

THE DEPUTY CHAIRMAN: The question is:

"That at page 1,—

(i) in line 9, for the word 'sub-section' the word 'sub-sections' be substituted; and

(ii) after line 12, the following be added namely:—

'(3) The Nazim, the Sajjada-nashin, the employees and servants of the Durgah Endowment and all other persons authorised to do any act under this Act shall, while acting or purporting to act in pursuance of any of the provisions made by or under this Act, be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.'

*The motion was adopted.*

THE DEPUTY CHAIRMAN: 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 1, the Enacting Formula and the Title were added to the Bill.*

SHRI R. M. HAJARNAVIS: Madam, I move:

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

*The question was put and the motion was adopted.*

#### MOTION REGARDING COMMITTEE ON PUBLIC UNDERTAKINGS

THE MINISTER OF INDUSTRY (SHRI N. KANUNGO): Madam, I move:

"That this House concurs in the recommendation of the Lok Sabha that the Rajya Sabha do agree to nominate five members from the Rajya Sabha to associate with the Committee on Public Undertakings."

Madam, the original motion has three parts. Paras 1 and 3 deal with the size and composition of the proposed committee. Para 2 is the substantive part of the motion. The history and concept of this motion are fairly well-known to many Members of both the Houses. Therefore, I shall endeavour to take as little time as possible of this House. The Resolution on Industrial Policy, which has the approval of both the Houses, is the sheet anchor of all the policies of the Government. According to the Resolution, there is a group of industries in which the State only would have the initiative and ownership. There is the other group where initiative is open to private enterprise but the Government can enter in the field if the circumstances justify this step. In the first category, many undertakings have already been established and more will come into being in course of time. Most of the undertakings are established as joint stock companies registered under the Companies Act. Such companies are regulated like any other company according to the provisions of the Companies Act and such regulation is rather elaborate. The Companies Act has some special provisions regarding Government companies inasmuch as it is obligatory for such companies to place their annual reports and accounts on the Table of the Houses of Parliament and the Auditor-General has special powers of supervision of the audit of such companies. In other words, Government undertakings, by and large, besides being governed by the elaborate provisions of the Companies Act, are also subject to special regulation. In such undertakings a Minister or Government has no more power than that of a shareholder vis-a-vis the Company. This arrangement is designed to

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enable the management of these undertakings to enjoy the utmost autonomy which alone can provide the climate for efficient commercial operations.

The other group of undertakings enumerated in Schedule I have been established by statutes of Parliament for each of them separately. This was necessary because the operation of each of them is of a very special nature and it was considered that unless special statutes were enacted, their operations could not be carried on conveniently. In each of the statutes, the relation of the Government with the Corporation has been specified. Also some of the special features of the operation and regulation have been embodied in them. Their annual reports and accounts are also placed before the Houses of Parliament.

Theoretically, both Houses of Parliament have full powers to discuss every aspect of management of an undertaking and by appropriate motions direct the Government to take any action or desist from taking any. But in practice it has been found not only in our country but also in many other countries that mere limitation of time will not permit the Parliament to keep itself informed about the Corporation and Companies. Many undertakings for industrial production as well as trading are working in many countries like the United Kingdom, the United States of America, France, Italy and Germany, not to speak of East European countries which have different economic and political systems altogether. There are wide variations in the organisation and structure of these undertakings but in no other country are the bulk of the undertakings governed by the Companies Act and even where they are, the Companies Acts of these countries are not so elaborate and regulatory as that of India. In all the countries, it is realised and the accountability to the Parliament is obligatory. The method and manner

obviously differ from country to country. A large literature has grown on various aspects of management and operation of Governmental undertakings with special emphasis on the feature of parliamentary accountability. Such discussion continued for more than five years in the United Kingdom. The Select Committee of House of Commons which recommended the setting up such a Committee specifically recommended that—

“the object of the Committee should be that of informing Parliament about the aims, activities and problems of the corporations and not of controlling their work.”

The Chairman of the Committee set up by the House of Commons, after working in that capacity for four years, in the course of an article wrote;

“that it was not our duty to try and administer any of these nationalised industries; it was not our duty to go into their day to day activities; it was not our duty to make an efficiency or financial audit; neither was it our duty to check in detail the rightness or wrongness of technical decisions, and so on. We were there to try and understand what they were doing, and make our comments on the points that mattered to the big question whether circumstances within and without their control were such that they had a full chance of running the industry efficiently and whether they were doing so. We found that there was not any very great mystery in working out what were the essentials in each of these industries. The same kind of point arose in most of them; but there were, of course, special points in each”.

4 P.M.

A group of Members of Parliament under the Chairmanship of Shri Krishna Menon and including the late Mr. Feroze Gandhi, Shri Mahavir Tyagi, the late Dr. Subbarayan, Prof. N. G. Ranga, Shri N. C. Kasliwal, Shri

H. C. Dasappa, Shri Jaswantraj Mehta, Shri R. R. Morarka and Shri T. N. Singh, went very carefully into the problem which they described as follows:

"In the problems we are considering, (1) Accountability on the one hand and (2) Efficiency on the other, are much in conflict and have to be reconciled. This reconciliation is the crux of the problem that we have to consider."

This group has produced a very valuable report in which they recommended the setting up of a Parliamentary Committee, now proposed, in 1959 which I would commend to the attention of the House and would take the liberty of quoting a few sentences from it:

"The Members of such a Committee will be elected by Parliament much in the same way as the Public Accounts Committee and the Estimates Committee are elected. These two Committees, therefore, will cease to perform their present functions in regard to the working of the concerns that come under the proposed Committee.

We look forward to the situation where this Committee, while by no means being an expert Committee, (such is not the intention), would be a well-informed Committee, informed of all the circumstances in which the concerns function. The purpose of our recommendation would be adversely affected if either the Committee of Parliament becomes imbued with the feeling that it is a fault-finding body or that is a Super Board of Management. At the same time, there cannot be any fettering of its judgment and the expression of its views in good parliamentary tradition. The Committee would also, no doubt, bear in mind that any public expressions of views which are intended to correct errors or to provide greater incentives in respect of any concern or all of them are not of such a character as would have the opposite result of lowering the

concern in public estimation, or affect our credit or capacity to be well regarded abroad.

Parliamentary control will become more real with the knowledge that Parliament will be concerned more with policy and with the advancement of the objectives of production as a whole and that it would take a long term view rather than concern itself with the minutiae of administration. It would not be the intention of Parliament that its control should be, or should appear as, a challenge or hindrance to the initiative of the man at the bench or at the desk. Parliament would desire its control to be real and gainful. The knowledge in the public mind and, even more, of those immediately concerned that Parliament is jealous of the standards of public conduct, which includes industrial conduct and that any serious breaches of them irrespective of the immediate content involved would attract Parliamentary attention is at once a wholesome corrective and an inspiration."

In this background I submit, the provisions of paragraph 2 would be found to be justified.

SHRI LOKANATH MISRA (Orissa): Whose recommendation was it?

SHRI N. KANUNGO: A group of Parliament Members of which Shri Krishna Menon was the Chairman.

THE DEPUTY CHAIRMAN: He has given the names of all the members of the Committee.

SHRI LOKANATH MISRA: Did that represent a single Party or did it represent Parliament as a whole?

SHRI N. KANUNGO: I said it was a group of Parliament Members.

SHRI LOKANATH MISRA: But all belonged to the Congress Party?

SHRI N. KANUNGO: Yes.

It was made clear in the other House by the Law Minister that the two motions do not, in any way,

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offend the Constitution. The Houses of Parliament can set up any agency to help their deliberations even with men from outside their membership. Of course, the granting or withholding grant in the Estimates is the exclusive privilege of the Lok Sabha. But what are the matters relating to the public undertakings which go into the estimates? As and when money has to be spent from the Consolidated Fund by any investment in the capital of an undertaking or as loan to it, the items are entered in the Estimates. The Lok Sabha votes on the Estimates and depends on the services of the Estimates Committee to examine those Estimates. I submit, Madam, that the House will be more adequately served by a Special Committee like the one proposed which will confine its attentions to public undertakings only and in course of time will develop an expertise of its own.

Finally, a word about Motion No. 2 as in the other House, and the present Motion before this House. The phraseology is identical with the phraseology used for the annual Motions inviting Members of this House to join the Public Accounts Committee. Both the Speaker of the Lok Sabha and the Chairman of the Rajya Sabha in 1954 have made it abundantly clear that the membership of the Public Accounts Committee carries the same rights and duties to Members from either House. I would like to make it categorically clear that by using the same phraseology it is meant beyond doubt that the rights and duties of the Members in this Committee as proposed would be exactly the same with no distinction whatsoever.

Madam, I commend the Motion to the House.

*The motion was adopted.*

SHRI K. SANTHANAM (Madras):  
Madam Deputy Chairman, I rise to

support the Motion moved by the hon. Minister. The suggestion for this Committee arose from this House about three years ago and it is a matter of great regret that owing to some misunderstandings and irrelevant objections the appointment of this Committee has been delayed so long. On 24-11-1961 a Motion for the constitution of a Joint Committee on State undertakings with ten Members from Lok Sabha and five Members from Rajya Sabha was moved by Shri Manubhai Shah in the Lok Sabha and there it could not get through. Then in August 1962 again a similar Motion was moved when against owing to similar troubles it had to be postponed. Another effort was made on 21-9-1963 and again there were discussions and disputes and it had to be postponed. After all that, this has come to us now. To a certain extent the present Motion is satisfactory because it follows the precedent of the Public Accounts Committee. Personally I am not quite satisfied with the actual wording of the Motion but I shall come to my views on this matter a little later.

The main thing is that the public sector has been growing so fast that the capital invested in the public sector by the Central Government, apart from Railways and Posts and Telegraphs, is approaching nearly a thousand crores of rupees and by the end of the Fourth Plan this will be doubled. With such large public sector it is essential that Parliamentary control should be well established. Of course, many of these companies send us Reports. They are placed on the Table but except individual scrutiny, they do not get any kind of systematic treatment at the hands of Parliament. Therefore this Committee will deal these Reports systematically, study them, enquire into their operations and defects and present Reports to both Houses of Parliament. Therefore, this ought to be welcomed as a great step in the management of our public enterprises I whole-heartedly welcome the actual proposal. The purpose of this Committee will be to

see that all public undertakings shall be managed with efficiency, economy and integrity and if the Committee can help us to achieve this object, even to a reasonable extent, it would serve the country well and the objective of a socialist pattern of society will be much nearer and truer than it is today.

Having supported the motion and having taken note of the assurance of the hon. Minister that the Members of the Rajya Sabha will have exactly the same status as the ten Members from the Lok Sabha with reference to discussions and voting, I feel it is time that the relations between the two Houses of Parliament should be clarified once and for all. I was sorry to note that even in the remarks of the hon. Minister some mistakes had crept in. Madam Deputy Chairman, I have studied this question ever since it came up before the Constituent Assembly and so I wish to explain the position as briefly and precisely as I can. The powers of the Houses can be broadly summarised in three propositions. So far as money Bills and the Budget are concerned, the Lok Sabha has got the power of final decision. So far as the creation of all India Services and the temporary transfer of State subjects to the Central List is concerned, this House has got the exclusive power. In regard to all other matters, including the amendment of the Constitution, discussion of financial policies and everything else, the powers of the two Houses are absolutely identical.

I have already conceded that in matters of Money Bills and the Budget, the decision of the Lok Sabha is final. But it is only the decision. This House has an obligatory advisory capacity in all such matters. The Appropriation Bills and the Finance Bills have to be brought before this House. They have to be discussed. This House has got the right to make recommendations, though the Lok Sabha may accept or reject those recommendations. The process of consultation with this House cannot be

denied and cannot be abrogated. This is the most important thing, because every Committee of Parliament is only an advisory committee. There is no committee which has got mandatory powers. Therefore, to say that in a Committee which is advisory the Rajya Sabha may not participate is to wholly misunderstand the powers and the position of the respective Houses. We have got absolute right to participate in any committee which is advisory to the Government. It is only where the decisions on Money Bills and financial matters are concerned, the voice of the Lok Sabha is supreme. It is a matter of regret that when the proposition for the constitution of the Public Accounts Committee came before this House, Members were not fully aware of their rights and allowed an unsatisfactory formula by which a Committee of the Lok Sabha was set up with which this House was asked to associate. At that time, if this House had insisted that it should be clearly laid down that it should be a Joint Committee of both Houses, then all the later confusion would not have arisen. And if the Lok Sabha had refused to appoint a Joint Committee of both Houses, it would have been open to this House to appoint its own Public Accounts Committee, to appoint its own Estimates Committee and if today the Lok Sabha refused to put up a Joint Committee, it would be open to this House to appoint its own committee on public undertakings. Of course, it would have been wasteful. I want that both Houses should work with the utmost harmony. We must evolve conventions and procedures which would work not only because a single Party dominates both Houses but which would prevail in any circumstance. In the American Congress, for instance, there have been many occasions when the House of Representatives was dominated by one Party and the Senate by another. There have been differences and conflicts, but proper conventions and procedures have been evolved to resolve such conflicts.

It may be said that Rajya Sabha is

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not on full parallel with the Senate of the U.S.A. But I say this is not the House of Lords at all. The House of Lords has no ultimate power over anything. Even in regard to ordinary legislation the House of Commons can supersede the decision of the House of Lords. In the case of ordinary legislation and in regard to all other matters, except Money Bills and Budget, this House has got identical powers. If there is any difference of opinion, then the solution in the case of Bills is through the machinery of a joint sitting. During the last two or three years this House has asserted itself, has forced a joint sitting and also has set up its own Select Committee on the Port Trust Bill. Therefore, it is wrong for any Member of the other House to think that financial matters are their own exclusive preserve. For decision, it may be their exclusive privilege, but we have got every right and we have got the duty to consider every financial measure, including the Budget, from the view of the interests of the country and see that these interests are properly served.

SHRI LOKANATH MISRA: This House is not represented on the Estimates Committee. Would the hon. Member suggest some way out?

SHRI K. SANTHANAM: I think it is due to the mistake of this House. It should have insisted on representation or if it was denied it should have set up its own Estimates Committee. Then, the Government would have seen that with two Estimates Committees functioning their work had greatly increased and they would have found a way to have a Joint Committee. If we are not very careful of our privileges, we cannot blame others for neglecting us.

SHRI SYED AHMAD (Madhya Pradesh): Why should we not set up an Estimates Committee now?

SHRI K. SANTHANAM: I think it would be rather cantankerous. Having allowed them to go on for so many

years now, I think it is not wise to do so, because it will create a spirit of hostility. I do not want retrospective assertion of our rights and privileges.

SHRI SYED AHMAD: I am prepared to bell the cat if you join us.

SHRI K. SANTHANAM: We ought to be content with a proper assertion of our rights and privileges today and for tomorrow, and so whatever had happened, let us bury the past. Therefore, I do suggest to this House that in the case of every Bill, wherever a Select Committee is set up, we insist that it should be a Joint Select Committee. Wherever a separate Committee is set up by that House, it should become an automatic convention that this House also sets up its own Committee to function in its own manner. In this way the rights and duties of this House will be properly preserved, and I have no doubt that if we are firm, we shall get respect even from the Members of the other House. As a matter of fact owing to the determination of many Members of this House, the Motion has come in this form, because at one stage it was stated that the Members of Rajya Sabha would not be entitled to participate in the work of the Committee to the extent that the Committee did the work of the Estimates Committee. Then some Members of this House who were called in consultation simply refused to look at any proposition and said: "If that is the only proposition, let it be a Committee of that House and we shall see what we can do to assert our own rights." Now the substance has been conceded though not yet the form, and therefore for the present we ought to be content and I think we should make good use of it. If the Committee were not necessary for this country, it could be still further postponed. I would have rather insisted on the formal privileges of this House. But the country's interests are more important than the little differences between

our two Houses, and the establishment of this Committee will do a great deal of good to see that our public undertakings are run in a proper fashion.

Now I wish to look into the actual terms of the Motion as adopted by the Lok Sabha. Clauses (1) and (2) are unexceptionable. But I am not able to understand the proviso where it is said that the Committee shall not examine and investigate any of the following matters, namely (i) matters of major Government policy as distinct from business or commercial functions of the Public Undertakings. What exactly are the matters of major Government policy which will come up before the Committee? Suppose a company is now working on only daily or monthly wages and suppose the Committee comes to the conclusion that a system of piece rates coupled with bonus will make for efficient working of this company. Will it be a major policy? I would like to know that. Again, suppose the Committee thinks that the reserves should be utilised in a particular manner. Will it be a matter of major policy? Or even suppose the Committee finds that the Hindustan Steel is working very well and is earning much profit, and the Committee wants to recommend—after all, all these things are only recommendations, we ought not to forget that the Committee itself decides nothing; only the Parliament decides—that slowly all the Government capital invested should be returned and that it should be an entirely autonomous institution. Will it be a matter of major policy? After all who is the dictator, who dictates the major policies of this Government? It is not the Government. It is only the Parliament that decides ultimately any policy, major or minor. How can a Committee of Parliament be prevented from making recommendations regarding the policy underlying these public institutions? After all, it is open to Parliament to accept those recommendations or

not, and therefore I do not see any justification whatsoever for this restriction.

So far as day-to-day administration is concerned, of course I do not think any Committee will interfere in the day-to-day administration. In fact it will not even be able to look into the day-to-day administration. Therefore there is nothing to object to that.

Then I am not able to understand this: "matters for the consideration of which machinery is established by any special statute under which a particular public undertaking is established". Here again, suppose a particular Act is not functioning satisfactorily and those particular provisions have to be changed in order to make for efficiency and integrity of the administration. What is wrong in the Committee going into that Act and making a recommendation to Parliament that the particular statute should be amended? Here again I do not see any justification for this restriction. This Committee should be absolutely free to make every kind of suggestion which is likely to contribute to the better working of the public undertakings.

Then again there is one minor point. Here in the Motion it is said: "This House concurs in the recommendation of the Lok Sabha that the Rajya Sabha do agree to nominate five members", etc. In the other Motion it was said that "a Committee of this House to be called the Committee on Public Undertakings be constituted with 10 members who shall be elected from among the Members of the House". I think probably it is an oversight. He must have brought the Motion as "that the Rajya Sabha do agree to elect five members from the Rajya Sabha" etc.

THE DEPUTY CHAIRMAN: In practice it will be election.

SHRI K. SANTHANAM: In practice, but why should not the practice

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conform to theory? Why should such mistakes be made? That is what I am saying. The Motion should be:

"That this House concurs in the recommendation of the Lok Sabha that the Rajya Sabha do agree to elect five members from the Rajya Sabha to associate with the Committee on Public Undertakings."

That should be the proper form for this. I take it for granted that it shall be election in the same way according to the principle of proportional representation by means of the single transferable vote.

Madam, I have touched briefly on the points relevant to the consideration of this Motion. Once more I say that with the substance of the Motion and the purpose with which the Motion is moved I am in entire agreement. I am glad that the hon. Minister has been able to bring it forward at this time.

SHRI A. D. MANI (Madhya Pradesh): Madam Deputy Chairman, I rise to support the Motion, although I must say that I have apprehensions about the manner in which this Committee is sought to be constituted by Government without adequate preliminary preparation. The hon. Minister in his remarks, while introducing his Motion, referred to the work done by what is called the Krishna Menon Committee. I may point out here that the Krishna Menon Committee consisted only of Members of the Congress Party, and others were not asked to tender evidence or co-operate with the Committee by placing before it adequate material to decide on the manner in which this Committee should be constituted and what should be its functions. (Interruptions). Madam, I request that there may be less noise.

SHRI SYED AHMED: When he criticises the Party, we have got a right not to hear.

SHRI A. D. MANI: It is an obligation of a Member of Parliament who is returned here.

THE DEPUTY CHAIRMAN: You must not make noise when a Member speaks.

SHRI A. D. MANI: If one goes through the Report of the Select Committee on Nationalised Undertakings, one will find that the Labour Government started with this idea and it was the Conservative Government which implemented it, and a good deal of evidence was taken not only from public men but from those who were engaged in those undertakings. The one point which Mr. Herbert Morrison stressed in regard to control of nationalised undertakings was public accountability, parliamentary accountability. But he conceded, when the matter was examined in evidence, that if it were a question of a conflict between efficiency and parliamentary accountability, efficiency would have an over-riding place. I may illustrate here the meticulous manner in which this matter was sifted in the House of Commons. Sir Geoffrey Heyworth who was a Member of the National Coal Board and who had been Chairman of the Unilever put the point of view of those in charge of these undertakings in this manner. It is a very good quotation and that is why I am taking the liberty of placing it before the House. He said—

"If people came to looking at everything I did in a year, after the event, the shareholders would be horrified because they would see that some of those decisions were quite wrong in the light of after events. The mere fact therefore that I felt someone was looking over my shoulder all the time and was going to examine these things at any time later, the less I would be inclined to take a decision and the less decisive I would become."



These were the points of view that he placed before the Committee. Lord Reith—he was Sir John Reith—said that a parliamentary committee of this kind would be institutionalising in a terrifying form the parliamentary question.

All these matters were gone into and after a full-fledged enquiry, a Parliamentary Committee was appointed.

Madam, we have accepted socialism as the goal of our national policy. Whatever Shri Bhupesh Gupta might think about my political philosophy, I accept socialism as the goal of my political philosophy also. As long as we believe in expanding the public undertakings in as many spheres as possible, we must take steps to see that the methods of control which are exercised over the public undertakings would best serve our economy. Further, we might have taken this question of ministerial responsibility for the conduct of undertakings, the subject of an enquiry and I may mention that all this work should have been done before. In France, for example, where the French Chamber of Deputies and the Senate exercise their full and adequate control over the public undertakings, the ministers concerned are the chairmen of the undertakings themselves. They are virtually the chairmen of the board of directors. If any undertaking fails, the Minister is liable to be dismissed. There is a good deal of parliamentary control over the minister in view of the fact that the Minister concerned himself is the chairman of the parliamentary undertaking. Further the precise manner in which control should be exercised was laid down as a law in the French Chamber of Deputies and approved by the Senate. For example—I am quoting here—the powers of the Committee which has been established in France have been defined as follows:—

“The Commission makes an annual examination of the operating accounts, balance sheets and

profit and loss accounts of the enterprises and from this draws conclusions about their financial results. It expresses opinions on the regularity and the propriety of the accounts, suggests any amendment to the accounts which it thinks necessary, and expresses opinions on the competence of the enterprises, commercial and financial management. In the general report on the operations and performance of the enterprises which it supervises, it indicates, if necessary the changes which it thinks ought to be made in their structure and organisation, and expresses its opinions on their future prospects.”

Now, if we are going to run our public undertakings in an efficient manner, I personally would like the French example to be adopted in our country, namely of having half a dozen Ministers to be in charge of groups of public undertakings and to be their chairmen, so that if anything goes wrong, we dismiss the Minister concerned. We should entrust the personal responsibility for the conduct of the undertaking to the Minister concerned. I wish that such an enquiry, therefore, had been undertaken by Government before introducing a motion of this character.

Madam, I am not happy that among our public sector undertakings the Railways should have been left out of account in the Resolution which has been recommended by the other House.

SHRI K. SANTHANAM: It must be a separate Resolution.

SHRI A. D. MANI: I am coming to that. In England, the Committee on Nationalised Undertakings also has got supervisory powers over the Railways and I may mention to my friend, Shri Santhanam, that in regard to the electrification of the Midland Railway, the Committee on Nationalised Undertakings pointed out that the calculations made by the railway system about electrification were exaggerated and

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that the line could have been run on diesel locomotives. And it was found to be a very pertinent observation because they went even into the technical matter and made an observation on the working of the undertaking.

SHRI K. SANTHANAM: I wish to explain that I am not objecting to a Committee but I am only saying that in India it is too big an undertaking to be managed by a single Committee.

SHRI A. D. MANI: I am developing my point. We have invested over Rs. 1,500 crores in our Railways and these are the biggest and the best of our national undertakings. We do not have adequate information on all matters of Railway operation, even though the Railway Minister supplies us with the Budget papers and other materials from time to time. If the Railways are to prosper—these are the best of undertakings—I would have liked the Government to come forward to establish a Committee also to go into the question of the Railway undertaking. My approach to this matter would have been to take the corporations firstly and have a Committee for that purpose; to take the public undertakings which are registered as companies and have a separate Committee for them, and public undertakings like the Hindustan Aircraft, Bharat Electronics, Mazagon Docks and the Garden Reach Workshops should have been the subject for a third Committee. I am only suggesting this that in the generations to come and in the Parliaments to come in the future, to enable them to exercise an effective control over the undertakings, we must have a body of men who are fully trained to understand the intricacies of commercial undertakings.

Madam, I do not want to bring in any controversial point here. In the matter of the selection of persons who work in these undertakings, it is not a question of mere party representation. In the case of the French

nationalised undertakings, it has been said that the people who sit on the Committee are well qualified to become directors themselves in their own right. There is adequacy of material in both the Houses, for Government and for both the Chambers, to decide who should sit on the undertakings. We are not interested in party representation in this matter; we want the best men belonging to all parties to sit on the Committee. And perhaps, it would have been better—though I do not want to derogate from the democratic principle—if this Committee had been constituted jointly by the Chairman of the Rajya Sabha and the Speaker of the Lok Sabha in order to avoid controversies, in order to avoid bitterness, engendered by an election.

Madam, I would like to mention further . . .

SHRI SYED AHMAD: Why should you hold any elections since they create bitterness?

SHRI A. D. MANI: No, no. I do not say anything about it. You are going to have a new innovation in our parliamentary system. In Great Britain where the two Houses . . .

SHRI SYED AHMAD: I tell you that we do not . . .

SHRI A. D. MANI: We are having an innovation here because without preparation they have undertaken this. Because Shri Krishna Menon and a few friends of his came to certain broad conclusions about the way in which these public undertakings should be supervised, a motion comes forward many years later, because there is a good deal of parliamentary pressure. I am only mentioning that if we are going to take these public undertakings seriously, we should have first of all decided the question of the Minister himself *vis-a-vis* the public undertakings.

Madam, I would like to mention further that if you are going to set

up a Committee of this character, it is necessary for the House to be informed and for the House to give constructive suggestions about the staff which will be necessary for the efficient functioning of this Committee. Now, the Estimates Committee and the Public Accounts Committee have a staff which has been recruited by Government perhaps, and many members belong to the Finance Ministry. Now, in Great Britain this question too engaged the serious attention of the Committee on Nationalised Undertakings and they came to the conclusion that they would not accept an officer of the treasury to come and assist the Committee in its deliberations.

One of the Select Committees mentions:

... "There is a further point of principle. The Treasury and Government Departments are by statute and convention excluded from a wide area of the activities of nationalised Corporations. It would be quite wrong for the Executives to be brought into closer contact with the operations of the industries through the medium of an official acting on the Committee's behalf."

And the Committee went on to recommend that

"an officer of the status of the Comptroller and Auditor-General, who should be an officer of the House of Commons, with high administrative experience, at least one professional accountant, and such other staff as required".

should be recruited. I would like to know what kind of a staff the Government has in mind for the work of this Committee. Naturally, when the Committee is established, the Committee would give directions about the way in which the staff should be recruited, but the Government must have certain tentative ideas about the organisation which will assist the Committee in its working. Now I wish that these matters

are fully discussed in this House before we adopt the Motion, because we should like to have a full picture of the working of this Committee and the staff that it will have at its disposal.

Madam, I would like to mention further that in regard to paragraph (2) (c) which reads as follows:

"to examine, in the context of the autonomy and efficiency of the Public Undertakings, whether the affairs of the Public Undertakings are being managed in accordance with sound business principles and prudent commercial practices".

I would have personally liked the phrase 'prudent commercial practices' to be omitted. I shall explain what I mean. This is a phrase which is taken out of the Companies Act. Many of our Undertakings are not being managed in accordance with 'prudent commercial practices'. We have done so deliberately in order to develop backward areas in the country. We want to put up an antibiotics plant in Hardwar, a newsprint plant in Kashmir. The cost of the products will be prohibitive but we want to develop these areas. So there is no point in saying that these factories and plants are being put up in accordance with 'prudent commercial practices'. If a company director behaves in this manner, as we have done for broad social purposes—with which I agree—he will be dismissed. The companies are interested only in the commercial return. I would have been quite content with the phrase 'in accordance with sound business principles' and no further. I would like to mention further in regard to 'prudent commercial practices', that the Committee is debarred in paragraph (2) (i) that it cannot interfere in matters of major Government policy as distinct from business of commercial functions of the Public Undertakings. Madam, I may mention here that I have gone through some of the Reports of the Select Committee on

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Nationalised Industries and I may say that the Government in Great Britain has always regarded pricing as a matter of policy. When evidence was being taken by the Select Committee, some officials came and said that they were desperately anxious that their views should be made known to the Committee, and it is very clear that the views of the officials concerned had been set aside by the Minister. The question of the price of a product is not a matter of policy, is a matter of sound business principle, whether you are producing an article within a measurement of price which can be borne by the public without grievance. Therefore it will be seen that this Committee is being hamstrung by a limitation which would prevent it from conducting a sifting enquiry into the efficiency of Public Undertakings. If it is a question of policy, we have a right to know how these products are being priced. It has been said that while the Hindustan Antibiotics has been doing very good work, while the penicillin that it produces can compare in quality with the penicillin produced in any part of the world, the price of the penicillin made in India is higher than the world price. There is another ancillary question whether Government can try to make a substantial profit out of these Undertakings, because any question of a substantial profit would mean a rise in the cost of living. It is a form of taxation. This Committee should have the right to go into all these matters and discuss them, and I am glad that my friend, Mr. Santhanam, agreed with the point that matters of policy cannot be rigidly interpreted to exclude the Committee looking into various matters.

There is one other point that I would like to mention, and that is in regard to the responsibility of the Minister in connection with these Public Undertakings. I do not want to give currency to rumours which I may not be able to substantiate. But there

are rumours that even in regard to staff selection, in regard to minor appointments, Ministers have some sort of a part to play. One need not get annoyed at this allegation because, even in Great Britain, such allegations have been made against Ministers.

SHRI K. SANTHANAM: Yet you want them to be managing director!

SHRI A. D. MANI: We are to go into the whole question of this thing. Now what is the position of the Minister in regard to these commercial Undertakings? Personally, as I said, if it is a question of my approach, I would have liked the French model. But as we have accepted the British model of parliamentary control over Public Undertakings, we should like to know in what cases the Ministry issues directives to companies incorporated under the Companies Act. As far as the Corporations are concerned, the Mundhra deal and the enquiry that followed clearly showed that where a Minister wants to interfere in the working of a public Corporation he has got to give a directive, and in that unfortunate case no such written directive was given. But in regard to companies incorporated under the Companies Act, what is the position of the Minister? Does the Minister accept responsibility in regard to day-to-day administration? And since the French example is not to be followed and the British example has to be followed, we have got to find out where does the directive stop and where does the unofficial advice come in. It is necessary that all these matters should thoroughly be investigated, because we have a very rich experience of the British nationalised Undertakings.

Madam, I would like to make a reference to the point made by my friend, Mr. Santhanam, regarding equality of representation between the Rajya Sabha and the Lok Sabha on this Committee. It is unfortunate that this controversy should have over

arisen because, as time goes on, and as more linguistic and regional pressures develop, this House will become more important than it is today. The Members of this House are elected and some of the Members of this House have held, as my hon. friend, Mr. Santhanam, has done, very distinguished positions in Government although others, like my friend, Mr. Bhupesh Gupta, have no hope of holding such positions, but whatever it may be, this House, as long as it has got certain defined statutory powers in regard to the creation of All-India Services—cannot be treated as one which is entitled only to an advisory position on this Committee. I think that this controversy should not have arisen at all, and I agree with Mr. Santhanam that we should always press for the association of the House on equal terms with Lok Sabha in all matters. And as far as this is concerned, that this Committee is going to be constituted with our Members included in it after a good deal of pressure and persuasion from outside, it shows clearly that the Government at least realises that the Rajya Sabha is equal to the Lok Sabha in regard to the responsibility for the conduct of these national Undertakings.

Madam, I do not want to say anything more except that we look forward to the establishment of this Committee and we hope that the control which it will exercise over the Public Undertakings would ensure their parliamentary accountability, but we should also take care to see that we do not stamp out initiative in these Public Undertakings as Mr. Appleby has pointed out in his reports that the tendency in our Government is to pass on responsibility for a decision to another person. Now if this Committee exercises its powers by submitting periodical reports to Parliament, by drawing attention even to defects in matters of policy, without interfering in matters of administration, it can do a very useful service. And our public undertakings may be assured that they will have continuous exami-

nation of their operation. Now the question arises—I would like the Minister to reply to this point—what will be the position of Parliamentary questions after this Committee is established? At present whenever we ask a question on matters of policy like the labour policy followed by the Bhilai Steel Plant authorities, we are told this is a matter for the Bhilai Steel Plant administration to decide.

**SHRI LOKANATH MISRA:** Regarding information about any undertaking.

**SHRI A. D. MANI:** If we ask whether gratuity is being given to members of the staff of public sector undertakings, we are told that this cannot be asked in the form of a Parliamentary question. The Ministers might regard some of the questions asked about the public sector undertakings as ingenuous but I can tell him that I have seen some of the questions being asked in the House of Commons in regard to national undertakings which are more ingenuous than the questions asked here. We are being asked by our constituents to put certain questions to elicit answers. And I do hope that even though this Committee will be established, the right of Parliamentary questioning will be maintained and that we should have a right to ask questions on all matters of public interest in regard to the functioning of these public sector undertakings.

Madam, one final word before I close. In regard to the public sector undertakings I have not been happy about the manner in which the Government have discharged their accountability to Parliament in connection with these undertakings. Year after year we have to give notice under Rule 149 for a discussion of the reports of the public sector undertakings. We get two hours to discuss the budgets and accounts of sixty concerns. How can we do justice to these public sector undertakings in a two-hour discussion? Since socialism is going to be our objective and since more industries are going to be socialised—one day the number is likely to

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be seventy—and it will become a full-fledged socialistic society, since these things are there for us in future, is it not necessary that we should take a more business like view of these matters and allow groups of companies to be discussed from time to time in Parliament? We might spend one day for discussion of these matters. We hope that the establishment of the Committee would not mean that the Committee would be a sort of closed body which will have the right to call for information and that information will not be shut out from Parliament on the ground that there is already a committee in existence. I do hope that the Minister next year would give three or four days during the whole year for discussion on the working of the public sector undertakings.

Madam, may I also refer to the extension of the term of membership of this Committee, namely, that the members of the Committee shall hold office for the duration of the present Lok Sabha. If the objective is to have a large number of persons trained in the supervisory control over these public sector undertakings, five years is a long period for anybody. The Public Accounts Committee has got a two-year term. The Estimates Committee has got a two-year term. I do not see the reason why in regard to the public sector undertakings too the period of office should not be limited only to two and not to five. We want a continuity of experience and trained material in Parliament to go through so that in the years to come, in the Parliaments of the future, will have a body of men fully trained to take over control of public undertakings, if necessary, in their individual capacity, like the French example. I do hope that as a result of the discussion that the Minister might have with the other parties, the term of membership would be limited to two. I do not believe that maturity can be maintained at a consistent level over a period of five years in a committee of this kind. We

require a lot of young people to come on this Committee to gain experience, and I am certain that this point of view will receive the sympathetic consideration of the Members of the House. Thank you, Madam.

SHRI N. SRI RAMA REDDY (Mysore): Madam Deputy Chairman, I am very glad that the hon. Minister of Industry has ultimately been able to bring about a certain agreement between this House and the other House with regard to the various Constitutional points raised and that all the problems have been ultimately solved and now he has come forward through this Bill to ask for the concurrence of this House.

It is probably very necessary, Madam, to take stock of the situation and find out the short history of this Committee on public sector undertakings. It is very interesting. It was as early as 1953 that by a Private Member's Bill, called the Public Finance Control Board Bill, introduced in the Lok Sabha, a question of this kind arose. The thought about the setting up of a committee on public undertakings originated through the introduction of this Private Member's Bill in December, 1953. That means to say nearly ten years ago this question was mooted in the Lok Sabha. And thereafter the question was pursued by a few Members of the Lok Sabha who, in their application to the Speaker desired that a committee of this kind be constituted for supervision, control and making these public undertakings work very effectively. Thereafter, the late Mr. Mavalankar, the then Speaker of the Lok Sabha, wrote a long letter to the Prime Minister desiring that a committee of this kind should be constituted. That was the origin of the committee on these public sector undertakings. And it was agreed even by the Prime Minister that a committee of this kind was very necessary, very necessary more so because of the Government's 1948 Industrial Policy Resolution which

was subsequently expanded in the year 1956. It was on account of this that this Parliament, with the aim of a socialistic pattern of society, wanted to establish in this country ever-widening scope for industrial undertakings by the State and all that sort of thing. Everybody agreed, but still the necessary steps for setting up a committee were not undertaken in any serious measure. The point which was mooted in the year 1953, till 1963 did not take shape. This is not the type of earnestness that was to be evinced by anybody according to any standards. I should think that we have been sleeping over the matter. And since there was a good number of precedents for them, there was no difficulty in setting up a committee on public sector undertakings. Even Great Britain had set up one. Even the Conservative Government of Great Britain had set up one committee on public undertakings. In spite of these precedents I do not know why all this Constitutional wrangle.

The Constitutional wrangles came up only very late. Only when a motion

was moved in the Lok Sabha on the 24th November, 1961 for the constitution of a joint committee on State undertakings—ten Members from the Lok Sabha and five from the Rajya Sabha—by Shri Manubhai Shah, a point of order was raised by Shri S. C. Guha. What I am very anxious to point out to you, Madam, is that the matter was allowed to be slept over for over nine years. Until such a motion as this was moved by Shri Manubhai Shah in the other House, the matter was allowed to be simply slept over. This is not earnestness. I only point out that this is not the earnestness which the Government should have evinced in a matter of such great and serious importance as the setting up of a committee for control and supervision of public undertakings.

THE DEPUTY CHAIRMAN: You may continue tomorrow. The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at five of the clock till eleven of the clock on Wednesday, the 27th November, 1963.