

[Mr. Chairman]

the services of the financial year, 1961-62."

The motion was adopted.

Shri B. R. Bhagat: I introduce† the Bill. I beg to move:††

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1961-62 be taken into consideration."

Mr. Chairman: The question is:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1961-62 be taken into consideration."

The motion was adopted.

Mr. Chairman: The question is:

"That clauses 1 to 3, the Schedule, the Enacting Formula and the long title stand part of the Bill."

The motion was adopted.

Clauses 1 to 3, the Schedule, the Enacting Formula and the long title were added to the Bill.

Shri B. R. Bhagat: I move:

"That the Bill be passed".

Mr. Chairman: The question is:

"That the Bill be passed".

The motion was adopted.

13.02 hrs.

INDIAN TARIFF (AMENDMENT) BILL

Mr. Chairman: The House will now take the consideration of the Indian Tariff (Amendment) Bill.

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

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

As the House is fully familiar with this Bill, I would not like to take the time of the House excepting to say that 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. Hon. Members will have observed from the Statement of Objects and Reasons attached to the Bill that the Bill seeks to continue protection beyond the 31st December in the case of Calcium Carbide, Caustic Soda, electric Motors, Soda Ash and Titanium Dioxide. Copies of the Tariff Commission's report on the continuance of protection to all these industries and of Government's resolutions on these reports have already been laid on the Table of the House and notes on each of these industries have been circulated for the information of the Members of this House. The notes circulated to the Members contain a gist of the Tariff Commission's recommendations for the continuance of protection in each case. I shall, therefore, not take the time of the House by going into the details of the case for each industry but shall content myself by pointing out the salient features of the industries covered by the Bill, as well as the work of the Tariff Commission.

As the House is, no doubt, aware, a permanent Tariff Commission has been set up under the Tariff Com-

† † Introduced and moved with the recommendation of the President.

mission Act, 1951. The Act was brought into force with effect from the 21st January 1952, and the Commission started its work from that date and took the place of the former Tariff Board which had been functioning from November 1945.

I shall now first give the House a brief resume of the working of the Tariff Commission with particular reference to the protection to indigenous industries. The Commission's functions include, *inter alia*, (1) dealing with references from Government on matters relating to tariff protection generally; (2) keeping a careful watch over the progress of protected industries; and (3) dealing with references from Government on fixation of fair prices of commodities, whether protected or not. The Tariff Commission has been discharging its functions satisfactorily since its inception.

Under section 15 of the Tariff Commission Act, 1951, the Commission has been maintaining a continuous watch over the progress made by the protected industries. In doing so, the Commission reviews the progress of the protected industries every quarter and also prepares an annual report each year, which are regularly submitted to Government. Before the expiry of an industry's term of protection, a fresh inquiry is held under section 11, read with section 13 of the Act, and the findings and recommendations of the Commission in regard to modification or continuance of protective duties are forwarded to Government. Apart from this inquiries into fixation or prices, selling system etc. are also undertaken as and when a specific reference is made to it by Government. Over and above this, there are many individual enquiries from time to time which are entrusted by Government to the Tariff Commission and the House is aware of the important recommendations made by the Tariff Commission last year as well as in the previous years.

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 and on the 1st January 1958 there were 37 industries in the protected categories. At present, there are only 24 industries enjoying protection. It shows the growth and march forward of the Indian industries; that despite the emergence of scores and scores of new industries. The number of industries which need protection should have actually fallen 43 to 24. It speaks of healthy development of industries under the scheme of protection that in the course of the last three years, protection could be withdrawn from as many as 13 new and old industries. We have made this a deliberate policy and we have informed the Tariff Commission and all the industries that protection will be given only where it is absolutely essential; otherwise, Indian industries must be competitive in character and must be in a position to stand on their own legs. Taking into account the consumer's interest and the conditions prevailing in the industries, in no case has the protective duty been enhanced during the period under review. The main consideration which weighed with the Commission for discontinuance of protection was the development of the industries concerned and, to some extent, the restrictions on imports which are not likely to be relaxed in the near future, due to foreign exchange difficulties. It is common knowledge that because of the stringency of foreign exchange a sort of automatic or indirect protection has been extended not only to the protected industries but to the industrial structure as a whole. Therefore, unless and until the circumstances dictate protection is not being granted to any industry.

By far and large, the industries that have now been deprotected are capable of holding their own in competition with imported products. Here I may only point out that one hon. Member has drawn our attention, and also tabled an amendment, to deprotect titanium dioxide industry. I may only say that Kerala, in which this industry is functioning, is yet to

[Shri Manubhai Shah]

be developed in a big way in the industrial sector. Therefore, it will not be very proper at this juncture to de-protect a basic industry of that State which today, fortunately or accidentally, has one unit which is functioning well, we hope to develop this industry more because there are deposits of ilmenite in the State of Kerala. So, we would still like to continue the protection of titanium dioxide. We are granting more licences for this industry in other parts of the country and until these different units come up, we have to give protection to existing unit. Therefore, we seek the permission of this House to continue protection to this industry.

As I mentioned before, at present there are only 24 industries which enjoy tariff protection. These include some of the important industries like aluminium, caustic soda and soda ash, electric motors, automobiles, power and distribution transformers, dye-stuffs and non-ferrous metals. Among important industries from which protection has been withdrawn, mention may be made of artificial silk fabrics, automobile leaf springs, machine screws, wood screws and grinding wheels. The confidence of the country in the growth of our industries, particularly protected industries, is amply demonstrated by the rapid rise in the capacity of most of these industries during the past three years.

I have circulated a brochure on this and, therefore, I will not take the time of the House in giving details of the development that has taken place. Antimony, bicycles and certain types of textile machinery were the only protected industries, the capacities of which have not been expanded substantially, the reason being that their existing capacity is adequate to meet the domestic demand. Even in the case of some of these industries some further time of the House, I commend with these words, without taking any further time of the House, I commend the Bill for the acceptance of the House.

Mr. Chairman: Motion moved:

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

Shri N. R. Muniswamy (Vellore): Mr. Chairman, basically, I welcome this Bill and my observations are with regard to certain variations to be effected while giving protection. Protection is to be given to all industries which could not stand in competition with imported products. The object of giving protection is only to give an incentive to the indigenous industry to pass over the initial teething trouble and stand on its own feet. If that protection is to be exploited by the industrialists to their own advantage, we have to put a stop to it.

Before making certain observations I only want to bring to your notice one small but important matter. When the Tariff Commission goes into the question whether protection should be given for a further period or should be stopped, it goes into several aspects of the working of the industry. I think in addition to its working, the Commission also goes into the question of cost structure and the overhead charges of a particular industry. My only point is that the brochure that has been supplied to us does not give us all the data for us to draw the attention of the House or of the hon. Minister to a particular aspect to give some thought to it. One thing that is missing is what the reaction of the Commission was when they had gone into the cost structure or the overhead charges. It is quite possible that on getting protection from the Government the industry might increase the overhead charges or other expenditure which could well be avoided. That expenditure will be added to the cost and the industrialists might possibly show some loss for which they are entitled to have some protection from the Government. I quite appreciate that. But I want to know whether they have gone into the cost structure and the

overhead charges or not. They might have gone through it; but we do not have the proper data.

Shri Manubhai Shah: Without meaning to interrupt the hon. Member's speech, may I say that the brochure contains only a summary. I have laid the full report, as well as the detailed Government Resolution thereon, on the Table of the House. As the hon. Members know, over and above those reports there are the cost accountants' reports which indicate every aspect of what Shri Muniswamy has raised. If the hon. Member is interested in the details, he may kindly go through those reports.

Shri N. E. Muniswamy: It was not circulated to us. It might have been laid on the Table of the House. I am sorry that I did not take enough trouble to go through it. But while appreciating the point which has been raised, namely, that those things are available and I have not gone through them, subject to what he says, my general observation is as regards the necessity for continuation of protection. I shall stop with the point about cost structure and all that.

From the report which he has given I am not able to understand whether protection should be given to one or two industries, for example, to the caustic soda industry. There has been a great deal of complaint against one of the factories. I am reading from their own report. It reads:

"While technical caustic soda is said to conform to the I.S. specification, certain consumers complained about the high iron content in the rayon grade caustic soda manufactured during trial runs by Dhrangadhra Chemical works. The Company has admitted this fact and claims to have rectified the defects. It is now producing rayon grade caustic soda acceptable to the rayon industry."

The conclusion is all right. They have accepted the defect and they say that

they have rectified the defect also. My point is this. In what way have they rectified the defect? Is it to the satisfaction of I.S. specifications or to the satisfaction of the consumers? It is quite possible that they may make a statement that it has been rectified whereas physically it is in existence or it is only in the records. I do not know that. The reason why I am saying this is that it does not give a good reading. Having accepted a certain defect in their produce to say that it has been rectified in what they are now producing, I take it is a false statement. It says here that it is now producing rayon grade caustic soda acceptable to the rayon industry. It may be acceptable to the industry but I do not know whether it will be acceptable to the consumers. They should not give any room for doubt when they are enjoying so much protection. These things have to be checked, in the absence of which instead of enhancing the percentage of protection they should give some sort of a punishment saying that they will reduce the protection consistent with the complaint that is made against the industry.

According to the report there are 18 units in the industry of which 11 seem to produce for sale and seven mainly for self-consumption. I take it that self-consumption means that it is for the industry itself and not for sale to the consumers. Out of 18 units, 11, that is, 50 per cent, produce for sale and the remaining 50 per cent for self-consumption. They need not have that much of protection as they are entitled to have for the whole, that is, for consumption as well as for sale. They can have it only to the extent that is produced for sale. For what is produced for self-consumption, that is, for the production of some articles essential for the country they can, of course, have it. But why should they have the maximum benefit out of it? That is the only point which I wish to make. I am not questioning the price and all that. That would take much time.

[Shri N. R. Muniswamy]

As regards the electric motor industry, from the report I find that it does not seem to deserve any protection at all. I would be excused if I made certain observations to that effect. I find that there is also a similar complaint against the electric motor industry. It says here:—

“The quality of domestic products continues to be satisfactory. However, there were some complaints regarding bad quality of bearings, poor balancing of rotating parts, etc. and manufacturers concerned have taken steps to rectify them. Indian Standards Institution has published three specifications for electric motors. Five large-scale and four small-scale units have obtained licences for the use of I.S.I. Certification Mark relating to IS: 325. However, on account of reluctance of manufacturers to adopt I.S.I. Certification Mark on the ground of high marking fees, the Institution has recently announced a revised schedule of marking fees on slab system and it is hoped that the other producers will now adopt the Certification Mark.”

It looks as though they are not conforming to the specifications as required and that they could make certain modifications. These are things which they are manipulating with a view to see that these things are advantageous to them not knowing what impact it will have on the country.

As regards price policy, you will be pleased to see what the report says. It says:

“A comparison of fair ex-works price of the indigenous product with the landed costs (without duty) of corresponding imported motors shows that (i) in the case of squirrel cage drip proof types, the fair ex-works price is lower than the landed cost and only in

one case a disadvantage of 19.7 per cent. was observed;”

When we give protection, why wholesale protection is given instead of making certain modifications? This protection covers also the squirrel cage drip proof types. There is no need for protection to them because they can stand on their own feet. They need not have any protection from the Government. When we give protection it should not cover all the types. Partial protection may be given. From their own report I find that ex-works price is much lower than the landed cost. That means that they can stand on their own legs. Why should this also be covered by giving extension to it?

It looks as though this brochure pleads for the cancellation of this protection, but ultimately they recommend protection for the entire industry. This is what I find from their own pleading. I do not have any extra information except what I got from this brochure. It argues for cancellation of protection. It is all from the report. But ultimately it says, “The industry has to be protected for the following reasons.” That is the reason why I am saying that the protection should not cover the entire industry.

As regards the soda ash industry for which the hon. Minister also said that it needs protection, I have no observation to make except about one small matter. It says here:

“On this basis only, it might appear that there is a case for increasing the present rate of protection for the industry. However, taking into account the factors enumerated below, the Commission has recommended that the protection to the Industry should be continued for a further period of three years ending the 31st December 1964.....”

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The reasons given are:—

“The industry has still to expand its capacity in order to be able to meet the demand and for this purpose it is necessary to induce capital to flow further into this basic industry by continuing protection.”

That is what they say. But so far as the price is concerned I do not think they deserve that much of protection.

As regards the last item, that is, titanium dioxide, to which the hon. Minister also has made a reference, I have given notice of an amendment for the deletion of this item. It is on the same ground. Here also, the report pleads for cancellation. It looks that this industry has stabilised very well and needs no protection at all. On a reading of this you will be pleased to see that they do not deserve it. I understand that it must be helped because having gone through difficulties it is quite essential for another period. But at the same time I should say that we shall be setting a bad precedent. Protection should not be exploited like this and should not be viewed as if it is an easy job for them to go and get it on advancing certain reasons. Here in regard to the price you will be pleased to see that the report says:

“On comparison of the fair ex-works price (inclusive of freight and delivery charges) of indigenous titanium dioxide with the landed cost of imported pigments from Japan, the cheapest source of supplies, it is estimated that a duty of 1.52 per cent. is required to equate the domestic ex-works prices of anatase grade and a duty of 19.42 per cent. is required to equate the domestic ex-works prices of rutile grade of titanium dioxide.”

It looks as though they need not have any protection at all for the anatase grade. There are two varieties of titanium dioxide: the anatase grade and the rutile grade. The rutile grade

deserves sympathy and must be protected. But why this wholesale protection, for the other grade also? The other grade, namely anatase, is all right. So far as that grade is concerned, it can stand on its own legs. In the production of titanium dioxide, fifty per cent is anatase grade and fifty per cent is rutile grade. The anatase grade need not get any protection. The other must necessarily be given protection. But instead of bifurcating it in giving protection, they have recommended that “while no tariff protection would be necessary for anatase grade a protective duty of 20 per cent *ad valorem* would be sufficient to protect the rutile grade.” The arguments that they plead give reasons for cancellation of the protection. At the same time they say that it should be granted protection. I am not able to understand the logic behind the argument, from the literature supplied to us.

That is why I have tabled an amendment that it must be deleted, unless Government comes forward with another amendment saying that it will be partly applicable to one type of production of titanium dioxide and that for the other type it need not apply. But here it is said that whether it is the anatase grade or the rutile grade the protection should be continued for a further period of three years till 1964. And the reasons are given there. But when you read the reasons they do not conform to the need of granting protection to that particular type. So, instead of granting such *ad valorem* protection for the entire industry irrespective of the grade, Government should confine it to the particular type only.

It looks as though Government are very lenient. Of course, the industry deserves to be leniently dealt with, so that the industry may be in a position to run well and in a manner satisfactory to the Government and the people. And we should also bless them to have a few more industries

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of the type, have expansion and all that. But on the whole I find that what they do is that when they get protection, they seem to perpetuate it for a long time. I find that certain industries which were granted protection as far back as 1948 have been getting the protection up to this day, either on the basis of modernisation or on the basis of expansion or on the basis of adding some more types of production. Certainly they need some protection when starting some new types, but after some time in the guise of that they get protection for the entire industry as such. What I suggest is that it must be selective, instead of wholesale protection being given to any industry.

That is why I have tabled an amendment for getting some information from the hon. Minister as to what are the reasons which have dictated to him the giving of protection to the titanium dioxide industry irrespective of the grade. He will be in possession of better facts. What I have submitted is on the basis of the information given in this small brochure. But the hon. Minister will be having in his possession more information, and if he gives it to the House we will be with him in granting this protection.

Shri Aurobindo Ghosal (Uluberia): This amending Bill has been brought to continue protection to four industries. I am glad to learn from the hon. Minister that the protection is being gradually withdrawn as soon as the industries are coming up. Still they are giving protection to at least twenty-four industries at present. However, this amending Bill is in regard to four industries only.

These four industries are getting protection for the last eight, ten or twelve years. But when we look into the performance of these industries we find that it is not satisfactory and we have yet to try to increase the production of these industries to a

great extent. Otherwise I do not expect that they will attain majority in the near future.

As regards calcium carbide we find from the brochure that the current annual demand is 20,000 tonnes. In 1960 the production was 10,000 tonnes, but in 1961 it is incomprehensible how they can come to an estimated production of cent per cent, that is 21,000 tonnes. As regards the estimates we should not be too much optimistic. We should try to develop the industries in such a way that the industries can be self-sufficient within the earliest possible time; because, one factor is there, namely, that we are giving protection at the cost of the consumers. We have to give protection because we have to develop industries, but we should also remember that the protection given is at the cost of the consumer. We must admit that. Therefore, we should naturally try to see that the consumer is relieved of the additional burden that he is called upon to bear in order to develop the industries.

If we look into the prices we shall see that the imported landed price is much lower than the price at which the commodity is being sold or produced at home. There are some grounds given, at least in regard to this item, calcium carbide industry, that some of the components have got to be imported from outside. So, while developing this industry we should see that the components of this commodity are also produced in the country. To that effect an attempt should be made. For instance, in regard to this calcium carbide industry, the electrode paste and carbon electrodes have got to be imported. We should see, in order to make these industries self-sufficient, that immediate attempts are made to manufacture the components also.

Another point, as has been mentioned by my hon. friend Shri N. R. Muniswamy, is this. It has been stated in regard to the production of

this commodity that "the quality of calcium carbide produced by Birla Jute Manufacturing Co. Ltd. conforms to Grade B of I.S. 1040—1957." They have said of course that all genuine cases of complaints have been attended to and that they have compensated the consumers either in cash payment or by replacement of the defective materials. But the point is, while other companies are producing these commodities in spite of the existing difficulties, what is the difficulty of this company and why is it producing below the grade or of defective quality.

In the next item, namely the caustic soda industry, there is a wide gap between our annual demand and production and also the anticipated production. We should try to catch up with the annual requirement, so that we can do away with the protection.

Regarding the electric motor industry, much has been said by my hon. friend Shri N. R. Muniswamy. I would like to add that there are foreign elements in this industry and a high rate of royalty is being paid, at the rate of 5 per cent. As that royalty is also coming into the price structure, naturally the indigenous consumer has to pay a higher price because of the royalty. Therefore, Government should immediately look into this matter and see that this industry comes up expeditiously.

They have given, on page 17 of this brochure, some figures about the landed cost and the wholesale market price of the indigenous product. There is a wide gap. In the case of motor engines of 20 hp type the landed cost is Rs. 789, whereas the wholesale market price of the indigenous product is Rs. 1222. Also, in the case of 15 hp type motors with squirrel cage the landed cost is Rs. 876 whereas the wholesale market price of the indigenous product is Rs. 1182. Naturally, there is a large gap which the consumers of our country have got to pay. One tendency which grows on account of this protection is that these

industries remain for ever in need of that. Unless you look into them and nurture them, they will ever remain rickety. The Ministry should look into this matter and see that these industries get rid of the protection and come up expeditiously, not only for the growth of the industry but also in the interests of the indigenous consumers.

13.31 hrs.

[MR. DEPUTY SPEAKER in the Chair]

Shri L. Achaw Singh (Inner Manipur): Mr. Deputy-Speaker, I would like to confine myself to the Bill before the House. The present Bill seeks to amend the Indian Tariff Act of 1934 in order to continue protection to certain industries, namely calcium carbide, caustic soda, electric motors, Soda ash and titanium dioxide. As one of the preceding speakers has already pointed out, there is some case for de-protection of two industries namely calcium carbide and electric motors. The Commission has recommended the continuance of protection for caustic soda for three years. I would like to point out how some of these industries have not been able to give a good performance because of the sheltered market they have been enjoying.

In the case of soda ash, it has been given protection since 1950. The note which has been circulated to us says that the industry has achieved improvement in the quality of its product. But, heavy soda ash industry has not been a success. There has been also some adverse comments from the glass industry. There has been a complaint about the ordinary soda because the indigenous product has not been up to the mark. It has got some dull colour which is not suitable for some of the industries. As regards production, in Soda ash and caustic soda industries, the Third Plan says that we have not been able to produce the expected targets during the Second Plan. Although 230,000 tons was the target for the Second Five Year Plan, only 145,000 tons could be

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produced. In the case of caustic soda, out of a target of 135,000 tons, only 100,000 tons could be produced. The Commission has also noted that there has been a big short-fall below the target in the production in these two industries and it has expressed its helplessness. When the question of giving protection to these industries came up in 1958, I stressed the view that self-sufficiency was far away, there was a big gap between the demand and production in these two industries and the time was far off when we can have self-sufficiency in these two industries. Of course, the industry has been suffering from certain difficulties. It has been pointed out that high grade coke is not available, and that bulk movement of salt by the Railways is not satisfactory. Among the components, some sulphur and a certain quantity of ammonium sulphate are also to be imported. But, the basic raw materials, salt and limestone, are available in the country and there is scope for expansion. If we have to attain the expected capacity in this industry, we have to give further incentive by way of additional protection. Therefore, we support the Bill.

In the case of one of the industries, Tata Chemicals, the Commission has observed that the overhead expenses have increased a lot and they have also asked for an increase in the rate of their return. I think this is not justified. Because, in that case, the price of the chemical would increase and that would be very costly for the consumers.

In the case of caustic soda, we are far from self-sufficiency. There is a large gap between the supply and requirements. Caustic soda enters into the production of many of our export industries and many articles like soap, textiles, rayon, vanaspati, aluminium and petroleum refining and it is becoming more and more important from the point of view of production. Because of the fact that

it enters into the production of many articles, the demand has been increasing at a faster rate than production. It is true that they have adopted the electrolytic process and the chemical process and they have been able to do something in increasing production. But, the power supply is not enough. The power that they have given is costly. Some of the State Electricity Boards have not been able to help these industries which cheap power. As the Commission has pointed out, power accounts for 40 per cent of the cost of production of caustic soda industry. Unless the industry is given some concession in the matter of power supply, it is not possible for them to achieve their targets. The ex-works price of caustic soda in India is 36 per cent higher than the domestic ceiling price in Britain. The price is very high. If we want to reduce the price, we have to do something. But, the high price will continue because the demand is increasing and and it will not be possible for us to attain the targets which we have laid down in the Third Plan.

Coming to Calcium carbide, it has also certain difficulties. It has been pointed out that there is inadequate supply of suitable drums for packing calcium carbide, because calcium carbide is an explosive substance. There is lack of transport and communication facilities in those areas where one of the most important raw materials, namely limestone—good quality limestone—has been located by the Geological Survey. There are no good communications in these areas. Thirdly, the quality is not satisfactory, because hard coke and limestone are not of good quality. The Commission has pointed out that petroleum coke is very important. But, one of the industrialists, namely, Himatsingka has been given a monopoly in the produce of the Digboi and Nunmati refineries. If he should get a monopoly in these, it is clear that no petroleum coke will be available for this

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industry. The Government should do something in this matter.

Shri T. B. Vittal Rao (Khammam): It will go on increasing the monopoly.

Shri L. Achaw Singh: Of course, there may be considerable rise in the consumption of calcium carbide because it is used for welding, mining and lighting purposes. It is also used in plastic industries. Our demand will be growing day by day. This industry has to fulfil our demand.

I have got to make one observation with regard to basic industries. The Plan says that the major industrial projects in the public sector include basic chemicals and intermediates. Only the organic chemicals project of the Durgapur Industries Board is in the public sector, but all others are in the private sector. I am strongly of the opinion that these basic industries like soda ash, caustic soda and calcium carbide should be nationalised, and they should be in the public sector. Then only, we can assure a fair price to the consumers in respect of these products and also have a proper quantity of the produce; only in that manner we shall be able to achieve the targets laid down for the different industries.

Regarding the electric motor industry, it has got a bright future. But it has been pointed out by the Tariff Commission that there has been a great delay on the part of the producers to adopt progressive designs and techniques. This was due to the lack of initiative on the part of these manufacturers, which resulted from the sheltered domestic market which they had been enjoying. This is a very serious matter because it is as a result of this that they have not been able to make any progress in the export of electric motor products. It is very necessary to export electric motors, because we have to earn foreign exchange. The commission has also pointed out one defect in the

motors so far produced, namely that though they are suitable for general purposes, excessive vibration renders them unsuitable for precision machine-tools. Government should see that these industries improve the quality of their products.

In the case of the electric motor and titanium dioxide industries, we should make every endeavour to increase their capacity, so that we may export some of the products and earn foreign exchange which is so very necessary. And since these industries have been given protection, they should try to improve their performance during the period of the protection.

I have to make one more point, and that is regarding the targets for industries, especially those industries for which we have extended protection. As I have already pointed out, we require adequate power supply so that we may achieve the target laid down for these industries. But I am very sorry that the planning in this direction has been rather a failure. Power has not been properly developed, and where power has been given, it has been found to be very costly. Government should see that all these industries get adequate electric power.

The last point that I want to make is in regard to the implementation of the recommendations of the Tariff Commission. The commission has pointed out that for the expansion of these industries, railway freights and shipping freights should be reduced. Only then, we would be able to compete with foreign products. It may be noted that other countries are giving a lot of concessions to the export industries, and I would suggest that we should also do the same in this country, if we want these industries to compete with the outside market. Government should also lay down a time-table or a time-schedule, so that within that period, the industries might be able to attain self-sufficiency and be able to compete in the fore-

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ign markets, and be in a position to export their products.

Shri Manubhai Shah: I am grateful to my hon. friends for the various comments that they have made.

Regarding my hon. friend Shri N. R. Muniswamy's point that the protection should be discriminatory and it should be on a selective basis, I may only draw his attention to the fact that it is not possible to give protection unit-wise. If eleven units of an industry produce a particular product for their own use, their economics does not, in any way, become different from those of other units which either partially use their product or sell it to others. Ultimately, it is the normal consumers' interests that we have to protect. Therefore, if a case for the protection of an industry as a whole has been well established, then, naturally, the protection must extend, irrespective of the individual units or the nature of the production concerned.

It was also pointed out that if in an industry, a particular item which is produced more than another item, say, if Anatase Titanium Dioxide is produced more as compared to the rutile variety, then it does not need protection. The Tariff Commission itself has pointed out that there is a real difficulty in this matter, if the protection is only for one product as against the other. These are all inter-related processes, and sometimes, a particular percentage of a product is produced out of a plant; after three months, if the demand for the other variety goes up, then, naturally, that variety has to be produced. That is why the commission has pointed out and if my hon. friend reads the recommendations of the commission and the decisions thereon, he will be convinced, that protection has to be either given as a whole to that product, or the protection should be withdrawn completely.

I gave reasons earlier to show how Titanium Dioxide deserves protec-

tion. The Kerala State requires a very big industrial development. It will, therefore, be premature at this stage to withdraw the protection from an industry which holds greater future potential for that very important State of ours.

As regards the Electric Motor industry, there was a comment that the production should be stepped up, and particularly, the slip ring or the totally enclosed or other types of such motors might not require protection. Actually, in the present stage of our economy, when the import restrictions are so tightened up, the protection in theory has lost much of its value. Even so, we are continuing protection in the minimum number of industries. As rightly remarked by the last speaker, we have been quickly deprotecting as many industries as can stand on their own legs. That is our basic policy.

But the electric motor industry is so important that really speaking, as the country advances, power and its development will be limitless. Power can be transmitted only through the transmission lines and it is the electric motors that will make that power work in the various industrial machinery. Therefore, I do not anticipate too early a day when the electric motor industry as a whole will have to be considered for being deprotected, because more and more complex varieties of electric motors, and the motive apparatus and its ancillaries have to be introduced in this country. We are quite conscious that as and a particular variety of the electric motors increases in production, and the industry shows a vast expansion in production, and the prices come down, we can certainly deprotect that particular sector of the electric motor industry.

Regarding calcium carbide, it is one unit which historically was in the eastern part of India. As the House is fully aware, this particular unit has

been commented upon in practically every debate in this House during the last several years, that I know of. The place which was selected was the biggest consuming place, as far as calcium carbide was concerned, but the raw materials had to come from very long distances. India is deficient in calcium carbonate of a particular variety which is free from traces of phosphorus and other elements. This particular unit was not able to manufacture grade A before, but now they have come up and grade B is being manufactured. For the production of grade A, we are developing industries in the south, particularly, in the Kerala and Madras States, where two units have come up and are already in production. Again in Rajasthan, in Kotah—we have another unit. All this information has been given in the report, and I would beseech the attention of hon. Members to study not only the brochures but also the voluminous reports of the Tariff Commission which have been laid on the Table of the House from time to time. I would invite hon. Members to make a detailed study of these comprehensive reports, so that they can make their valuable observations and suggestions, based on a study of the reports as well as the Government resolutions and decisions thereon, as also the cost accountant's report which we could make available to such hon. Members as would like or care to see a study thereof.

I am glad that the industrial progress of the country is broadly appreciated, and even these few protected industries have shown a great vitality. I do not want to take the House through the various figures. As a matter of fact, in some cases, as one hon. Member has rightly pointed out, the production is being increased one hundred per cent. in a single year. Actually, the figures given are not estimates; these figures indicate the estimated production on the basis of actual performance for eleven months. We are now in the month of December.

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Figures for December are the only estimated part of it. 11 months' actual production plus 1/11th added for the twelfth is a fair guess to make. Indeed it is on the conservative side. Doubling of the production in a single year is not the phenomenon of a particular industry; I know of many many industries which have doubled trebled or even quadrupled their production in the last five years.

With these words, I commend the Motion for acceptance of the House.

Mr. Deputy-Speaker: The question is:

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

The motion was adopted.

Mr. Deputy-Speaker: We shall now take up clause by clause discussion. Is any amendment to be moved?

Shri N. R. Muniswamy: No.

Mr. Deputy-Speaker: The question is:

"That clauses 1 and 2, the Enacting Formula and the Long Title stand part of the Bill".

The motion was adopted.

Clauses 1 and 2, the Enacting Formula and the Long Title were added to the Bill.

Shri Mannubhai Shah: I beg to move:

"That the Bill be passed".

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.