

rates of wages payable to any of the employees employed in a scheduled employment, any proceeding is pending before a Tribunal or National Tribunal under the Industrial Disputes Act, 1947 or before any like authority under any other law for the time being in force, or an award made by any Tribunal, National Tribunal or such authority is in operation, and a notification fixing or revising the minimum rates of wages in respect of the scheduled employment is issued during the pendency of such proceeding or the operation of the award, then, notwithstanding anything contained in this Act, the minimum rates of wages so fixed or so revised shall not apply to those employees during the period in which the proceeding is pending and the award made therein is in operation or, as the case may be, where the notification is issued during the period of operation of an award, during that period; and where such proceeding or award relates to the rates of wages payable to all the employees in the scheduled employment, no minimum rates of wages shall be fixed or revised in respect of that employment during the said period." (1)

(Shri Abid Ali).

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

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

*The motion was adopted.*

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

*Clause 3, clause 4, clause 1, the Enacting Formula and the Title were added to the Bill.*

**Shri Abid Ali:** I beg to move:

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

771(Ai) LSD—8.

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

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

*The motion was adopted.*

14.27 hrs.

#### SALT CESS (AMENDMENT) BILL

**Mr. Deputy-Speaker:** The next item on the Order Paper is the Salt Cess (Amendment) Bill. The hon. Minister in charge is not here. Should I adjourn the House until he comes?

**The Deputy Minister of Labour (Shri Abid Ali):** On behalf of Shri Manubhai Shah, I shall move the Bill for consideration, and the motion may then be placed before the House for discussion.

**Mr. Deputy-Speaker:** But some speech shall have to be made. Will the hon. Deputy Minister be able to do that?

**Shri Abid Ali:** Only formally, I shall move the Bill for consideration.

**Shri Naushir Bharucha (East Khandesh):** It means rather very scant respect to the House that the hon. Minister in charge of the Bill is not here. Notice should be taken of that.

**Mr. Deputy-Speaker:** Really, it is; I agree, but perhaps there might have been some mistake.

**Shri Abid Ali:** I shall move the Bill for consideration.

**Mr. Deputy-Speaker:** The hon. Minister in charge of the Bill is not here. The House cannot wait until he comes. The Whips ought to have taken enough care to bring the hon. Minister here in time.

**Shri Rane (Buldana):** He was here a little while ago.

**Mr. Deputy-Speaker:** But he is not here at the time when the House wants him.

**Shri Abid Ali:** When we were discussing the other Bill I felt that there were a large number of speakers, and I told him that perhaps the discussion on that Bill might continue for an hour more. He was sitting here for more than an hour, and because of what I had told him, he might have gone out for a while.

**Mr. Deputy-Speaker:** Is that enough explanation?

**Shri Abid Ali:** I am only explaining the position as it was. Therefore, with your permission, I may just move the Bill for consideration formally, and let there be a discussion.

**Mr. Deputy-Speaker:** If hon. Members take exception to that simple motion that the hon. Minister may move namely that the Bill be taken into consideration, and they are not prepared to discuss it, unless some opening speech is there, then what is to be done?

**Shri Abid Ali:** At any rate this is not a controversial subject.

**Some Hon. Members:** The House may be adjourned for fifteen minutes.

**The Minister of Commerce (Shri Kanungo):** I am very sorry for the interruption in the business of the House.

**Mr. Deputy-Speaker:** Hon. Members point out—and I agree with them—that it is not fair to the House that Ministers shall not be present at the proper time.

**Shri Kanungo:** I am sorry for it and offer my apologies.

**Mr. Deputy-Speaker:** I think enough has been said. Let us now proceed with the Bill.

**Shri Kanungo:** Sir, I beg to move:

“That the Bill further to amend the Salt Cess Act, 1953, be taken into consideration.”

Sir, the Bill is a simple one as can be seen from the Statement of Objects and Reasons. After the abolition of the duty on salt with effect from the 1st April, 1947, Government levied under executive orders certain charges on salt to meet the establishment charges of the Salt Organisation. Under these orders, these charges were levied as follows:—

- (a) in the case of salt manufactured in private salt factories, at the rate of two annas a maund; and
- (b) in the case of salt manufactured in Government salt factories, at the rate of three and a half annas a maund.

This levy was later placed on a statutory footing in 1953 by the enactment of the Salt Cess Act, which provides for the collection of the charges as cess on salt.

The Hindustan Salt Company (a limited company wholly owned by the Central Government) was established in April 1958 in pursuance of a recommendation made by the Estimates Committee, primarily with the object of taking over and running the Government salt works and also to carry on all kinds of business relating to the manufacture and sale of salt, including its bye-products and other allied chemicals, either obtained in the course of salt production or processed from salt as raw material. The Government Salt Works at Sambhar, Kharaghoda and Didwana were transferred to the Company with effect from the 1st January, 1959. The Didwana source has since been returned to the Government of Rajasthan. The transfer of Mandi Salt Mines—the only commercial source now remaining with the Salt Department—has been held in abeyance pending the execution of certain works in the mines.

The authorised capital of the company is Rs. one crore divided into 10,000 equity shares of Rs. 1,000 each. The subscribed and fully paid up share capital of the company to date is

Rs. 24,20,000. Further capital equal to the value of the assets transferred to the company from the Salt Department will be made available to the company shortly.

Production of salt by the company during 1959 and 1960 at the Sambhar salt works was 62,36,000 maunds and 65,56,000 maunds respectively, while at Kharaghoda production was of the order of 52,12,000 maunds and 40,32,000 maunds respectively.

As I mentioned earlier, the Government salt works pay a cess of  $3\frac{1}{2}$  annas, i.e.,  $1\frac{1}{2}$  annas more than private manufacturers. The main reason which weighed with Government for charging this additional  $1\frac{1}{2}$  annas as cess was because the administration and organisational cost of running these works as well as that of the Salt Department was being borne by Government and only a portion of this expenditure was reflected in the cost of production of salt works. The position, however, changed with effect from the 1st January, 1959 with the transfer of most of the Government salt works to the Hindustan Salt Company Ltd. The Company now bears the full cost of administration, etc., like any other private manufacturers and on account of the higher cess they have to bear, under present orders, has been experiencing difficulty in disposing of their production, particularly Kharaghoda. Stocks of salt at the Government salt works at this place were accumulating and the Company had to reduce the selling price to levels even below the cost of production in order to be able to compete with private manufacturers in the area. The company had been making repeated representations to Government against the levy of cess at a higher rate on their production, which precludes them from competing on equal terms with private manufacturers of the area and avoiding the losses incurred by them on running this source. The Company, although owned by the Central Government is subject, like any private salt manufacturing company, to pay taxes.

Sir, here I may recall that the Salt Committee appointed by the Government of India in 1958, to assess production in different sectors and to review the existing concessions and to consider other matters connected with the development of the salt industry recommended, among other things, that with the Federal Financial Integration of States and the transfer of Government salt works to the Hindustan Salt Company Ltd., there was no longer any justification for the levy of a higher rate of cess on salt produced in government factories, especially as the company had to bear all the overhead charges as any other manufacturer and had also to pay taxes like other private manufacturers of salt, which was not the case when the works were run departmentally. Government have considered this recommendation of the Committee in the light of the experience of the Hindustan Salt Company Ltd., and have come to the conclusion that the levy of cess should be on a uniform basis, especially as most of the Government salt works are now run under company form of management. Existing cess concessions granted in favour of small producers, cooperative societies, etc. under the provisions of Section 6 of the Salt Cess Act, 1953, will, however, remain unaltered.

The proceeds from Salt Cess at present amount to about Rs. 85 lakhs per annum on an average. The proposal to levy a uniform cess on salt will involve a reduction in the cess collections of the order of Rs. 12.75 lakhs per annum, as against which the saving to Government by way of transfer of staff in the salt works transferred to the Company is estimated at Rs. 10 lakhs. Also, the Hindustan Salt Company will be paying taxes to Government like others private and public sector companies.

The House will be interested to know that due to the various measures taken by Government, the country which was deficient in salt in 1947, has made rapid progress in the last few years. The target fixed for the First Five

[Shri Kanungo]

Year Plan was achieved in the first year itself. The target fixed for the Second Plan had also been achieved. We have in fact not only been self-sufficient in salt since 1951, but have also a sizeable surplus for export. Japan has been our main export market, but efforts are being made to diversify our exports.

As the development of the heavy chemical industry has received a fillip and is making considerable progress, there is more and more demand for salt which is the basic raw material for the manufacture of caustic soda and soda ash. The chemical industry alone is likely to require about 3 million tons of salt during the next plan period. It is, therefore, proposed to produce during the Third Plan period 6 million tons of salt against the present production of 3.5 million tons. It is imperative that salt meant for the chemical industry should be of a higher quality. Steps are being taken to improve the quality of salt, more by persuasive measures than by coercion. All facilities are provided to manufacturers in the matter of production of good quality salt. Saurashtra, Kutch and Tuticorin produce excellent quality salt. Efforts are being made to have two or three new salt works established where high purity salt will be produced to meet the demand of the chemical industry.

Every encouragement and assistance is provided to cooperatives in the matter of salt production. Thanks to these measures 30 salt manufacturing cooperatives have come into existence since 1947. The most important incentive provided to cooperative societies is the exemption from payment of Cess. The possibility of establishing more cooperatives for the manufacture of salt is being explored in consultation with the State Governments.

Government propose to place the Salt Administration on a sounder footing. Presently, the task of effecting suitable re-adjustments in the strength and structure of this Department so

as to ensure better efficiency and economy in administration is under consideration. The Salt Committee appointed by Government in 1958 to consider matters connected with the development of the Salt Industry has made several recommendations in this connection. Decisions have been reached on all the recommendations, and action to give effect to the decisions is under way.

The Salt Department has already made considerable progress in the matter of provision of amenities to salt labour such as rest sheds, water supply, provision of schools, medical arrangements, etc. The developmental expenditure incurred by the Salt Department during the Second Plan period amounted to Rs. 33.76 lakhs. During the third plan period, it is proposed to spend Rs. 20 lakhs annually on the development of the existing salt works in the private sector.

The Central and Regional Advisory Boards for Salt have been rendering valuable assistance to Government in the consideration of various development works of the Salt Industry. With the creation of a Central Salt Board, the organisation will be able to render better services to the Salt Industry.

Government is alive to the need for recovering by-products of salt, which while improving the quality of salt and reducing its cost of production, will make available sodium salts like sodium sulphate, and other chemicals such as gypsum, magnesium sulphate, magnesium chloride, and potassium chloride for some of which we have to depend on imports. Necessary experiments for recovery of muriate of potash from sea brine have been undertaken in the Model Salt Farm at Tuticorin. The Hindustan Salt Company Ltd. have a scheme for production of sodium sulphate and other chemicals at Sambhar Lake, while

the Rajasthan Government's scheme for establishment of a sodium sulphate recovery plant at Didwana is under way. The results of the research being done in the Central Salt Research Institute on the recovery of by-products are available to private manufacturers for adoption in their salt works.

Government propose to take this opportunity to lay down by legislation the rate of cess in metric measures.

Sir, the Salt Industry has a bright future before it; and I would now commend the Bill which is aimed at placing the Government company on a sounder footing to the House.

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

"That the Bill further to amend the Salt Cess Act, 1953, be taken into consideration".

**Shri Prabhat Kar (Hooghly):** So far as the object of this Bill, namely, to put the government factories on par with the private factories, is concerned, there is no difference of opinion. But the point that now arises is about the increase in the cess on salt. It was two annas per standard maund if manufactured in a private salt factory. Now it is to be 14 nP per forty kilograms.

First of all, I want to know whether there will be any difference between the cess on common salt used by the people for consumption and that salt used by the industry for chemical purposes. So far as common salt is concerned, it has got not only a sentimental tradition but also a political tradition. There should not be any cess on common salt used by the common man of India. I do not know why common salt which is being used by the millions cannot be made cess-free. We have been told that we are self-sufficient in salt production and we are exporting. If that be so, where is the difficulty. Particularly when it is

a question of salt, the people of India will remember it with reverence the movement that was launched by Mahatma Gandhi. After independence, I think at least the common salt which all the people use should be free from any taxation.

It is being generally said in Bengal—I do not know about other parts of the country—that the *nunbhat*, that is rice with salt, is the food of the poorest man. Let that at least be free from the taxation of Government

Again, when this question is being raised before the House, I want to know whether there will be any difference between the cess on common salt and the cess on the salt which is being used for chemical purposes.

**The Minister of Industry (Shri Manubhai Shah):** It has been made clear that there is no difference between the two, neither in the original Act nor in the amending Bill.

**Shri Prabhat Kar:** I have already suggested that common salt which is being used by the common people should be free from any cess. The difference of opinion does not arise so far as equating the government factories and private factories is concerned. On that, I am in agreement with the object of the Bill. But I am going into a deeper question which I want hon. Members to consider, whether the common salt which is being used by the common man should not be made cess-free. This is the most important point.

So far as exports are concerned, we are now exporting salt and there is further scope for export. In that case, if the question of the recovery of the overhead charges comes, that can be found from the export salt. I do not know exactly whether Government will suffer much on this account, if the cess is taken away from the salt used by the common man. I do not

[Shri Prabhat Kar]

know what amount of revenue we get out of the cess. As I said, this is not only a matter of sentiment but it is connected with the movement for independence. From that point of view, I would like to know exactly how much Government will suffer if common salt is made tax-free or cess-free. At the rate of 14 nP. per forty kilograms, what is the expected revenue?

Secondly, during all these years, the price of salt has gone up. When it was being suggested that salt which is commonly used by all persons should be sold at the minimum cost, we find the price rising. I can understand the rise in the cost of other items. But the rise in the cost of salt has been more than 400 per cent. To this extent, the burden on the common man has increased. I would like hon. Members to consider this aspect. Instead of increasing the cess or price resulting in a rise in the price of salt in the market, the time has come when we should be able to buy common salt in the market without any cess.

So far as the object of this Bill is concerned, it is only about putting the government factories at par with private factories in respect of the levy of cess. As I have said, I am not objecting to putting them on par. As a matter of fact, I do not know why there was such a difference at all. If the private factories were paying a cess of two annas per standard maund, I do not know why the cess was three and a half annas per standard maund in the case of government factories. So this Bill is rather late; this should have been brought forward earlier.

By my first point remains, namely, that the common salt used by the common man of this country should be cess-free. At least let there be one item in respect of which the common man should feel that Government are not taking a tax from him. Though it is a most important item, it is also perhaps a most insignificant

item. Otherwise, I have nothing much to say on this Bill.

Shri Kasliwal (Kotah): I very much welcome this Bill, although it has come in a very belated manner. As the hon. Minister said just now, the Salt Enquiry Committee which had been appointed in 1957 had recommended that the salt cess which was being levied both on government salt as well as on private salt should be equalised. I had occasion to travel with that Committee as a member and at that time I had realised that government salt works were working under a tremendous handicap. Not merely that. We found that although the government salt works were compelled to pay far more wages than were being paid by privately-owned factories, they were under this further handicap of an additional salt cess.

The hon. Minister has said that it is primarily because the Hindustan Salt Company has come into being that this is being done. Whether the Hindustan Salt Company came into being or not, so far as the government salt works were concerned, they were to be subjected to no more handicaps than those under which the private salt works were working.

Paragraph 11.0.6 of the Salt Enquiry Committee Report says that this differential in the rate of levy of cess was introduced on 1-4-47 by an executive order, immediately after the abolition of the salt duty. I think that partly answers my hon. friend Shri Prabhat Kar.

I do not know what the reasons were for this difference, why the private sector was being patronised at the expense of the public sector, but presumably, as the Salt Enquiry Committee itself has observed, the reasons were that certain treaty payments had to be made to certain Governments, and that is why all these

extra levies had to be realised from the salt works.

I am glad that Government have now realised that if the Government salt works or the Hindustan Salt Co., has to function in a businesslike way or not go bankrupt, it is absolutely essential that the salt produced by the company should not be handicapped by a greater levy of cess than that on the private salt works.

I had occasion to go and see Khara-goda. I found there literally a large number of co-operatives. I do not know whether they were really co-operatives, but they were going by that name. They were all having this concession, and they were paying their workers very poor wages indeed. It was really difficult for the Government salt works to function in competition with them. As the hon. Minister said just now, a large quantity of salt had accumulated at Khara-goda, which for the last three years is continuously being sold at a loss. If the extra cess of 1½ annas had not been there, I am quite sure that the Kharagoda salt works would be able to stand on a par with the private salt works. I therefore welcome the provision that there will be no distinction made between the private salt works and Government salt works.

I appeal to the hon. Minister to take in hand the question of export of salt. Our exports have recently suffered a great deal. The quality of our salt is improving. As was mentioned just now, there are many places like Tuticorin where very good quality salt is being manufactured, and we can certainly compete in the export market, but certain handicaps are there. If they are removed, I am quite sure our exports will go up.

**Shri Ranga (Tenali):** I am in favour of this Bill. I have no objection to this equalisation of the burden of the salt cess as between these two groups of producers. At the same time, I would like Government to

take sufficient steps to see that the manufacture of salt in the public sector is carried on more economically, more profitably than at present. If one were to look into the report published by the Hindustan Salt Co., recently, one would find that manufacture of salt by private concerns, including the co-operatives, was cheaper than that of Government, and they were making profits while this company was finding itself not capable of making profits in a uniform manner.

Secondly, there has not been sufficient care taken to see that the salt manufactured does not get damaged. Year after year the Public Accounts Committee has had to observe that more care should be taken to see that the salt manufactured is properly stored, maintained and marketed without incurring the heavy percentage of loss that has come to be experienced. Many excuses have been given, one being unseasonal reasons. Nevertheless, more care should certainly be taken by this company in regard to the protection of their salt stores. I hope attention would be paid to this particular aspect.

Thirdly, I hope Government would not take the facility with which this House is willing to pass this Bill as a kind of encouragement for coming forward with any kind of proposal for a restoration of the earlier salt tax. I know there have been certain responsible authorities including the Taxation Enquiry Commission which have been wondering why the salt tax should have been abolished, why it should not be brought back. I wish to make it very clear, as the hon. friend on my right did, that we anyhow are not in favour of the old salt tax being brought in again. Whatever might be the needs of the Government for more and more tax revenues, they should certainly not try to reimpose the salt tax, and I hope they would stick to the assurance they themselves have given to the people in the days when we were fighting for freedom.

[Shri Ranga]

I am anxious that Government should pay increasing attention to the development of the by-products and joint products of salt—products which are produced along with salt, and various other things like Sodium Sulphate produced from out of salt. When I happened to visit Sambar Lake on behalf of the Public Accounts Committee some time ago, I was struck by the paucity of funds for the development of this side of the salt industry. I sincerely hope Government pays special attention to this.

I am also keen that the present position in which Government manufacture finds itself should continue, that there should be these two types of producers, co-operatives and other private agencies producing some salt and the salt company producing salt and its by products and joint products, so that there would be competition between these two and there would be scope for better and more economical management and production on both sides, and in that way the consumer would come to be better served.

**Shri Harish Chandra Mathur (Pali):** I carefully listened to the written speech read out by the Minister of Industries, and I find in spite of many extraneous factors being brought in, the main issue before us in the shape of this Bill has been burked. He has not clinched the main issue.

I shall not go very much into the history of the abolition of the excise duty on salt. I wonder if I need say anything about the historical importance and the background to my hon. friend who comes from Saurashtra. It is the genius of Saurashtra which brought in this abolition of the salt duty and the right to manufacture salt, and gave it the importance which is known the world over.

15 hrs.

Now what is this cess, I have not been able to understand. Immediately after Independence, it was impossible for the Government which came into power to take any other course but to abolish the duty on salt. They had to do it. But they imposed this cess by an executive order. They have to account for this executive order. They wanted this money for certain specific purposes. Then they had to bring a Bill before this House in 1953. The Bill states very clearly the purpose of this cess and we have to take into consideration these purposes when we are considering the equalisation or the continuance of the cess or the purpose for which it was utilised. It was clearly stated that the cess was to meet the expenditure incurred in connection with the salt organisations maintained by the Central Government and to meet the cost of measures taken in connection with the manufacture, supply and distribution of salt by Union agencies. It was to cover the administrative expenditure on the one hand. Besides they also wanted the establishment and maintenance of research stations and model salt farms and also the establishment, maintenance and expansion of salt factories. They wanted to promote and encourage co-operative effort among the manufacturers of salt and promote the welfare of labour employed in the salt industry. These are the specific purposes given out to this Parliament and this Parliament permitted the Government to levy a cess to cover the expenditure falling under these heads. It is not supposed to be a source of earning revenue for the Government. It is just like the abolition of excise duty by one hand and imposing it in another form—you may call it cess—by the other hand. It is nothing else. Now, what has happened? We collected Rs. 95 lakhs in 1953-54 of which we spent only Rs. 41 lakhs. Again in 1954-55 and 1955-56, respectively, we collected Rs. 93 and Rs. 95 lakhs and spent about Rs. 49



and 47 lakhs. In all these eight years we have got Rs. 4 crores which we have put in the Government exchequer.

**Shri Ranga:** Is it not kept as a reserve?

**Shri Manubhai Shah:** It goes to the national exchequer as a surplus.

**Shri Harish Chandra Mathur:** Whether you call it by the name of excise duty or cess, it is not an honest deal. You can certainly have a cess to cover up specific expenditure. Then there is another important factor which has got to be taken into consideration. Here is my hon. friend who spoke before me. As the Chairman of the Public Accounts Committee, I believe, he went to the Sambhar lake works and he said that they were being starved of funds.

**Shri Kasliwal:** That was three years ago.

**Shri Harish Chandra Mathur:** It may be so. I am taking a statement made by the Chairman of the Public Accounts Committee. I do not discredit it. Three years back, we had also a surplus of Rs. 3 crores. What is the justification for starving the development works in the Sambhar lake when we have got Rs. 3 crores all the time. There is no justification to transfer a single pie out of this money to the exchequer; it should go squarely to the development of the salt works; otherwise it is completely ignoring the parliamentary sanction.

**Shri Tyagi (Dehra Dun):** They must be true to the salt they eat.

**Shri Harish Chandra Mathur:** I wish so; if we are true to the salt we eat it would be a better world. . . (Interruptions.)

My friend Shri Ranga and others have been in the freedom struggle in their own way and they have got a particular sentiment that there should be no salt tax. I do not say

that there should be no salt tax or cess. But when you want to levy it, squarely and let the Parliament know it. I have on the floor of this House strongly urged that there is no objection to levying a salt duty. Let it be levied if you are in need of funds. Are we not taxing the poor man today? We are taxing each and everyone and everyone must feel proud of contributing to the national exchequer for the development of this country. Don't you think that the coarse cloth which pays excise duty is as necessary for a poor man as salt? All the necessities of life are being taxed. We are in a very different stage today and we want resources and funds for development purposes. I am not carried away by sentiment nor do I make a show of keeping a particular sentiment or promise when in reality we are not doing so. I think the Government should bring forward a Bill here for utilising this sum of Rs. 4 crores for a different purpose. Otherwise, it would almost amount to misappropriation.

**Shri Ranga:** It is so.

**Shri Harish Chandra Mathur:** Without specific sanction, how can this money be utilised for a different purpose? . . .

**Shri Manubhai Sahah:** I will explain it.

**Shri Harish Chandra Mathur:** Even the interest on these Rs. 4 crores will have to be recovered. I am sure the hon. Minister will explain it. I have great faith in his intelligence and all that. But the fact remains based on information which he will not be able to dispute. We have not spent even half the amount collected by way of this cess for the purposes for which the cess was levied. That must be utilised properly and given to the salt works for their expansion and development; they should not be starved of funds.

Now, how do you justify this duty? We must understand it. Why should it be levied at this particular rate?

[Shri Harish Chandra Mathur]

We have got the experience of about eight years? What is our expenditure under these heads for which cess was levied? My hon. friend explained how much he proposes to spend for those purposes. Has he drawn up a five year plan? He has said just now that it will need about Rs. 20 lakhs for a year for a particular purpose for which you have got all the money. What are the other purposes for which you need this money? This Parliament, before it passes the Bill, must be told of the Justification for the cess at this rate. From our experience of the 8 years working, we find that not even half this amount is required. So, the cess should be cut down to half its present level. What is the justification for not cutting it down to half, unless and until you give us a Five Year Plan about it and say, "We are likely to receive on an average about Rs. 1 crore every year from the cess and here is our budget for about Rs. 5 crores during the next five years"? Even that will be covered by the surplus. So, there is absolutely no justification for the cess being levied at this rate.

Let us also understand that the equalisation is not going to put the Government at any considerable loss. According to their own estimate, they will lose by bringing down the rate, about Rs. 12½ lakhs, whereas they will save about Rs. 10 lakhs according to their own estimate as was put by the Minister, since the entire staff has now been transferred to the company and the expenditure will be borne by the company. Therefore, they are not going to lose anything. We demand from the Minister an explanation for the surplus, how it is going to be utilised, etc. We also want a justification from him as to the rate at which the present levy is being continued, what is his expectation about the estimated earnings from this and how he proposes to dispose of the surplus along with the money

which he proposes to collect. These are the major points which I would like him to explain.

I may also draw the attention of the House to another very basic question. When I talked about the excise duty and its abolition, it is not in a lighter vein that I talked about. Now that they have transferred the salt works to a public enterprise, to a company which should be in the public sector, what is going to be the pattern of its running in the public sector, as a public sector company? We would like some information given to us about it. When they were talking about the abolition of the excise duty, we just understood that it will be on a no-profit-no-loss basis. Otherwise, there is no sense. When we say it is being run departmentally and we are abolishing the excise duty, it is clearly understood that it will be run on a no-profit-no-loss basis and whatever the cost, salt will be made available to the citizens at the cost price. All the time our emphasis has been that the company should be run efficiently and the administrative charges should be kept at the lowest.

Now that we have formed a company, is this company going to run for profit? Let us understand it. If it is going to run on a profit, then the question of the excise duty gets submerged into it. As a company, it may make a profit of 15 per cent. whether you levy the excise duty or not. It may make profits which are as good as your excise duty or any other things, and on that you earn income-tax, and the company makes money. It appears to me that it is quite understood by the Government that this company is to run on a certain amount of profit. I want some light to be thrown on this aspect, because, only the day before yesterday, my hon. friend laid a statement on the Table of the House regarding the agreement which has been arrived at between the Centre and the Rajasthan Government. They had appoint-

ed Shri V. T. Krishnamachari as the arbitrator and he had given a certain award. The resolution has been drawn up which is acceptable both to the Central Government and the Rajasthan Government. A copy of that resolution was laid on the Table of the House. I have got it in my portfolio. I am yet to understand the implication of it, before I ask for any discussion about it. That agreement, in an implied manner, is very much connected with the present question. They say that they have given to the Rajasthan Government Rs 5½ lakhs by way of lease money. When I was talking about the cess, I was, as a matter of fact, speaking against the interests of the Rajasthan Government indirectly, because all this money is supposed to go to the company and the company is owned by the Rajasthan Government to the extent of 45 per cent. of the shares. But when all-India questions are concerned, and when the interests of the citizens are involved, and where a sense of responsibility and honesty are concerned, we have to give the facts, and I have done so, whether it is in the interests of the Rajasthan State or not.

Now, under the resolution which they have framed and a copy of which has been placed on the Table of the House, we understand that a lease money of Rs. 5½ lakhs will continue, apart from any other amount that the company may get. I think it is anticipated that this company will make a profit of about Rs. 30 lakhs to Rs. 40 lakhs and it may float another company also.

**Shri Manubhai Shah:** It is only a treaty or agreement between two Governments and so the concern, as a public limited company, has nothing to do with it.

**Shri Tyagi:** Is there any limit on the rate of profit that it may make?

**Shri Manubhai Shah:** It may make the maximum profit if we want to run it as a public sector commercial company.

**Shri Harish Chandra Mathur:** Now, there is absolutely no meaning for the excise duty on salt because you are going to make profit on it, and you are going to make it available to the citizens at a particular price which suits you. I do not know how it is going to cost. I want to understand the implications of it. The Rajasthan Government is supposed to make, through the 45 per cent. share, something like Rs. 18 to Rs. 20 lakhs a year. I hope so, or, perhaps they are being deprived of that amount, the annual earnings. Let us clearly understand what is implied in all this. We would like to have a clear picture of the whole thing, because all these questions are indirectly and incidentally connected with this Bill. I hope the hon. Minister will clarify these two points as also the implications about which I have sought a clarification.

**Shri Tyagi:** Sir, I want one clarification. I am not making a speech. After all salt is consumed by everybody, and therefore, I would like to know whether the Minister is now in a position to assure the House that the price of salt will not be allowed to rise to more than what it is today with this duty. He says any amount of profit can be made.

**Mr. Deputy-Speaker:** The hon. Member perhaps came to the House much later during this discussion. It was said that there is no extra duty. It is only equalisation so far as the private sector and the public sector are concerned.

**Shri Manubhai Shah:** Mr. Deputy-Speaker, Sir, at the outset I must apologise to the House, because even though I was present in the House right from the morning, at the appropriate time I was away for a little while. I am extremely sorry for it.

I thought that this Bill was so innocuous and simple excepting the fact that, so to say, it puts the public sector undertaking on a par with the rest of the private sector enterprises

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in salt in this country. May I remind the House that more than 80 per cent of India's salt is being produced by numerous salt works, small, big and medium-sized, in the co-operative and private sectors? Therefore, it was but fair to the public sector undertakings that they should not be charged at any higher rate of duty or cess than the private sector undertakings of the same type.

Simultaneously, I must also clarify one thing, because there has been some doubt expressed in the country that the concessions or total exemption of cess to the small-scale salt works which are under the Act already existing and the co-operative salt societies are being interfered with or are being withdrawn. It is not so. Because I have received many telegrams and representations, I must take this opportunity to clarify that the existing exemptions to the salt co-operative manufacturing societies and to the small-scale producers continue as before. We do not mean by this Act to withdraw the concession or exemption.

Secondly, the question arose that this is in the nature of a duty which has to be utilised for a particular, specific purpose. Clause 3 of the Central Salt Cess Act, 1953 makes it clear that this is not a funded cess in the normal sense of a specific duty or tax. It is pure and simple an excise duty at nominal charge. The words which have been used very carefully by Parliament in clause 3 of this Act are as follows:

"The proceeds of the duty levied under this Act, reduced by the cost of collection as determined by the Central Government shall, if Parliament by appropriation made by law in this behalf so provides, be utilised on all or any of the following objectives:"

Therefore, we come to the House every year for certain appropriations

to be made as in the Act and the Government is duty bound under the law to utilise those amounts of appropriation as a first charge for those things. If the Parliament appropriates the whole amount of the duty, it has to be spent on those things and not any other thing. If Parliament decides to appropriate half or one-third, whatever is the provision in the budget, that shall be the first charge on the proceeds of the duty. It is so well stipulated in the law that I thought there should be no misunderstanding, because it is so clear. It is not a developmental cess or a funded cess or commodity duty. This is an excise duty and after deduction of the departmental and other expenditure on the salt department the amount out of the balance shall have to be spent for those specific purposes for which the Parliament appropriates such an amount.

**Shri Ranga:** Instead of merely speaking in a legalistic manner, Shri Mathur made the suggestion, why not treat this thing also in the same way as the commodity cess and take necessary steps at the earliest possible stage to see that whatever is collected could be made use of only for those specific purposes and the surplus being merged in general revenues.

**Shri Harish Chandra Mathur:** I want him to explain why the cess was levied.

**Shri Manubhai Shah:** I am tracing the background. One hon. Member may have one particular intention and another hon. Member some other intention. I am just explaining so that there may not be a misunderstanding that something contrary to the wishes of this House is being done, when the Act of Parliament has prescribed that this shall be the first charge. The history of the cess is this. When Mahatma Gandhi launched the movement for freedom of every individual to produce salt without let or hindrance, that became a national

symbol. At that time, the cost of production was less than 2 annas a Bengal maund in 1926 or 1930 when Indian labour was being under-paid and the cost of living also was so low. It was 1 anna per maund in my area. It was actually dust cheap. There was an excise duty levied called the salt cess which was Rs. 1-5-0 to Rs. 1-9-0 a Bengal maund, almost 10 to 20 times the cost of production, which was out of all proportion, on a cheap commodity of daily use.

Therefore, the House will appreciate that when India wrested freedom from the British yoke, the first thing we had to symbolise was the abolition of the salt tax, which was really the most pernicious tax on this commodity of daily use by the common man. In order to see that the broad development of this industry may not suffer, the Parliament and Government decided that it may be converted into a small nominal excise duty of 2 annas a Bengal maund. One can appreciate that compared to the present cost of production of 10 to 12 annas a Bengal maund, 2 annas a Bengal maund is not something which is out of all proportion. It is a small developmental cess. That is why this reduction took place without complete abolition.

One might say that it should have been abolished completely or a little more excise duty should have been levied. But 2 annas per maund was the cess levied. This is one of the industries where we have made phenomenal progress in the last ten years with the help of the fund, without the help of the fund, with other economic policies of the Government, with successive Plans and the physical and financial environments created by the Government of India and the people of this country. With all this, the salt industry has recorded a phenomenal rise in production. I may remind the House that when Bapuji launched the satyagraha and later on, we were a net importer of salt.  $\frac{1}{2}$  to 1 million tons of salt from

Aden and British salt works in Africa and other colonies were being continuously imported. That was where the Indian self-respect was being hurt. Here is a vast sub-continent with maritime States and 3000 and odd miles of coastline where the solar evaporation is one of the best in the world and where we can produce 50 to 100 tons of salt per acre, and we were being denied the basic right to produce salt which is the common man's commodity. That is where we fought against it and got out of it. Ultimately, today we are surplus in salt. More than half a million tons of salt are being exported. That is what freedom has done to this country. From a net importing country due to artificial restrictions and suffocation of Indian enterprise by foreign masters, when we became masters of the country, we transformed our economy and we are now a net exporter of salt.

We are taking every step to see that this industry is put on very sound and basically strong foundations. We are taking several steps. The Salt Committee to which Shri Kasliwal referred, of which I had the privilege to be the Chairman, went into all aspects of salt development and recommended the Constitution of an autonomous statutory Central Salt Board. For that purpose, it shall be my privilege very soon to bring an Act or whatever measure is necessary before the House. We are trying to give them the fund—Salt Development Fund—as part of the Board's activity. That Board will advance loans to co-operative societies primarily, because our idea is that slowly the small salt works should be combined into co-operatives if they so desire. Even otherwise, we shall give loans to small, medium and large-scale salt works. Hitherto the assistance given was a meagre amount. Now more liberal loans will be given out of the development fund.

We also propose to earmark or specify certain basic labour welfare activities. Just like the labour in tea gardens, jute labour and mining

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labour, the salt labour has not got a fair deal in the past. Therefore, on the lines of coal mines labour welfare and various other types of developmental procedures, we propose to lay down a proper programme, as Shri Mathur was saying, from five years to five years, so that we can build some good houses for the salt workers, good roads and provide for good drinking water. In a salt area, drinking water is one of the greatest problems. Drinking water is not available for miles. We want to provide proper communications there. As I said, we shall spend Rs. 20 lakhs from this fund and if necessary we shall even exceed it and take the money from the general exchequer for these things.

On the one hand, there will be the Central Salt Board with powers to advance loans to private sector and public sector salt industries, co-operative societies and small-scale units. On the other, we shall introduce welfare measures through the utilisation of the money allotted to this development fund.

A question was asked as to how much we are receiving from this. We receive every year about Rs. 75 lakhs to Rs. 85 lakhs because we are producing 3.5 million tons of salt and that can be multiplied by 2 annas per maund. As the production goes up, naturally the cess revenue will be larger and larger. To that extent, the general exchequer also will benefit, because the planned activities are going on. The railways move the salt and so there is production of wagons and all these have to be developed.

**Shri Ranga:** Why not fund it for that specific purpose?

**Shri Manubhai Shah:** There is no funding in this. This is a source of revenue to the State out of which the first charge will be the specific purpose already mentioned. If the Parliament is pleased to appropriate more funds and makes an amendment...

**Shri Ranga:** Why don't you come forward with a proposal?

**Shri Manubhai Shah:** I have explained that the Central Salt Board will make out schemes for the development of the salt industry. If the House sees the document of the third Plan which was presented here, it will find that from 3.5 million tons, we have raised the target to 6 million tons of salt in the Third Five Year Plan. We might reach 5½ million tons or we might reach even 6 million tons, and it is my pleasure to mention here that in the First Five Year Plan, even before the first year of the First Five Year Plan was out, this industry completed its target; that is to say, in the very first year of the First Five Year Plan the target set for salt industry in the First Five Year Plan was accomplished.

**Shri Harish Chandra Mathur:** Does that follow that the targets were wrongly fixed or the industry made a tremendous progress?

**Shri Manubhai Shah:** The industry made a tremendous progress. From the position of a net importer we became self-sufficient, and from self-sufficiency we have become an exporter. That shows the development that has taken place.

Again, we want to go in for better quality; that is to say, we will make more and more industrial salt, we will make more specialised salt. My hon. friend was suggesting that edible salt for human consumption should be exempted and industrial salt should be charged. In that there is a great difficulty. Every salt work produces different categories of salt. It is impossible to distinguish easily one from the other, and if any attempt is made it will only result in more confusion than in saving a particular type of salt from paying the duty, because a particular salt works may be producing 20 to 30 per cent industrial salt, a certain percentage of a particular type of salt required for cattle feed, a third category which is needed by

normal consumers and a fourth category which may be several types of by products in which salt also may be there.

Therefore, when our duty is so small and the amounts involved are not so large and when most of our activities are developmental oriented, I do beg of the House to accept my suggestion that it is not necessary to have any exception for any particular variety, which it will also be difficult to implement at the administrative level.

These are, Sir, the broad aspects. What we seek just now is to do nothing else. It should have been done, as Shri Kasliwal said, perhaps one year earlier. It was in 1959 that the Salt Committee presented its report. Perhaps we would have come earlier, but it took a little time to consider all the other aspects. Today we seek to place the public sector undertakings of the Government of India on a par with similar private sector undertakings.

The question now remains about profit. The Hindustan Salt Company also will be—the policy is as I was urging, and what Shri Tyagi perhaps thought was right or was not right—like any other commercial enterprise be judged mercilessly on the economic purpose and results. We do not want any public sector undertaking to have also a charitable motive or a philanthropic motive. For the social motive the Government is there. If any control or any rationing in respect of distribution of salt is to be done, it is for the Central Government to take it up. How can a small public sector undertaking which is put on a par with 80 or 85 per cent. private sector undertakings be expected to be a source of social justice or the various types of distribution measures? We are not going to let any public sector undertaking to be a sort of a 'sick baby' or something like that which does not get economic and commercial support. We will judge the Hindustan Salt Company also on pure commercial standards like any other private sector or public sector company.

Also, this company will pay all taxes like other companies—income-tax, if there is any sales tax, local taxes or octroi etc. There is no exemption attached to this company. Let there be no feeling in the minds of anybody that we are trying to secure certain concessions for the public sector undertakings as compared to competitive private sector undertakings.

Incidentally, the cess of 3½ annas was levied on government salt works because it was assessed that the sum of 1½ annas is the cost of overhead staff which otherwise was being debited to the revenue expenditure. That is to say, the Government sought to recover from the salt department a cess of 2 annas plus 1½ annas to compensate for overall expenditure in the salt department. Now that the entire staff goes to them, the company cannot be loaded with two types of liabilities—one to pay out of its coffers all expenses for pay and allowances of the staff which has gone to them, and the other to pay over and above that 1½ annas extra to the Central Government. We have transferred all the staff, and as mentioned earlier in my speech, out of the loss, which will be there due to reduction of cess, of about Rs. 12.75 lakhs to the Central Government—by reducing the cess from 3½ annas to 2 annas—the total expenditure transferred to the company is more than Rs. 10 lakhs, and over and above that the company will pay income-tax which the department was not paying. So neither the company will be at a loss nor is the Government going to suffer any loss because of this measure. It is only putting them on a par, on a competitive basis, so that the House can then judge the performance of the Hindustan Salt Company on a competitive basis with any other private sector large-scale salt manufacturer.

Then there is a last point which is not relevant to this Bill, and that is about the award which I laid on the Table of the House day before yester-

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day. That, Sir, is the end of the treaty between the former princely rulers in this country and the Central Government then constituted. As soon as the national Government came, there was an understanding between the part B State of Rajasthan and the Central Government under the scheme prepared by the Federal Financial Integration Committee which was presided over by Shri V. T. Krishnamachari. Then they stipulated certain payments to be made by the Central Government to the Rajasthan Government. There were so many clauses in that which were vague. There were many stipulations which both the Governments thought were out of date. Therefore, we discussed it with the Rajasthan Government, and with the joint consent of both the Governments, an arbitrator was appointed. Shri V. T. Krishnamachari was appointed as the arbitrator, whose award I have placed before the House. According to that royalties and other charges are being extinguished. The right of the State of Rajasthan to levy any further cess or charge on the Central Government salt works is also being extinguished. According to the award, they will get for 99 years lease a sum of Rs. 5½ lakhs per annum as land rent etc., plus 40 per cent free shares in a new company which is to be established in the public sector by the Central Government to manage the Sambhar salt works. That is to say, in lieu of extinguishing all the treaty rights and all privileges flowing therefrom, the Central Government will compensate the Rajasthan Government by giving 40 per cent of the profits on investments and 40 per cent of capital assets of this new company. So it is not to be judged only by what accrues to them as profit on 40 per cent shares from year to year, because they also become owners up to 40 per cent of the fixed assets.

**Shri Harish Chandra Mahutr:** What is the income anticipated?

**Shri Manubhai Shah:** It will be too difficult for me to judge at this juncture.

As I said earlier, as much commercial profit as they can make consistent with the objective character of the company and quality of the product, they will try to make. But as far as I know, both the Governments have accepted that it is a very fair award and it puts a nationalised undertaking in place of a commercial business which was there by means of treaty rights.

We, Sir, also propose very soon to constitute the Sambhar Salt Development Company or Corporation—whatever name we can give—wherein there will be directors of both the Central Government and the Rajasthan Government. The award says that there should be a minimum of two directors from the Rajasthan Government and 40 per cent of paid-up capital of the company, and whenever the capital goes on increasing we will continue to issue in favour of the Rajasthan Government free shares as given in the award.

The award is fully satisfactory. I can give this assurance to the House and, particularly, to the Members from Rajasthan State, that the award is fully satisfactory. We have also felt it our duty to see that this new company, the Hindustan Salt Company, will endeavour to develop in the public sector whatever industries we can start in that State, because the salt resources of Sambhar is a real national resource. Apart from that, the other salt works of Rajasthan and the country shall receive from the Central Government and this fund made from the cess all the wherewithal and encouragement for promotion of production of salt and its byproducts.

With these words, Sir, I beg to move that the Bill be taken into consideration.

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

“That the Bill further to amend the Salt Cess Act, 1953, be taken into consideration.”

*The motion was adopted.*



**Mr. Deputy-Speaker:** There are no amendments. I shall put all the clauses together. The question is:

"That clauses 1 to 4, the Enacting Formula and the Title stand part of the Bill."

*The motion was adopted.*

*Clauses 1 to 4, the Enacting Formula and the Title were added to the Bill.*

**Shri Manubhai Shah:** Sir, I beg to move:

"That the Bill be passed."

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

"That the Bill be passed."

**Shri Ranga:** Sir, I wish to repeat the suggestion made by my hon. friend Shri Harish Chandra Mathur and elaborated by myself. It is a pity that the hon. Minister would not take note of the suggestions we have made. We would like the Government to take as early an opportunity as possible to come forward with necessary legislative proposals for establishing the same kind of a board with similar functions as we find in the case of the Central Oilseeds Committee and the Indian Central Cotton Committee, so that whatever funds come to be collected as a result of this cess would come to be funded separately and would be utilised for the promotion of the purposes for which the Parliament under the inspiration of the then Congress leadership had given its sanction.

**Shri Harish Chandra Mathur:** I want to say a word. Whatever be the form of the 1953 Act, it is conceded even by the hon. Minister during his speech that the only justification for this cess was developmental purpose. May I know whether there was any other justification or they have justified the Act on the ground that they wanted something for the exchequer?

**Shri Manubhai Shah:** I read out the clause and, as to the intention of

Parliament, I also mentioned that it is in the nature of excise duty a revenue duty. There are some other developmental works, apart from the salt industry. For example, there is increase in transport, communication, electricity and other activities

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

"That the Bill be passed."

*The motion was adopted.*

15 41 hrs.

#### THE MATERNITY BENEFIT BILL

**The Deputy Minister of Labour (Shri Abid Ali):** Mr. Deputy-Speaker, I beg to move:\*

"That the Bill to regulate the employment of women in certain establishments for certain periods before and after child-birth and to provide for maternity benefit and certain other benefits, as reported by the Joint Committee, be taken into consideration."

Hon. Members would have noticed that the Joint Committee has suggested a number of improvements. The scope of the Bill has been somewhat enlarged and the quantum of cash benefits increased by including incentive bonus in the definition of "wages", as also by raising the minimum to Re. 1/-. The calculation of "average daily wage" for three months instead of 12 months, as originally proposed, will also be to the advantage of the beneficiaries. The "qualifying period" has been changed to 100 days of actual work from 240 days of employment, as proposed in the original Bill. A special provision has been included so as to ensure a measure of relief to the child in the event of the mother's death during delivery or within six weeks thereafter. The clause concerning protection of employment during pregnancy has also been considerably

\*Moved with the recommendation of the President.