

Bill

Ram Subhag Singh, Dr.	Samantsinhar, Dr.	Sinha, Shri Satyendra Narayan
Ramakrishnan, Shri P. R.	Sambandam, Shri	Sinha, Shrimati Tarkeshwari
Ramaswamy, Shri S. V.	Sankarapandian, Shri	Sinhasan Singh, Shri
Ramaswamy, Shri K. S.	Sarhadi, Shri Ajit Singh	Snatak, Shri Nardeo
Ramaul, Shri S. N.	Satiah Chandra, Shri	Sonavane, Shri
Ranbir Singh, Ch.	Scindia, Shrimati Vijaya Rajee	Subramanyam, Shri T.
Rane, Shri	Shah, Shri Manabendra	Sumat Prasad, Shri
Rao, Shri Hanmanth	Shah, Shri Manubhai	Swarao Singh, Sardar
Rao, Shri Jaganatha	Sharma, Pandit K. C.	Tariq, Shri A. M.
Rao, Shri Thirumala	Shastri, Shri Lal Bahadur	Tewari, Shri Dwarikanath
Raut, Shri Bhola	Shastri, Swami Ramanand	Thakore, Shri M. B.
Reddy, Shri K. C.	Shivannajappa, Shri	Thomas, Shri A. M.
Reddy, Shri Narapa	Shree Narayan Das, Shri	Tiwari, Pandit D. N.
Reddy, Shri Rami	Shukla, Shri Vidya Charan	Tyagi, Shri
Reddy, Shri Viswanatha	Siddanajappa, Shri	Upadhyay, Pandit Munishwar Dut
Roy, Shri Bishwanath	Siddiah, Shri	Upadhyaya, Shri Shiva Dett
Rungung Suisa, Shri	Singh, Shri D. N.	Verma, Shri B. B.
Sadhu Ram, Shri	Singh, Shri D. P.	Verma, Shri Ramsingh Bhai
Sahu, Shri Rameshwar	Singh, Shri K. N.	Vedakumari, Kumari M.
Saigal, Sardar A. S.	Sinha, Shri Gajendra Prasad	Wadiwa, Shri
Samanta, Shri S. C.	Sinha, Shri Satya Narayan	Wasnik, Shri Balkrishna

NOES

Assar, Shri	Jadhav, Shri Yadav Narayan	Patil, Shri U. L.
Banerjee, Shri Pramatha	Kar, Shri Prabhat	Pillai, Shri Anthony
Barua, Shri Hem	Khushwaqt Rai, Shri	Prodhan, Shri B. C.
Brij Narayan "Brijesh", Pandit	Kodiyan, Shri	Punnoose, Shri
Chandramani Kalo, Shri	Kunhan, Shri	Rajendra Singh, Shri
Chaudhuri, Shri Tridib Kumar	Mahagaonkar, Shri	Ram Garib, Shri
Das Gupta, Shri B.	Mahanty, Shri	Ranga, Shri
Dasartha Deb, Shri	Majhi, Shri R. C.	Sampath, Shri
Deo, Shri P. K.	Mehta, Shri Asoka	Seth, Shri B. C.
Dwivedy, Shri Surendranath	Mohan Swarup, Shri	Shastri, Shri Prakash Vir
Elias, Shri Muhammed	Mukerjee, Shri H. N.	Sugandhi, Shri
Ghosal, Shri Aurobindo	Mullick, Shri B. C.	Supaka, Shri
Ghose, Shri Bimal	Pandey, Shri Sarju	Tangamani, Shri
Godsora, Shri S. C.	Panigrahi, Shri Chintamoni	Thakore, Shri M. B.
Gupta, Shri Indrajit	Parvathi Krishnan, Shrimati	Vajpayee, Shri
		Verma, Shri Ramji

The motion was adopted.

Shri Jawaharlal Nehru: I introduce the Bill.

13.22 hrs.

INDIAN TARIFF (AMENDMENT)
BILL

The Minister of Industry (Shri Manubhai Shah): I beg to move:

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

Shri Yadav Narayan Jadhav (Mahagaon): No time has been allotted to this Bill.

Mr. Speaker: I think 2 hours have been allotted.

Shri Naushir Bharucha (East Khandesh): We are only going to

consider it in the Business Advisory Committee today.

Mr. Speaker: We shall carry on even then. What time is necessary for this Bill?

Shri Yadav Narayan Jadhav: Three hours.

Shri Naushir Bharucha: It may be decided the next day. We will carry on till 2-30 P.M. today.

Mr. Speaker: Yes.

Shri Manubhai Shah: This Bill mainly seeks to amend the First Schedule to the Indian Tariff Act, 1934, in order to give effect to Government's decisions on certain recommendations of the Tariff Commission which are: (a) to continue protection beyond the 31st December 1960, in the case of sheet glass, aluminium, engineers' steel files, aluminium conductor steel reinforced and All aluminium conductor, cotton textile machinery, ball bearings, power and distribution transformers, bicycle, piston assembly, and automobile sparking plug; and (b) to discontinue protection with effect from the 1st January 1961, in the case of calcium lactate, plywood and teachests, wood screw, bare copper conductor and electrolytic copper rods and coils and automobile hand tyre inflater.

Copies of the Tariff Commission's reports on all these industries and of Government's Resolutions on these reports have already been laid on the Table of the House for the information of hon. Members, and notes on each of these industries have been already circulated to hon. Members. The notes circulated to the Members contain a gist of the Tariff Commission's recommendations for the continuance or discontinuance of protection, as the case may be, in each case. Hon. Members will, no doubt, have gone through the documents and I need not, therefore, take much time of the House by going into the details of these industries.

Shri Naushir Bharucha: We got it only two days ago.

Shri Manubhai Shah: That is only the gist. The main reports and the Government's Resolutions in detail have been before hon. Members for months.

I shall first give the House a brief resume of the working of the Tariff Commission with particular reference to the protection to indigenous industries. Under the provisions of the Tariff Commission Act, 1951, a permanent Tariff Commission was constituted in January 1952. The Commission's functions include *inter alia* dealing with references from Government on matters relating to tariff protection generally, and keeping a careful watch over the progress of protected industries, and thirdly, dealing with references from Government on the fixation of fair prices for commodities for protecting consumer interests, whether they belong to the protected industries or the general gamut of industries. At the time of the establishment of the Commission, there were as many as 43 industries enjoying protection. These industries were reviewed by the Commission during the course of the last 7 years and protection to some of them was discontinued due to its recommendations. The Commission also examined the claims of certain new industries, which were growing up, for protection. While the Commission recommended the grant of protection to some, it rejected the claims of those which did not deserve protection. At present, there are 28 industries enjoying protection, out of which protection is now being discontinued to four industries and a part of another industry.

This is a very healthy and welcome development because as the industrial vista is growing, it is not necessary to protect those industries which have really come of age and which have started production on economic norms.

The Commission also conducts *ad hoc* investigations into the justification or otherwise of the selling prices

[Shri Manubhai Shah]

affected or proposed to be affected by manufacturers and advises Government suitably in the matter. Several inquiries on the price structure of different commodities have, as the House is aware, been made by the Commission during the last year.

The broad principles laid down in the revised Industrial Policy of 1956 is being continuously followed by Government during the last several years. Industrial production in 1959 in general recorded an all-round improvement owing to concerted efforts put in by industries to attain the targets laid down in the Second Five Year Plan. I am glad to say that even during the current years, the production, according to the last ten months' average, is more than 13.5 per cent, growing at that rate, which is faster than previous years since 1947, and particularly since the Tariff Commission was established. This is a very healthy and welcome growth, and I do hope that the House appreciates all these efforts in diverse directions.

The progress of the protected sector as a whole was in line with the general trend. Development in the protected sector during the last three years was characterised by rise in output, fuller utilisation of existing capacity or installation of fresh capacity and diversification in the range of manufactures. Here I would like to state that we give greater importance to the fuller utilisation of capacity, though all the time we give assistance and encouragement to the development of new capacities also. Despite handicaps, the protected sector has played its part well in implementing programmes of industrial development envisaged in the Second Plan. Thus industries producing plywood, teachests, ball bearings, grinding wheels, electric motors, power and distribution transformers and bicycles either established or by 1959 even exceeded the respective targets of capacity to be attained by the end of 1960-61, the last year of the Second

Five Year Plan. As the House is aware, in most cases we had to upgrade targets more than once during the current plan. During the last three years, the protected industries have, by and large, increased their capacity and output. Many of them have also diversified their production and considerably improved the quality of their products. The prices of a large number of products have remained relatively steady and even in those cases where the prices fluctuated, the variations were not generally above normal.

While the working of the companies resulted in their improved financial position, the dividends declared were not, on the whole, very high; and a good part of the profits made was purposefully ploughed back into the industries. An increasing share of the effective demand is now met by protected industries thereby reducing the pressure on our limited foreign exchange.

As a matter of fact, during the last 4 years, since the foreign exchange difficulties cropped up, the House has observed, I do believe, that we have been cutting down our imports of a large number of commodities, now ranging to almost 200 products since the development of this crisis in foreign exchange.

It is sometimes contended that in the context of the present restrictions on imports, tariff protection is only of academic interest. While there is some force in this contention, it cannot be denied that tariff protection has its own merits and it is necessary for the development of industry, because it gives us a comparative idea about the cost of production and how the economic norms of production in our industries compare favourably with those of their counterparts in the rest of the world. If we simply close our eyes to tariff enquiries and merely state that because there is no foreign exchange or because the import restrictions are there, therefore no tariff enquiry is necessary as to how an

industry is developing, then, perhaps, it would be too much of complacency and the whole aspect of our production economy as compared to the rest of the world would be lost sight of.

Whereas regulation of imports is mainly governed by the foreign exchange resources and must, therefore, necessarily vary with exigencies, tariff protection alone gives an assurance to the protected industries that, so long as they play their role for development properly, they would continue to get assistance from Government. Tariff protection has also proved a useful instrument in attracting foreign capital and technical collaboration, as in the case of bicycles, grinding wheels, A.C.S.R. dyestuffs and aluminium industries.

It is often stated that the protected industries make excessive profits. This contention, on the whole, is not borne out by an analysis of the balance sheets of protected industries. Besides, during its periodical review for continuance of protection to industries, the Commission examines costs and selling prices to find out whether any industry is making high profits. The balance sheets of most of the companies examined by the Tariff Commission show that this is generally not so. Sometimes profits also accrue to the protected industries due to diverse manufacturing programmes and one cannot say that the amount of profits is due only to the protected item. When the industry comprises a large number of units, the quantum of protection is determined by the Commission on the basis of the cost of representative unit or units and it is only natural in such an event for the more efficient units to make somewhat larger profits than the less efficient ones. It is a desirable goal. It is also on the basis of a representative unit that the idea of comparative cost is being continuously developed. To prescribe and enforce a uniform rate of profit for all the units in an industry is neither practical nor desirable because that would not be the

right policy to remove the natural incentive for greater efficiency and greater productivity. During its review of the working of protection there is an independent and continuous check by the Tariff Commission on the profits made by units in the protected sector.

I do not want to take more time in going from industry to industry except that I would like only to highlight the performance of a few of the industries which are under review today, namely, the Cotton Textile machinery and the Aluminium industry, the Bicycle industry, the Ball-bearing industry. Sir, out of the whole gamut of industries being covered by this Bill, these are the four which I would particularly like the attention of the House to be drawn to.

In the field of textile machinery only before a few years, if I may say so, before 5 years, the production was hardly less than a crore of rupees which today has risen to about Rs. 12 to Rs. 13 crores per year. This is a very welcome development because in the Second Five Year Plan period we have been giving special emphasis to the manufacture of industrial machinery, apart from extra machinery. Also the House is aware that the total gross production of industrial machinery in 1960 is running at the rate of more than Rs. 130 to Rs. 140 crores as compared to less than Rs. 10 crores five years before. This is as it should be because in a country which is trying to develop its industry in a very fast manner the right emphasis on industrial machinery and machine tools is something to be welcomed and desired for.

In the field of textile machinery, we have now more or less, as far as the spinning aspects are concerned, except the blow-room, practically covered all the types of items of industrial machinery required for a textile mill. We have recently licensed 5 automatic looms and in the next 2 years I am quite hopeful that the production:

[Shri Manubhai Shah]

capacity of textile machines would rise to Rs. 20 to Rs. 21 crores per year as against the demand of textile machinery in the country which is estimated at Rs. 30 crores per year under the Third Five Year Plan. So, we are reaching practically 75 to 80 per cent of self-sufficiency in most of the requirements of the textile industry, as far as the machinery part is concerned.

In the bicycle industry also there has been great development. When India became independent, as one can recall, there was hardly an import of 65,000 to 70,000 bicycles. In the maximum year the bicycles imported were about Rs. 2½ lakhs of which 80 to 90 per cent was all imported stuff, CKD and the Indian part of it was hardly 5 to 10 per cent, of labour involved in assembling the component parts imported from outside. It is a welcome sign that, particularly due to the great pioneering effort in the Punjab and the rest of India—I mention Punjab because it is in the vanguard of the small industry, cycles, instruments and sewing machines and others—today we find that we are producing between large-scale which is claiming about 12 to 12½ lakhs cycles per year and the small scale which produces about 3 lakh cycles; we have exceeded the targets, of the Second Five Year Plan, of the cycle industry. From the import of 75,000 bicycles at the time of independence today we claim to produce a million and a half cycles per year which are wholly indigenous, except for Rs. 2 or Rs. 3 for the imported component of a cycle of Rs. 100. Therefore, I do hope the House will appreciate the efforts of the cycle industry, both small scale and large scale sectors, for having made us not only self-sufficient today; but also for having placed us in a position when we can make efforts to export some of our cycles to foreign countries.

Then, regarding ball-bearings. Previously, there was only one unit just

in production. Its production has also tremendously grown as I have shown in the memorandum placed before the House. We have licensed one more unit and there are about 20 small units developing in the ball-bearing industry. Of course, we are yet very much far away from the stage when we can claim any self-sufficiency in ball-bearings. But, I am glad to inform the House that we are thinking of establishing in the public sector a very major unit to manufacture ball-bearings, roller-bearings, coach-bearings and taper-bearings to cover practically the major requirements of this country in different bearings.

Over and above that, we are trying to encourage 5 to 6 units in the private sector to manufacture the ball-bearings, roller-bearings and the taper-bearings required. And, we do hope that by the end of the Third Plan, as far as this very important, vital and difficult industry is concerned, we would have made the country practically self-sufficient in the field of ball-bearings, roller-bearings and taper-bearings and all the required bearings.

Lastly, the question of the aluminium industry is also today concerned in the Bill. We started with a very weak sector in this economy. We had a unit which had a production capacity of 2,500 tons a year and a second unit which had a production of 5,000 tons per year. In the total, 7,500 tons was the total capacity per year. If we were to talk about this to industrialists of other countries of the world they would laugh. For a great country like ours to claim a production of 7,500 tons would have looked almost ridiculous. But, thanks to the dynamism of the plans we are now at the threshold of a very great and major development in the aluminium industry.

As you know, we have approved a scheme which is under implementation

in Rihand for a 20,000 tons smelter. We have another scheme in Konya; it is for a 20,000 smelter. We have approved a scheme in Salem in Madras which is for 10,000 ton smelter. The two units that I have referred to are both trying to increase their capacity to almost 20,000 tons each. We have, therefore, prescribed the minimum economic norm of about 20,000 tons except for Salem where, for the present, we have to restrict ourselves to 10,000 tons because of the block of power and the bauxite available there is not sufficient for a 20,000 ton smelter. But all the 6 or 7 major smelters which are coming up very fast are prescribed and approved as 20,000 ton smelters. Therefore, in the next 3 or 4 years we can expect easily to produce a lakh of tons and more than a lakh of tons as compared to hardly 7,500 tons.

And, it is our good luck, in so far as the raw material for aluminium is concerned, we are well placed as far as the availability of bauxite is concerned. I cannot say so with regard to other non-ferrous metals that we have. But this queen of metals which today is playing a very great role in industrial development in the world, in the electrical industries, in the engineering industries and in aircraft and other industries, we have in abundance. It is our good luck and fortune that we have bauxite.

Mr. Speaker: Why is it called the queen of metals?

Shri Manubhai Shah: Because, next to iron, it plays a major role and it is at the top; it is in use in several industries for instance, electrical technology, aircraft and so on. Aluminium being light and strong and shining white, it is christened the queen of metals to differentiate it from copper, brass or tin. We are paying special attention to this metal.

The Third Plan target for aluminium production is 85,000 tons but we are not going to stick to that target in 1628(Ai)LSD—5.

the sense that we will continue to expand this sector because that is the basic sector and our requirement is much more than what we have targeted for. We do not want to have a very big jump from a target of 20,000 tons. Therefore, we have a moderate target of 55,000 tons. As soon as we achieve this target of 55,000 tons per year, we shall consider an upward revision and continuously expand the industry.

I do not want to take any more time of the House and I hope that the hon. Members would encourage the steps taken towards industrialisation in the country. I seek the concurrence and hearty vote of the House to the protection or de-protection envisaged in the Bill.

Mr. Speaker: Is the hon. Minister in a position to say this? What is the value of imports of articles which we do not at all produce in the country? Secondly, what is the value of the imports of articles which we also produce in this country but not in sufficient quantities?

Shri Manubhai Shah: The question which you have asked is very important but the field is so vast. I can say this that there is no product of any national or industrial importance which qualitatively we are not producing today in the country. Today, we are practically producing many of the articles barring a few things. Quantitatively, I cannot make that claim. We have to go a long way to go there. We started from a scratch. It was 200 years ago that the industrial revolution took place in United Kingdom, in the middle of the 18th Century. We began in 1947. Within a decade or a little more, we may come up as one of the major industrialised countries of the world.

Mr. Speaker: Very well. The question is:

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

The motion was adopted.

Bill

Mr. Speaker: Shall I take it that nobody wants to speak on this subject? Somebody wanted 2 hours and three hours and so on.

Shri Chintamani Panigrahi: There is no quorum, Sir; this is lunch time.

Mr. Speaker: If some speakers are interested, we can put it off. It seems there is no purpose in waiting. The question is.

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

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

Shri Manubhai Shah: Sir, I beg to move:

"That the Bill be passed."

Mr. Speaker: Motion moved:

"That the Bill be passed."

If any hon. Member says that he wants to speak, I would have put it off.

Shri Warior (Trichur): My hon. friend, Shri Prabhat Kar, was here and he wanted to speak and because he thought that this would not collapse like this, he has gone to take coffee.

Mr. Speaker: Let him come; we shall wait. We are in the Third Reading stage.

Shri Achar (Mangalore): May I speak?

Mr. Speaker: Shri Achar.

Shri Achar: Sir, the real difficulty was that the literature connected with it was given to us rather late. It is not that I am making a complaint. No doubt this is a non-controversial matter. Last time I raised this question

that we must be able to compare the cost of production of all these items not merely in our country but in foreign countries also. Several items are given protection.

13.47 hrs.

[SHRI JAGANATHA RAO in the Chair]

I find from the papers circulated to us that some industries have been granted protection for a considerable period. Some were started in 1930—25 years ago; still they are being given protection. The Government accepts the recommendation of the Tariff Commission which goes into these things. But the costs must be comparable. That is one point.

In the initial stages protection should be given. But if they continue like that for long, they would not make efforts to improve the methods of production. Take for instance the bicycle industry. It has made tremendous progress. Probably we may be able to export also. But people say that the quality of goods produced here is not so good as that of the goods manufactured in foreign countries. It is not merely the price and the quantity. What about the quality?

We are told that they cannot stand comparison with some of the best cycles that are produced in some of the western countries. No doubt, we have to import steel and other articles—probably there is that difficulty also—but in spite of the fact that it has been given protection for so many years, in spite of the fact that so far as quantity is concerned everything is satisfactory, this aspect of the question, the question of quality does not seem to have come up to the standard.

The hon. Minister was pleased to say that whether we are able to produce the required quantity of every article or not in this country, we are able to produce almost every one of the items that are required in the country. I would like to draw the attention of the hon. Minister—there may be other

items—to at least one item—asafoetida. I also put down a question about it. So far as that particular item is concerned, it is completely imported from outside. To the question that I put down the answer given was that we are not able to produce any quantity; probably, mostly it comes from Afghanistan or Iran—I do not exactly know. Whatever it may be, the entire quantity that is required for this country is imported. Further, in the same answer, it was said that some efforts are being made to have the necessary raw material grown in this country. I do not know whether anything has been done in that direction, because I put this question a year or so ago. Therefore, I do not think it is correct to say that we produce every item. I do not know whether the hon. Minister actually meant it, but I heard him say so.

Shri Manubhai Shah: I said: "almost".

Shri Achar: I have been able to point out at least one item. There are certain articles which we are not able to manufacture. I am not going to say that we should manufacture things which it is impossible for us to manufacture because of the climatic conditions, our natural position etc. But situated as we are and in the climatic and the physical conditions obtaining in this country, it would be possible for us to manufacture most of the needs of our country if not all. There are items which we have not been able to produce, and I would submit that a study of that aspect also has to be made and efforts should be made to make this country self-sufficient in those things also.

I would gladly support the Bill and congratulate the hon. Minister in the progress we have made in the industrial field. This time we have a fairly large number of items or products which are protected, but I find that in the case of about five of them we are now not granting any protection. I hope in the near future we will reach a position when most of the in-

dustries, if not all, would not require any protection and we will be able to stand the competition of foreign countries. It is not a question merely of quantity, it is more a question of quality of the articles that we are manufacturing in this country. So the Tariff Commission and the Ministry should emphasise this aspect of the question and see that our producers produce not only the required quantity but also the quality which can stand competition with the products of foreign countries.

Shri Warrior: Sir, I thought some other hon. Member from this side would be speaking on this Bill but, incidentally, that burden also has been placed on me. I could not make any thorough preparation to speak on this Bill. If I had known earlier, I would have made the necessary preparations.

Any way, Sir, I wish to make only certain references not only regarding those industries which are protected under this Bill but also about other industries which, in my opinion, require protection at the hands of the Tariff Commission.

Before going into that matter, I would like to say that after a casual perusal of this Bill we find that the industries which are protected by the Tariff Commission are not able to fully use the quotas permitted. Take the case of aluminium. An aluminium factory is coming up in Kerala. There are other units also already existing there. What will be the position if all these units go into production and we are not able to consume the entire quantity produced? Then the question of export will arise. It will be difficult if you tackle the question then.

Shri Tyagi (Dehra Dun): God willing, let us export.

Shri Warrior: "God willing" is all right, but "man willing" is not all right.

Shri Harish Chandra Mathur (Pali): "Man willing" is more important.

Shri Warior: That is the difficulty. Take the case of iron and steel. Iron and steel has been given protection in our country for some time now. Even now we find that the steel and pig iron produced are not available at reasonable prices to our own people. A few months back almost all the foundries in Kerala had either to close down or lay-off their workers bringing the production almost to a standstill. When we are considering the question of giving protection to our industrial production, we must also consider how it will benefit the consumers and how it will help the other subsidiary industries. If the Government leaves these industries to go ahead in their own way and does not give them any protection there is no doubt that these industries will fail. Almost in every case we find that certain commodities are sold in the market because they get subsidies from the Government. Therefore, naturally, a major portion of the profits in those cases should go in the form of reduction of prices for the consumers. But our experience has been that that matter is not attended to. We have the experience of pig iron and so many other things.

Somehow or the other the organised industries can manage, but the whole question now hinges upon the unorganised industries. Recently I had put a question in this House about the linking of certain import commodities with export commodities which might have some sort of a very distant relationship. I have received a telegram—my hon. friend there also received it—from the legislators in Kerala regarding the inter-linking of tapioca export with the import of betel-nuts. Although betel-nuts and tapioca are partially consuming commodities, one is an organised industry and the other is an unorganised industry. Tapioca is not merely an agricultural produce as far as Kerala is concerned, because we have started a glucose factory there, there are export of tapioca flour for being used as starch matter for textile mills and so

on. There are also certain by products from tapioca flour. When that is inter-linked or connected with the import of betel-nuts, I do not know how the tapioca exporters will be affected, how the millers will be affected. I think this is the opportune moment to place on record the telegram which we have received this morning. It is said in the telegram that the members of the Kerala Legislature, a few of them, view with grave concern the import policy announced on the 8th December linking the import licence of betel-nuts, etc., with the export of tapioca flour. Lately, I had also asked a question about the linking of the import of copra with the export of groundnut oil. Of course they are very distant relatives; not so close to each other either in respect of the region where they grow or in respect of the nature of the produce. But copra is the life-blood for our mills in Kerala. I understand that the copra depots in Alleppey and Cochin and the coconut oil mills are now closing down. Not only the workers but also the employers do not know what to do now. It is not exactly that all the copra licences were linked with them but only a meagre quantity, say, about 175 tons or so, were linked.

14 hrs.

Mr. Chairman: What has all that got to do with the present Bill?

Shri Warior: It is not a question of organised industries alone that should be considered now. The Ministry should refer all these questions to the Tariff Commission and get protection for all these industries and not for the organised industries alone. All these unorganised industries which are giving more employment and more work for our people should be referred to the Tariff Commission. The unorganised industries play a very important part in our economy also and the economic development rests not only on the organised, big industries, but on the unorganised industries as well. This is the opportune moment to appeal to the Minister to

refer all these industries to the Tariff Commission.

Shri Tyagi: Is coconut oil being imported from outside?

Shri Warior: Copra is imported from Ceylon and the coconut oil is used in so many industries. But that is linked with the export of groundnut oil. They are not very much related with each other. But this is the opportune moment to refer to this aspect. So, I am raising that question. I hope that not only will these organised industries like aluminium and bauxite, etc., but also the unorganised industries which are affected by the import and export policy be referred to the Tariff Commission, and protection should be given for the unorganised industries also. That is all my submission. I support the Bill as it is.

श्री० रणवीर सिंह (रोहतक) : सभापति महोदय, हिन्दुस्तान में टैरिफ़ कमीशन कितनी समझदारी से काम करता रहा है और सरकार की नीति उस सिलसिले में कितनी अच्छी रही, है उस का सुबूत उन फ़िग़रों से मिलता है, जो कि अभी थोड़ी देर पहले श्री महोदय ने इस सदन को दिये। उन से यह पता लगता है कि १९४७ के बाद आज सिर्फ़ थोड़ी सी ही चीज़ें हैं, जो कि इस देश के कारख़ानों में बननी शुरू बहीं हुई हैं। यह ठीक है कि देश को कारख़ानों में बनी हुई चीज़ों की बितनी जरूरत है, उतनी चीज़ें अभी बननी शुरू नहीं हुई हैं, लेकिन इस बारे में पुरुषार्थ जाकर हो गई है।

इस सिलसिले में उन्होंने पंजाब प्रदेश का जिक्र किया और इस लिए अगर मैं भी पंजाब प्रदेश का जिक्र करूँ, तो मेरे ख़्याल में कोई बहुत ख़यादा ग़लत नहीं होगा। कुछ सदस्यों ने तो बहू शेषा बना लिया है कि हर वक़्त पंजाब प्रदेश और पंजाब प्रदेश की सरकार के ख़िलाफ़ कुछ न कुछ ब

कहेंगे। मंत्री महोदय ने पंजाब प्रदेश के बारे में जिक्र किया है। और पंजाब प्रदेश कौन सा प्रदेश है? १९४७ में जब हिन्दुस्तान आजाद हुआ, तो पंजाब दो हिस्सों में बंट गया। यहाँ का कारीगर पाकिस्तान चला गया और जो कारख़ाने यहाँ चलते थे, वह भी एक तरह से बन्द हो गये। जो आदमी कारख़ानों को आरगनाइज़ कर सकते थे, उन के घर उजड़ गए और उखड़ गए। उस उखड़े हुए प्रदेश में बहुत से भाई ऐसे भी हैं, जिन में से कोई पंजाबी के नाम पर, कोई हिन्दी के नाम पर, कोई बँटर-मेंट जैवी के नाम पर सूबों के अग्न के लिए खतरा बने रहे। आज ही आप ने बंगाल की काँसिल के बारे में सुना है कि कोई बात समझ की नहीं कर सकता है और वहाँ इतना बावला होता है। लेकिन पंजाब प्रदेश के लोगों ने इन सब बातों का मुकाबला करते हुए अपने आप को, अपने उजड़े हुए सूबे को बनाया है। देश में छोटे बड़े कारख़ाने स्थापित करने के लिए पंजाब प्रदेश के लोगों और सरकार ने बहुत सराहना-योग्य काम किया है। जिस तरह से अगर कोई चाहे कि एक बच्चा दीड़ से नौजवान का मुकाबला करे, तो वह नहीं कर सकता—उस को सहारे की जरूरत होती है, उसी तरह कोई कारख़ाना सजाने के लिए, या किसी कारख़ाने में तरक्की करने के लिए शुरू में सहारे की जरूरत होती है। मैं मानता हूँ कि वही टैरिफ़ कमीशन का मुद्दा है। इस के सुबूत में मैं पुराने इतिहास का जिक्र करूँ, तो कोई बेजा न होगा। १९३० का जमाना था, जब कि बापू ने हिन्दुस्तान के लोगों की कान्फ़ेन्स को जगाने के लिए विदेशी कपड़े के ख़िलाफ़ ख़ताब्रहू किया। उस समय जंकासायर से बहाँ कपड़ा आता था और लोग समझते थे कि शाबब कपड़ा बनाने के लिए वहाँ का

[चौ० रणवीर सिंह]

बायु-मण्डल अच्छा है और वैसे आबो-हवा हिन्दुस्तान की नहीं है कि यहाँ पर कपड़े के कारखाने कामयाबी से लग सकें। लेकिन हम ने देखा कि एक जमाना आया, जब कि हिन्दुस्तान का बना हुआ कपड़ा लंकाशायर की मंडी में बिका। उल्टे बांस बरेली को। इसी दृष्टि से हम को यह चीज देखनी चाहिए।

श्री त्यागी : बन्देमातरम्।

चौ० रणवीर सिंह : मेरे मित्र त्यागी जी आम तौर पर बहादुर हैं, लेकिन वह कुछ निराशावादी हैं। अगर वह कुछ आशावादी बनें, तो अच्छा हो।

अगर इस वक्त यहाँ का बाइसाईकल अच्छा नहीं बनता है, तो मैं यकीन दिलाता हूँ कि अगर पंजाब में बाइस ईकल बनाए गए, तो वह दिन जरूर आयेगा, जब कि हमारे बाइसाईकल का जो मुकाबला विलायत के बाइसाईकल भी नहीं कर सकेंगे और विलायत की मंडी में हिन्दुस्तान और पंजाब का बाइसाईकल बिकेगा।

श्री त्यागी : हमारे यू० पी० का भी।

चौ० रणवीर सिंह : एक बात मैं और कहना चाहता हूँ, जिस को कहने की मेरे दिल में बहुत ख्वाहिश थी। जिस तरह विदेशी माल के मुकाबले में यहाँ के माल को संरक्षण की जरूरत होती है, उसी तरह एक कमजोर तबके को भी संरक्षण की जरूरत होती है। आज हम देखते हैं कि हिन्दुस्तान के आजाद होने के तेरह, सठ्ठे तेरह सालों में देश में बड़े कारखानों ने बड़ी तरक्की की है, लेकिन हम को अफसोस से यह कहना होगा कि गांवों में जो छोटे छोटे कारखाने चलते थे, वे आज नहीं चलते हैं। शायद इस सिलसिले में मंत्री महोदय काटेज

इंडस्ट्री, विलेज इंडस्ट्री, और खादी कमीशन के बहुत सारे आंकड़े रखें, लेकिन मैं तो एक सीधा सा आंकड़ा जानता हूँ। एक जमाना था जब कारखाने के लिए फाली जैसी छोटी चीज, जिस से वह जमीन का पेट फाड़ कर अनाज पैदा करता है, वहाँ का लोहार बना देता था। लेकिन तेरह साल की तरक्की कहिये, या तनज्जनी कहिये, के बाद वह फाली वहाँ नहीं बनती है। इस के अलावा कारखाने की और सब चीजें, खुरपा, दरान्ती वगैरह भी शहर से आती हैं। कहीं दूर से और कहीं नजदीक से। मुझे शहर से चिढ़ नहीं है लेकिन आप जानते हैं कि देहात की एक आबादी है और शहर की एक आबादी है। शहर में इतना स्थान नहीं है कि हम वहाँ पर देहात की आबादी को बसा सकें। इस के लिए न जराये हैं, न रुपया है और न स्थान है। हम देखते हैं कि देहात के मजदूर के लिये कोई संरक्षण नहीं है। न उस को कंट्रीलड प्राइस पर लौहा मिलता है, और न कोयला मिलता है, जिस से वह खेती के छोटे छोटे औजार बना सके। आप जानते ही हैं कि कोयला और लौहा छोटी से छोटी इंडस्ट्री को चलाने के लिये भी जरूरी होता है। जहाँ पर यह टैरिफ कमिशन दूसरों को बहुत बड़ी बड़ी चीजें देता है, एक एक चीज पर १५-१५ और २०-२० रुपये के भाव का फर्क देता है, वहाँ पर यह या आपका मंत्रालय अगर देहात के लोहार के लिये लौहा परमिट के ऊपर पहुँचा सके और साथ ही साथ कोयला वहाँ पहुँचे सके ताकि वह छोटे छोटे औजार बना सकें, तो मैं समझता हूँ कि काफी तरक्की हो सकती है।

आप बड़े बड़े कारखाने लगा रहे हैं और यह दिल्ली मिल्क सप्लाई स्कीम को भी आपने चालू किया है। इस तरह की स्कीम को आप

छोटी सी शकल में देहातों में भी लगा सकते हैं और यह उसी सूरत में वहां लग सकती थी अगर क्रीम सैपरेटर बनाये जाते। आप जानते हैं कि हिन्दुस्तान का सब से बढ़िया पशुघन जो है वह पंजाब से आता है और खास तौर पर हमारा जो इलाका है वहां से आता है। वह पशुघन जा करके खत्म होता है कलकत्ता, बम्बई, मद्रास आदि बड़े बड़े शहरों में। आप क्रीम सैपरेटर बना सकें तो यह पशुघन बच सकता है। आपको चाहिये कि आप छोटे छोटे क्रीम सैपरेटर बनवायें और वे बनें देहातों के जो मजदूर हैं, जो कारीगर हैं उनके जरिये ताकि उनको करने के लिये काम मिल सके। अगर ऐसा किया गया तो जो लोग पशुओं को कलकत्ता, बम्बई, मद्रास आदि भेजने के लिये मजदूर होते हैं और वहां पर लोग दूध पी करके उन पशुओं को कटवा देते हैं, वह नहीं होगा। जहां तक क्रीम का वास्ता है, वह कलकत्ता, बम्बई आदि शहरों में भेजी जा सकती है और उसको वे लोग अपनी चाय और काफी के साथ ले सकते हैं। जिस तरह से दूसरे देशों में जो पशु होता है वह मजबूत होता है, गाय ज्यादा दूध देती है और जिस की बजह यह है कि वहां पर बछड़े को सेप्रेटा दूध ज्यादा पीने को मिलता है, उसी तरह से यहां पर भी गाय ज्यादा दूध दे सकती है और जो बछड़ा है उसको सैपरेटा मिल सकेगा और वह मजबूत होगा। बहुत से भाई यह समझते होंगे कि मैं जिन विषयों का इस बिल से संबंध है, उनसे दूर जा रहा हूं और मेरी इस बात का इस बिल से कोई वास्ता नहीं है, लेकिन मैं जैसे पहले अर्ज कर चुका हूं, इस बात का इस बिल से इसलिये वास्ता है कि क्रीम सैपरेटर की मशीन के कारखाने देहातों के अन्दर अगर लगे तो देहात का जो पशु है, वह मजबूत होगा और हिन्दुस्तान और पंजाब का जो बढ़िया पशु है वह कलकत्ता और मद्रास आदि में नहीं कटेगा।

Shri Harish Chandra Mathur: Mr. Chairman, Sir, the hon. Member who preceded me and who spoke in a true Punjabi style, had various things to

say. I will not refer to them, but there is one point which has a real bearing on the subject under discussion today and which has not been appreciated. I will first clarify that point and give my support to him, both because he spoke before me and also he is my neighbour.

There is a general feeling in the country, all the time being emphasised by the large-scale industry, that all sorts of concessions are given and spoon-feeding is done to the small-scale industry. He was referring to the village industry and small-scale industry. This Tariff Commission's report just underlines that it is not only the small-scale industries which require all the support of the State; but it is the large-scale industry, which is being given all the support. So, it does not lie in the mouth of the large-scale industry to say all the time the small-scale industries are being given support.

Small-scale industry is in competition with the large-scale industry. In this particular Tariff Commission's report, we find we are giving certain protection to the bicycle industry, which is both the sectors—large-scale and small-scale. Both the sectors are being given some protection, whether the bicycle is produced in the large-scale sector or small-scale sector. Therefore, it should be made clear to everyone that through these tariff protections, we have given much larger State support to the large-scale industry rather than to the small-scale industry. So, something must be thought about as to how to bring about an adjustment. That is by the way.

I shall refer to one point which comes directly under this report and which is of intrinsic value. The Tariff Commission is supposed to go into the working of the entire industry, to which protection is going to be given. The most important thing is, the Commission should examine how the industry is functioning, whether it is

[Shri Harish Chandra Mathur]

in good health, whether the protection given to that industry has been properly enjoyed or whether it has received support at the cost of the consumer or somebody else.

I wish to remind the House that very recently we had the report of the automobile industry, where it was pointed out that though protection has been given, the industry's cost structure has not been examined and the cost accounting has not been done. It is absolutely necessary that when an industry is given any protection, the first principle should be that cost accounting is introduced in that industry, to find out whether those industries are not making illicit profit at the cost of the consumer. This is the most relevant point and it is on this basis that protection should be given.

The only one major industry which has been given protection is ball-bearings. At page 15 of the report, they have given certain facts and figures; they have given the quantity of the numbers in 1957, 1958, 1959 and 1960. But when it comes to the value of the ball-bearings, they say "not available" in 1957, 1958, 1959 and 1960. What is the data on which we have to proceed? We must know the value, to see how the cost was varied from year to year, whether it has fulfilled our expectations or not, whether the industry deserves that protection or not, etc.

Today as a matter of fact, no interest has been evinced in this House towards the Tariff Commission's report because we know that these recommendations, in the present context of our economic situation, are not going far. The imports are so much restricted on all fronts and we know there can be no competition by way of imports. So, even for the industries which are not being given direct protection, a sort of indirect protection is given. But in the ball-bearing industry, we are in short supply and imports have got to come.

In the cycle industry, we are almost self-sufficient. But if you throw upon imports—though we are not in that happy position—maybe there would be a demand for the foreign cycle. The demand for foreign cycle will depend on so many other factors. I might inform you, Mr. Chairman, that even in a highly advanced and industrialised country like Germany, which is so advanced in the manufacturing process, at one time Japan dumped their cycles. German cycles could not be produced even for Rs. 100 or 120 where as Japan was exporting cycles costing Rs. 37 to 40.

14.20 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

Here we must remember that the consumers are brand-minded. Suppose it is Phillips cycle, no matter whether the quality is good, comparable or not, it is immediately purchased the moment it goes into the market, because that brand is well-known. So, you can sell it at a higher cost even. As a matter of fact, there may be other varieties which are comparable to that in quality but which are not so well known. So, we will have to get used to that. Once they are in use and once the people know that a particular manufacturer is good, they get used to his brands and then there would be no trouble.

My hon. friend was telling us about the quality of cycles. I venture to submit that the quality of some of the indigenously manufactured cycles is the best. Not only in future, even today they will compare with any cycles manufactured outside. Here I speak with a little amount of personal knowledge in this matter and I hope the hon. Minister will bear me out that it is certainly so. The cycles manufactured in this country are the best. We know how the cycles manufactured in this country are used and how much load is carried on those cycles. The complaint here is that a

cycle is carrying four persons in Delhi. Still they do not give way. In the rural areas big loads are carried on these cycles. So, qualitatively they are equally good when compared to foreign cycles, though perhaps not in finish.

So, it is not because of the quality that we have got to import but because people are so brand-minded. Quality will come with experience, as things go into the market. In most of these things we have done exceedingly well. I just wanted to emphasize the three points. Let us wash out the idea that it is only the small-scale industries which get support. Large-scale industries have been and are given bigger support than the small-scale industries. The report of the Tariff Commission itself is an indication of the support which we are giving to the large-scale industries. That is point No. 1. Secondly, let us disillusion ourselves that the products of this country are in any way inferior in quality. Most of the things are very good. Thirdly, I want a clarification from the Minister whether all these industries which are being given tariff protection, whether they have introduced cost accounting system in those industries or not. It is a very important point. It is very necessary that we are satisfied that cost accounting is introduced and we are satisfied that these industries need that much protection, not that they are just making all the money at the consumers' cost and pocketing huge profits. I hope the Minister will in his reply say how it is worked out in the case of ball-bearings and whether they insist on this in the case of every industry.

Shri Tyagi: I want to make a few remarks.

Mr. Deputy-Speaker: I have no objection. But I was wondering whether it can be concluded at 2-30 or not.

Shri Tyagi: I admire the work of the Tariff Commission. For years they

have been functioning like referees between consumers, producers and manufacturers and they have done their job very well. They are conscientious of their duties and responsibilities towards the nation. I must also congratulate the Ministry through whose directions they have really allowed quite a few industries to get established in India permanently. Otherwise, even for a little needle we would have been the slaves in the hands of foreign countries.

I remember that in those days there was no industry worth the name in India. Now the position is different. As I am in a hurry and I do not have much time at my disposal, I skip over this.

Now the time has come when we should revise our policy with regard to protection. Protection has been given from the very beginning by way of stopping imports, by way of levying heavy import-duties on raw materials and manufactured goods. There are certain industries which have earned crores and crores of rupees on account of this protection. Although protection does not bring help in so many rupees to an industry, it is a sort of invisible capital help given to them, because thereby the industry is allowed to thrive. If an account is taken of that invisible help, say, for the sugar industry, that is to say, the amount the sugar industry has earned from the exchequer—because, otherwise, import duties would bring some revenue to the public exchequer or from the consumers—the amount would be huge and colossal.

I think the time has now come when the Ministry makes its views fairly clear in regard to the extent of encouragement given to the small-scale industries and heavy industries, particularly. They have done very well so far and if an account is taken I think the Ministers and the Government will deserve the congratulations of the whole nation for the work they have done. Surely, the Tariff Com-

[Shri Tyagi]

mission has always been helpful in this regard.

The bigger industries have been enjoying this help for years or even decades together. We must stop this aid and we must see that they are made to stand on their own legs. They are already on their legs. We must see to what extent they should be given more help as protection.

The marginal profit should also be taken into account by the Tariff Commission. I am afraid, the one point on which I am not fully satisfied is whether the profits of the industry are really scrutinised in the sense as to know how much is the actual profit. Now, according to the accounting method, the surplus of income over the expenditure is considered to be the profits. But in the case of an industry if you strictly scrutinise the expenditure you will find all sorts of items like entertainment, motor car, furniture and so on. The income-tax department gives margin for all that. If you look at the list of passengers for the aeroplanes these days you will find that most of the passengers today are industrialists. It is at the cost of the consumers that they are flying. So, I must say that the consumers' interests have not been fully guarded. When the prices are going up for the consumers, whom we all represent—even the industrialists are also consumers—we should see that unnecessary expenditure is not incurred by the industry. So, their margin of profit should be strictly scrutinised. Also, out of that margin of profit a share should go to the labourers, so that the labourers may also enjoy the benefit of protection given by the Tariff Commission. Because, consumers and labourers are the two classes or two components of the whole industry. They must also get the benefit of this protection; it is not meant for the industrialists alone. That is one point which I want to emphasize.

Secondly, the big industries must compulsorily be asked to take their components from the small-scale industries, so that there is dispersal of industries. After 13 or 14 years of freedom, India is proud that she is vast industrialising herself and industries are coming up. But there is one thing which should be taken note of. Industries are getting concentrated in a few selected hands. We must see that there is a dispersal of industries. In the case of heavy industries; I can understand the difficulties of the hon. Minister; he cannot give a licence for a heavy industry to a person who has no resources, no wherewithal to start it. But whenever any person comes to the Ministry for the establishment of a heavy industry, they must insist that for the purpose of components or raw materials they must depend on the small industries so that more employment can be given to the people. Mr. hon. friend Ch. Ranbir Singh quite legitimately emphasised the interests of the villagers. Then my friend Shri Mathur—I am very proud of him—who studies cases, expressed certain views.

Mr. Deputy-Speaker: The reverse is also true.

Shri Tyagi: I have taken a lot of time. I only wish to emphasise these points

Shri Manubhai Shah: Sir, I am very glad for the general support and warm welcome for this measure from all sections of the House. Regarding the important point raised by my hon. friend Shri Mathur, it is the constant endeavour of the Tariff Commission to make the industry cost conscious. Cost accounting has been considered to be a very integral part not only of the protected industries, but of the industrial structure as a whole. Unfortunately this is a new science in this country and even for the public sector projects, as I had occasion to mention the other day, we find it difficult to get experienced cost

accountants. The Institute of Cost Accountants is expanding its activities and I may assure him that it is our endeavour to see that during the Third Plan the industries of this country become cost conscious, quality conscious and productivity conscious. We have come to a stage when the foundation of industrial development has been squarely laid and the edifice and super-structure are going to be raised in a very fitting way during the Third and Fourth Plan. That is one important aspect on which the Tariff Commission and all of us are laying emphasis.

My hon. friend from Kerala referred to the question of tapioca. I can assure him that we are trying to encourage this very important raw material by conversion to starch, glucose, power alcohol and various other things. The question of dispersal of industries was raised by my hon. friend from the Punjab as also by Shri Tyagi. The Tariff Commission is not really involved in it. Taking into consideration the overall industrial development of the country, it is the policy of the Government and this House to see that all the under-developed areas are brought up in the industrial map as fast as possible.

In regard to the value of the products of industries, so many industrial units make different products, with the result that it is very difficult to give a uniform value. To lump up the value of all the products of an industry throughout the year and try to assess its value is almost impossible. What we may provide in future is that the valuation of a few representative ball bearings or cycles may be given so that an overall picture may be available as to how the cost works out.

As I mentioned in the earlier part of my statement, when Shri Tyagi was perhaps not here, actually speaking the Tariff Commission always looks into the profits earned by protected industries. By and large most of the

industries which are under the protection shelter have made only reasonable profits, barring perhaps one or two units in some sector. Ultimately the quantum of protection is going to be determined by the return which the entrepreneur gets. As a matter of policy, it is our endeavour to deprotect an industry as early as possible. We reduce the quantum of protection all along the line as we go along, so that before it is deprotected it is reduced to the minimum possible amount and lastly to give only the necessary protection which it deserves by efficient running.

It was said that we were importing a lot of things. We have come to a stage when we are able to produce a very larger number of things. It is not that an alkaloid grown in Malaya can be regrown here. No Country can ever claim—not even the United States of America, which is the most industrialised country in the world—that everything under the sun could be made by it; nor is it our intention. But to the extent possible, all indigenous raw materials are being properly processed and finished and all the qualitative aspects of most of the products are developed. We hope that in the next decade or two we will be one of the well industrialised countries of the world. I am grateful to the House for the support it has given to this Bill.

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

14.35 hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

SEVENTY-FOURTH REPORT

Sardar A. S. Saigal (Janjgir): Sir, I beg to move:

"That this House agrees with the Seventy-fourth Report of the Committee on Private Members