if you nationalise everything. Nationalise Parliament also (*Interruption*). Why not? But not yet. My hon. friends opposite behave as though Parliament has been nationalised. They will get a bit of a shock after 1962. It will not be that simple then. Now they may talk that type of language.

What I am trying to get is this. Let us try to measure things with the same yardstick. My hon. friend, Shri Naushir Bharucha, has pointed out certain things. I am not an accountant, nor a capitalist nor a worker. So it is rather difficult for me; but I only want to judge things as I see them, as a man in the street sees them. The performance of the public sector, except certain particular instances, of the Hindustan Machine Tools, Hindustan Anti-biotics and may

be one or two others, whatever be the main items produced before us in reports, has been very disappointing. You start with Rs. 75 crores in DVC and suddenly go up to Rs. 150 crores. Even then, we do not know where we are yet. Is my hon. friend going to think that I am going to praise the public sector when I realise that electrical energy costs—a little less than 3 old paise per unit, but at Ranchi I have to pay 7 old annas per unit? Is that not profiteering at its worst?

Yes, you can show wonderful dividends. The Minister says that overall it will be 12-15 per cent. I am not very disturbed by what dividend we are paying, because it is really a question of from this pocket to that pocket. Only some days back, my right hon. friend, the Minister of Railways . . .

The Minister of Railways (Shri Jagjivan Ram): What?

Shri Jaipal Singh: Yes, every Cabinet Minister is 'right honourable'. The question was whether the contribution of the Railways should change from 4 per cent backwards or forwards. Nobody likes to give away anything. Why should my right hon. friend, the Minister of Railways, want to part with anything? But to him it makes no difference whatever. Whether he made a concession or not in agreeing to 4.25 per cent, it is the same pocket; it is the same reservoir. It is one pocket this side and one that side. Something like that seems to be the matter in regard to the public sector.

I have no desire whatever to condemn the public sector as such, because our businessmen are not that wonderful people that most of us should stand for. That is a fact. But at the same time, our public sector is not wonderful either. That also is the point. I cannot get up and say that the private sector businessmen are wonderful with an amazing morality and the like. We have had

[Shri Jaipal Singh]

debates in this House. I know their weaknesses, but I find there are greater weaknesses in the public sector.

Take the D.V.C. What have they done to my poor Adivasis? To this day, they have not rehabilitated the displaced persons. What have they done in the Sindri Ferrous area? What have they done in Chittaranjan? What have they done in Rourkela? What have they done in Dandakaranya? I want to know. People, Ministers and Chief Ministers, have a cheap way of talking like Moghul Badshahs about the Maharaja of Bastar being a bad man. Have they forgotten the lesson of Dandakaranya? The lesson has yet to be learnt by my hon. friends. That is also a public sector project. I warn my hon. friends on the other side and also over there, because they are madly in love with everything that is public, public, public. They are absolutely incorrigible. You cannot teach them anything. I wish they would nationalise themselves. That is the only thing they could do. (*Interruption*). I am not thinking in terms as Shri Bharucha and others; what dividend you get; what profit you are getting. There are certain things which are imponderable, that you cannot measure arithmetically, in terms of 4 per cent or 5 per cent or 6 per cent and the like.

Take the question of health. That is also a public sector. It is something you cannot measure. I do commend two or three public sector projects. I cannot commend the rest of them. I wish we had the courage in this country to admit that the private sector, at least in the First Five Year Plan, had a better performance than the public sector. It is a fact. It is a question of arithmetic. Do my private sector supporters deny this? Now, in the Second Five Year Plan, we have not yet got the figures. About the Third Five Year Plan, we are still thinking. But I am one of those who believe in the theory of

personality, personality of the public sector. It has developed a personality, Mr. Charman; I have little faith in it.

Shri Joachim Alva (Kanara): Sir, I am grateful to you for having called me immediately after my eloquent and esteemed friend Shri Jaipal Singh. No better champion of private enterprise could have spoken in the manner as Shri Jaipal Singh. I have some sympathy for him when he spoke of the poor Adivasis being turned out of the factories. Government machinery, government bureaucrats are sometimes ruthless. Poor people whose houses have been taken away in those areas have not been compensated. They have not been compensated and nothing has been given to them in the shape of habitation. I am one with him where compensation is concerned. Due compensation should be paid to those who are thrown away from the factory sites, who are thrown away mercilessly, who have no homes, whose ancestors lived there for centuries together and perhaps they do not get a little shelter to lay their heads upon. That is the trouble about Shri Jaipal Singh and his people. If that is so, the House is entitled to give him full support where people are being uprooted, where they are being given no shelter, where they are not provided with any housing nor food. They ought to be looked after. That is where we come.

But he has not been fair in regard to other things. He has been keeping a blind eye about the factories which the Government of India have built for the people of India. I had a chance during the last 4 years to see some of these factories, from America right into the Soviet Union, into Germany, Great Britain and China. But none of our factories are as bad as they are painted. They are almost as good as the best of those in other countries, that I have seen in all my world travels these four years.

The young men who are working in our factories are fired with patriotism. They get lesser salaries,—that pinches their shoes, nay their stomachs; but they are working with a purpose. They have not got the profit motives. The wealthy man in India today is the wealthiest any time in the history of India—let us be frank about it—either in the Ancient India or the Medieval India or the Moghul period or the British period or even the Gandhij era. The wealthiest man in India today is wealthier than any period of human history or the history of India. Let us not forget that. These invisible champions of the private sector, these invisible champions of the wealthy man forget that. They want to make this Parliament a little instrument to increase their wealth. That is where we come in. We have got to account for the 300 millions of the people of India who have no voice, who do not want to talk about it....

An Hon. Member: Four hundred millions.

Shri Joachim Alva: And this private sector wants to strangle us. My hon. friend, Shri Jaipal Singh wants us to be at the mercy of the foreign oil companies. Even Mr. Kennedy, and I pay my humble tributes to him, who fought against an elderly and more experienced opponent, who had to fight against his own men of the Tamanny Hall, and win one of the greatest elections in American history. He had to fight oil tycoons. This was one of the greatest elections in the history of the world. I spent 6 weeks going about seeing the elections. One of the planks on the platform of Mr. Kennedy was cutting down the wealth of the Texas oil owners. Mr. Nixon said, 'Nothing doing. I shall not touch the Texas oil owners.' Mr. Kennedy told them that it was the main plank of his platform. It was one of the major items of Mr. Kennedy who won by a very narrow majority. But, here our friend says, we shall not export oil but import oil all the time.

How did Hitler lose the war? Because he had no tankers. The aeroplanes were bombed out; the oil was lost. I am glad that the hon. Prime Minister, the Planning Commission and the Minister of Oil have seen from the bottom of things. We must find oil here or there. We have to produce it at any cost, even if it means lots of money. Even the millionaires of the West who have made money on Middle Eastern oil,—even they had to spend a lots of money. What I want is that we should exploit all our resources (*Interruption*). I do not want to be interrupted. I heard Mr. Jaipal Singh's speech with rapt attention. I could have interrupted him half a dozen times if I wanted. Let him not please interrupt me. We cannot allow the foreign oil companies to strangle us in times of emergency. They may say that they cannot supply us a gallon of oil. Today with self-respect, honour and courage we say that we are going to build our refineries; that we are going to exploit and refine our oil; we are not going to be at the mercy of anybody, be it from the East or be it from the West. We want to be independent; we want to have our own oil so that our ships and machines may be kept going.

If there is trouble with Goa—and Goa is going to be one of the hostile bases in a future war and Goa may be as worse as Congo one day—if oil is denied to us what are we going to do? We want to be independent. We have got such great factories as the Hindustan Aircraft Factory, the pride of our nation. We have got the Chittaranjan; we have got the Integral Coach Factory, the Hindustan Machine Tools Factory. There are other factories also for which we can hold our head erect. We have the mighty Air India International line. But, Shri Jaipal Singh has thrown mud at all these things. It is not fair; it is not fair; to our young men in those factories. We have today a number of great factories. I can tell him and I repeat it that all these fac-

[Shri Joachim Alva]

tories, some of them, half a dozen of them, I think, are as good as the best in the world.

The e is the Hindustan Aircraft Factory at Bangalore. I went down the road when one man was going on a hunger strike. I said, 'What are you doing; why are you obstructing production in the factory?' Some one came and said that he would beat me up. I said, 'I have faced rotten eggs and brickbats; you cannot cow me down like this'. Thereafter others came up and told me that it was the Government of India and the Government of Mysore and the management and those Walchand's successors, the founder shareholders who were not giving them a fair deal. I felt that they had a case. I raised the matter here in the Defence Committee and I am very happy that the new Air Force Chief, Air Marshal Engineer who went there as General Manager settled the disputes with a firm friendly hand, to the satisfaction of labour. I had the joy of going and speaking to the labourers in the factory as I go and meet other workers in other factories in other parts of the world.

Shri Jaipal Singh mentioned about the Avro 748. Does he not want us to have aeroplane? Does he not want us to be self-reliant? Are we going to go to all parts of the world with a bigging bowl all the time? We have to stop it within the next 3 years. I may tell my hon. friend, that, after seeing factories abroad, we can produce anything and everything within the next 3 years with or without foreign collaboration.

Shri Jaipal Singh: Wonderful!

Shri Joachim Alva: It only calls for hard work. We have to work hard, as even the Prime Ministers of other countries have gone out to work for one month in the factories or in the fields. When I went to China and

asked why Mr. Chou En-lai looked so thin, they told me that Mr. Chou En-lai had to work in the factory or in the field. I do not want our Prime Minister, old as he is, to work. But, we have to set an example. We consider manual labour ignoble and dirty (*Interruptions*).

Mahatma Gandhi called up his follower; and said, 'You want to be leaders. Go and wash the latrine and then come up to me. We have to learn these lessons.... (*Interruptions*).

Shri Braj Raj Singh: Why not you do it now?

Shri Joachim Alva: Do you want me to go and wash the latrine in this Parliament? I will do it. I will show to you that I can do it. Do not laugh at it. I met Mahatma Gandhi's 30 follower, in the Nasik jail and they told me what he said, 'Go and wash the latrine and then come to me'. That is the principal. (*Interruptions*). If you want I shall show it to you. Do you mean to say that I do not mean what I say? What I am saying is that we should believe in the dignity of labour. In the United States, the home of capitalism, everybody does every kind of job. If we want to build up our country we cannot have casteism or superiority of the race. We cannot sit idly and let somebody else do things; we cannot look upon them with contempt and call them Harijans and what not; we cannot do that. This is the 20th century. If we want to build up State enterprises, we have to do everything ourselves.

My time is very short. I have many other points. The list of our state enterprises is not complete until we take the last vestige of transport in our hands. We cannot allow the automobile industry to be left in the hands of a few people, who sell cars at Rs. 12,000. The 1958 Chevrolot is obtainable in the United States for less than 500 dollars—less than Rs.

2500. If a first-class car of the 1959 model is available for less than Rs. 2500 there, a poor-class car, in a tottering condition is sold here for more than 2000 dollars. Where is the poor man to go for that money? We are content because there are rich people among us who either beg, borrow or steal or put their hands into somebody else's pockets and pay the money for such cars. We cannot allow this to go on; the hon. Minister must bring the car magnates to book. Within the next three years, we must produce strong cars with four doors, strong cars which can run from Khyber to Comorin. India is a vast land and people want to take some of their goods. The car must have four doors.... (*Interruptions.*) I have never interrupted when they were speaking. Be a gentleman; be an Oxford gentleman that you are!

What about shipping? Shipping today is in the hands of half a dozen people. It seems as if it is handed down from father to son. For the last ten years, I have not succeeded in putting one good boy in the shipping line.

Mr. Chairman: The hon. Member's time is up.

Shri Joachim Alva: I have been interrupted many times, Sir; please give me a few more minutes. I had given first class boys but not one shipping magnate has ever cared to enquire from them; do you want to have shipping as a career? The doors are closed to these boys. They come from the West Coast, from the shipping line, from the fishing community, boys who are as good as the best sailors in the world. But no. On the other hand, these magnates want more and more money to be voted by this Parliament to run ships for which they are not accountable to Parliament. The Hon. Minister must sooner or later make the motor industry and shipping tonnage to be exclusive prerogative of this House.

There is one more point about labour. There are so many factories

but nobody seems to be worried about labour. I raised this point in the time of Kerala debate in the Congress Parliamentary Party. We have got three large steel plants, probably the largest ones in Asia. In the United States they had a three month steel strike and that was a deadly struggle between labour and Capital there. They closed down their mills for a long time. It was a terrible battle. We do not want those battles to be waged in our factories. A lawyer in my constituency wrote me a piteous letter saying; "My only son was found lying dead on a track in Rourkela but no letter has come from the Manager". I tried and wrote to the Minister. We must have a straight, uniform honest code for the employees; we must guarantee their provident fund, their family fund, their quarters, drinking water, medical attention, etc. These must be guaranteed. We cannot have these things only for a few people, while hundreds of thousands of families remain neglected. Labour must come into its own. Where the Government factories are concerned, they must take pride in saying that the labour relations are in Government factories most cordial and are the best that can be seen anywhere in the world. Unless we do these things, we cannot keep the wheels moving.

I have many more points, Sir, but I shall sit down after having made these points.

Shri Morarka: Sir, I am very grateful to the hon. Member who has raised this discussion today on this important subject. I am also grateful to the hon. Speaker who, realising the importance of the subject had extended the time from two to four hours. We have got 15 statutory corporations, 45 companies and 17 departmental undertakings which more or less control our public enterprises. In these public enterprises today we produce aircraft, steam ships, locomotives, rolling stocks, machine tools, heavy machinery, heavy electrical machinery, fertiliser, anti-biotics, drugs, insecticides, electricals, scientific instruments, steel,

[Shri Morarka]

coal, oil, oil refineries, cables, minerals, etc. The public sector has the monopoly of air transport and life insurance. It also owns shipping corporations, banking and general insurance to some extent, industrial finance corporation and a lot of export and import trade. This is in addition to the two ancient public undertakings which the Government always managed, namely, railways and the post office. The hon. Mover has already pointed out that apart from the vastness of this sector, the public funds involved in the public enterprise are about Rs. 2,000 crores. From another point of view also, the importance of this sector is highlighted. In the Third Plan period, we expect the public sector to make a contribution of Rs. 440 crores towards resources.

It is quite true that many of the hon. Members are not quite satisfied with the performance and achievements of our public sector. Looking to the time that we have given to its development and looking to the fact that the achievements elsewhere in the world are not so bright as they are here, we have no reason to be disappointed. But we cannot deny the fact that within the country the achievement is highly uneven. In some corporations our achievement is very bright while in others it is rather disappointing. Our achievements in the Chittaranjan locomotives, a departmentally managed undertaking are much more encouraging than our achievements, for example, in the National Coal Development Corporation. Once we accept that the public sector has come to stay and that we are going to rely more and more on its resources, for our development plans etc; the next question that naturally arises is this: what should be the proper form or agency to manage and administer the affairs of these vast enterprises? It has been said that the statutory corporations are the proper form because they could have autonomy and could be free from Government rules and regulations, which are

rigid and irksome. They must have their own service rules free from civil service rules and so on. I am one who supports this idea. I also feel that when its activity has to be run properly and efficiently, it can be done so only if the enterprise is run on business principles. And since that is not possible without full autonomy purpose we must have a special corporation or a public companies. That is there must be flexibility of operation and in the words of one eminent author 'they must be given a private life of their own'. But the real question which I want to pose this afternoon is this: are we really giving these corporations the autonomy they need? Are they given a private life of their own? Or, are we creating these corporations only in name so that this Parliament may not have full accountability, so that the Public Service Commissions may have no say in the appointments, and the Auditor General may not have an opportunity to audit their accounts. I think it would be a wrong impression to give that these corporations are created not because real autonomy is needed or is given to them but because the Ministers and the Government want to exercise more executive powers behind closed doors, so these autonomous enterprises are created, powers—governmental and ministerial are exercised fully and yet and yet the Parliament, the Public Service Commission and the Auditor General are kept at arm's length.

It is difficult for me to agree with the hon. Member who said that the parliamentary control is only in name. Whatever the Rules of Procedure, we see the nature of questions actually allowed and the number of occasions on which the debates were permitted in this House. They are quite frequent and the scope is very wide. There can be no dispute about it that we have had enough accountability from these public corporations.

I am entirely one with those hon. Members who have suggested that

before any activity is entrusted to either a company or a corporation there must be a justification for it, there must be a scrutiny of that made by this House. A recommendation to that effect has also been made by the Estimates Committee, and this is a practice followed even in the United Kingdom where public enterprise is comparatively less developed. What they do is, once they decide that a public corporation has to be created they appoint a committee and that committee goes into the details about the size of the corporation, the actual form etc. and at that stage the Parliament also has a full say in it. I quite appreciate the point made by my hon. friend Shri Mathur that when they start a company or when they entrust some work to a company the Parliament has no say in it, whereas when they create a corporation the whole matter is examined and scrutinised by the Parliament. The only occasion when Parliament can have a say in the case of a company is when the Minister comes and asks for the capital to be subscribed for that company; otherwise the Parliament does not come into the picture at all. Therefore, I entirely agree with the views of the Estimates Committee that our pattern, our instrument of public enterprise should be a public corporation. But I may confess that even about public corporation, Sir, there is not an undivided opinion. There are many eminent authors who have said that public corporation is not such a desirable thing or an un-mixed blessing. I will quote only one author—Harold Laski. Talking about public corporations, this is what he said:

“I am not myself convinced that the Public Corporation has shown results so much better than those of the Post Office that it may be regarded as the general type which with appropriate variations, will be the basis of all future nationalisation. I am far from persuaded that the recruitment of the National and Regional Boards is, so far satisfactory; I am, for instance, very

sceptical about the wisdom of taking a civil servant just on the verge of retirement, and making him the head of a National Board, with twice the salary he was receiving while he was a permanent secretary of a Department, over three times the pension he expected to obtain, and, probably from seven to ten additional years in his career beyond what would have been open to him in the Civil Service. I doubt whether this kind of choice is likely to be good for morale in Whitehall.”

So the point is, even about public corporations the opinion is highly divided.

According to me, Sir, there are two main reasons for the failings of our public corporations. One is the dearth of managerial talent, and the other is an abundance of funds. It might sound paradoxical to say that. But I am quite convinced in my mind that if these corporations had limited funds they would have been able to show better results, because in that case they would have been compelled to cut their coat according to the cloth. Because they are government corporations and because there is no limit at all on the funds available to them, they are inclined to treat public money with a certain amount of laxity. If the main principle of forming a corporation is accepted, namely, limiting their finances or making the finances self-contained, I think, we could have done much better. There must be a rigid restriction on the amount made available to them.

Talking about managerial talent, we have in these various corporations and companies boards of directors. I do not want to criticise any individual member of any board, but you would be surprised to know that there is one government officer who is a director of 9 corporations and out of these 9 corporations he is Chairman of two corporations. There is another government officer, again, a very active

[Shri Morarka]

man, who is director of 8 corporations. There is a third officer, a very senior secretary, who is director of 7 corporations. There is yet another gentleman who is director of 7 corporations. There are in all 17 government employees who are directors in more than four corporations and yet they are working as government officers. I wonder whether it would at all be possible for them to do justice either to the corporations or to their official duties.

I wish, Sir, to conclude by only saying that these concerns must, above all, be run on the business basis and on business principles. This is what Prof. Galbraith had to say on this point:

"In the old days, the principal enemy of public enterprise was, no doubt, those who disapproved of socialisms. Now it is the socialists themselves. For it is socialists who refuse to consider seriously the peculiar requirements of the modern productive enterprise, whether public or private; who decline to give it the autonomy it must have; who destroy it by meticulously passing on its decisions and thus forcing upon it an intolerable and unworkable centralisation; who decline to see that the organisation of public enterprises must keep pace with new conditions and new tasks; who are careless about the standards to which management of the enterprises must be held; and who, on occasion, encourage workers and consumers to appropriate the surplus on which expansion and growth depend and without which there will be stagnation. Above all, it is socialists who are responsible for the paralysing belief that success is a matter of faith, not work."

Shri Indrajit Gupta (Calcutta-South West): Mr. Chairman, Sir, I am one of those incorrigibles to whom Shri Jaipal Singh referred, and I am speak-

ing on behalf of the incorrigibles. My brain has been washed and I am not in the fortunate position of those whose brains are unwashed. So I have to make clear once again our stand regarding this public sector. Let it be made quite clear that the public sector is not in our view equal to socialism. Everybody knows in the modern world that in countries where capitalist system flourishes there is an increasing tendency towards public sector or Government ownership in various sectors of economy. Nobody suggests in those countries that socialist changes or socialist reforms are being implemented. Nevertheless, the fact remains that in a country like ours we are firmly of the view that without a public sector in certain strategic sectors of the economy it is not possible for a country like India, which has been under-developed and kept backward by certain external forces for so long, to develop at the speed at which it is required to develop and along lines on which it should develop. Therefore, there is nothing sentimental or doctrinaire about this. It arises out of hard reality, because I have yet to know of any under-developed country in the world, particularly in Asia or Africa, where it is being possible for them to build up their economy on a strong, independent footing without having a strong public sector in certain vital, strategic, key sectors of the economy. That is the reason why we do support the public sector and we shall continue to support it very strongly.

But, at the same time, that does not mean that we never criticise the public sector or the way it works. If a drowning man is handed out a life-belt he will use that life-belt. But because that life-belt may be old or rusty he will not throw it away and prefer to drown. We believe that the public sector in this country, as many hon. Members have dilated upon, does suffer from some very glaring defects, irregularities, maladministration and all those things. It should be

trenchantly criticised and exposed. But with what object? One object can be to make the object of the attack the abolition of the public sector altogether.

Shri Jaipal Singh: No, no.

Shri Indrajit Gupta: I am glad to hear that. The other may be the purpose of rectification, because I believe all these things from which the public sector enterprises are suffering, many of which have been expanded upon here, are nothing divine or ordained; they are all man made things and anything which is man made can be corrected by man. Therefore, while extending full support to the public sector from this point of view when we believe it is a strategic necessity in a country like ours for building up and developing the economy, at the same time, any criticism we have to make of the working of that sector from its day-to-day aspect is only because we are motivated by a desire that the public sector should function better and more efficiently and should really be what it should be, namely, an effective instrument of planning in the hands of the Government. It should be an instrument or tool which can be used scientifically and in a planned way by the Government to advance the whole cause of the economy. If it does not fulfil that purpose, then certainly we shall be the first to oppose it and the way in which it works in this country.

As far as some of the most unfortunate consequences of the way things are being developed here sometimes are concerned, I should like to say this. Shri Jaipal Singh referred to the way in which Adivasis and so on are being evicted from their lands or not being rehabilitated and so on. On that there can be no two questions. I can assure him, however incorrigible we may be as regards the necessity of planning and public sector, that if it is a question of rehabilitating the people who are evicted, we shall fight tooth and nail and stand shoulder to shoulder with him to see that those 1579 (A) L.S.D.—8.

people get their rights. But that does not mean that we make an overall attack on the public sector.

Having said that much, I shall proceed to the next point. Time is very limited. A question has been raised about the profitability, productivity and so on about the public sector enterprises Shri Naushir Bharuch has said, and in my view quite correctly, that profits cannot be an end in themselves. It is quite correct. But it is also true that we want these public sector enterprises to earn profits for the simple reason that if they are to serve as instruments of planning then they must have to make a contribution to our developmental revenue. I fully support the idea expressed on that by Shri Harish Chandra Mathur, but it is also true, and I agree, that unless planning is done in such a way that planning of profits and planning of prices go hand in hand, these projects are not likely to serve the cause of the public and the country as they should.

For example, in a particular field, while the public sector enterprises may be thoroughly justified in placing considerations of profit above everything else, in another sector, if it applies the same principle, it will lead to distrous results. For example, mention has already been made about the anti-biotic plant at Pimpri. I say that that plant cannot be put on the same footing as a plant set up for making machine tools or steel, for example. Anti-biotic is something the people need. Vast millions in our country are suffering from diseases of every kind and it is impossible for them to afford imported drugs at high prices. Certainly, it is welcome that the Government of India should step in and set up an anti-biotic plant.

What should be its object? Its primary object cannot be to make profits; its primary object must be . . .

Shri Harish Chandra Mathur: They have brought down the prices by more than 100 per cent.

Shri Jaipal Singh: By 69 to 70 per cent. (*Interruptions*).

Shri Harish Chandra Mathur: This is not the first cut, much more has been done earlier.

Shri C. R. Pattabhai Raman: The price is much less now.

Shri Indrajit Gupta: Nevertheless, the fact remains. As far as my knowledge goes, when the Government of India entered into an agreement with the World Health Organisation and the United Nations agencies for the setting up of this plant—they have got some big grant there too—the terms of the agreement stipulated quite clearly that the object is to produce penicillin and other anti-biotics most economically as a national enterprise on a sound business basis and naturally on a non-profit-making basis. But it does not mean that the company is to make no profit as such. What it means is that profiteering in drugs, in anti-biotics, at the expense of the consumers should not be done. That is what it means.

I find in the annual report of the Hindustan Anti-biotics for 1959-60 that they very proudly claim a net profit of Rs. 76.85 lakhs. If that was the Hindustan Machine Tools, I would be the first to cheer it, but the trouble is, we learn from reliable medical sources and medical men that penicillin can be sold at half the price at which it is being sold now. Obviously there is a margin; if they are able to make Rs. 76 lakhs as profit . . .

Shri C. R. Pattabhai Raman: Does he not want reserves for expansion and which could be ploughed back?

Shri Indrajit Gupta: I want expansion, but you know the quality of the penicillin that is manufactured in the Hindustan Anti-biotics. You know that a large number of medical men are rejecting it and I have seen it myself. They are just yellow lumpy things which coagulate into lumps. But for the fact that bulk purchases

were made by the Army—bulk purchases of these anti-biotics are being made today by the Army—and if these bulk purchases were stopped, I do not know what sort of crises this company would fall into. I want good quality of anti-biotics, but I want them above all, even at the cost of profit or with very little profit, to supply them at prices which the people in this country can afford. If that is not possible, why are they making this and for what purpose?

This is one example I gave. In other companies, in other fields, totally different types of things are being produced, and I should think that one of the objects must be to see that cost of production is brought down, waste is eliminated, profits are increased and economic return are earned so that they can be used for our developmental revenues.

Shri Naushir Bharucha has pleaded the case of overall legislation as far as I can make out, and I am not quite clear yet on this point as to whether that would be a very desirable state of things. I am certainly one with him that Parliamentary control over the broad policy should be there. I do not mean control over the day-to-day administration, and I am not one of those people who are saying that the day-to-day administration of these public sector enterprises must be subjected to control by Parliament. It is an impossible, unreal and impracticable thing and no known enterprise can work like that. But in regard to Parliamentary control over the broad working of these enterprises also, I must submit that Parliamentary control is still in a very, very infantile stage. Shri Naushir Bharucha has expounded on that, and I do not wish to add to what he said. Even if a legislation cannot be introduced immediately in this regard, I would like to invite the attention of the hon. Minister to one aspect. We heard something sometime ago about the recommendations made by the Krishna Menon Committee—a Congress Com-

mittee I think—which was set up to go into the question. There was quite a lot of publicity given to it. They recommended that in addition to the Estimates Committee and the Public Accounts Committee, a third Parliamentary committee should be set up,—a standing committee,—which should have a greater degree of broad control over questions of policy and the working of these enterprises. I do not know what has happened to that recommendation, I think it is a good idea and as far as I know, many experts like Prof. Galbraith or Prof. Hanson and all those people have suggested similar things many times.

For instance, in the British Parliament, there is a Select Committee whose specific purpose is to collect facts and information regarding the working of nationalised enterprises. We are told that the British Parliament as a result of the working of that Select Committee, has got very valuable information at its disposal which enables Parliament to get a much clearer idea of what is going on there. Why cannot we have something like that here?

On the question of managerial administration, I support the views expressed here, and I think that is pretty universally recognised now, namely, that retired civil servants and retired General Managers of railways are not the best people to run these things on a business footing, because they are accustomed to a completely different set-up and a different outlook and different rules and regulations. Of course the Minister will probably tell us that until we have qualified people we have got to do with them. Therefore, I want to know what is being done to train up technical people. I think the training scheme requires much more attention. There is certainly a very half-hearted approach to the question of training up a specialist cadre who are capable of taking over the administrative posts of these firms. It is not that we

always go to retired civil servants. For example, I may refer to the gentleman who was or is still,—I do not know—the head of this anti-biotic plant. I am told he was a barrister and a tube-well expert. He is now making antibiotics. Certainly we need not have a retired civil servant for that.

In the Hindustan Machine Tools at Bangalore, whose record of production has been very good, as Shri Alva pointed out, very good labour and management relations were being built up. The hon. Minister knows about it. Unfortunately the whole experiment has broken down. You may say that despite that, there is very good production. Let me tell you that that union representing 99 per cent of the employees was run by people who are incorrigibles like me. Had they not been incorrigibles, production would not have come the way it has come. I will say with all responsibility that in spite of that, the joint management council was sabotaged, by whom? The primary responsibility rests on a gentleman who has been given the post there of Personnel Manager and Town Administrator. He was a third class graduate of the Mysore University and a lower division clerk of the Mysore Government. Because he is some relative or friend of some Minister, he was given this post. We have had continuous complaints from the union that this chap is trying to sabotage it. Ultimately something has happened. Of course, there has been no strike there because there are some incorrigible people like me there. It is a public undertaking and it should be protected.

These are the sort of things which should not be allowed to go on. Therefore, I hope the hon. Minister will take many of these things into consideration.

Shri Tyagi (Dehra Dun): Why are you so particular about the word "incorrigibles"?

Shri Indrajit Gupta: Because he referred to us like that.

Shri S. L. Saksena (Maharajanj):
Mr. Chairman, Sir, I was surprised to hear the attack by Shri Jaipal Singh on the public sector even today. I think the country has now well understood that without the help of public sector, we cannot progress and we cannot have more and more industries. He has criticised the Mines and Oil Ministry and he said that the public sector should not have entered the petroleum industry. I do not think his suggestion is relevant.

I personally feel that all these key industries should be in the public sector. Petroleum is a key industry. I am really sorry that even the petroleum industry is in the hands of foreign companies, who have been cheating us by charging us very high. I must congratulate the Minister of Mines and Oil on having taken the bold decision to go in themselves for exploration of petroleum as well as for the establishment of the two refineries in the public sector. I hope he will meet with success in his efforts.

It is surprising that so long petroleum was in the hands of American companies and they could not find a single good field. When public sector has entered into the field, we are getting oil from Soviet Russia and Rumania. I am very glad to know that we are able to get new fields of petroleum and we hope that very soon we will be able to get enough petroleum from the fields to make us self-sufficient.

In fact, I stand for the extension of the public sector. I have been always trying for the nationalisation of the sugar industry. We have been seeing sugar lock-outs, one after another, because most of the factories are in the private sector. They are always saying that they must get more and more profits. On sugar industry depends the lives of millions of cultivators and, of course, the con-

sumers are also interested in it. I do not think the view that we shall not take more industries which are already in the private sector is correct. Those industries which are of very great public importance should be taken over. So, I reiterate that both petroleum industry and the sugar industry should be nationalised. Similarly, I would suggest that the coal industry must be nationalised and all the foreign companies or foreign and private interests in coal should be terminated. Because, if it is a key industry in the public sector, it will be able to produce more coal and be able to meet our requirements.

While I am all for the expansion of the public sector and I congratulate the Government for having this sector extended, I want to say that the administration of industries has not been what we should desire. In fact, the Estimates Committee has made several very good suggestions for implementation in order to make these industries better. I am very surprised that they have not been given enough attention. There are four reports of the Estimates Committee,—Twentieth, Sixtieth, Seventy-third and Eightieth—and everywhere the same complaint is made. I wonder why these reports are not heeded to, though they referred to this matter over and over again.

As my hon. friend, Shri Mathur has stated, the recommendations made by the Estimates Committee in their last report are very interesting and very useful too. In fact, they have given illustrations of the functioning of companies in separate forms, and they are—The Eastern Shipping Corporation Ltd. and Western Shipping Corporation Ltd.; Sindri Fertilizers and Chemicals Ltd. and Hindustan Chemicals and Fertilizers Ltd.; Travancore Miners Ltd. and Indian Rare-Earths Ltd.; Oil and Natural Gas Commission, the Indian Oil Company Ltd. and Indian Refineries Ltd.; National Mineral Development Corporation Ltd., Orissa Mining Corporation Ltd.

and Indian Mining and Construction Company Ltd.

16.58 hrs.

[MR. SPEAKER in the Chair]

They have given a number of illustrations and still I do not know why these multiplicities continue.

In fact, at present there are 15 statutory corporations and 47 Government companies and 17 departmental undertakings; besides, some others are functioning though information about them have not been given to the Estimates Committee. I feel that many of these can be combined and the number of these companies can be reduced and multiplicity of establishments also reduced further. In fact, Mr. John Kenneth Galbraith has stated:

"the ideal form of public industrial organisation is a relatively small number of multi-purpose enterprises".

The same report has been given by Mr. Paul H. Appleby, who was appointed by the Government to go into this subject. He has stated:

"In time, the total consequence, if uncorrected, will certainly be a total proliferation of special organisation within the government of such numbers and variety as to be unmanageable by government".

He has also suggested:

"consolidation of the special organisations according to some scheme of 'coherent missions'".

But, in spite of the recommendations I have read so far, the Estimate Committee themselves had suggested:

"The Committee have considered the matter and generally agree with the view that the pattern should be to utilize the existing organisations to take up new activities in the line instead of creation of new bodies for the purpose. This way of building up of

Public Undertakings gains added justification in view of the limited availability of managerial and technical manpower in the country."

Therefore, I would like to suggest to the hon. Minister that he should take care to see that there are no unnecessary multiplicities of organisations and that he should use the existing organisations as best as possible, especially the manpower, the managerial and technical manpower.

Another recommendation of the Estimates Committee is about the form of organisation. They have also referred to the fact that the best form of organisation is statutory corporation. Still, I am very much surprised to find, companies are being formed in such large numbers. In fact, out of the 79 organisations, to which reference has been made in the Report of the Estimates Committee, there are 47 Government companies and only 15 statutory corporations and 17 departmental undertakings. I do not think this is in consonance with the judgment of experts.

I will suggest that these public companies should also be converted into corporations. In fact, the Committee itself says:

"The Committee are generally in agreement with the views and consider that all wholly State-owned Public Undertakings should generally be in the form of statutory corporations, or, where necessitated by special reasons, in the form of departmental undertakings and the company form should be an exception to be resorted to only for organisations of the specified nature such as set out above."

17 hrs.

I hope the hon. Minister will avoid the temptation of putting up a new company at his sweet will. Instead, I would suggest that he should see that a statutory corporation is set up and such companies are brought into existence with the consent of Parlia-

[Shri S. L. Saksena]

ment. Parliamentary control over these companies is almost negligible. In fact, another most important recommendation of the Estimates Committee is that the control of Parliament should be much more real. At present it is almost illusory. They suggest that a law should be passed as my hon. friend, Shri Bharucha, just now said. I think that this recommendation of the Estimates Committee should be given effect to immediately.

Then I would like to point out some other defects of these undertakings. When we do a good deed, I think we should do it in a good manner also. Unfortunately what happens is that when very big undertakings are taken up, land is acquired for that purpose, people who live there or who inhabit those lands are uprooted and nobody care about what happens to them. My hon. friend, Shri Jaipal Singh, just now gave the instance of the Adivasis. I will give you an instance of my own district. In Gorakhpur the Narayani Canal was dug. It is a very useful thing. It has brought very great benefit to the people. But when it was dug all the people were uprooted. They were not even given notice that their land will be taken away. Without any form of consent the land was taken away. Even though six years have passed since the canal was constructed, they have not been given even compensation. Instead, you will be surprised to know, they have to pay land revenue for those pieces of land which were acquired by the Government and where the canal has been constructed. Although that portion has gone into the canal, the poor tenant has to pay land revenue for that for seven years continuously. I asked them, "What is the matter?" They say, "We have not yet received information about lands that have been taken away by the canal and so we cannot make the correction in the records". What I would suggest therefore is that when good things are done, they should be done in a good manner so that people

whose lands are taken for such purposes feel that the land has been given for a glorious purpose. They must be enthused over that. They must be compensated and must be given good land in exchange. They must be rehabilitated so that this good work may also have the blessings of those people whose lands have been taken away for making that.

Then I come to their contribution to the public revenues. Just now we all saw that only Rs. 440 crores will be contributed by these undertakings in the next Five Year Plan. I was recently in the Soviet Union and other Soviet countries as also in China. I was surprised to find that about 6 to 7 per cent. of their plans are financed by the income from the profits of these public undertakings. But I am surprised to see that in our country only Rs. 440 crores will be the income if 2 per cent.

Shri Rajendra Singh (Chapra): During the course of five years.

Shri S. L. Saksena: Yes. It comes to about 2 per cent dividend. That I think is a very low return.

I will recall one incident in this House. That was about seven years back when the Railway Convention was discussed for the first time. Sir Padampat Singhania was a Member of this House then.

Mr. Speaker: How long more does the hon. Member want to speak?

Shri S. L. Saksena: I will finish in five minutes.

Mr. Speaker: Does the House wish to sit for five minutes more?

Some Hon. Members: Yes.

Mr. Speaker: He may continue.

Shri S. L. Saksena: Sir Padampat Singhania was a Member of the House. When we were discussing that question, he said, "You have

invested Rs. 800 crores in the Railways. If a private company had invested this money in the Railways, I can tell you that the profit would have been at least 15 per cent on this investment." Of course, I do not want that such enterprises should go into the hands of men like Sir Padampat Singhania, but I think that that has some point, namely, that such a large amount of investment is made and the profits that we receive are so little. It is not correct to say that they are very well managed. Similar enterprises elsewhere are able to give much higher profits in the socialist states. I do not see why we cannot do the same thing. I think the profits of these public corporations must be carefully looked into. There is much waste.

I will give some examples. Take State catering in the Railways. This, I have found, is running at a loss. The food that we get in the stations is also worse than it was before. I have suggested that there should be cooperative societies formed of the vendors. The Vendors' associations should form the co-operative societies. They can take the management themselves. The middleman's control will go away. They will give better stuff to the people and the Government will not have to incur loss. This is not done. The Prime Minister is a very great advocate of co-operatives. Here is one field. There are at least 300 stations in the country. There are vendors everywhere. The number of vendors all over the country will be 3 lakhs. In these stations, there should be co-operatives of the vendors. There will be good food and the Railways will be saved from the loss that they are incurring.

Mr. Speaker: Co-operative society of whom?

Shri S. L. Saksena: Of the vendors who sell articles of food in the stations.

Mr. Speaker: Would that not be another middleman?

Shri S. L. Saksena: They are the vendors themselves.

Mr. Speaker: I agree. If it is entrusted to the vendors, instead of one man, the co-operative societies of all the vendors will join together and try to get as much money. What is the difference between them and the contractor?

Shri S. L. Saksena: There is difference. They are themselves the persons who sell the food. There is no middleman who takes the profit in between. They can make the purchase of the articles of food, prepare the food and serve it to the people. There is nobody in between. The profits go to the co-operative society. There is a co-operative society in Khurja. It was formed by the late Shri N. Gopalaswami Ayyangar. It is doing very good work. I asked the Minister to do the same thing elsewhere also. But, it is not done because there are big contractors who do not want to go away. The Government, when it takes over, has to spend a lot of money and incur expenses also. As in Khurja, the other stations also should have co-operative societies. The vendors will be the sellers of the things as well as the preparers of these articles. The people will get better food. They can also get Rs. 5 from each vendor. Here is a field where co-operatives can be started and they will be very successful.

Similarly, I find in some Railways, there are fire accidents. Somebody steals something. When a check-up is ordered, a fire will be artificially put up there. As a result of it, the whole thing is destroyed. Now, all evidence is destroyed. I had brought some cases to the notice of the hon. Minister. He should make an enquiry whether it was fire caused to hide defalcation. It was not done. All I want is, all these faults in the public undertakings should be carefully looked into so that we could see that they are run more profitably and more usefully than the private sector. Our party policy is, we fully support the public sector. We want it to be

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extended. We do want that it should be done efficiently and it should be for the good of the people. I hope the hon. Minister will take care to see that the public undertakings in his charge are run properly.

Mr. Speaker: Further discussion will stand over till tomorrow.

Shri A. C. Guha: When will it be discussed in the early hours or again at 3 o'clock?

Mr. Speaker: We are taking away so much time from official business. I am asking them to surrender one hour. We can sit one hour more.

Shri Braj Raj Singh: On some of the Bills, the time allotted has been surrendered. They did not take so much time.

Mr. Speaker: Hon. Members must have this idea. That is essential in the parliamentary system. Time is allotted by the Government. They are the party in power. They can carry through a number of Bills and other work. That is why a small time is allotted to non-official business. We have so managed to enlarge that time from time to time. Whatever time is taken away is taken away from Government work. Under the circumstances, I will ask him. If he is willing, if they have no other work, we will start at 3 O'Clock tomorrow; otherwise, we will start at 4 O' Clock and carry on till 6. If we start at 3, we will conclude at 5.

17.10 hrs.

INDIAN TARIFF (AMENDMENT)*
BILL

The Minister of Industry (Shri Manubhai Shah): I beg to move for leave to introduce a Bill further to amend the Indian Tariff Act, 1934.

Mr. Speaker: Before putting it to the vote of the House, I must say that the Minister must have at least given me notice.

Shri Braj Raj Singh (Ferozabad): We had no notice.

Shri Manubhai Shah: It was sent to the Lok Sabha Secretariat yesterday with all the copies of the Bills, 40 or more copies as per usual procedure.

Shri Braj Raj Singh: It was not on the List of Business.

Shri Manubhai Shah: It is always done with the permission of Mr. Speaker.

Mr. Speaker: We got it today at 3.20 p.m. I have no objection. In future at least, I should know what exactly is going to be moved.

Shri Braj Raj Singh: Can we not expect that we should also be provided with copies so that we may look into it and oppose it if necessary at the introduction stage?

Mr. Speaker: Hon. Members are aware that a Tariff Bill will defeat its own purpose if it is circulated in advance. That is why, during the Budget also, the Finance Bill is introduced after 5 O'Clock. This must be an exception to the ordinary rule. I do not want even copies of the Bill to reach me earlier lest it be said that it leaked out of my office here. The Minister can now orally say what exactly the Bill contains.

Shri Manubhai Shah: I will speak on it at the consideration stage. That is the usual procedure.

Mr. Speaker: What is the Bill?

Shri Manubhai Shah: All these years I have been moving this kind of Bill, and at no time at the introduction stage have I said anything. The objects and reasons are given in the

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