

SHEI BHUPESH GUPTA (West Bengal): Sir, the hon. Minister gave an assurance in the last Session that the foreign exchange granted to a particular gentleman, I mentioned in the question, in the last 5 years, together with the undertakings he controls—I mean Mr. S. P. Jain— would be collected. That assurance does not seem to have been fulfilled. I want to know the reason for it.

SHRIMATI VIOLET ALVA: That matter will be looked into and conveyed to the Minister.

**NOTIFICATION PUBLISHING RAJASTHAN
KHADI AND VILLAGE INDUSTRIES BOARD
ORDER, 1959**

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI B. N. DATAR): Sir, I beg to lay on the Table under sub-section (5) of section 4 of the Inter-Slate Corporations Act, 1957, a copy of the Ministry of Home Affairs Notification G.S.R. No. 118, dated the 27th January, 1959, publishing the Rajasthan Khadi and Village Industries Board Order, 1959. [Placed in Library. See No. LT-1227/59.]

**NOTIFICATION PUBLISHING AMEND-
MENTS IN CENTRAL EXCISE RULES, 1944**

THE DEPUTY MINISTER OF FINANCE (SHRI B. R. BHAGAT) : Sir, I beg to lay on the Table, under section 38 of the Central Excises and Salt Act, 1944, a copy each of the following Notifications of the Ministry of Finance (Department of Revenue) publishing certain amendments in the Central Excise Rules, 1944: —

(i) Notification G.S.R. No. 135, dated the 14th February, 1959.

(ii) Notification G.S.R. No. 184, dated the 14th February, 1959.

[Placed in Library. See No. LT-1228/59 for (i) and (ii)].

**THE COST AND WORKS
ACCOUNTANTS BILL, 1958 —
*continued***

SHRI SANTOSH KUMAR BASU: (West Bengal); Mr. Chairman, Sir, yesterday when the House rose, I was discussing the question of the necessity for setting up a new profession of cost and works accountants. The efficient control of costing is a very important basic factor in industrial production. Right from the early stage a cost accountant has to keep a vigilant eye over the various processes and progress of production from stage to stage. His function is to assist the management in securing maximum utilization at the minimum cost consistent with efficiency and quality, utilization in respect of raw materials, labour, technical know-how and every other element that enters into the complicated process of modern industrial production. The cost and works accountant plays a constructive role in keeping down prices, in preventing waste and in utilizing the savings, not merely for increasing the profits of his employers but also in keeping down the prices for the consumer and in improving the quality of the finished product. All this requires a highly specialised knowledge and training, and continuous study and research in the particular industry in which the cost accountant is called upon to function.

Sir, cost accountancy, in these circumstances, differs essentially from the financial accountancy of the chartered accountant. While the cost accountant's work is very largely in the factory, the chartered accountant has to prepare his accounts sitting at his office desk. It may be generally said that after the cost accountant's work ends, that of the chartered accountant begins. Now, I am not in any way minimising the importance and utility of their respective roles. I am not in any way suggesting that the chartered accountant in our economy today does not fill a very important role. Upon his efficiency and integrity depends, to a considerable extent, the presentation of the

[Shri Santosh Kumar Basu.] true financial picture of an industrial undertaking. But all that I am trying to stress is that the two pictures are different, one being more or less supplementary to the other. The cost accountant comes first and the chartered accountant afterwards.

Now, that being the position, it is necessary to organise the development, study and training in cost accountancy in this country. The Institute of Cost and Works Accountants, which functions already as a private endeavour initiated by a band of pioneers in the field, will form the nucleus as provided in this Bill for setting up a properly developed Institute of Cost and Works Accountants. The Committee have felt that the training and equipment of the Chartered Accountants and their syllabus and curricula are not at all adequate for the purpose which the cost and works accountants are called upon to fulfil. It can be safely asserted that little or no attention is paid to cost accountancy by the Institute of Chartered Accountants. That Institute is designed to fulfil a different purpose and no blame attaches to them on that score.

It has also been argued that even if a separate institute may be necessary for the teaching and training of cost and works accountants, why create a new profession particularly when most of the cost accountants are in service and not in outside

practice and when chartered 12 NOON* accountants are doing the work of cost accountancy at the present moment. This argument suffers from a number of fallacies. It does not visualise the pattern of our industrial programme. It loses sight of the nature and extent of the work that a cost and works accountant would be called upon to tackle in this country in the immediate future. I have already, to some extent, mentioned the nature of that highly specialised work. It is common knowledge that the chartered accountant today does

not and cannot perform it satisfactorily and as required of a real cost and works accountant. There are only about 100 chartered accountants in the whole country who were now engaged in the work of cost accountancy such as it is performed by them today. But cost accountancy must play a far more intensive and extensive role all over the country in our industrial programme. A large body of cost accountants must be brought into being not only for "the big industrial undertaking which can maintain their own officers on payment of high salaries but also for medium and small-scale industries. These small-scale industries should be encouraged to engage cost accountants on a part-time basis to look after "the costing side 'of the industry. Once that is realised, the necessity of creating a profession regulated and controlled by statutory rules of practice and conduct becomes obvious. Therefore, standards of efficiency, integrity and dependability have to be established s'o as to ensure that the cost accountant in the country not only serves his employer and his profession truly and well but also that his reports and certificates may carry conviction to the relevant authorities of the State who may be called upon by law to base their decisions on such certificates regarding prices, taxes and such other matters.

Now, Sir, it is for that reason that the designation Cost Accountant and Cost Accountant in Practice have been made available only to "the members of the Institute of Cost and Works Accountants. These designations are intended to signify a high standard of specialised knowledge and training in cost accountancy. At the same time, other accountants, though not members of that Institute, will continue to be entitled to work as cost accountants either in practice or in service as at present, though not members of the Institute, and, therefore, not entitled to the designation Cost Accountant. The Bill, therefore, does not affect such of the chartered accountants as are engaged today In

the practice of cost accountancy and does not debar them from continuing to be in such practice. It also keeps the door open for their membership of the Institute of Cost and Works Accountants and of the profession of cost accountants with the designation as such on fulfilment of certain conditions as may be prescribed by the Council of the Institute and by the Central Government. Therefore, Sir, no apprehension need be entertained on the score of loss of work or damage to their interests on the part of the chartered accountants as a result of the passing of this Bill. The analogy of the United Kingdom and the United States of America has been cited in favour of the case for the chartered accountants against the setting up of another profession. We do not know the details regarding the profession functioning in those Countries, nor is it necessary for us to draw our inspiration from conditions obtaining in such highly industrialised countries with their norms and standards definitely fixed for many decades past. We have to build up our industrial future almost from scratch and must, therefore, be able to set up a large cadre of industrial and cost accountants and to do everything possible to attract our young men to this very important profession. Let them not be scared away by imaginary fears that the Bill does not safeguard their interests. The Joint Committee has expressly provided for the setting up of a committee for the training and educational facilities of students of the Institute. As far as the question of misconduct is concerned—I am referring to the fears which have been given expression to by Mr. Dhage that the juniors stand the risk to a very large extent of undergoing disciplinary action because of the procedure set up in the matter of misconduct—the Joint Committee has altered the provision contained in the original Bill that the final decision in the matter of misconduct should rest with the Central Government. This has been altered and in place of the Central Government, the High Court has been substituted. I submit

that this provides ample safeguards for the junior entrants. They have been given a significant advantage and all the apprehensions which have been expressed by Mr. Dhage are without any foundation. Mr. Dhage says that a three-year limit should be put after which no case of disciplinary action should be taken up. I submit, Sir, that no such limitation is possible to be imposed in the interests of the standard of integrity that is required of members of this profession and the very fact that the High Court has been set up as the final arbiter in this matter ought to provide sufficient safeguards. I would, therefore, submit that the junior entrants will have enough protection from every point of view and that a large influx of new trainees will be available to the Institute of Cost and Works Accountants in order to enable the country to build up a large cadre of such very important and essential personnel.

Sir, it is the aim and purpose of this Bill, as I have said, to create a large and strong cadre of trained and qualified cost and works accountants. That being the position, the profession will have to be manned by the members of this Institute in increasing numbers. The claims of others to membership of the Institute have already been provided for in clause 4 and I do not think that any additional provision is necessary to bring in unqualified non-members within the fold of cost accountants strictly so-called as defined in the Bill. In my submission, therefore, nothing should be done to dilute the character and content of the new profession by bringing in unqualified members to any large extent. That would defeat the very purpose of this legislation and the object that the Government had in view.

Now at the same time I do agree that the two branches of the profession of accountants should work in an atmosphere of the utmost cordiality and goodwill. As a token of such

[Shri Santosh Kumar Basu.] goodwill and concord, I would suggest that a limited number of members of either organisation can be accepted as members of the other but on a strict basis of full qualification and reciprocity to act either as cost and works accountant or as chartered accountant, as the case may be. I am definitely of the opinion that unqualified, inexperienced and untrained men should not find place as members of either Institute, particularly with regard to the new profession of cost and works accountants. Sir, I would go further and say that the Central Government may act as a co-ordinating factor in bringing about that atmosphere of goodwill and concord because both the Institutes have got to function under certain directives of the Central Government as provided in the respective Acts.

Now, Sir, the question of Government control has been raised and it has been said that that control should be minimised. Sir, as I said on another occasion, these are not days of despotic control like the old days which we have left behind; these are days of co-operation and understanding because both the national Government and these national institutions should all be inspired by the same ideal for achieving the same purpose. Such co-ordination and balancing between the two bodies may perhaps be achieved by setting up a small committee of their representatives, with the active association of one or more representatives of the Ministry, to look into matters of common concern and to co-ordinate with each other and to iron out difficulties, if any, that may arise in the future. It is in this spirit of accommodation and mutual support that we can all play our part in building up a great edifice in the industrial field.

Lastly, I cannot close my observations without paying a tribute of praise to the hon. Minister for Commerce and Industry, Shri Lai Bahadur

Shastri, through whose foresight and inspiration the policy underlying this legislation has been initiated and developed. May the passing of this Bill carry that policy further to successful fruition. Thank you.

SHRI ROHIT M. DAVE (Bombay): Mr. Chairman, Sir, while moving this Bill, the hon. Deputy Minister has said that it represents the greatest common measure of agreement in the Joint Select Committee. Sir, I would go a step further and say that this Bill has tried to reconcile the various considerations that one has to keep in mind when a measure of this type is brought before Parliament and is sought to be put on the Statute Book. It has been argued, Sir, that the Government has taken powers under certain clauses of the Bill, especially under clauses 9 and 35 of the Bill, which to a certain extent harms the principle of autonomy which should govern such institutes and the governing of such professions. It is true that these institutes and the professions, industries and trades, should always be encouraged to manage their own affairs not only in their own interest but in the interest of the society as a whole and if these professional institutes, these industries, these trades and these interests, of which the community is made up, are in a position to regulate their own affairs satisfactorily, I am one of those who believe that the interference of the State could and should be brought to a minimum. It is, however, necessary to face the realities as they are and to see that no vested interests are developed in any profession which make it difficult for new entrants to get the position and status to which they are entitled in the profession. As far as the cost and works accountants are concerned, from the figures that came up before the Joint Select Committee the profession is almost non-existent. We were told that there were hardly 370 members of the Institute or of the Company which is now going to be dissolved. Out of these, nearly 290

or more are in service and therefore are not strictly in the profession and we have hardly half a dozen firms of cost and works consultants today. That being the position, it would be very difficult to leave the entire management of this profession and the control of this profession in the hands of the profession itself without the guiding and controlling authority of the Central Government.

I would submit that if the original premise is correct, that is, that the time has come not only for the creation but also for the regulation of the profession of cost and works accountants, then the plan which is followed in the Bill is very sound and it has taken very judicious view of the various interests and various considerations that are involved. My submission however, is that the original premise, that not only the time for creation but also for the regulation of the profession has come, requires some more critical analysis. We are told in the Joint Select Committee that under the rules of the House it is not possible for the Joint Select Committee to take up this matter and that it can only be taken up in the House itself. Now, Sir, an argument has been put forward that looking to the tempo of our industrial development, looking to the fact that our resources are limited and that, therefore, it is necessary to husband all our resources in the best possible manner, and to see that we make the best use of the resources that are available to us, it is necessary that there ought to be cost accounting, that there ought to be a device available to the industrialists, to the management, to find out what should be produced and also to advise on the manner in which these commodities and services can be produced and made available to the community. We were also told that the Tariff Commission was so many times faced with the problem when cost accounting became an important factor and, therefore, it was necessary that the services of cost accountants should be made available to the Tariff Commission. And, lastly, in industrial dis-

putes also so many times the question as to what is the real cost of a particular commodity becomes an important issue and there again it is necessary to see that the services of such a profession are available. I am in full sympathy with this argument and I fully realise that it is necessary to create a profession of cost accountants. It is also true that the chartered accountants by themselves are not in a position to fulfil this task because their duties and functions are essentially different. As far as chartered accountants are concerned, their main function is to scrutinise and certify the financial accounts of an undertaking, a plant or a factory. They are primarily there as a sort of watchdog on behalf of someone who is not in the management. They are, for instance, scrutinising the accounts of joint stock companies, not so much for the management as for the shareholders and for certifying that the balance-sheet and the accounts that are placed before the joint stock company's general body meeting, are true and correct. Similarly, when it is a question of audited statement of accounts to be presented to Government under certain rules or to certain other authorities, it is certification by the chartered accountant which becomes important. In other words, the chartered accountants would look into all the items of accounts in a very critical manner and their business is to find out whether these accounts are true and correct or not. Their secondary function may be to advise the management about the right way of keeping accounts in order to find out the financial results of a particular undertaking. The task of the cost and works accountant, on the other hand, is quite different. Primarily, the function of the cost and works accountant is to advise the management as to the best way in which a particular commodity can be produced and whether it should be produced or not. It is only secondarily that the cost and works accountant has to advise or certify that a particular cost statement is correct and true. That being the case,

[Shri Rohit M. Dave.] there is a fundamental difference of approach between that of the chartered accountant and of the cost and works accountant. Therefore, it is necessary that this profession should be created.

However, I have to submit, Sir, that this Bill has copied almost verbatim all the clauses of the Chartered Accountants Act and of the amending Bill which is now before Parliament. In that, Sir, they have erred, in my opinion, because they have taken it for granted that the profession exists and the real task before the Government and the country is to see that this profession is regulated. To my mind, confusion seems to have arisen between two distinct objectives, one objective being that of creating the profession and the other objective being that of regulating it. As far as the Chartered Accountants Act is concerned, there was already a profession in existence and the question before that Act or rather the object of that Act was to regulate that profession. Here, Sir, the Bill mainly concerns itself with the regulation of the profession and only at some places does it deal with the creation of it. I am aware of the fact that in subclause 17(1) (iii) there is mention of "an Examination Committee" and in 17(2) there is mention of a committee for "Training and Educational Facilities." To my mind, these are the only two places where some attention has been devoted to the problem of creating the profession and training up persons who can take up the place of cost and works accountants. In all other places the main emphasis is on regulation, and this regulation is done in a certain manner which handicaps the creation of the profession.

I would like to substantiate this particular point in more detail. It has been stated, for example, that it is possible for those who are already in the profession of cost and works accountants to remain in this particular profession. It is this statement which I would like to challenge. Sir,

as I have already stated, nearly 100 chartered accountants today are practising as cost and works accountants. As far as cost and works accountants themselves are concerned, I mean those who are trained as cost and works accountants, nearly 290 out of some 300 are already in service. Now, the question which the Government and this Institute have to answer is: From where to bring the cost and works accountants who are to be regulated and controlled by this particular Institute? It has been argued that the chartered accountant can become a member of this Institute. There are provisions in this Bill to this effect. For example, it is stated in sub-clause 4(1)(iii):

•any person who, at the commencement of this Act, is engaged in the practice of cost accountancy in India and who fulfils such conditions as the Central Government or the Council may specify in this behalf".

may be enrolled as a member of this Institute. It has, however, been stated that after he becomes a member of the Institute, he will also take a certificate of practice before it may be possible for him to practise as a cost and works accountant. Thus, though he has the right to be a member of the Institute, he has not the right to practise as a cost and works accountant, especially if he has become a member thereof, unless he gets a certificate of practice.

[MR. DEPUTY CHAIRMAN in the Chair]

It is here that the difficulty arises. In the Joint Select Committee, witnesses were asked whether there was anything in the Chartered Accountants Act whereby it may be difficult for a person, who is a member of the Chartered Accountants Institute, to apply for the certificate of practice as cost and works accountant after it has been made into a separate profession which is distinct in law from the profession of the chartered accountants. Sir, we were informed that no person who is a member of

the Chartered Accountants Institute can apply for such practice if it is a separate institute, also if it is a separate profession, because under the Chartered Accountants Act, a member is not allowed to engage himself in any profession which is distinct from the profession of chartered accountants. That being the case, I those who are today chartered accountants will think twice before they become members of the Cost and Works Accountants Institute, because we have been told in sub-clause 6(1)

"No member of the Institute shall be entitled to practise, whether in India or elsewhere, unless he has obtained from the Council a certificate of practice."

Now, this particular restriction does not apply to one who is not a member. Therefore, if he is a chartered accountant and if he is engaged in the practice of cost and works accountancy, he can do so under their own rules, and the hon. Deputy Minister has assured the Joint Select Committee more than once that this Bill does not come in the way of the chartered accountant carrying on this work of cost certification. He will be able to do so because by this Bill, restrictions are placed only on those who are members of the Institute of Cost and Works Accountants. If this be so, why should any chartered accountant be a member of the Cost and Works Accountants Institute and thereby try to restrict or see that his own liberty is restricted so that he will not be able to function or practise as a cost and works accountant and also remain a member of the Chartered Accountants Institute? He would, therefore, say that he would not want to become a member of this Institute. And such men, so long as they do not become members of this Institute, will not be within the jurisdiction of this Institute. The result of this will be that even the function of regulation of this profession will not be discharged by this Institute, be-

cause a large number of existing people, persons who are today engaged in cost and works accountancy, will remain outside the Institute and therefore outside the purview of this Institute and outside the regulatory function of this Institute. Under these circumstances, Sir, it will not be possible for the Institute to discharge its limited function of regulating this particular profession. Now, Sir, at this late stage, I do not desire to raise the question as to whether this Bill, which I again submit is primarily a regulating Bill and not a creating Bill—not creating a profession but regulating a profession—whether the main plan of this Bill should not be changed. I would only request the hon. Deputy Minister to see that the concept of reciprocity of which he spoke the other day, is examined from the point of view of seeing that something is done whereby the chartered accountants, or those of them who are willing to take up the practice of cost accountancy, are somehow or other brought within the purview of this Institute on the principle of reciprocity and are thereby given the chance of first forming and creating a profession which can later on be regulated. If this is not done, my fear is that this Bill, when it becomes an Act, will almost be a dead Act and will have no function to perform, because no one will come to the Institute of Cost and Works Accountants, at least for some time, who can be regulated by this Institute.

Thank you, Sir.

SHRI H. P. SAKSENA (Uttar Pradesh): May I know if the membership of the Institute of Cost and Works Accountants and the membership of the Institute of Chartered Accountants is interchangeable or not?

MR. DEPUTY CHAIRMAN: No.

SHRI ROHIT M. DAVE: They are not interchangeable, though they can be members of both the Institutes, as far as I have understood the intention.

SHRI M. P. BHARGAVA (Uttar Pradesh): Mr. Deputy Chairman, Sir, when the Bill of Cost and Works Accountants came up for consideration before this House in the last session, I had the honour of moving its reference to a Joint Select Committee of both the Houses. The Joint Select Committee had six meetings, discussed for over eighteen hours, and as many as 197 amendments were moved. I must say that the Joint Select Committee went in detail into every provision of the Bill, and I have no hesitation in saying that the Bill, as it has emerged from the Joint Select Committee, is a much more improved Bill than what it was when it was presented during the last session. The evidence led in the Joint Select Committee made us believe that cost accountancy is a specialised branch of accountancy. I would very much like to see that the new Institute of Cost and Works Accountants, which we are going to take over, nourishes and prospers and is in the hands of those who are fully qualified cost accountants.

Sir, while I agree with most of the provisions of the Bill, I have my own doubts about the membership of the Institute. As at present, as would be clear from the evidence led before us, there are only 66 Fellows of the Institute and 325 Associates who are members of the Institute. Out of these some do not possess the qualifications of cost accountancy, and they were admitted as Fellows and Associates for several reasons which we need not go into at present. So the position boils down to this that the present Institute has only 332 qualified cost accountants as members and there are 59 other members of the Institute.

The Deputy Minister yesterday was pleased to remark that besides these members three categories of other members would be admitted to the Institute. The first category is very senior chartered accountants. Now, the number of chartered accountants in the country is over 4,000. If we take a very moderate figure of 2J per

cent, to De tne senior cnarierea accountants in the profession, we get a figure of 100 who will be admitted to the membership of the Institute. Then, Sir, the second category is those who are practising cost accountancy at the moment. Now, if we take the figure as 5 per cent., we get roughly another 200 who will be eligible to qualify as members of the Institute. Then all other chartered accountants who may have passed the examination with a common curriculam are also to be admitted to the Institute. If again this figure is placed at 5 per cent, only, this will give a further membership of 200 to the Institute. The net result will be that there will be 332 qualified cost accountants in the Institute and 559 chartered accountants eligible for admission to the Institute. Moreover, it has been said that further members from the profession of chartered accountants would be admitted to the Institute of Cost and Works Accountants on a reciprocal basis in consultation with the governing bodies of the two Institutes. May I ask the Deputy Minister what reciprocity there could be between two divergent institutions, the one having a membership of 332 and the other over 4,000? How will it affect the chartered accountants even if they decide to admit all the cost accountants as members of their Institute? They are not affected in the least. In a body of 4,000 members if 332 members come in, they cannot have any voice. But just consider the other point. Suppose it is *vice versa* and all the 4,000 chartered accountants come to the Institute of Cost and Works Accountants. What happens? The Institute passes out of the hands of the cost and works accountants and goes into the hands of the chartered accountants.

It was argued before the Joint Select Committee that the situation was not yet ripe for a separate Institute and that one Institute could cater to the needs of both. Well, Sir, I am one of those who believe that the time has come when the cost and works accountants must have

their separate institute and must multiply themselves in greater numbers to cope with the needs of industrialisation of the country, and therefore, I do not agree with those who plead for one institute. But at the same time I would like that the Cost and Works Accountants Institute is governed and managed by those who are cost accountants themselves and who have the development of the profession of cost accountancy at heart. You can guess that my fears are not unjustified if you would see that the present Chairman of the Cost and Works Accountants Institute himself is a person who is not a qualified cost accountant. With all respect to him I must say that he was one of the pioneers in establishing the Cost and Works Accountants Institute, and I do not grudge his presence in the Institute, but in the interests of the cost and works accountants it is high time that the entire management passes into the hands of the cost and works accountants. Therefore, I would request the Minister to find out some ways and means by which it will be assured that the Institute is manned and governed only by those for whom it has been established. I, personally, feel that it would have been much better if the Government had taken over the Institute of Cost and Works Accountants as at present and had separated the Institute a little time later. But now it is too late for all that and we have to face the facts as they stand.

He has talked of reciprocity for future entrants from the Institute of Chartered Accountants to the Institute of Cost and Works Accountants. In this connection, I have a small suggestion to make. If the new Institute is to be a body of specialists, watering down the standard of qualifications will be dangerous. So, on the one hand, we must guarantee that only fully qualified people come in. The second point is that these two Institutes should not have any feeling of rivalry or any feeling that one Institute is coming to compete with the

other. The two Institutes should develop friendly relations and, to secure this, I would suggest a co-ordinating committee consisting of two members each from the two Institutes and a Government nominee. The functions of this co-ordination committee, as I visualise, should be: (a) to avoid competition between the two institutions; (b) to encourage fulfilling complementary roles of the two professions; and (3) to assist in facilitating on a reciprocal basis the flow of members between the two institutions. If enough safeguards are taken, I have no doubt, that the Bill which is before us for consideration and which provides to regulate the profession of cost and works accountants would go a long way in fulfilling the purpose for which it is intended.

Thank you.

THE DEPUTY MINISTER OF COMMERCE AND INDUSTRY (SHRI SATISH CHANDRA): Mr. Deputy Chairman, my task has been made lighter by the admirable summing up by the Chairman of the Joint Select Committee of the work that the Committee has done and by his bringing out the salient features of the Bill along with the improvements that have been made by the Committee. As I said yesterday, the Bill as it has now emerged reflects almost the unanimous opinion of the Joint Select Committee. Except for minor differences in some matters of detail, there has practically been unanimity among the Members and the various view-points have been accommodated to the maximum possible extent. I am sorry that in spite of long debates in this House and in the Joint Select Committee, we have not been able to convince Mr. Dhage about several points which he has repeatedly raised. While listening to his remarks yesterday, I felt that I was listening to the same speech which he delivered some time ago when the Chartered Accountants (Amendment) Bill was under consideration or the same speech which I heard when the Cost and Works Accountants Bill was referred to the Joint Select Committee.

SHRI V. K. DHAGE (Bombay): I did not speak at that time.

SHRI SATISH CHANDRA: I am sorry. We heard his arguments in the Joint Select Committee itself. His points have been fully considered and deliberated upon. I admire his steadfastness in convictions and his perseverance.

SHRI H. P. SAKSENA: 'Tenacity' you may call it.

SHRI SATISH CHANDRA: I regret it has not been possible to accept all that he had said. Mr. Dhage has made many useful contributions. Many of the points that he raised have been accepted and I think they have improved the texture of the Bill. But we could not, for instance, accept his view about partnerships and firms in the profession. I am not in the profession myself, either in this profession or in any other profession. Mr. Dhage has surely some experience of his profession. He is a senior chartered accountant. But chartered accountants themselves differ widely on this issue and many of them have told us that this is a very salutary provision and that partnerships and firms should be allowed to exist. Just as solicitors have their firms, the chartered accountants have their firms—it is a profession of which Mr. Dhage himself is a member—so, the cost and works accountants should not be debarred from having their partnerships and firms. I probably will not be able to convince him on this matter. But there is an obvious consideration which the House will take into account. There is more and more specialisation in the field of accountancy. The cost and works accountancy profession is becoming increasingly important with the growing pace of industrialisation. It has been pointed out by several hon. Members—and even by Mr. Dhage—that this is only a specialised branch of general accountancy. There can be further specialised branches in cost and works accountancy or in chartered accountancy. If we bar the existence of firms in a profession like chartered

accountancy or cost and works accountancy, it will mean that a client will have to go to many individuals to seek advice in relation to matters with which he may be immediately concerned. A factory may have to go to one cost accountant for a particular type of work and to another cost accountant for another type of work. A businessman or an industrialist who usually wants to keep, as far as possible, his accounts secret and not disclose them to many individuals will try to avoid consultation with the result that the profession which we want to build up will not grow. If there is a firm or a partnership consisting of partners having specialised knowledge in different fields of cost accountancy . . .

SHRI V. K. DHAGE: For instance?

SHRI SATISH CHANDRA: ... It would be much easier for a client to go to such a firm and to get advice on all aspects of a question at one place.

Mr. Dhage has spoken mostly about the profession of chartered accountants yesterday even though that subject was not before the House. Sir, in the case of chartered accountants a client may require consultation about the financial aspect of his accounts; about taxation affairs; about partnership matters and about various aspects of company law administration. Well, if there is a firm of chartered accountants, the client goes to one firm, and if the various partners have specialised knowledge of the different subjects, he can get all the advice from one firm. In the field of cost accountancy also there are similarly a variety of matters. A client may want advice on cost controls. He may want to have advice on the budgetary control in relation to the production of his factory. He may like to obtain advice about the various costing factors in relation to the articles to be manufactured by him. Some degree of specialisation is required in this work, and it has always been considered, apart from the aspect of continuity to which I referred yesterday, that there is an

advantage in having these firms so that the specialised knowledge of several individuals can be pooled together to give comprehensive advice to a client. Sir, I would not like to go into greater details. It has been discussed very thoroughly in the Joint Select Committee, and, as I have said before, we have not been able to convince or persuade Mr. Dhage to change his opinion.

Now, Sir, Mr. Dhage said something about the hereditary nature of the profession. I would submit that partnership does not lead to any hereditary rights. It is not correct to say so and Mr. Dhage perhaps, knows it better than all of us—because he is himself in the profession—that partnership can only be formed by qualified persons; in the case of chartered accountants only by those who are members of the Institute of Chartered Accountants. Only those persons can become members of the Institute who by training and experience are qualified to become its members. Similarly, in the case of cost and works accountants only those who are members of the Institute of Cost and Works Accountants can become partners in a firm. There is no question of hereditary rights devolving on successors. What Mr. Dhage has, perhaps, in mind and what he wishes to convey to the House is that there may be a provision in a partnership deed—the provision being in the name of social insurance—that if a man dies his widow or son, for a particular period of time, may be given some allowance and be supported by the other partners. It is not part of the scheme of this Bill. That is a voluntary arrangement, an agreement entered into among the partners as a measure of aid to the dependants of a partner in case of his demise or some calamity. Now, Sir, it is wrong to say that such an arrangement is more or less the same thing as the inheritance from father to son of a profession. Well, I will leave it at that and I need not convince Mr. Dhage on this point, because he knows the position very well.

Now, one great emphasis of his is on the period during which action can be taken for professional misconduct. His view has been that if a man has done something which is against the professional code, he should not be taken to task except when he is discovered within a specified time limit. Well, Sir, I would submit that this is against the codes of all professions. I have tried to study this matter and I have not come across a single profession in which such a limit is prescribed, be it the medical profession or legal profession or the profession of chartered accountants to which Mr. Dhage belongs. Such a practice does not exist. Now, shall we allow a premium to those who can hide their misconduct for a longer period than those who are discovered soon after they have done some wrongful act? The Select Committee has not agreed with Mr. Dhage on this point and I cannot accept that view, and perhaps the House will not accept that view.

Then he has said something about the members of the profession who may be in need of relief and said that a provision should be made in the Bill. I said before and I repeat again that it is for the governing body, the Council of the Institute, to consider it at a later stage. Nothing in the Bill debars the Council from making a provision to help the needy members or members in distress. It is open to the Council of the Institute to decide whether the members should make a voluntary or compulsory contribution for the maintenance of a fund so that some other brother members of the profession can be helped if they are in distress or in need of such help. Such a provision does not appear to be necessary in the Bill itself.

Now, Sir, my friend, Mr. Vallabha-rao has supported the principle underlying the Bill, but he and Mr. Bhar-gava have both pleaded that the two professions should be kept entirely separate. It has been rather difficult to understand my friend, Mr. Bhar-gava, because his opinion has been changing too swiftly on this matter

[Shri Satish Chandra.] from, the initial stages to the present moment. From his speech in the earlier debate on the motion to refer the Bill to the Select Committee, in today's speech or in conversations I have not been able to follow exactly what he wants.

SHRI AMOLAKH CHAND (Uttar Pradesh): Consistency is not his point.

SHRI SATISH CHANDRA: But there is something in what Mr. Vallabharao and Mr. Bhargava have said. However, this matter was discussed at great length in the Joint Select Committee. We want to keep the two Institutes separate; otherwise there won't be any necessity for bringing forward this Bill. This Bill has been brought forward to regulate in a proper manner and with statutory sanction a profession which has already come into existence by private efforts.

SHRI V. K. DHAGE: It is one o'clock. He may continue after lunch.

SHRI SATISH CHANDRA: I shall finish within one minute this particular point. This Bill itself is 1 P.M. a proof of the desire that the two professions should be regulated on a proper basis and arranged separately.

Sir, a demand has been made that there must be some provision for the chartered accountants to be admitted to the Cost and Works Accountants Institute. Some senior members of the profession and others—I think, Mr. Chitale himself, to whom Mr. Dhage has been referring—said that there should be no separate Institute of the Cost and Works Accountants and that the chartered accountants were fully qualified to do that work. There is the other view of Mr. Vallabharao that the chartered accountants should be kept at a respectable distance from this Institute because they are likely to create complications. The formula that has been offered for consideration in my yesterday's speech is only a

compromise between these two extremes. Sir, we would like that this matter is considered in greater detail so that some satisfactory solution can be found. The fact is that the Institute of the Cost and Works Accountants was started with the co-operation and the enthusiasm of some distinguished members of the Institute of Chartered Accountants. The Institute of Chartered Accountants may differ now. Some Members of the Institute of Chartered Accountants, who were also members of the Cost and Works Accountants Institute, came before the Select Committee to give evidence which was entirely biased in favour of one and against the other. The consensus of opinion in the Joint Select Committee has been that there may be some sort of reciprocal arrangement to be offered by the governing bodies of the two Institutes so that the persons, who are qualified by their training and experience and who have been taking interest in both the Institutes, may be enabled to become members. This incidentally recognises the fact that there is some common basis in the working of the two Institutes, even though there is a degree of specialisation in the two professions and need for a separate institute for each of them.

Sir, I think I will continue after lunch.

MR. DEPUTY CHAIRMAN: Yes. You can continue after lunch. The House is adjourned for lunch till 2-30 P.M.

The House then adjourned for lunch at two minutes past one of the clock.

The House reassembled after lunch at half past two of the clock, the VICE-CHAIRMAN (SHRI P. N. SAPRU) in the Chair.

SHRI SATISH CHANDRA: Sir, before the House adjourned for lunch, I was referring to the two viewpoints

relating to the admission of chartered accountants as full members of the Institute of Cost and Works Accountants. I have explained the position broadly. Sir, I quite agree that the Institute of Cost and Works Accountants should be kept separate from the Institute of Chartered Accountants, and it should be allowed to grow with the experience and talent of the cost accountants themselves. This is exactly what my friends, Shri Vallabharao, Shri Dave and Shri Bhargava, would like us to do. Sir, the assurance which I gave yesterday was to the effect that some reciprocal arrangements in this regard may be entered into by the two Institutes at a later stage. These arrangements will have to be evolved on a reciprocal basis to the extent justified. This matter will have to be examined after consultation with the governing bodies of the two Institutes. Therefore, Sir, I may make it clear that what may be construed as an assurance is not really an assurance. It might be termed more or less a loud thinking, because we have to consider the matter more carefully. It is not the intention, as is apprehended by some Members, that the chartered accountants will be allowed to flood the Institute of Cost and Works Accountants and in the process the new Institute will lose its identity. Mr. Bhargava gave numbers in this connection and asked: What sort of reciprocity is possible between a few hundred cost and works accountants and a few thousand chartered accountants? Sir, I may make it clear that there is no intention to treat numbers as a criterion for the purpose of reciprocity. Reciprocity will be governed by certain principles and by qualifications and experience of the members. It has been claimed on behalf of the chartered accountants that many of them have also been carrying on practice of cost accountancy and, therefore, they are fully qualified to work as cost consultants. The matter will be examined with a view to seeing as to how far their claim is justified. Sir, I do not wish to go into the details at this stage. But all that I can say now is that the matter

requires a very careful consideration in consultation with the two Institutes.

Sir, I would not like to take more time of the House. I have dealt with more or less all the points that were raised today. I would finish by quoting a few sentences from the evidence given by the President of the Institute of Cost and Works Accountants, who is also a distinguished chartered accountant. He was the President of the Institute of Chartered Accountants only a few years ago. He has said:

"In the present day standard of industrial management emphasis is laid on the regulation of expenditure and therefore of the cost of production in relation of the manufacturing operations at progressive stages. The essential objective in such regulation is to avoid waste at every point in operation and fuller utilisation of resources in manpower, material and machinery. The function of a Cost Accountant is therefore primarily confined within the manufacturing units rather than in administrative offices . . .

"Among others, the duties of a Cost Accountant include ascertainment and control of costs, budgeting and setting standards of income and expenditure, forecasting, and advising management on price fixation. Cost Accounts Department of an industrial concern is therefore deemed to be advisers to management at different levels.

"The purpose of a financial accounts organisation in an industry is to draw conclusions on the basis of *post facto* data long after the operations are put through and expenditure is incurred. The results so obtained are of statistical value and are of significance for the purpose of determining an overall position of an industrial unit. This feature would be evident from a comparison of the content and quan-

[Shri Satish Chandra.]

turn of the examination syllabus for the two professional examinations of the Institute of Cost and Works Accountants and the Institute of Chartered Accountants of India."

Sir, I cannot improve upon what has been said by a distinguished chartered accountant who is closely associated with the Institute of Cost and Works Accountants. I only wish to say that the hon. Members, who have got some doubts in regard to this matter and have not yet been convinced about the need of a separate Institute, may kindly go through his evidence before they come to any conclusions. As far as I am concerned, I am fully convinced by what the President of the Institute of Cost and Works Accountants has said in this connection.

Thank you, Sir. ■

THE VICE-CHAIRMAN (SHRI P. N. SAPRU): The question is:

"That the Bill to make provision for the regulation of the profession of cost and works accountants, as reported by the Joint Committee of the Houses, be taken into consideration".

The motion was adopted.

THE VICE-CHAIRMAN (SHRI P. N. SAPRU): We shall now take up clause by clause consideration of the Bill.

Clause 2.—Definitions and Interpretation

SHRI V. K. DHAGE: Sir, I move:

1. "That at page 2, lines 12-13, the words 'or in partnership with one or more members of the Institute in practice' be deleted."

THE VICE-CHAIRMAN: (SHRI P. N. SAPRU): The clause and the amendment are before the House.

SHRI V. K. DHAGE: Mr. Vice-Chairman, Sir, I must thank the hon. Deputy Minister for having complimented me for being very consistent, persistent and persuasive . . .

SHRI SANTOSH KUMAR BASU: And insistent.

SHRI V. K. DHAGE: . . . and insistent in the point of view that I have placed before the House. He has also said that I had been making similar speeches at the time of the Companies (Amendment) Bill and at the time of the Chartered Accountants (Amendment) Bill and also yesterday. I think he will concede the point that, while I have been consistently placing this point, I have not made the same speech every time. I have always given different arguments on different occasions. But my regret is that while Mr. Satish Chandra is able to appreciate what I say he is not able to concede what I press. He has been candid enough to say . . .

SHRI SATISH CHANDRA: It is the Joint Select Committee, not I.

SHRI V. K. DHAGE: He has been candid enough to say that he is not in the profession, whereas I am in the profession.

THE VICE-CHAIRMAN: (SHRI P. N. SAPRU): YOU are not a cost accountant but you are a chartered accountant.

SHRI V. K. DHAGE: He referred to chartered accountants and, at the moment, the chartered accountants are doing the work of the cost accountants under the Chartered Accountants Act. A chartered accountant is able to certify the statements of the costings also. Till this Bill becomes law—then probably there might be a difference, but at the moment—a chartered accountant is also a cost accountant. That apart, he said this and he was also good enough to say that I am in the profession and he is not, and that he does not know much about the profession, probably not only about this profession, but about any other profession ____

SHRI SANTOSH KUMAR BASU: No other profession—he said it.

SHRI SATISH CHANDRA: Yes, I said that.

SHRI V. K. DHAGE: But my regret is that, while he is not in the profession, he is in the Government and it is that deciding factor that lies with him. Whatever may be my experience, whatever may be my knowledge and whatever may be the pinch that I may feel in it, nevertheless, it is he, who has to concede, because he has the overriding power by being in the Government.

That apart, he very much gave the analogy as to why the firms should continue and the chartered accountants should continue to practise in the name of the firms, on the analogy of the firms of solicitors. This is a thing which is not common throughout the country. It exists only in places like the cities of Bombay and Calcutta. Nowhere else it exists. Not only that; but this very morning, questions were asked, and I would be very happy to know that the hon. Deputy Minister was here to listen to the answer that was given by the hon. Law Minister, that he was bringing up a Bill with regard to this dual system. And I know that there is a large section of opinion and also, probably, the lawyers' conferences have passed resolutions saying that this dual system in the city of Bombay and in Calcutta should come to an end.

THE VICE-CHAIRMAN: (SHRI P. N. SAPRU) : I shall be sorry if it comes to an end.

SHRI V. K. DHAGE: I am not going to discuss as to what the lawyers should do. I am merely trying to argue out that the premises, on which the hon. Deputy Minister built his arguments, were rather not firm. There is a difference between solicitors and chartered accountants. The function of the solicitor is merely to prepare a case for the counsel. He

does not appear or plead the case of his client in a court of law, namely the High Court or the Supreme Court, and he does not certify certain statements. But in the case of a chartered accountant, the position is otherwise. He puts his signature to anything that he says. And he is also in the position of the counsel as it is in the High Courts. Therefore, to put the firms of the chartered accountants on the same level as those of solicitors seems to me to be not correct. The facts are otherwise, the things are otherwise, the functions are also otherwise. And I think, the hon. Deputy Minister had not that in his view when he said that.

Apart from the question of solicitors and the counsels in the courts of law, may I know in which other profession firms are existing? It is not at all done in the medical profession. In the medical profession, they may have a clinic where half-a-dozen persons might come together to practise. The fees are not distributed amongst the different practitioners. Each one charges his separate fee. There is no such thing as a partnership between medical practitioners. Though it may happen that when one patient is seen by one doctor, he is shunted to another and then to a third doctor and so on. This is what happens, but each one collects his own fees. It is not that the sum is pooled and one is given a share of eight annas, another four annas and so on. Therefore, as I have said earlier, this is a peculiar thing which creates a vested class of interest and it has developed into a sort of business. If you read the wording of the schedules you will find that it is called a "professional business", share in the "professional business" of the firm of chartered accountants. At the Joint Committee stage, I pleaded for not mixing up business with profession. I suggested "professional work" instead of "professional business". This was more or less accepted but I do not know what happened afterwards. I have given notice of an amendment incorporating the exact words here.

SHRI SATISH CHANDRA: I will accept that.

SHR V. K. DHAGE: He is going to accept, at least, part of my amendment. But the psychological background to the drafting of the Bill is that the profession is considered a "business" and, if you read the schedules, you will find that that occurs throughout in the schedules, for example, securing of the profession, sharing in the profits of the professional business, etc. There is something definitely different between a lawyer and a doctor on the one hand and the chartered accountant on the other. The lawyer always—perhaps not always but may—advises, however much of a confession that the client may make, the client to deny the accusation as, by the client not doing so, there will be nothing left for¹ the lawyer to fight. The advice given by the lawyer to his clients will be to say something which builds up his defence.

THE VICE-CHAIRMAN: (SHRI P. N. SAPRU): It is not so.

SHRI V. K. DHAGE: I am not going into that now. Please do not take it that I am making any reflections upon the nobility of the profession of lawyers. I am only trying to drive a particular point, which is to say, that the profession of chartered accountants is a little different from the profession of a lawyer and a doctor. That is what I am trying to say. My point really is, that whatever representation is made by the lawyer before a court of law, it is the representation of his client. He will say that he is saying all that as instructed by his client; whatever statement has to be filed in a court of law will always go under the signature of his clients. But that is not the case here. The chartered accountant's neck is always there to have a noose round. He has to put his signature on whatever he sees; he has to certify that he has seen

this, that and the other. Therefore, the difference between the profession of a chartered accountant and that of a lawyer is of a very very major nature.

The practice conducted in the name of the firm has developed in a different direction altogether and it also has developed commercial tendencies. The profession is becoming and developing into a business. I do not want the profession to become a business; I want the profession to remain a profession, as noble a profession as that of a lawyer, as that of a doctor, as that of an engineer or anyone like that. Therefore, Sir, my feeling is that the permission to practise in partnership and in the name of the firm is not developing healthy tendencies and is not likely to develop healthy tendencies. I would, therefore, request the hon. Deputy Minister to concede this point as well as he conceded the other.

The hon. Deputy Minister also said that, in a chartered accountant's office, there would be half a dozen persons or so, so that each one could specialise in one subject. He said that these specialists would advise on different aspects, namely, company law, partnership deed, financial methods, etc., etc. I made it very clear, Sir, yesterday that no chartered accountant will bind himself to advise on company law matters or on partnership deeds. At the most, in respect of partnership deeds, he might help in drafting them, but no partnership deed will be drafted by a chartered accountant and no person will be able to take the defence under the plea that the partnership deed was drafted by a chartered accountant, if any disputes were to arise later on. You know very well, Sir, that because the deed has been drafted by a person who is not competent to do so, the courts will not recognise that as sufficient defence or *bono fide* defence on behalf of that person. Therefore, no chartered accountant takes the responsibility of drafting a partnership deed. He might advise in the draft-

ing of the deed but would not say to his clients, "I will draft the partnership deed and you can depend upon it if any dispute were to arise in regard to its interpretation". Therefore, for my hon. friend to say that if there is a firm this will act as a speci-list agency in the matter of company law, partnership deed or the drafting of the memorandum and articles of association, etc., etc., . . .

SHRI SATISH CHANDRA: I did not use the word "drafting".

SHRI V. K. DHAGE: They have either to draft it or read it or interpret it. The firm will have to do something with the partnership deed and, therefore, no chartered accountant will take the responsibility of that type, and my hon. friend's arguments cannot sustain that point. I do not mind that because my hon. friend himself has admitted in the beginning that he is not conversant with the profession and that he does not know as to how the profession is conducted.

He, referring to the hereditary nature of the business, said that there can be no such thing as "hereditary business", that there cannot be a "hereditary profession". There is no such thing as inheritance or succession. I have not used the word "hereditary" in that particular sense. I have used the word "hereditary" in the same sense in which the hon. Minister, Shri Lai Bahadur, used it, more or less in inverted commas. Many firms are there which are existing in this manner. What is required is that a man passes the examination and becomes a partner afterwards. I have not said that it is a matter of legal succession or inheritance by which he gets into the profession on his own. He has got to pass the regular examination conducted by the Institute and then only can he get into the profession *vis-a-vis* another man who has passed the examination and wants to get into the profession. There is a good bit of difference there and if he wants to get into the profession, he has got to pay some money, as admitted by the President of the Institute of Chartered Accountants when he

appeared before the Joint Committee on the Bill to amend the Companies Act. The argument was, "Why should they not?". Even though what my hon. friend says, that there is no such thing as inheritance, etc., is true strictly speaking, but in practice it happens. I will plead with my hon. friend and say that he will do immense good to the profession, in general and to the juniors in the profession, in particular, if he were to accept the amendment that I have given notice of. I hope and will continue to hope, that he will one day be converted to my point of view, and I will continue to persuade him in this matter.

SHRI SANTOSH KUMAR BASU: There is only one word that I shall say in regard to what my hon. friend has said last, as regards the hereditary nature of the vested interests in a partnership firm. So far as that is concerned, it is only natural that if a successful chartered accountant has got a son in the profession he will take him as his partner in due course and, so far as the clients are concerned, they are probably more inclined to place reliance upon the son of an old chartered accountant well-known to them than in others. But, Sir, it does not necessarily follow that the partnership business shall continue to be hereditary. It so happens that after a certain time others come in, others who have nothing whatsoever to do by way of relationship with the founder of the firm. My friend's contention reminded me of a story and if I may take two minutes of your time, I shall narrate a story that was told in Calcutta. I might give that for the benefit of the House. There was an old established European firm; let us call it. Martin, Skinner & Co., originally started by two gentlemen named Martin and Skinner. In due course, Mr. Martin retired from India. After some time Mr. Skinner followed suit and other people came and joined the partnership. In that state of affairs, the old Head Clerk came to the new senior partner and told him .

Lsnn santosn tuimar Basu.J [MR. DEPUTY CHAIRMAN in the Chair.]

I was just telling the House, Sir, a story of a firm in Calcutta, an old firm which I have called Martin, Skinner & Co. It ceased to have both Mr. Martin and Mr. Skinner and a new senior partner came in. At that time, the old Head Clerk came to the new senior partner and said, "Well, Sir, Mr. Martin gone, Mr. Skinner gone. What remains is '& Co.'" So, Sir, the same thing may happen in any partnership business and so, the question of hereditary does not arise at all

SHRI SATISH CHANDRA: I must admit, as Mr. Dhage has pointed out, that I have not got experience of the profession; he has got plenty of experience of that profession. Well, Sir, my difficulty is that 3 P.M. chartered accountants themselves differ on this matter and perhaps Mr. Dhage is in a very insignificant minority. And not being in the profession, I think I can take a more detached view of this matter, of course, after having listened to Mr. Dhage and to the other view which is not similar to his own. Many distinguished members of the profession as well as a large body of chartered accountants and cost and works accountants, I suppose, have got a definite view that the firms and partnerships should be allowed to continue in the profession. The firms have got many advantages as I have pointed out before. Mr. Dhage, evidently has his own difficulties and

MR. DEPUTY CHAIRMAN: And so you oppose the amendment?

SHRI SATISH CHANDRA: But please let me finish my sentence.

MR. DEPUTY CHAIRMAN: This point has been sufficiently debated.

SHRI SATISH CHANDRA: True, but Mr. Dhage made a long speech, Sir, when you were not in the Chair.

MR. DEPUTY CHAIRMAN: No amount of repetition will convince. So you oppose the amendment?

SHRI SATISH CHANDRA: Yes, Sir.

MR. DEPUTY CHAIRMAN: The question is:

1. "That at page 2, line 12-13, the words 'or in partnership, with one or more members of the Institute in practice' be deleted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clause 4—*Entry of names in the Register*

SHRI V. K. DHAGE: Sir, I move:

2. "That at page 4, line 8, for the words 'three hundred' the words 'one hundred' be substituted."

MR. DEPUTY CHAIRMAN: Clause 4 and the amendment are before the House.

SHRI V. K. DHAGE: Sir, I need say only a few words in support of my amendment. I had explained last time that there is no parity in the question of charging the entrance fee. When a student has passed the examination and when he wants to enter this profession of cost and works accountancy or wants to be enrolled on the Register of cost and works accountants, he is required to pay Rs. 300.

MR. DEPUTY CHAIRMAN: And you want it to be reduced to Rs. 100.

SHRI V. K. DHAGE: But then a person who is an Associate and who has been in practice for five years and has been earning money—he cannot remain in practice unless and until he has been having sufficient practice—for such a person, it is provided that the entrance fee shall be Rs. 200. Here, it seems to me that the

Deputy Minister should, at least, see to the paying capacity of the persons concerned. Therefore, if you keep Es. 200 in the case of the associate who has been in practice and also in continuous practice, then it is but proper that the student, who has just passed his examination and wants to be enrolled on the Register, should be charged only Rs. 100. That to me seems quite a fair proposition and I think the hon. Deputy Minister, at least on this point, which is very logical and reasonable", will concede my point.

MR. DEPUTY CHAIRMAN: Do you concede it?

SHRI SATISH CHANDRA: Sir, the matter was considered very thoroughly in the Select Committee and they have decided that this change is not necessary.

SHRI AKBAR ALI KHAN (Andhra Pradesh): I want to know what happened in the Select Committee.

MR. DEPUTY CHAIRMAN: Not necessary.

The question is:

2. "That at page 4, line 8, for the words 'three hundred' the words 'one hundred' be substituted".

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clauses 5 to 8 were added to the Bill.

New Clause 8A

SHRI V. K. DHAGE: Sir, I move:

4. "That at page 6, after line 20, the following new clause be inserted, namely:

—

'8A. Notwithstanding anything contained in this Act, members of the Institute of Chartered Accountants of India shall be entitled to practise the profession of cost and works accountancy as if they are the members of this Institute.' "

MR. DEPUTY CHAIRMAN: The amendment is before the House.

SHRI V. K. DHAGE: Sir, the hon. Deputy Minister stated in his speech just now and quoted the statement of the President of the Institute to show what a cost and works accountant has to do. I don't know if you will allow me time to elaborate this point, but . . .

MR. DEPUTY CHAIRMAN: Sufficient has been said on this point. It is not necessary to elaborate.

SHRI V. K. DHAGE: The evidence that was given before the Select Committee, from the Indian Merchants' Chamber, from the Federation of Chambers of Commerce and from the chartered accountants of Bombay, Madras and Delhi, is there. In the first instance, they have said that there is no need for a separate Institute of Cost and Works Accountants. They are also of the belief that the chartered accountants can continue the profession of cost accountants as well, since they have also been certifying statements with regard to cost. They have said that they should continue to do so. They have further said that if you wish to have a separate Institute of Cost and Works Accountants, then you should continue to recognise their certificates. And, therefore, they have said that they should be enrolled automatically on the Register of Cost and Works Accountants as well.

My hon. friend, the Deputy Minister, in his opening speech said that they were giving some sort of a concession to these chartered accountants. And the concession that he was will-

[Shri V. K. Dhage.] ing to show to them was that the very senior people in the profession will be automatically enrolled; that the somewhat, or rather the not so very senior of them—that is the way he put it—the not so very senior of them, but who have some experience, will be able to get themselves enrolled. And with regard to the juniors they will have to pass an examination; the only concession they would I have would be that if they passed any j paper which is of an equivalent nature in the Chartered Accountants Institute, they will be exempted from appearing in that paper in the examination at the Cost and Works Accountants Institute. Now, this seems to me really not very fair to the chartered accountants and, therefore, I have given notice of this amendment to say that the chartered accountants' qualification should be recognised as one which is equivalent to the qualification which the cost and works accountants will have so that they may be automatically enrolled on the Register of the Institute of Cost and Works Accountants.

SHRI AKBAR ALI KHAN: Will the members qualified in the Institute of Cost and Works Accountants be automatically enrolled in the Chartered Accountants Register?

SHRI V. K. DHAGE: The other way is not true. The chartered accountants are doing the work just now of cost accountancy. There is no such thing as a cost accountancy profession; we are now creating a profession and they will not be able to certify the financial accounts. They do not know anything of financial accounts.

SHRI SATISH CHANDRA: The amendment of Mr. Dhage, if accepted, will probably amount to the acceptance of his view that there is no necessity at all for this Bill or for a separate Institute of Cost and Works Accountants. The chartered accountants have been doing only very limited work in regard to cost certification and that is provided for in regulation 78 of the Institute of Chartered

Accountants. They will continue to do the work and nothing in this Bill prevents them from doing the work which the chartered accountants have been doing so far.

MR. DEPUTY CHAIRMAN: Is it even without registration under this Bill?

SHRI SATISH CHANDRA: Of course, they will continue to do the work that they have been doing up till now. That work is not actually the work that the cost and works accountants will be doing in future. It is a very limited work of cost certification which is more or less like cost auditing. The chartered accountants are doing it now and they will continue to do it.

MR. DEPUTY CHAIRMAN: Will it apply only to those who are doing cost and works accounting now or to all chartered accountants?

SHRI SATISH CHANDRA: Regulation 78 framed under the Chartered Accountants Act applies to all chartered accountants.

MR. DEPUTY CHAIRMAN: Some chartered accountants are doing cost accounting work. Does the exemption you speak of apply to all chartered accountants or only to those who are doing cost accounting work?

SHRI SATISH CHANDRA: They can do certain limited cost certification work which is more or less cost auditing work and they are entitled to do that. They may be actually doing it or they may not be doing it but the provisions of this Bill will not affect the function which they have been performing up to now. This Bill seeks to establish an entirely different profession—the profession of cost and works accountants—which mainly deals with the production side or the manufacturing side and with the question of better utilisation of raw materials, labour, etc. in industrial establishments. The scope of the Bill is entirely different and I am sorry I cannot accept his amendment.

SHRI AKBAR ALI KHAN: May I, with your permission, ask one question? Have those who are already working not got a special protection that they would not be disturbed?

MR. DEPUTY CHAIRMAN: That is -what he has said.

The question is:

4. "That at page 6, after line 20, the following new clause be inserted, namely:—

'8A. Notwithstanding anything contained in this Act, members of the Institute of Chartered Accountants of India shall be entitled to practise the profession of cost and works accountancy as if they are the members of this Institute.' "

The motion was negatived.

Clauses 9 to 20 were added to the Bill.

Clause 21—Procedure in inquiries relating to misconduct of members of Institute

SHRI V. K. DHAGE: Sir, I move:

6. "That at page 12, line 38, for the words 'five years' the words 'one year' be substituted."

MR. DEPUTY CHAIRMAN: The clause and the amendment are before the House.

SHRI V. K. DHAGE: Here the Disciplinary Committee of the Council of the Cost and Works Accountants Institute, if they find a person guilty of any misconduct specified in Parts I and II of the First Schedule, will have the power to remove his name for a period not exceeding five years. My amendment is that this period should be reduced to one year, and I think that is more than enough. And if it has to be more than that the matter has to go to the High Court. I do not want the power given to the High Court to be disturbed but I feel if there is punishment to be given by

the Committee for a period exceeding one year, then the matter ought to go to the High Court, whereas the provision here is for five years. That is the point.

SHRI SATISH CHANDRA: Sir, this provision is similar to the provision made in the Chartered Accountants (Amendment) Bill which has been considered by this House. And I do not think it is proper for the High Courts to be burdened with all sorts of cases. If the Council of the Institute of Chartered Accountants can look after similar cases and can punish up to five years there is no reason why the Institute of Cost and Works Accountants should be prevented from giving punishments up to five years. So, I cannot accept Mr. Dhage's amendment.

MR. DEPUTY CHAIRMAN: The question is:

6. "That at page 12, line 38, for the words 'five years' the words 'one year' be substituted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 21 stand part of the Bill."

The motion was adopted.

Clause 21 was added to the Bill.

Clause 22—Misconduct defined

SHRI V. K. DHAGE: Sir, I move:

7. "That at page 14, lines 12 to 16, the words 'but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Council under sub-section (1) of section 21 to inquire into the conduct of any member of the Institute under any other circumstances' be deleted."

MR. DEPUTY CHAIRMAN: The clause and the amendment are before the House.

SHRI V. K. DHAGE: Sir, what I have tried is to make this clause more precise. The clause reads as follows:

"For the purposes of this Act, the expression 'professional misconduct' shall be deemed to include any act or omission specified in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Council under sub-section (1) of section 21 to inquire into the conduct of any member of the Institute under any other circumstances."

If you look at the Schedule it is stated: "such other act or omission as may be specified by the Council in this behalf, by notification in the Gazette of India." So that power already exists. Therefore, if they find anything which they consider not proper, they can publish it in the Gazette and include it among the acts of misconduct. But this seems to me to be too wide a power to be given to them. I therefore, feel that this is not quite necessary and it makes the thing much worse than before. I, therefore, commend my amendment.

SHRI SATISH CHANDRA: Sir, the reputation of a profession requires that not only professional misconduct but all acts of misconduct which bring bad reputation to the profession as a whole should be taken note of and that is the purpose of this clause. I am sorry I cannot agree with Mr. Dhage's amendment. The Institute of Chartered Accountants has a similar provision; in fact all similar professional bodies in foreign countries have such a provision and it would be dangerous to depart from the practice which has been followed for a long time and has been regarded as essential for the proper maintenance of the standards of professional ethics. Sir, I oppose the amendment.

MR. DEPUTY CHAIRMAN: The question is:

7. "That at page 14, lines 12 to 16, the words 'but nothing in this sec-

tion shall be construed to limit or abridge in any way the power conferred or duty cast on the Council under sub-section (1) of section 21 to enquire into the conduct of any member of the Institute under any other circumstances' be deleted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 22 stand part of the Bill."

The motion was adopted.

Clause 22 was added to the Bill. *New Clause 22A*

SHRI V. K. DHAGE: Sir, I beg to move:

8. "That at page 14, after line 16, the following new clause be inserted, namely:—

'22A. No action under this chapter shall be taken by the Council against a member of the Institute for an act of professional misconduct if known or complained of three years after its commission or omission.'

MR. DEPUTY CHAIRMAN: The amendment is before the House. You have spoken enough on this, Mr. Dhage.

SHRI V. K. DHAGE: I will just say a few words, Sir, and nothing more. The hon. Minister has all along, as I said, depended on what has happened in the Chartered Accountants Act, and he has been confirming it from time to time by saying that it is there and, therefore, it can be here. I opposed it there also and I oppose it here. He does not concede that . . .

MR. DEPUTY CHAIRMAN: You have said that.

SHRI AKBAR ALI KHAN: He is very consistent.

MR. DEPUTY CHAIRMAN: He is very persevering.

SBRI V. K. DHAGE: The point is that you have the various rules showing not only what is professional misconduct, but the hon. Minister said just now that for something, which is beyond the profession, also he should be held responsible, and for that, he should be removed from the Register. If you look at the rules of misconduct, I have to point out that a junior person is not capable of getting any business at all, and the rules always go to strengthen the hands of the seniors. That is what I have said. He cannot canvass business, he cannot approach anybody, he cannot ask for any work, and the reason seems to be that the dignity of the profession must be maintained. But, as I have pointed out, the firm receives all the publicity. Here you say that there shall be no advertisement done by a person. Nevertheless, the firm indirectly gets all the publicity when its name is published in the newspapers, in the balance sheets and in other things as well. Therefore, if the person commits a particular act, which is not a criminal act but just a civil thing—for instance, having written a letter to somebody, etc—he will be held responsible till his life. That seems to be a very unreasonable thing. The hon. Minister did consider this point, but he has not been able to make up his mind, if I may say so.

MR. DEPUTY CHAIRMAN: He has made up his mind.

SHRI AKBAR ALI KHAN: He is also very consistent.

SHRI V. K. DHAGE: Therefore, I have moved this amendment.

SHRI SATISH CHANDRA: Sir, this matter has been discussed several times. Even today we have spoken to him, we have replied to him. I have nothing more to add.

MR. DEPUTY CHAIRMAN: The question is:

8. "That at page 14, after line 16, the following new clause be inserted, namely:—

'22A. No action under this chapter shall be taken by the Council against a member of the Institute for an act of professional misconduct if known or complained of three years after its commission or omission.'"

The motion was negatived.

Clauses 23 and 24 were added to the Bill.

Clause 25—Penalty for *using name of the Council, awarding degrees of cost accountancy, etc.*

SHRI SATISH CHANDRA: Sir, I beg to move:

25. "That at page 15, after line 25, the following be inserted, namely:—

'(4) If the Central Government is satisfied that any diploma or certificate or any designation granted or conferred by any person other than the Institute, which purports to be a qualification in cost accountancy but which, in the opinion of the Central Government, falls short of the standard of qualifications prescribed for cost accountants and does not in fact indicate or purport to indicate the position or competence in cost accountancy similar to that of a member of the Institute,' it may, by notification in the Official Gazette and subject to such conditions as it may think fit to impose, declare that this section shall not apply to such diploma or certificate or designation.' "

MR. DEPUTY CHAIRMAN: The question is:

25. "That at page 15, after line 25, the following be inserted, namely: —

'(4) If the Central Government is satisfied that any diploma or certificate or any designation granted or conferred by any person other than the Institute, which purports to be a qualification in cost accountancy but which, in the opinion of the Central Government, falls short of the standard of qualifications prescribed for cost accountants and does not in fact indicate or purport to indicate the position or attainment of any qualification or competence in cost accountancy similar to that of a member of the Institute, it may, by notification in the Official Gazette and subject to such conditions as it may think fit to impose, declare that this section shall not apply to such diploma or certificate or designation.' "

The motion was adopted.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 25, as amended, stand part of the Bill."

The motion was adopted.

Clause 25, as amended, was added to the Bill.

Clauses 26 to 31 were added to the Bill.

New Clause 31A

SHRI V. K. DHAGE: Sir, I beg to move:

9. "That at page 18, after line 7, the following new clause be inserted, namely: —

'31A. On the commencement of this Act, there shall be created a

benevolent fund or funds which will be contributed by members for the purpose of assisting necessitous members and any of the dependent kindred of deceased members and the widows of deceased members."

MR. DEPUTY CHAIRMAN: ■ The amendment is before the House.

SHRI V. K. DHAGE: Sir, I have explained it at length that it is very necessary that a benevolent fund, as has been provided in the Memorandum of Association, should be provided, as this is really a very humanitarian thing, something which is reasonable and there is nothing wrong about it. I will be very happy if the same clause which is there in the Memorandum of Association is also repeated over here. This is something which is for the benefit of the necessitous persons in the profession, and the members of the profession may contribute to it. I do not understand what administrative difficulty there can be. I am only following what is there in the Memorandum of Association. I hope the hon. Minister will accept this at least.

SHRI SATISH CHANDRA: I agree completely with the object that Mr. Dhage has in mind. The present company is a voluntary association and a voluntary clause has been introduced there. We shall point out to the new Institute that it would be advisable for them to have a fund like this. But it should be left to their own decision as to what type of fund they would like to have, how they will create it and how much contribution should be made. It will not be correct for us to prescribe by legislation the amount of contribution to be paid by each individual member of the profession. The thing might be left to the governing body or the Council of the Institute itself. I oppose the amendment.

MR. DEPUTY CHAIRMAN: The question is:

9. 'That at page 18, after line 7, the following new clause be inserted, namely:—

'31 A. On the commencement of this Act, there shall be created a benevolent fund or funds which will be contributed by members for the purpose of assisting necessitous members and any of the dependent kindred of deceased members and the widows of deceased members.'"

The motion was negatived.

Clauses 32 to 34 were added to the Bill.

MR. DEPUTY CHAIRMAN: Amendment No. 10 to clause 35 is ruled out as it is a negative amendment.

Clauses 35 and 36 were added to the Bill.

MR. DEPUTY CHAIRMAN: Amendment No. 11 to clause 37 is barred.

Clauses 37 to 39 were added to the Bill.

The First Schedule

MR. DEPUTY CHAIRMAN: There are ten amendments. Amendment Nos. 12, 17, 20 and 21 are barred.

SHRI V. K. DHAGE: Sir, I beg to move:

13. "That at page 23, for lines 10 to 18, the following be substituted, namely:—

'(2) pays or allows or agrees to pay or allow, directly or indirectly, any share in the fees of his professional work to any person, other than a member of the Institute.' "

14. "That at page 23, line 12, for the word 'business' the word 'work' be substituted."

15. "That at page 23, lines 22 to 30 be deleted."

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16. "That at page 23, line 29, for the word 'business' the words 'professional work' be substituted."

18. "That at page 23, line 33, for the word 'business' the word 'work' be substituted."

19. "That at page 23 —

(i) in line 34, the words 'directly or indirectly' be deleted; and

(ii) in line 36, the words 'or by any other means' be deleted."

MR. DEPUTY CHAIRMAN: The First Schedule and the amendments are before the House.

SHRI V. K. DHAGE: Sir, I am thankful to the Deputy Minister for this small mercy that he has shown to me by having accepted the word 'work' for the word 'business'. But the main point is with regard to subclause (2) where it is said that there will be a professional misconduct if a cost accountant—

"pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his professional business, ..."

There also, since he has accepted the word 'work', if he does not accept my amendment as it is worded, I will say that he will accept at least the better word 'work' instead of the word 'business'. My point is, here the provision seems to me, as I had said before, for the dependants of a retired or deceased partner to continue to get some sustenance' or share in the profits of the business of partnership. I had also pointed out that this clause is liable to work in a different way altogether, because if you take the other rules of conduct into consideration, you will, probably, see that one of the partners may be made to sign all the statements, so that, the entire responsibility of filing the statements may devolve upon only one person, the benefits being taken by all others.

I do not say it will be done, but it is

[Shri V. K. Dhage.] capable of being done. The other point is that there is no such thing as commission or brokerage to be earned by a chartered accountant. Unless it is envisaged that a dependant or a legal representative of a deceased or a retired partner will be able to go and canvass business on his own, which is not permitted under the rules of conduct here, he can share the commission that these people might earn. I feel that the words "commission or brokerage" are not very necessary and earning commission or brokerage is not the profession of a cost accountant. He can only earn his fees—his professional fees. He should not go to earn commission or brokerage. Commission or brokerage is earned in a business. That is a commercial thing, here it is a profession. Therefore, I would like that this clause should be amended in the manner that I have worded and that will make a great improvement upon the existing one and leave no loophole for any kind of malpractice to be resorted to.

You will notice that the various clauses, that are here, will, in practice, only deter a new entrant from coming into the profession. If he wants to, he will have to pay for goodwill or else, he must go out of the profession. In practice, what is happening is this. I understand several students who passed examinations standing first and who. acquired gold medals, etc. are not able to start practice. But they are approached by these established firms who say that they will employ them. Because there is no chance for them to get into the profession, they have got to accept employment that is offered to them and they accept it. Now, in that way, you will see that intelligence in the profession is not having its full sway, but it is being bought. You say that the professional firms, etc. will continue and that experience will continue. I am not able to understand this argument. Do you think that a scientist like the late Prof. Einstein, '

for whatever he has discovered, for the continuity of his discovery or for knowledge, should have had a firm of scientists so that any other scientists would get into it and would continue to have the experience? In the matter of knowledge, in the matter of law, in the matter of accountancy, what is discovered by one is always the benefit of the others, and they always proceed beyond that. These arguments are not very proper and my feeling is that you are framing these laws and rules of conduct which, to my mind, are not capable of being followed. They are likely to be followed in part and are followed largely in breach. The hon. Minister said in the Joint Select Committee that this kind of thing did take place and he was really moved by the argument and was able to understand what the real difficulty was. I am reminded of a Persian couplet which says:

درمیان قعر دریا تختہ بندم کرد
یا از می گوئی کہ دامن تو ممکن هشیار باش

†[दरमयाने कअरे दरया तख्ता
बंदम करदाई। बाजा मी गोई कि दामन
तर मकुन हुशियार बाश ॥]

"Having tied me to a plank of wood, you have thrown me to the angry waves of the sea and then, you caution me, 'Beware! let not your garments get drenched'."

That seems to be the position. I request him, at least, in this matter to concede this point.

SHRI SATISH CHANDRA: As regards the first part of Mr. Dhage's speech, I agree to the substitution of the word 'work' for the word 'business'.

MR. DEPUTY CHAIRMAN: You have accepted it.

SHRI SATISH CHANDRA: That is* another one which he wanted to delete.

ft] Hindi transliteration.

He wanted to delete it altogether in line . . .

MR. DEPUTY CHAIRMAN: Which amendment is that?

SHRI SATISH CHANDRA: His amendment is for the entire deletion. He spoke that the word 'work' might be substituted . . .

MR. DEPUTY CHAIRMAN: You mean 'substitution'? Amendment 13 is about substitution.

SHRI SATISH CHANDRA: Yes, Sir.

MR. DEPUTY CHAIRMAN: In that amendment?

SHRI SATISH CHANDRA: I do not accept his amendment, but I accept the change of word—'work' for 'business'—in line 12 on page 23.

MR. DEPUTY CHAIRMAN: 'Professional work'.

SHRI V. K. DHAGE: It is consequential, Sir, because he has accepted . . .

MR. DEPUTY CHAIRMAN: And then any other change in that clause?

SHRI SATISH CHANDRA: As for the rest, this is again a matter which has been argued several times. These words have been taken from the Chartered Accountants Bill and they are also found in the enactments or the rules governing similar institutions in foreign countries. I am sorry that I cannot accept Mr. Dhage's point of view which has been discussed fully in the Joint Select Committee.

MR. DEPUTY CHAIRMAN: The question is:

13. "That at page 23, for lines 10 to 18, the following be substituted, namely:—

'(2) pays or allows or agrees to pay or allow, directly or indirectly, any share in the fees of his professional work to any person

other than a member of the Institute;'. "

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

14. "That at page 23, line 12 for the word 'business' the word 'work' be substituted."

The motion was adopted.

MR. DEPUTY CHAIRMAN: The question is:

15. "That at page 23, lines 22 to 30 be deleted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

16. "That at page 23, line 29, for the word 'business' the words 'professional work' be substituted."

The motion was adopted.

MR. DEPUTY CHAIRMAN: The question is:

18. "That at page 23, line 33, for the word 'business' the word 'work' be substituted."

The motion was adopted.

MR. DEPUTY CHAIRMAN: The question is:

19. "That at page 23,—

(i) in line 34, the words 'directly or indirectly' be deleted; and

(ii) in line 36, the words 'or by any other means' be deleted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"The First Schedule, as amended, stand part of the Bill."

The motion was adapted.

The First Schedule, as amended, was added to the Bill.

The Second Schedule was added to the Bill.

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

- SHRI SATISH CHANDRA: Sir, I move: "That the Bill, as amended, be passed." MR. DEPUTY CHAIRMAN: Motion moved:

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

SHRI M. P. BHARGAVA: Sir, the hon. Deputy Minister was pleased to refer to some of my comments in his reply. I owe a duty to the House to explain my position. At no stage have I opposed the Bill. My plea for the correct membership of the Institution has been misunderstood by the hon. Deputy Minister as if I was opposing the Bill. I have been throughout in favour of the Bill and I wish all prosperity to the new institution. Thank you.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill, as amended, be passed." The motion was adopted.

THE DELHI LAND REFORMS (AMENDMENT) BILL, 1959

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI B. N. DATAR): Mr. Deputy Chairman, I beg to move:

"That the Bill further to amend the Delhi Land Reforms Act, 1954, as passed by the Lok Sabha, be taken into consideration."

Sir, as the House is aware, in 1954 this Land Reforms Act was passed by which very valuable and proprietary rights were vested in the actual cultivators. Now, I may point out here, Sir, that so far as the former Province or State of the present Territory of Delhi is concerned, it was formed long ago out of the areas in U.P. and the Punjab, and there were different Acts so far as the areas were concerned of the former Province or State. It was found by experience that there ought to be a uniform Act, and for that purpose the Government -or the Legislature of the former Part C Delhi State considered the whole question and came to the conclusion that the model Act passed in the U.P., namely, the Abolition of Zamindari and Land Reforms Act, should be accepted for that purpose; and based generally on the provisions of this Act of the U.P. Legislature a Bill was moved in the then Delhi Legislature, and the result was the passing of the Delhi Land Reforms Act, 1954. Now, as I have stated, there were two important provisions in this Act. One was that very substantial proprietary rights, popularly called Bhumidhari rights, were given to actual cultivators of land and generally, Sir, it is considered that this Act of 1954 has been a very progressive measure so far as the rights of the cultivators were concerned. There was also another significant provision in this Act, and it was the constitution of Gaon Sabhas and the vesting of waste lands in the Gaon Sabhas. That was a very welcome departure made for the purpose of bringing waste lands under cultivation, not in the interests of a particular person but of the village as a whole. Therefore, Sir, this Act was passed in 1954, and it was immediately brought into effect. Thereafter the matter was taken to the High Court and the operation of this Act had to be held over for some period. This Act came into force on July 20, 1954. As I have