

[Shri Raj Bahadur.]

Table, under sub-section (3) of section 133 of the Motor Vehicles Act, 1939, a copy of Notification No. 122/58, dated the 15th October, 1958, publishing an amendment in the Andaman and Nicobar Islands Motor Vehicles Rules, 1939, issued by the Chief Commissioner, Andaman and Nicobar Islands. [Placed in Library. See No. LT-1078/58.]

**ANNUAL REPORTS OF THE INDIAN AIR-  
LINES CORPORATION AND AIR INDIA  
INTERNATIONAL CORPORATION**

**THE DEPUTY MINISTER OF CIVIL  
AVIATION (SHRI AHMED MOHIUDDIN):**  
Sir, I beg to lay on the Table, under sub-section (2) of section 37 of the Air Corporations Act, 1953, a copy each of the following Reports:—

- (i) Fifth Annual Report of the Indian Airlines Corporation together with the Statement of Accounts for the financial year ended 31st March, 1958 [Placed in Library. See No. LT-1103/58.]
- (ii) Fifth Annual Report of the Air-India International Corporation together with the Statement of Accounts for the financial year ended 31st March, 1958. [Placed in Library. See No. LT-1104/58.]

**NOTIFICATION PUBLISHING THE RIVER  
BOARDS RULES, 1958**

**THE DEPUTY MINISTER OF IRRIGATION AND POWER (SHRI J. S. L. HATHI):** Sir, I beg to lay on the Table, under sub-section (3) of section 28 of the River Boards Act, 1956, a copy of the Ministry of Irrigation and Power Notification G.S.R. No. 813, dated the 27th August, 1958, publishing the River Boards Rules, 1958 [Placed in Library. See No. LT-1116/58.]

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

**MR. CHAIRMAN.** Shri Bhupesh Gupta.

**SHRI BHUPESH GUPTA (West Bengal):** Sir, we were discussing yesterday about the number of students who are qualified people or who have got training so far in the Institute of Cost and Works Accountants, Calcutta. I was pointing out that the figure showed that the progress in this matter has been rather inadequate compared to what we consider to be the minimum needs in the country. Since I have received some of the documents—I don't know who left them and I thank the person whoever has left them here—and I have now some of the reports of the Institute. From the report you will see—I have the latest report here—that in 1956 there were 55 fellows and in 1957 there were 58. The increase was only 3. Associates were 267 in 1956 and in 1957 the number was 285. The increase was only 18. The students were 4,172 and 5,587 less those advanced to associateship—225 and 275 respectively in these years. Therefore we find the net number of students was 3,947 in 1956 and 5,312 in 1957, the increase being 1,365 but that will not give a clear idea as to how things are progressing unless you go to the other aspect of the matter, namely, the examination. There you will find that in 1957, January, 1,100 students appeared in the examination. Only 78 passed. In July 1957, those that appeared in the intermediate examination were 1,374 and those passed were 87 only. In the final examination in 1957, 200 appeared and 81 passed. In July 1957, 208 appeared and 39 passed. Therefore, this large number of students should not give an impression as if a large number of qualified persons is being turned out by the particular institution. The progress in the matter of training people in cost and works accountancy has been very very negligible indeed. Naturally this cannot meet the requirements of our economy even as it is. I am aware that cost accountancy is not a compulsory thing

such as auditing is because industrial firms can easily ignore any arrangement for cost accounting as they are under no obligation. Naturally this institution does not get that kind of incentive or there is no attraction for the people to qualify in this particular branch of education which is a highly technical education and requires a fairly good knowledge of engineering economics and various other statistics, etc. I am not making a point against the Institute. All I say is, when we are going to build up a statutory body under this Act, we must keep in mind that we have to so arrange the affairs of the Institute, the statutory body, that we can make up for the losses that have been made and can go ahead with bigger results in the matter of training up people. Cost accounting is very very essential. Unfortunately it is not recognised. We are passing to the Third Five Year Plan and it is only now that we are thinking in terms of building a statutory institution of this kind which should have been built earlier. Why is it necessary? First of all in a developing economy, it is essential to be very very particular about the costs of production and about cost accounting. If I may, without causing allergy in any person, quote the Soviet Revolution; immediately after the Revolution there was great emphasis on accountancy and in fact it was placed at a very high level in the matter of policy matters. There were many great utterances by Lenin to the effect that 'accounting is something to which we must give very great attention'. Today in a planned economy, whether in the Soviet Union or in the People's Republic of China or in other countries, you will find that cost accountancy of this type and cost calculation, etc, have acquired a very prominent position. They cannot think of any planning or even running an industry without proper arrangements for cost accounting. Cost accounting work is regarded to be a highly important work that way. Unfortunately, you go to our industries, most of them do not have this kind of thing. The

result is, there is waste. I am not saying that there is always deliberate waste. Waste takes place sometimes because there is no method to check up as to how best things could be produced, as to how waste could be eliminated, or how the various ingredients that go to produce a commodity or article should be most profitably utilized. There is no such thing. The result is, things take their own course and often the cost of production is very high. Who suffers? We suffer as consumers because we have to pay high prices. Again the country suffers because it may lead to import of certain industrial raw materials and other things from some other countries which we could have, perhaps at least partially, avoided, if there had been proper accounting. Also it leads to certain waste of the nation's resources. That again is also a factor. Again it upsets the scheme of planning. The whole thing, even in the private sector or the public sector—I am not concerned with it at the moment—is getting more and more integrated into the scheme of our planning and in the scheme of planning a particular commodity is produced not by one concern only but also in that production, indirectly or directly, various other undertakings take part. Therefore at every level, it is essential to have a check on the cost of production, to have that kind of system of checking that it does not lead collectively or individually to avoidable expenses or to avoidable rise in the cost of production. Therefore it is important. Now you see that our steel mills and other things, our big textile concerns, our jute mills, even the tea gardens, etc, wherever we produce national wealth, you will find that cost checking has not at all developed. Some individual may have got the cost accounting there. I know that some firms do have but that is a very subsidiary minor factor and they find hardly any place in this economic set-up today. I, therefore, say that the whole thing has to be radically changed. Therefore I support the Government when they have brought

[Shri Bhupesh Gupta.]

up this Bill. Only I would like them to realize the importance and the urgency of building up a system of cost accounting in our country from the point of view of everyone concerned.

Take the case of labour. When we go before the Industrial Tribunal, very often we are told by the employers that the cost of production has gone up and, therefore, they will not be in a position to meet the demands for bonus or the demand for better wages or for certain other facilities. Always we come up against that kind of statement that costs are rising, and there is no means of checking that statement. There, of course, in the Tribunal, you can ask for audited accounts. They are available and it is compulsory to keep them. But if I want to check their actual cost of production, then I have to rely on, more or less, statements made by the employers or whatever the unions might collect from their own experience. I do not get any weighty, competent data or evidence to rely upon there, in order to settle these vexed questions of rise in the cost of production when we go with industrial disputes. In many cases it has become a very specious and convenient plea on the part of the employers to plead that the cost of production has gone up and therefore, the industry has not the capacity to pay and, therefore, the claims of the working classes or the employees should be rejected. We cannot counter it and the Tribunal is in difficulty. The other party, the representatives of labour are in difficulty because they do not have proper data to counter it. So we want the entire question to be properly gone into. I tell you there is a lot of manipulation. There is a lot of malpractice and corruption, and apart from the waste that is taking place, a proper system of cost accountancy would perhaps eliminate, or at least reduce if not completely eliminate, these malpractices and corruption and thus save a lot of resources for the country and it will perhaps also help to bring about better industrial relations. This is the social

aspect, the economic aspect which I have mentioned here in this connection.

As far as the Government is concerned, you will find that the Government is not interested either. At least they have not been interested in this particular institute. Here I find in the Report and Statement of accounts for the year ended 31st December, 1957, the following.

"Following a batch of government officers deputed by the Ministry of Railways to obtain a short-term course of training in costing at this Institute, a batch of 28 government employees, drawn from different cadres, deputed by the Central Government and various State Governments, was sent to the Institute for a course of similar training."

From the whole of India, from different branches of industrial undertakings and from departments such as the Railways, all that they could find to send for training to this institute was 28 persons. That only shows how the Government has completely neglected this matter. One would have thought that with all this planning and with all kinds of developments taking place in the industrial sector, Government would take a lively interest in the matter and see to it that a larger number from the cadres is trained in matters of cost accounting so that they could fulfil their functions in the national reconstruction and in planning in the different industrial branches and undertakings. But this is completely neglected. There was this institute which is now called "the dissolved company". It is an interesting name. It was an institute, but the poor thing had to register itself as a company under the Companies Act and it has been described by this obituary declaration as "the dissolved company". This is how the matter was looked upon. They had completely neglected the whole business that relates to cost accounting. This does not speak well of our planning, and I think, we have paid heavily for it, heavily not merely from the point of view of labour, but also from the

point of view of national economy as a whole, and it has gone to the advantage of those people who are interested in monopolistic manipulations or other kinds of malpractices and corruption. I want this state of affairs to be ended as quickly as possible.

Now I come to the Bill. I have said that we welcome this Bill, for it is a good thing. Here I will point out some of the things for the Select Committee to consider. I am not an expert in this matter. But I have tried to understand the problem as much as I can, and if I do not make things clear enough, I hope I will be forgiven. But I will try to present my case as best as I can.

The first thing I would like to say is that it is undoubtedly a good thing that the Institute is coming into existence. The Bill has got a number of provisions and the Statement of Objects and Reasons also declares the purpose for which this Institute is brought into existence. I shall take the points one by one and make my submissions for the Select Committee to consider.

Take first of all this point about the definition of "cost accountant" in clause 2. It is stated here:

"(b) 'cost accountant' means a person who is a member of the Institute and who is in practice as a cost and works accountant;"

So there are two attributes. First of all, he must be a member of the Institute, and second, he should be in practice as a cost accountant. So unless he is in practice as a cost accountant, according to this Bill, he will not be entitled to be called or to be described as a cost accountant. He cannot write this qualification against his name. For that he must be in practice. As far as the rule in the original articles of the Institute of Cost and Works Accountants is concerned, you will find there is no condition there that one must be practising cost and works accountancy. As long as he is a member of the Institute, he will be regarded as a fellow of the Institute or as a qualified

F.I.C.W.A., etc. There is no condition that he must be practising. This is the existing arrangement under the Institute. You become a member, you are trained and qualified and no matter whether you are in practice or in service, you shall be regarded a cost accountant and you can put these qualifying letters after your name. There is no bar. Now this is changed. The Government should tell us, or anyway, the Select Committee should consider, whether this change is justified. According to us, we think that it is unjustified. I know that they have in this change followed the provision in the enactment relating to the Institute of Chartered Accountants. There one is not regarded a chartered accountant until and unless he is also in practice, apart from being a member of the Institute. But in that case it happens that almost 70 to 80 per cent. of the persons who are qualified chartered accountants are in practice and very few are in service otherwise. Therefore, there it is understandable to some extent, because it does not make any practical difference to those persons who are qualified. Most of them, at any rate the overwhelming majority of them, are in practice. But what happens in this particular case of cost and works accountants? Here the overwhelming majority are not in practice. Maybe some 2 to 3 per cent. are in practice. But the rest, for no fault of theirs, are not in practice, because this work has not yet developed in this country. It has not yet become an attractive profession. Companies are under no obligation to appoint cost accountants. Therefore, after getting the qualification, they do not find any kind of scope or opportunity for practising, for private practice or for practice in partnership. They have to seek jobs in companies. So this is the position. So if this provision in the Bill is retained, then it will mean that some 98 per cent. of these persons will not be called cost accountants. They will not be qualified to put these letters after their name. Only some 2 or 3 per cent. of them will be entitled or be allowed to put these letters after their names and

[Shri Bhupesh Gupta.]  
 be regarded as cost accountants. This is discrimination. I may be qualified along with my friend. I may have passed along with him, and in the same year. And my friend finds work as a practising cost accountant in a certain undertaking and I find a job in some other undertaking. I cannot be treated or considered a cost accountant though we both have the same qualification, and maybe I am a better student. But he will be regarded as a cost accountant. This is unfair to those persons who have to find jobs in various undertakings, because otherwise the profession itself does not afford ample opportunities.

Now, Sir, this is very very wrong. I think the Chartered Accountants Act should not be bodily lifted and applied here. I think this analogy is untenable in the case of the cost and works accountants for the simple reason that the picture is reverse here in the sense that an overwhelming majority are not in practice but in service. Now, Sir, it is these people who have to be attracted to the profession or will have to be placed in various types of services because the services also can play a very important part. We cannot say that only those in the profession will play an important part and that the others will not. We cannot argue that way. Naturally, this discrimination should go and all should be called cost accountants irrespective of whether they are in practice or in service. I would ask the hon. Minister to consider this point very very seriously as otherwise we shall be creating difficulties. In fact, people will not be attracted towards this particular institution and particular education. I would prefer them to be called cost and works accountants because this would be a better term than merely calling them cost accountants. This would be a better term because it describes the functions these people will fulfil better. I understand that there will be a category of people, a growing category of people who will be practising and it may also be necessary to differentiate them in some

respects from those who are in service, not in practice. Therefore, the suggestion has been made by some people in the country in that particular line that they should be called cost consultants. That would differentiate them from those who are in service if differentiation is at all needed. I am not keen about any particular expression; what I want is that there should not be any differentiation between the two categories as far as basic things are concerned, namely, the qualification and the description.

Another point I would like to make is this. The hon. Minister said yesterday that the British Institute would operate in this country for another five years or so. Well, somehow or other we cannot get out of the clutches of the British even in matters of this kind.

THE DEPUTY MINISTER OF COMMERCE AND INDUSTRY (SHRI SATISH CHANDRA): I respectfully submit that I did not say anything like that.

MR. CHAIRMAN: He says that he did not say that.

SHRI BHUPESH GUPTA: I think he said it. That is the position. The British will run their Institute here and run their examinations in this country.

SHRI SATISH CHANDRA: What I said was that the British Institute had been holding examinations in this country so far, and some of the present cost accountants are those who have been examined by the British Institute in the past.

SHRI BHUPESH GUPTA: Yes, Sir, I made a mistake. I said they have their Institute here. But they hold examinations here. I do not like that. I am not particularly enamoured of the British examinations. I passed a couple of degree examinations of that kind but I am not particularly enamoured of them. I think today in our free India we can look after ourselves very well in such matters. If it is highly technical education or some atomic research or some such thing, I

can understand this kind of thing, but I think in regard to cost accountancy our people have given a good account of themselves—people trained in our own country. We always get an inferiority complex the moment it comes to British qualifications. I can tell you one thing. The moment I passed my Bar Examinations, I noticed and was absolutely upset by the complex of some members of the English bar and from that day I decided that the one thing one should do is to see that this hideous distinction goes away. Now, we have got eminent lawyers in our country without having British qualifications.

MR. CHAIRMAN: Yes. Now come to the cost accountants.

SHRI BHUPESH GUPTA: I am coming to that, Sir. It is very much akin. This complex should be given up by the Government. It is unnecessary and sometimes will be harmful. What happens is this: Whoever passes the British examination will become automatically a member of the British Institute and of the Indian Institute. This is one way traffic. I do not like one way traffic. If you have reciprocal arrangements and if the British Institute recognises *ipso facto* our people, it is all right. I can understand reciprocal arrangements, but why should there be only a one way traffic?

SHRI SATISH CHANDRA: The Chartered Accountants Act also provides for reciprocity and the same is provided under this Bill.

SHRI BHUPESH GUPTA: Whatever it may be, the fact remains that one passing the British examination would at once become a member of the British Institute as well as of the Indian Institute and in such a case, he will not go anywhere near the Indian Institute. We do not like that because first of all, it is derogatory according to me to our norms of national prestige. I could have understood if there were very great compensating factors but there are none here. Secondly, it

places other categories in an advantageous position; thirdly, it encourages the Indians to sit for British examinations rather than for examinations held by the Indian Institute because one becomes automatically a member of both the Institutes and therefore, this is putting a premium in favour of the British examinations. It is a disincentive, if I may use an economics term, to the Indian Institute. While we are trying to develop an Institute in this country, this should not happen.

SHRI SATISH CHANDRA: May I know to which section of the Bill the hon. Member is referring to?

MR. CHAIRMAN: The general way in which you have developed.

SHRI SATISH CHANDRA: From which clause of the Bill the hon. Member draws this conclusion? May I know that?

MR. CHAIRMAN: What is the section which says that? That is what he is asking.

SHRI BHUPESH GUPTA: Is it denied that those who pass the British examinations become automatically members of the Indian Institute? Does he deny that?

SHRI AMOLAKH CHAND (Uttar Pradesh): They do not become automatically members of the Indian Institute.

SHRI SATISH CHANDRA: That is not so at all.

SHRI AMOLAKH CHAND: The position is not like that.

MR. CHAIRMAN: Anyway, that is over. Come to the next point.

SHRI BHUPESH GUPTA: Therefore, this should be done away with. I think it is somewhere there in the Bill indirectly, not directly, because this Bill does not relate to British examinations. Mention is made about the

[Shri Bhupesh Gupta.]  
existing arrangement. I want this arrangement to be given up altogether. I am not concerned with the legal formula in the Bill. Let the Government give us a clear and straight assurance here and now that these two examinations will have equal status and one will not have an advantage over the other, that those passing the British Institute examinations will not be given an unfair advantage.

[MR. DEPUTY CHAIRMAN in the Chair]

A candidate passing one examination should become a member of that particular Institute only and not of both the Institutes. There should not be this discrimination against the Indian Institute in favour of the British Institute. That is my point and I would like to hear on the subject a little more when the hon. Minister speaks. I understand, Sir, the problem. There are some people who are British qualified. There may be also some people who will come from England, qualified persons. I do not like that British personnel should come for cost accounting purposes in this country. I want to bang the door on the British people for two reasons. Firstly, when we have an educated middle class, we should give the persons in that class education and find them employment, and cost checking and cost accounting should be left in the hands of Indian nationals. Secondly, we do not like the British to come here more and more even in such lines precisely because they will not be guided by our considerations. When a British cost accountant works in a British firm or otherwise is a partner in a private firm, he will not be guided by my ideas; he will not be guided essentially by my national interests, consciousness of my nation, my public opinion will not have any bearing on his activities. He would ignore all these things because he comes from a foreign country. He stays here for a short time and all that he is interested in is to serve the

British interests and protecting the British interests. There is no denying the fact that in matters like this there does come about conflict between the British and Indian interests. Why he wants to place even such an institution and such a profession in the hands of the foreigners in this country cannot be understood at all.

Therefore, understand my position, I do not like any Britisher to come and practise at all. This is my position. Now, should you allow the examination to be held? I want this examination to go completely. If an Englishman comes, let him sit for the examination here and get passed. I would not like him to come, but under no circumstances I would like that examination should be held under the British Institute and people would be attracted there because it automatically gives membership of two Institutes and they should have an advantageous position *vis-a-vis* the Indian Institute. Therefore, it is very, very important. It is a vital question of policy. I want the field to be opened for our nationals. This is my main point. And you have got many people in this profession. You have got to move. You have got many talented people in this profession. Train them and give them employment, so that they feel that they have security and they also feel that they are playing an important part in the service of the nation. They have a constructive part to play in the re-making of our country. I want to inspire in them that kind of feeling, give them a philosophy, give them a mission to serve. All things are very important when you develop an Institute of this kind. This controlling behind by the British, holding the apron strings of the British, is not good. That idea should be altogether given up. I think I have made that point sufficiently clear.

Now, I come to licences. Yes, I know that practical difficulties may arise. All right. Give them licence. Don't make them members. Those who pass from the British Institute or

coming from abroad, if you cannot stop them from coming, give them licence to practise, licence to work. Do not make them members of the Indian Institute. Well, doctors come from abroad, qualified F.R.C.S. or M.R.C.S. Automatically they do not become graduates of the Calcutta Medical College or some other college. I passed LL.B. from the University of London, but it does not mean that the moment I come back I automatically become an LL.B. of the University of Calcutta. It is not done. I passed Bar-at-Law there. I am given a licence. So, here in the High Court I can practise, but I do not automatically become a qualified graduate of a University. It is not done. In other fields it is not done. Why must another course be followed here? You can give them licence, if you cannot avoid some of them. All right. Let them take the licence, permission to practise, not acquiring membership of the Institute. That is how it should be proceeded. I can understand that position. This is an important point that I have made. I hope the hon. Minister will not try to score a debating point over this matter and it should be seriously gone into.

Then, another point I should like to make is about the elections and other things. First of all, I point out that there should be annual general or extraordinary meeting of the members of this Institute. This is not provided for. Now, these meetings are not held. Annual meeting is very essential in an Institute, so that the membership of this Institute collectively gets an opportunity to review the work of the management or the Council of the Institute. There, things will be reviewed, suggestions will be made, weaknesses will be overcome, shortcomings will be removed and improvement will be facilitated. Why there should not be such annual general meeting or extraordinary general meeting of the entire membership of the Institute every year, I do not see. Now, here again they have followed the principles applied in the case of

92 RSD—4.

the Institute of Chartered Accountants. But as far as I understand, the Chartered Accountants' Institute is the only Institute in the whole world which does not have provision for holding such an extraordinary meeting or annual general meeting of the entire membership. I think this Chartered Accountants' Institute should not be copied in this matter, especially when we are trying to develop an institute. In fact, we are starting an institute of this kind, under the law. It is essential to draw upon the collective experience of all members to seek their counsel, to seek their advice, to make them feel that they are a part of the Institute, that they belong to the Institute. It will instil in them greater confidence, greater hope. It will be always helpful for the Government that way to draw upon their experience and get their assistance. Members should be given that opportunity. Therefore, this is my another suggestion. And the review becomes very, very essential, specially in the early period. A lot of things may go wrong. We have to learn from experience. And how can you pool the experience, if the membership is not allowed to meet in an extraordinary general meeting or an annual general body meeting? Every year that should be done.

Then, Sir, about the election of President, Vice-President, etc., and the Standing Committees. They are elected for the entire period. I think this is no good. There should be annual election. The Bill says that their term will be co-terminous with the term of the Council. That is to say they will be elected either immediately after or with the Council and then their term will expire with the term of the Council—three years or so. Why should it be so? They should be annually elected. Why? I tell you this is important, because the membership then will review the work and choose the right type of men. This is very essential, to choose the right type of men, especially in the beginning. The President, the Vice-President, and the office-holders



[Shri Bhupesh Gupta.]

of this kind should be chosen, should be subject to review by the entire membership every year. And on the strength of their performance and capacity in building the Institute, they should seek re-election. There should not be a kind of vested interest with a tenure of three years or so. Once this is done, the management completely loses contact with the membership. The membership does not feel as if they have any say in the matter of management. A kind of hiatus develops between the membership on the one hand and the management. I think especially in the formative period of an institute of this kind, this is not good. This is unhelpful and it may lead to certain bad results. Therefore, I would also make this suggestion.

Then, again, there is nomination. The Bill provides that not more than 8 members will be elected and 4 will be nominated by the Government. Now, therefore, there will be 12 members. Out of the 12 members, 4 will be nominated and maximum 8 can be elected. In the case of the chartered accountants it seems that the ratio is 4 : 1. The ratio between the elected element and the nominated element is 4 : 1. In this particular case, it is made 2 : 1. I do not see as to why such weightage should be given to the nominated members. Government will say that it is necessary for them to put some of their representatives to look after the general administration and the activities of the Institute. I can understand that point. But I would not like such weightage being given in favour of nomination. After all, if the membership is active, if it is vigilant, if it is allowed to function in a general body meeting and annual extraordinary meetings and all that, it will find the right type of people. It will be always reviewing their activities. Therefore, the elected element will be a good element in such a situation, and is likely to be a good element. There is less chance of a bad element creeping in. In any case, elected representation should

have a better say. Therefore, I do not think that it is a right arrangement that there should be as many as four members nominated by the Government. The ratio that applies in the case of the Chartered Accountants' Institute should be applied here also. It seems that the Government has taken all the bad things from the Chartered Accountants' Act and incorporated them into this Bill and the good things are given the go-by. This is not learning from experience. Now, Sir, imagine what will happen. Out of 12 members, 8 are elected and 4 Government nominated. Well, Government may nominate anybody they like. It may be that he is a person not qualified as a cost and works accountant. Now, those people who are not cost and works accountants would also be elected. The result may be—thanks to the Government—that the majority will be controlled by people who are not cost and works accountants at all. It is a likelihood. I am not saying that it will be done, but the likelihood is there. Are we going in for this kind of proposition? You will say that it will not happen. But where is the guarantee? Because the Bill retains the provision that even if you are not a qualified member of the Institute, you may be a sort of an honorary member or some such thing of the Institute. In the beginning, I can understand some people not qualified being members of the Institute. But as qualified cost accountants would be associated with the development of the Institute, I do not see as to why we should have unqualified men at all.

In my opinion, all people should henceforward be qualified cost accountants as far as the elected bodies are concerned. Those who are not qualified should not be given the membership of this Institute at all for any reason, whatever the other considerations may be. As far as the Government is concerned, I can understand there may be some who may be unqualified and there may be others also who will be qualified. I

want a statutory guarantee that in no case, by no possible combination, those who are not cost accountants can form a majority in the Council I want that I would like the Select Committee to give a pucca guarantee in this matter that whatever the combination, whatever the nominations or election, the majority will in no case be left in the hands of a body of men which is not made up of cost accountants—qualified cost accountant That point should be considered I do not like that institution to be subverted or compromised or put on the wrong rails by those people who do not have an expert knowledge or who are not qualified This is another point that I would like to suggest in this connection for the Select Committee to consider

Then there are other points also about the students It seems that in the prospectus of the Institute or in its Articles of Association there is the provision for some register today Now, this provision is going from the Bill I should like the Select Committee to consider carefully whether it is a right thing to do so I am no expert on the subject It seems some knowledgeable people have raised an objection that the arrangement for registering students should not be given the go-by in the new set-up when the Institute comes into existence That is a point for them to consider

Then, Sir, I would like to stress two other points About the independence of the cost and works accountants—here, they do not even have that measure of independence which goes to a chartered accountant First of all, it is not compulsory Secondly, they do not have powers I would like our cost and works accountants to be invested with effective and adequate powers so that they can function, give this Institution a body of independent men who are socially conscious, who know how to fulfil their functions without being

influenced by any quarter This is what I want Therefore, the Institute should have a set of rules so that they are invested with the necessary powers Not only that Legislation will be called for in other fields in order to give some powers to the members of the Institute and to the cost and works accountants in the country In fact, I would like the system to be made compulsory Why should not the Government have a body of men, a large number of cost and works accountants, at their disposal? They may be in partnership or otherwise, and they should be at the disposal of the Government so that the Government can use their services for examining the accounts and cost and other related matters in respect of industrial undertakings, whether they are in the public sector or in the private sector This is how you should organise the institution This is how you should develop it You should have a body of men independent of the influence of the monopolist or the capitalist elements or people who indulge in malpractices, protected by Parliament, protected by law and taken care of by the Government to fulfil a very good function—an effective function—in the economy of our country That is what I would like to have Sir, unfortunately the Bill misses that aspect of the matter altogether The Bill does not think of it The Institute has been started It is good Then, there is no perspective in this Bill or before the authors of this Bill if I may say so with all respect to my hon friend, the Deputy Minister, here You should have some perspective I would not like our cost and works accountants to be taken advantage of by the various firms I would not like them to be appendages I would not like a system of cost accounting to be developed in our country so as to help the monopolist and capitalist classes in order to carry on their malpractices, to boost the cost whenever they like or to reduce the cost whenever they like We would not like that sort of a thing We would like to have the proper type of independent people who function

[Shri Bhupesh Gupta]  
keeping the country's interest at heart all the time That point you should consider.

Therefore, finally, my four points are these The Government should consider the point with regard to the description That is to say, clause 2 should be modified so that everybody as soon as he qualifies becomes a cost and works accountant You can differentiate by calling them as consulting accountants or by such other name The discrimination against Indian in favour of the British examination should absolutely go Then, the election should take place as far as the President, Vice-President and others are concerned With regard to the other point

MR DEPUTY CHAIRMAN Independence of the profession

SHRI BHUPESH GUPTA These are some of the other points that I have made I spoke about the President, extraordinary meeting and all that These should be considered

Now, it seems there is some drafting error in this Bill I will draw his attention to this and he must consider it It should not have occurred I would not be in the Select Committee Whoever is there will point this out You see clause 17—Committees of the Council There, it is like this —

“(1) The Council shall constitute from amongst its members the following Standing Committees, namely —

- (i) an Executive Committee,
- (ii) an Examination Committee, and
- (iii) a Disciplinary Committee”

Therefore, under this Bill, there are only three Standing Committees, no more Then, you see the subsequent sub-clause—sub-clause (3) “The Executive Committee shall consist of

the President”, etc, are there Then you come to sub-clause (4) about the Disciplinary Committee Then, comes sub-clause (5) which says —

“Each of the other Standing Committees ”

Now, it cannot be “Each of the other Standing Committees” because we have only three Standing Committees Two you have named You can say “the other Committee” and not “Each of the other Standing Committees” and all that

MR DEPUTY CHAIRMAN Read sub-clause (2)

SHRI BHUPESH GUPTA Yes, I have read this

“The Council may also form such other Committees ”

I cannot understand the words “other Standing Committees” Here, they say, “such other Committees” That is the difficulty You have exhausted the list by naming two, leaving one only You can say, “other Standing Committee” or as the Deputy Chairman has pointed out, “other Committees” It does not seem that it is the “other Standing Committee” We have to consider this thing in the Select Committee, otherwise, it may lead to confusion

Sir, I think, on a subject on which I am no expert, I have tried to present some points of view Naturally, I have tried to study this as far as I could I hope the Select Committee will consider my points My suggestion to the Select Committee would be that it should invite the members of the Institute whether in service or in profession to come and give evidence before them And I think it would be useful, since the Institute is in Calcutta and many of them may be there, for the Select Committee—a part of it or the whole Committee—to visit Calcutta and meet people on the spot They may give very good suggestions in such matters and they

should be considered by the Government. Evidence should be taken. Some friends approached me. I told them: The Government seems to be very reasonable in this matter. They have agreed to the appointment of a Joint Select Committee. Now, they say that the Joint Select Committee is being appointed. I do not want to dilate on this subject. I would only impress upon the members of the Select Committee that since we are building a statutory institution with great hopes and perhaps, with some perspective also, it is necessary that you should consult the members of the Institute and others who may help you in this matter so that in finalising this Bill through the Select Committee, we remove the loopholes and make it a perfect Bill for building up a really good institute of cost and works accountants in our country. This system has to be developed. It will fulfil a great need. Let us go into the job learning from past experiences and having the future before us so that we can present a really exemplary Bill in this matter for setting up a very valuable institution of this kind and in this the co-operation and assistance of the existing members of the Institute, be they in service or not, should be obtained for finalising this Bill.

Thank you.

**SHRI AMOLAKH CHAND:** Mr. Deputy Chairman, Sir, I rise to support the motion for reference of the Bill to a Joint Select Committee. Now, Sir, this Cost and Works Accountants Bill which has been introduced in this House is practically based on the Institute of Cost and Works Accountants, which has its head office at Calcutta in India.

Now, Sir, let us understand what is cost accounting and what would be the purpose of this Bill. Now if we look into the Institute which was formed in 1919 in England, we find that certain rules and regulations have been framed. The Institute there is not one under an Act of Parliament.

It is an Institute which was founded in 1919. Now, Sir, we know that with industrial development the business today in India has developed and we cannot afford to have expert guidance regarding the cost of production of a particular item. We know, Sir, that difficulties do arise where there is a difference of opinion about the cost of production. We know that Tariff Commission have to go into the question of cost of production. We know there was a dispute about the TELCO cost of production of an engine and all that. For that it is necessary that we should have an Institute which conducts examinations at a higher standard than what it is doing today, in due course. I would like to impress that the examinations which are held by the Indian Institute are not up to the mark, but at present I am concerned with explaining as to why cost accountancy should be a career and how important it is.

Business today, Sir, as I was saying, cannot be conducted without the expert and specialised assistance of the scientific and learned professions. One of the earliest professions to come to the aid of business was accountancy. Now for many years its chief services have been confined to the purely financial aspects of an undertaking but subsequently, a special branch known as cost accountancy was evolved. The primary function of cost accountancy is to provide and maintain an internal check and control on every form of expenditure in an undertaking. This can only be done by ascertaining the costs of products, processes and the various operations in undertakings and by provision of information for the guidance of the management, particularly for the purpose of cost control, etc.

Now, Sir, cost of production is not only one of determining the selling price, but there are so many other factors which are to be considered before coming to the conclusion as to what the cost of production should be. Now there are so many methods and details of cost accountancy and as my

[Shri Amolakh Chand]

friend, Shri Bhupesh Gupta, was trying to show, manipulations can be made, so there are ways of manipulating things. What we want, Sir, is that there should be a system by which one can understand very easily what the cost of production of a particular article is, a system which may also bring more efficiency, less cost, and less price to the consumer. That should be the aim with which we have to look at this Bill.

The cost accountant is responsible for supplying information to the management about the activities of the business in relation to cost, etc. Now, Sir, if we look into the classes of cost accounts which go to determine the price of a commodity, we find there are job costs, contract or terminal costs, single or output costs, multiple costs, departmental costs, process cost and operating cost. Then again we have the prime cost, works or factory costs, cost of production, cost of sales. Then there are various other methods by which these costs and expenditure are considered. There may be direct material, direct labour, direct or chargeable expenses, indirect charges, administrative charges and the like.

Now, Sir, I shall try to show that it is a very complicated and technical matter, and when we are dealing with a complicated and technical matter, the Select Committee, to which the Bill is being referred, should look into this that the Institute which is going to come into being and on which the Government of India is likely to spend a large sum, should be a body which should conduct the examinations in a manner that the product turned out of the Institute would be good enough to help in the development of industry, which is the objective of this welfare State.

Now, Sir, if you look into the prospectus of the existing Institute of Cost and Works Accountants—which is going to be hereafter dissolved—it says that the syllabus in it will be elective, from the 1959 January

examination. If you look into the constitution of the Council, as it is, you will find that there are about 15 persons among whom we find not only cost accountants but chartered accountants also, and if you look into the various categories of courses for which this Institute prepares the students, it will reveal, Sir, that the students who are to sit for the examinations can go away after passing the preliminary examination—I will refer to it in detail later on, Sir. Now, Sir, membership of the Institute is divided into three classes—I am just quoting from the prospectus—namely, studentship, associateship and fellowship. Associates and fellows are designated cost accountants and can respectively use the letters AICWA and FICWA. Now these are all to be found in the Bill. But if we look to the Institute in the UK, we do not find the same degrees, the same words used there. There you will find for AICWA, ACWA, and for FICWA you will find FCWA. I do not know why in this Bill we have tried to keep only the letters which are to be used by a fellow or an associate of the Institute of Cost and Works Accountants. I think this is a matter which may be looked into, because the idea should be that these titles or degrees—whatever you may like to call them—should not differ from other titles or degrees of the other institutes of the world, we should bring our degrees to the same level and as such I would suggest that the letter “I” in this may be dropped. Then those who are not employed in service but follow the profession of costing may further designate themselves as Consulting Cost Accountants—it is in the syllabus.

Now, Sir, let us look into as to who could be members of the Institute. An applicant for Student Membership of the Institute must pay the registration fee of rupees fifty and an annual subscription of Rs fifteen. Then if we look into the qualifications as to who can get himself registered as Student Member we find that a student must normally pass the Final Examination within five years of registration and

within three years of passing or being exempted from the Intermediate Examination. Then come Associates and Fellows for whom the age limit prescribed is 21 and 26 years of age, and so on. Now if you look to the application forms, etc. you find that the examinations will normally be held on the second Monday and subsequent days in January and July every year in Calcutta, Bombay, Madras, Delhi, Waltair and Poona and in such other places as may be fixed by the Council. Similarly you find that examinations are held in India under the auspices of the U.K. Institute. Now if you compare the syllabus of the two Institutes, that of U.K. and India, you will find that our standard is much lower than that which is prescribed there. I would like to draw the attention of the Select Committee for this very purpose that they may compare the two syllabuses and look into the technicalities that the cost accountant has to deal with and must see that any person who wants to be a cost accountant must at least have a degree of a university, either a commerce degree or an arts degree or a science degree.

MR DEPUTY CHAIRMAN: You may continue in the afternoon. Mr Amolakh Chand.

The House stands adjourned till 2-30 in the afternoon.

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

The House reassembled after lunch at half past two of the clock, MR DEPUTY CHAIRMAN in the Chair.

SHRI AMOLAKH CHAND: Mr Deputy Chairman, before the House adjourned for lunch, I was trying to explain the technical aspect of the profession of cost and works accountancy and I was trying to suggest that the new Institute must have some minimum qualification laid down for

the students. I was suggesting that a degree of a University, either in Arts or in Commerce, should be the minimum qualification. If we compare the qualifications and examinations of the U.K. Institute and the Indian Institute, we find that the U.K. Institute has three examinations, the Preliminary Examination, the Intermediate Examination and the Final Examination, whereas in the case of the Indian Institute there are only two examinations, the Intermediate and the Final. As I was pointing out, Sir, the syllabus does differ and the standard of the U.K. Institute is certainly higher than that of the Indian Institute. When we want reciprocity, when we want that our Cost and Works Accountants must also qualify for the examinations of the U.K. Institute, I do suggest that our standard should also be at least the same as that of the U.K. Institute, if not higher.

Now, Sir, in the U.K. Institute, they exempt a student from the Preliminary Examination if he fulfils certain conditions, for example, if he has passed the Final Examination for the degree of any approved university. That was the reason why, Sir, I was suggesting that the minimum qualification for a Cost and Works Accountant should at least be a degree examination of any approved university of India. I would not labour this point any more, Sir, because what we find is that the plight of students, even in the Coaching Institute, is really horrible. And I would like to place here the viewpoint of the students also.

Now, Sir, you can see the figures on page 4 of the Report of the Institute of Cost and Works Accountants. You will find that in the January 1957 examinations 1,100 candidates appeared for the Intermediate Examination. You know, Sir, that a candidate can appear only if he has deposited Rs 50 as admission fee and if he has continuously for two or three years paid some subscriptions. You will be surprised to find, Sir, that only 78 out of 1,100 students passed the January Intermediate Examination. Now if

[Shri Amolakh Chand.]  
you see the Intermediate Examination which was held in the month of July 1957, you will find that the number of candidates who appeared was 1,374 and the number of those passed was 87.

AN HON. MEMBER: What is the percentage?

SHRI AMOLAKH CHAND: The hon. Member knows mathematics very well. I have given the figures and the percentage can easily be calculated. Now, Sir, if you see the results of the Final Examination both held in January 1957 and in July 1957, you will find that 200 candidates appeared in January 1957, out of which number, only 81 passed. Then in July, out of 208 only 39 students passed. Now, Sir, what I was trying to explain was that our standard should rise. In this connection, Sir, I would like to point out the difficulties which the students are facing, and I think it would be worth while for the Joint Select Committee to look into that aspect also. Now, Sir, this is a letter which has been sent to me by some of the students of the Institute of Cost and Works Accountants. I will not read the whole of it, but I will refer only to some salient points mentioned therein. It says:

"The Institute seems to be contented with holding examination and regularly declaring over 95% of the candidates unsuccessful, mostly in the costing papers only. Then it sends to the candidates what it calls 'Report of the Examiners', full of stereotyped moth-eaten cliches such as 'answers of candidates reveal waste of time, lack of imagination, lack of ability of systematic presentation, lack of good handwriting, lack of clear thinking, lack of precision, etc.

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Judging from the past and current record of the Institute, we are thoroughly convinced that unless provisions regarding the matters such as the following are

statutorily incorporated into the Cost Accountants' Act (or Rules framed under the Act, or any and every other pucca, permanent, fool-proof ways and means), AND ADEQUATE MACHINERY TO ENSURE ACTIVE, REGULAR AND EFFECTIVE IMPLEMENTATION PROVIDED, the cost accountancy Profession can....."

Now, Sir, the main defect in the coaching system or in the Institute is that they do not hold any regular classes. What they do is that they prescribe some suggestive answers in their monthly journal known as "The Cost and Works Accountants' Journal". Their complaint is that even in the case of 1957 examinations that was not published. Anyway, Sir, this is a matter which could be looked into by the Joint Select Committee. What I want to emphasise for the consideration of the Joint Select Committee is that they should understand what are the duties and functions of cost accountants. This has been laid down by authorities on Cost and Works Accounting and for the benefit of the Committee and for our own information and knowledge we can say that these include the following:

- (a) accounting for income and expenditure on the basis of the productive, selling, distributive and administrative activities of the business;
- (b) detection of all avoidable waste, whether of materials, labour or overhead facilities;
- (c) development of cost standards;
- (d) comparison of the costs of alternative methods and plant.

Every day when we put questions and want to know how the price of a particular commodity or article compares with another manufacturer's, there we need a comparison to ascertain the economic price. If the cost price goes up, the consumer has to pay more and if the consumer has to pay more, naturally the market for the commodity decreases. Then comes.

- (e) presentation of information to management. This would also facilitate what should or should not be the wages of the labourers.

Now these are the salient points with which the Select Committee would be faced and in that context I would now examine the Indian Institute which is working at the moment.

You will find that this Indian Institute will now be a dissolved company and its assets would be taken over by the statutory institute which would be set up after the passing of this Bill. Now the question arises as to what would be the constitution of the new Institute as compared with the present constitution. Let us study what the present constitution is. This Institute was registered on the 14th June 1944. Seven persons who were chartered accountants and cost and works accountants formed themselves into a company and got it registered and the object of the company was to provide a professional organisation for cost and works accountants in India. The liability of each member, to the promoters, were to the extent of Rs 25 only. Let us see the fees which they have prescribed and the classes of members which they have. For a fellow who is to scribe the words FICWA, he has to pay Rs. 350 as admission fee and an annual subscription of Rs. 30. Then there is another class as associates who use the words AICWA paying an admission fee of Rs. 150 and an annual subscription of Rs 30. Then comes the third category of students and every student has to pay a registration fee of Rs 50 and an annual subscription of Rs. 10 in addition to training cost etc. The Council at present consists of 12 persons elected by the members of the Institute, five nominated by the Central Government and one immediate past President. They are at present running six centres. Then they can have another class as area representatives and co-opted members and their voting strength would be three-fourths of the members present and voting.

I have dealt with the figures of examinees and the persons who have passed and therefore I will not deal with that point at this stage. There is provision for refresher course and postal tuition. The Government has also given two lakhs to the Institute and the Institute gets about Rs. 2,08,620 as examination fees from the students. In this background if we look into the Bill which has been presented before the House, I would like to point out that all the defects which I have pointed out in the Indian Institute as compared with the U.K. Institute should be looked into. I have failed to understand, on a cursory seeing of the Bill as it is, certain things. In clause 1(2), I find that it extends to the whole of India except the State of Jammu and Kashmir. I don't know why all our new legislations should, like the previous Bills, say that it shall not apply to the State of Jammu and Kashmir. In this Cost and Works Accountants Bill, I don't see any reason why the State of Jammu and Kashmir should be excluded and probably that was the reason why the Mover who moved for reference to a Joint Select Committee has put a member from Jammu and Kashmir to look into this matter. We know that Jammu and Kashmir State, being a part of India, is interested in developing industries there and it would be in the interest of the State and the general customers of the products of Kashmir that they should have a cost accounting system which will lead to reduction of cost prices.

Then clause 4(1) (iv) says:

"Any person who has passed such other examination and completed such other training without India as is recognized by the Central Government or the Council . . ."

I have not been able to follow the import of the words 'without India'. I think the idea is 'outside India'. If that is so, the word 'outside' would be better instead of 'within' or 'without' India. This brings me to the point raised by my friend opposite, Shri Bhupesh Gupta, regarding the



[Shri Amolakh Chand]  
discrimination between an individual who has passed the cost and works accountancy examination of the Institute of UK and one who has passed from the Indian Institute. I feel that there should be no discrimination and certainly when the standards of our Institute are raised, there will be no question of any discrimination.

Again in the same page we find—

“any person domiciled in India, who at the commencement of this Act is studying for any foreign examination and is at the same time undergoing training, whether within or without India etc.”

The better words would be ‘in or outside India’. This is a matter which is to be considered by the Joint Select Committee.

Coming to page 4 sub-clause (3) says

“on payment of the prescribed entrance fee, which shall not exceed rupees three hundred in any case.”

At the moment the fee probably is Rs 350. I don't know why Rs 300 has been put as the maximum. This has to be looked into in respect to the expenditure which should be met by the Institute on trainees if they raise their standard.

Clause 5 deals with Fellows and Associates. I have already drawn the attention of the House why the letters which are to be used by a Fellow of the Institute or an Associate should have the letter ‘I’ in between ‘A’ and ‘C’. Probably the idea was to distinguish the two institutes of UK and India by putting the letter ‘I’ here that he is an Indian who was becoming a fellow of the Cost and Works Accountants Institute. The Select Committee would certainly like to have no discrimination in the words which are to be used by a Fellow or an Associate. After all this is an all India Institute. We should have ACWA instead of AICWA. Our

letters should be equivalent to those of any other person coming with a foreign degree. I don't find that a Doctor of Science from Cambridge or Oxford or a Doctor of Science from the University of Allahabad or Banaras or any other has a distinction in degree. Both have DScs, not IDSc. Therefore I suggest that this is a matter worth looking into.

In clause 6 on page 5, the same terms “within or without India” occur and my remarks about them are the same as in the previous case.

Then in clause 8 I find a novel provision in sub-clause (iv). The sub-clauses (iii) and (iv) deal with insolvency and the whole clause deals with the question of disabilities of members or Fellows of the Institute. Sub-clause (iii) says that if a man is an undischarged insolvent, he should not be a member. Very good. Such a man should not be a member. But then in sub-clause (iv) it is stated

“being a discharged insolvent, has not obtained from the court a certificate stating that his insolvency was caused by misfortune without any misconduct on his part.”

This I think, should not find place here. It does not find place even in the Insolvency Act itself and any provision regarding insolvency should be guided by the Indian Insolvency Act.

Next, Sir, I come to clause 9 on page 6. The point was raised by Shri Bhupesh Gupta as to why out of the 12 members on the Council 8 should be elected and 4 should be nominated by the Government. It was argued that under the Chartered Accountants Bill that we considered yesterday, the proportion previously was 20 to 5 that is to say, 4 to 1, and then membership was raised from 25 to 30 and the proportion was 24 to 6. Here we have reversed the ratio to 8 and 4. I think probably the reason is that in the initial stages, the Government of India is giving a grant of Rs 2 lakhs and probably they will increase the amount later on to Rs 3 lakhs or

Rs 4 lakhs, and so they want that their representation on the Council should be effective, and not because the Institute when it was registered, the limited liability of the members was Rs 25. It should not be like that. This matter should be looked into by the Select Committee and they have to find out whether in view of the number of fellows and associates of the Indian Institute of Cost and Works Accountants, it is necessary or not that there should be more than 8 elected members. As I have pointed out earlier, under the present constitution of the Council, they have 12 elected members and 5 nominated members and one immediate past president. Here the proposal is that the whole Council will consist of 12 members, of which 8 will be elected by the fellows and 4 nominated by the Government. I think it is worth considering whether the number can be raised or not. We have not the requisite information as to the present total strength of the fellows and associates who elect. So naturally it will depend upon that figure. Therefore, I feel that nomination by the Government of 4 members is all right. But let us consider if the proportion should be changed later on in the light of the information which may come before the Select Committee.

Coming next to clause 10 I find that the mode of election to the Council is set out there. Sub-clause (2) says:

"Where any dispute arises regarding any such election, the matter shall be referred by the Central Government to a Tribunal appointed by it in this behalf"

that is to say, appointed by the Central Government—

"and the decision of such Tribunal shall be final"

If we recollect what we passed yesterday in connection with the other Bill, we will find that it was the Council of the Institute of Chartered Accountants that was to appoint a Tribunal. Why should the Central

Government be dragged into this matter at all? If elections are to be held on the Council there are members nominated by the Government and I see no reason why the Central Government should come in again and appoint a Tribunal for disposing of a matter which relates to election to the Council. I think it would be better if the powers are given to the Council and not to the Central Government. This aspect should be looked into by the Select Committee.

Next I come to clause 13 on page 7 where in the proviso the word "dissolution" again occurs. In the Chartered Accountants Bill the Government was pleased to accept my amendment yesterday, to the effect that the word "dissolution" may be changed to "expiration of the duration of the Council". I would suggest the same amendment to this clause also and the Select Committee may look into it.

Coming next to page 9, there in clause 17, sub-clause (5) I find it stated

"Each of the other Standing Committees shall consist of the President or the Vice-President"

I think it is not necessary that the words "Each of the other Standing Committees" should be there. Probably the "Examination Committee" which has to deal with all these tutorial and other examinations should be substituted there.

Then I pass on to page 12 where we have clause 21 under Chapter V dealing with the subject of misconduct, similar to Chapter V that was considered yesterday in the Chartered Accountants Bill. Here, in the last few lines on page 12 we find:

"Provided that where it appears to the Council that the case is one in which the name of the member ought to be removed from the Register" etc, etc

"it shall not make any order referred to in clause (a) or clause (b)."

[Shri Amolakh Chand.]

Here I would like to put in that when a person is disqualified for a period exceeding 5 years, they should have the power to disqualify that person even permanently.

Then about the Schedules, First and Second, in clause 22, the same amendment that I suggested in the case of the Chartered Accountants Bill and which was accepted by the Government, I would like to suggest here that instead of "First Schedule and the Second Schedule" we should use the words "any of the Schedules".

Then in clause 23 it is stated:

"For the purpose of advising.... the Council may constitute a Regional Council."

Here also, I would make the suggestion that was agreed to yesterday by the House in the case of the other Bill, namely that the word "assisting" should be added. Therefore, it should be for assisting and advising the Council.

Next I come to the question of appeal. Here we find that there is no provision for any appeal. I would like that there should be a provision for appeal as we find in the Chartered Accountants Bill. As I pointed out while moving my other amendment, yesterday, all professionals must have, if any action is taken against them by their own Council, a right to go before the High Court, the highest tribunal of the land and they should get justice from there. There may be reasons. There may be likes and dislikes and things of that sort in a council. Probably Sir, as a member I may not have voted for a particular member to be on the Disciplinary Committee. I do not say that everyone will feel that, but I may feel that because I did not vote for that particular member on the Disciplinary Committee, the decision is against me. Therefore, I should, if I want, have the chance to go to the High Court.

These are some of the suggestions that I would like to submit for the consideration of the Select Committee.

Further, I would like, if necessary, that evidence be taken. This is not a matter of any great hurry that we should try to dispose of it in a summary manner. I would like to impress upon the House that it is a matter of technical education, of technical equipment for our developing economy and more and more of industrial development, and so this particular aspect of accountancy should be thoroughly looked into.

In a circular which I have received relating to the chartered accountants of Madras, they have raised some points about cost and works accountancy also. Their contention appears to be that there should not be any separate institute for cost and works accountants. What they suggest is that because this cost and works accountancy is only a branch of general accountancy, specialisation in this branch is similar to a lawyer specialising in constitutional law. I do not agree with these remarks, for the simple reason that, as I have tried to explain, this is a matter which is highly technical.

3 P.M.

I hope the Joint Committee will look into all these things and that when the Bill comes back from the Joint Committee it will come certainly in an improved form. I must thank the Commerce and Industry Ministry for having brought forward this Bill. Even though the Institute has been working for the last fourteen years, these remarks and what I have myself heard about the Institute have not given a good opinion of the Institute. Therefore, I welcome this measure to have a statutory institute under which Government control could be exercised to a greater extent. Thank you, Sir.

SHRI RAJENDRA PRATAP SINHA (Bihar): Mr. Deputy Chairman, I lend my support to the principles underlying this Bill, that is, we have to give due importance to cost accountancy in this country. As you are aware, Sir, we are passing through a planned economy where the society is giving all kinds of impetus and protection to

the industries and, as a result of this planned economy, to a large extent the normal economic forces are not in operation. In a protected industry today there is no competition from abroad and the industry gets a price for its product which may be fixed by the Tariff Commission or the Government. It may command any price it likes because there is no competition with products coming from abroad. Hence, Sir, I feel that the consumers to a large extent are subsidising the industries today by agreeing to pay the price which the industries are demanding, particularly when there is no competition. Sir, in such an eventuality, it is very important that the costing of the products of the industry is done in a scientific manner so that the consumer is assured that he pays the correct price for the products of the protected industry. We are out to develop our economy as fast as it could be and in that effort every commodity has become scarce. Therefore, we cannot permit the use of both material and labour in a wasteful manner. What is important today is this that all the factors of production should be very efficiently employed. Now, Sir, what are those factors of production? As we know, Sir, the various factors of production are the material which, as I said, is a scarce commodity today, labour and management—this of course in the cost accounting jargon is known as overhead. Now, all these factors of production must be properly employed and to judge whether they are being properly employed, whether the productivity of the labour and the management is optimum, whether the material employed is such, that is to say, to judge the productivity of the technologists, it is important that we have cost accounting in every branch of industry. Sir, it is not enough to have cost accounting on the whole, but, Sir, it is important that we should have cost accounting, as explained by the previous speaker, for every stage of production. Then alone we can have a correct appraisal both of the productivity of labour and of management. Now, Sir, this costing is also

important from the point of view of industrial relations. Today what happens is that there is always a dispute between labour and management. The management says that the productivity of labour is not improving. Labour says that there are various factors which must go to help improve the productivity. For example, there should be adequate lighting, there should be adequate working facilities, there should be material of proper quality, the machinery working in a factory must work efficiently, etc., etc., and that unless all these factors are looked into and improved, the productivity of labour cannot go up. On their own, labour is quite productive; that is their contention. Now, all these disputes cannot be resolved unless there is an efficient mode of cost accounting for every stage and hence, Sir, the importance of cost accounting in today's scheme of arrangements.

Sir, the State is also vitally interested in cost accounting being done properly. The Income-tax Department would like to definitely know the quantum of profits accruing to undertakings from the various stages of production so that in the end there is no manipulation to avoid taxes due to the State. So, you will see, Sir, that looking at it from the various angles, the importance of cost accounting is going up from day to day. Will this Bill be able to satisfy all the points that I have raised just now? I do not think this Bill will go a long way to meet all the points. If you look to the Statement of Objects and Reasons you will find it stated as follows:

"The profession of cost accountants is, however, of comparatively recent origin in India and, unlike the profession of chartered accountants, there is no law to regulate this profession . . ."

Probably with the introduction of this Bill we will be removing this lacuna and we will be having a law to regulate the profession but that is not enough because the Statement goes on to say,

[Shri Rajendra Pratap Sinha]

" particularly because there is no law imposing any obligation in regard to the maintenance, certification or publication of cost accounts by industrial undertakings "

Sir, I would like the Joint Committee to consider this issue and to give its recommendation on this point. The time has now come when we should have some law which should place an obligation on the industries in India to get their accounts properly drawn up and checked by cost accountants. I would like not only that much, but there should be a legal obligation for, as stated here, the certification or publication of cost accounts by the industrial undertakings. Just as we have an obligation upon the companies to get their accounts audited by the chartered accountants and the accounts are properly published for the benefit of the shareholders and the incometax authorities, similarly, I would like the Government to consider this question of bringing forward such a legislation at an early date. I would like the Joint Committee to go into this question very thoroughly and give its recommendations. It is no good bringing forward only this half-hearted measure. It will not help the profession, nor will it regulate the profession unless you have an obligation upon all business undertakings to utilise these professional men and to make available to the Government, the public and to labour, the result of the work by these cost accountants on their company's accounts. Sir, that is a very, very important point which I would like to emphasise and I would like that the Joint Committee should go into it.

Sir, as I said I recognize the importance of cost accounting in this country and I also recognize the importance of organising this profession and also of placing an obligation on the industrial undertakings to get their works done up by the cost accountants. But I am not in agreement with the Government in the way and the manner in which they are out to bring about these results. I would like my

hon friend, the mover of this Bill, to appreciate that it is very difficult to differentiate, to bifurcate the profession of accountancy. There is only one science, the science of accountancy. And these are the different branches of specialisation, cost accountancy, financial accountancy, and so on and so forth. If you permit me, I will give you the analogy of medical science. There is only one medical science. There may be different branches of specialisation like the eye and throat specialist, the lung specialist and so on and so forth. The point remains that the medical student must undergo training in the basic and the fundamental principles of medical science. It is only at the post-graduate stage that specialisation takes place. Similarly, in this science of accountancy, whether he is a cost accountant or a financial accountant, the student desirous of entering into this profession must undergo a proper, basic grounding in the science of accountancy. The fundamentals are the same, the basic principles are the same whether he calls himself a cost accountant or a financial accountant. That is a very important point to appreciate, in order that you may appreciate the points that I would like now to urge before you. Now, the cost accountant unless he understands the various ramifications of accountancy, cannot be a good and thorough cost accountant. He must know what is financial accountancy and unless he knows that, it will be difficult for him to allocate costs so far as overhead costs are concerned. He must know the basic points about financial accountancy. He must be a perfect financial accountant before he can be a good and thorough cost accountant. I know that from my personal experience.

SHRI BHUPESH GUPTA: What, have you been a cost accountant?

SHRI RAJENDRA PRATAP SINHA: By talking to people, by knowing people. I know these facts. You cannot be a good cost accountant, unless you are a good financial accountant.

**SHRI P N SAPRU (Uttar Pradesh)** How does the cost accountant differ from the chartered accountant?

**SHRI RAJENDRA PRATAP SINHA** I must tell you frankly that I am not an accountant. Probably Mr Dhage would have answered that question better than myself.

**SHRI V PRASAD RAO (Andhra Pradesh)** He may be a chartered cost accountant.

**SHRI RAJENDRA PRATAP SINHA** But I can tell you that a chartered accountant is supposed to be a financial accountant, dealing with all matters of accountancy. Cost accountancy is a branch of accountancy. Just as you have the ear and throat specialist among doctors, so you have the cost accounting specialist, who does, as far as my knowledge goes, the costing aspect of a particular product.

**SHRI P N SAPRU** Then, why have a separate Bill for cost accountants?

**SHRI RAJENDRA PRATAP SINHA** I think this question may be directed towards that end to the Minister, not to me. I am of the same view as yourself. I was explaining to you that it is important that every cost accountant should be a financial accountant unless we want to train only costing clerks. That is a different story altogether. If we want only to have costing clerks—and this is what I think this Institute has been doing so far—then that is a different story altogether. You can train costing clerks, but they are not cost accountants. I would never place any cost accountant in any of my companies if he has not got a thorough knowledge of financial accounting. A cost accountant, in practice—this is what has been said—cannot be a good practitioner in cost accountancy, unless he is a chartered accountant himself. And if you look to the materials that have been circulated to us, you will find that most of the Fellows of this Institute are Chartered Accountants. Therefore there are two ways to which I would like to draw the attention of the Joint Committee of

resolving this issue. The first is that the basic qualification—as has been explained by Shri Amolakh Chand—should be of a very high order and you cannot have a high order of education and examination unless you have all the subjects of a Chartered Accountant. All those financial ramifications of accounts he cannot understand unless we adopt *in toto* the course for the Chartered Accountants so far as the general knowledge of accountancy is concerned. Specialisation comes in only at the post-graduate stage, and at the post-graduate stage, of course, I say that a special emphasis should be laid on the training of the cost accountants both in theory and in practice.

I was submitting for the consideration of the Joint Select Committee that it is imperative that there should be a training institution for the training of these people, whether you call them cost accountants or chartered accountants. I would now like to speak about the training that is being given by the dissolved companies or about the pattern of training that is introduced in this Bill. Now, there is no improvement in this. My hon friend, Shri Amolakh Chand, has spoken at length about the manner of training that is being imparted to the students of this Institute. There is no improvement on that scheme of training in this Bill. That is very disappointing and the Joint Select Committee must look into that. As I said while speaking on the other Bill, we must have a Central Training Institute for the training of accountants and in that Institute, you will have, in the post-graduate stage, bifurcation for cost accountancy and financial accountancy. I think Shri Lal Bahadur Shastri, Minister of Commerce and Industry, was also thinking in those terms and he said that he would appoint a committee to look into this training scheme and all that and also the complaints that were made. It will be absolutely a waste of effort, waste of capital and waste of money if we have two training institutes, one for cost accountants and

[Shri Rajendra Pratap Sinha.]  
the other for chartered accountants. There must be one training institute both for the training of the financial accountant—the chartered accountant—and the cost accountant. My hon. friend will bear me out when I say that most of the syllabuses for the preparatory examinations are the same.

SHRI AMOLAKH CHAND: It is quite immaterial. If you look at the two aspects of the question, you will see that the papers which are set for cost accountants are quite different from those for chartered accountants, except that some papers may be common for both. About accountancy, it is accountancy proper only.

SHRI RAJENDRA PRATAP SINHA: So far as the preliminary examinations are concerned, they are just the same as matriculation and intermediate examinations. Now they have language papers. This book was given to me by my hon. friend, Mr. Amolakh Chand himself. I would invite his attention to the English syllabus that is given there, and as he very rightly says, there is no preliminary examination here. So far as the preliminary examinations are concerned, they have language, Mathematics, Economics, Physics, Chemistry, Latin and all these courses. Whether you go in for the chartered accountant's career or the cost accountant's career, this will have to be the same so far as the preliminary examinations are concerned. So far as the financial accounts are concerned, as I have stated, unless you have a good and thorough knowledge of all the branches of accountancy, you cannot become a good chartered accountant or a cost accountant. So far as these also are concerned, that has to be common. Only at the post-graduate stage, specialisation will take place. If we accept the principle of having a Central Training Scheme, of having the same institution for the two institutes, it will be good and I hope the Committee will examine these things very thoroughly, and also the Joint

Select Committee should examine this point. I think it is a waste of effort, waste of money and waste of energy to have two separate training institutions, one for the Institute of Chartered Accountants and the other for the Institute of Cost and Works Accountants. Here, I would like the Joint Select Committee to examine the scheme that is with the Home Ministry, and they will examine it with great benefit. The scheme is this: The Home Ministry is also planning to bring together all the training in the different branches of the administration. Whether it is for the I.A.S. or for the Revenue Service or for Income-tax or any other purpose, they have got different training institutions at different places. One is at Nagpur, one is at Hyderabad, the third is at Simla, the fourth is in Delhi and so on. They appointed a Committee which went into all these details and said that up to a common stage, up to a point, there should be common training for all these officers and then there should be specialised training for the I.A.S. differently, for the Income-tax Department differently, for the Revenue Service differently and so on. When this common scheme of training is thought of for people going into the different branches of administration, the Joint Select Committee would do well to consider whether or not to adopt that scheme of common training for persons desiring to take up the profession of chartered accountants or cost and works accountants. They would do well to examine this scheme that is being prepared for the training of the Government servants.

What I find is, this institution believes only in taking and not giving. Although in society we believe in the 'give and take' principle, this institution—the dissolved company—does not believe in that principle. They only believe in the principle of 'taking'. Now, some pattern is being introduced in the Institute which is being proposed to be created under the statute. My hon. friend has quoted certain figures for the percentage of pass, that

is, the number of students appearing and the number of students failing. There is another interesting figure. I was examining the balance sheet and the statements of expenditure and income of these dissolved companies. The Company Law Administration was good enough to send me all these papers and I have gone through them and I find that the students are the most exploited class in the whole of this scheme. My fears are that this exploitation will continue even in the new set-up under the statute. And I would like the Joint Select Committee to examine this question which I am putting forward. I find that the bulk of this income and the money that this Institute has amassed is from the students. Now, they have got Rs. 5,80,000 in all, together with their assets and all that, out of which Rs. 2,00,000 are from the Government as my hon. friend says and from the students, it is Rs. 2,08,620. And from which students, Sir? The students who have come and passed through it—ninetyfive per cent. of them are poor students—have given all this money, both by way of examination and by way of admission fee.

About the number of students also, figures have been given. The number of students registered with the Institute is 8,300 and they have given as admission fee Rs. 2,08,620. This is the students' fee, whereas the members' fee—admission fee—is only Rs. 40,000. The bulk of the money has come from the students. That was up to 31st October, 1956. As at 31st December, 1957, the subscription from the students is Rs. 70,750 and from the members' fee, it was only Rs. 8,700. This is very revealing. Then, I also find from the income and expenditure statement that the bulk of the income is from the students. The preliminary examination fee they have collected is roughly Rs. 21,000 and examination fee is Rs. 89,832, out of a total income of Rs. 1,91,000 of this Institute. These are the two figures about income from the students. Now, what are they spending upon the students? That is also very interesting. I hope I will have the atten-

tion of my friend, Mr. Amolakh Chand, to what they are spending on the students. I have just stated that in the year 1957, out of an income of Rs. 1,91,000, they have recovered from the students Rs. 21,780 by way of preliminary examination fee and Rs. 89,832 by way of examination fee. What have they spent on the students?

SHRI AMOLAKH CHAND: Sir, as far as I have been able to locate, probably they are not running any coaching centres; there are coaching institutes where the students have to pay some fee in addition. It is only the fee that is paid to the Institute which is mentioned in the balance sheet; they don't spend anything on the students themselves. They only supply a journal for which they also charge something.

SHRI RAJENDRA PRATAP SINHA: This is what I am saying, that they only believe in taking; they do not believe in give and take; there is no giving and taking principle applied in the Institute. That is my grievance. That should not be the case and I would like the Joint Select Committee to look into what they have spent on the students. On the whole they have spent a sum of Rs. 16,448 and that too is examination charges (including the Council Members' remuneration as paper-setters and examiners of Rs. 2,632). So the entire Institute has been financed by the students, poor students, and this is a very sorry state of affairs, and we would not like that the same thing should continue when this is being converted into a statutory institute.

Now look at the scheme of training that is going to be now.

MR. DEPUTY CHAIRMAN: That is not being converted into a statutory institute.

SHRI RAJENDRA PRATAP SINHA: Yes, Sir.

MR. DEPUTY CHAIRMAN: That is being dissolved and a new institute will come.



**SHRI RAJENDRA PRATAP SINHA:** I agree, maybe a difference in nomenclature, but we are adopting more or less the same provisions.

**MR. DEPUTY CHAIRMAN:** Probably that is a private institution. There will be a statutory body now.

**SHRI RAJENDRA PRATAP SINHA:** Now that is being dissolved and taken up by this Institute.

**MR. DEPUTY CHAIRMAN:** It will be a statutory body now; it makes all the difference.

**SHRI RAJENDRA PRATAP SINHA:** That makes all the difference, but what I am submitting for your consideration and for the consideration of the Joint Select Committee is this that so far as the training of the students is concerned, there is no improvement; there is no provision . . .

**MR. DEPUTY CHAIRMAN:** This Bill will provide it.

**SHRI RAJENDRA PRATAP SINHA:** There is nothing, if you look at the provisions of the Bill, Sir . . .

**MR. DEPUTY CHAIRMAN:** Regulations under this Bill will provide for all that.

**SHRI RAJENDRA PRATAP SINHA:** It is not the case and if there is no provision, things will go from bad to worse.

Now I will draw your attention, Sir, to this, that they will probably adopt the same scheme as for the chartered accountants and it appears so, reading between the lines because there is no provision; they have got it in their mind as to what they are going to do about the training of students. What I could infer from reading between the lines is this. They are going to have now the scheme of "articled clerks" and all the other things will continue as before, as in the Chartered Accountants Bill. Now, Sir, if you look at page 20 of the Bill it reads:

"(k) the training of articled clerks and the fixation of limits within which premia may be charged from such clerks and the cancellation of articles for misconduct or for any other sufficient cause;"

So it appears to me therefore that the whole scheme is to have this training as "articled clerks" as we have in the case of the chartered accountants. Now the practising cost accountants or even the cost accountants in service, under this Bill are being authorised to have articled clerks. So we are providing another avenue of income for these cost accountants, whether in practice or in service. So far a cost accountant cannot have articled clerks and charge premia from them. The other day we have seen, Sir, that a chartered accountant can have articled clerks and for each articled clerk he can have Rs. 3,000. I pointed out the other day that this system of articled clerk is being misused and some of the firms of chartered accountants or even reputed chartered accountants are charging premia up to Rs. 10,000 for an articled clerk and they are not refunding the sum as they ought to. Now you are showing another avenue of income to these cost accountants. So the students are not going to benefit; at least there is no indication . . .

**SHRI H. P. SAKSENA (Uttar Pradesh):** May I request the hon. Member to give some idea of the training, the coaching and the instruction that this Institute imparts to the students for the whole money that it receives from them?

**SHRI RAJENDRA PRATAP SINHA:** Well. I did not touch upon this subject, Sir, because my hon. friend, Mr. Amolakh Chand, went into very great detail, but I may say for the benefit of my hon. friend that there is no training given to the students except . . .

**SHRI H. P. SAKSENA:** That is what I wanted to hear from you.

**SHRI RAJENDRA PRATAP SINHA:** . . . certain coaching scheme, and they have now introduced some postal training or things like that. Now they have model questions and answers. The only thing I am averse to is passing an examination by reading the keys, by cramming answers to questions—you must be knowing this. Now only they have spent a sum of Rs. 1,700 on preparation of model questions and answers, on keys. We do not want to get our students of cost accountancy pass by reading these keys and the answers to model questions. They must be thoroughly ingrained in the principles of accountancy by reading original books. But this is not being done.

**MR. DEPUTY CHAIRMAN:** Read sub-clause 39(a) "the standard and conduct of examinations under this Act."

**SHRI RAJENDRA PRATAP SINHA:** Yes, Sir, that is, what I am objecting to.

**MR. DEPUTY CHAIRMAN:** Again read sub-clause 39(k) "the training of articled clerks and the fixation of limits within which premia may be charged" etc.

**SHRI RAJENDRA PRATAP SINHA:** Yes, Sir, that is what I am objecting to.

**MR. DEPUTY CHAIRMAN:** The regulations will provide for them. You are talking about the old institute that is going to be dissolved.

**SHRI SATISH CHANDRA:** Also sub-clause 39(d).

**MR. DEPUTY CHAIRMAN:** The Act will provide for all these things. I think the basis that you are having on the old institute is certainly not relevant here.

**SHRI RAJENDRA PRATAP SINHA:** I am merely pointing out that this is the scheme of thing that is in existence today. If we had a provision here that we will have a central institute of training, I would have no objection.

**MR. DEPUTY CHAIRMAN:** Well, the regulations will be framed.

**SHRI RAJENDRA PRATAP SINHA:** That is what the Joint Select Committee should look into.

**MR. DEPUTY CHAIRMAN:** The regulations will be placed on the Table. You can move amendments; you can bring it to the notice of the House . . .

**SHRI RAJENDRA PRATAP SINHA:** No, Sir.

**MR. DEPUTY CHAIRMAN:** You are arguing on certain hypothetical questions which are not before us.

**SHRI RAJENDRA PRATAP SINHA:** Now, Sir, what I am arguing is this. When this Bill is being referred to a Joint Select Committee, I would like the Joint Committee to examine these things, and they should . . .

**MR. DEPUTY CHAIRMAN:** Why not say that instead of criticising an institute that is going to be dissolved?

**SHRI RAJENDRA PRATAP SINHA:** What I am saying is, there should be provision in this Bill itself for a statutory institution.

**MR. DEPUTY CHAIRMAN:** Please say that.

**SHRI RAJENDRA PRATAP SINHA:** This is what I am saying, that we should have a scheme to establish central training institutions—which I said in connection with the chartered accountants.

**MR. DEPUTY CHAIRMAN:** Quite right.

**SHRI RAJENDRA PRATAP SINHA:** Now what I have said is that if you are going to have two such institutions for the same purpose, for identical education more or less, one central training institute for chartered accountants and another central training Institute for Cost and Works Accountants . . .

**MR. DEPUTY CHAIRMAN:** How do you say they are identical? You are supposing they are identical; they are not identical.

**SHRI RAJENDRA PRATAP SINHA:** What I say, Sir, is this that there is necessity for having a central institute for the training of chartered accountants as well . . .

**MR. DEPUTY CHAIRMAN:** We have done with chartered accountants; just now we are on the Cost and Works Accountants Bill. About that you can say anything. If you can have a separate training institute for the chartered accountants, well and good. You cannot presume that the training given in that institute is identical with what will be given in the other institute. Why do you presume that? Where is the basis for that?

**SHRI RAJENDRA PRATAP SINHA:** My submission is that we must have this scheme I am putting forward; it is for the Government to accept or not to accept it.

**MR. DEPUTY CHAIRMAN:** I only want the hon. Member to be correct in his basis and in his arguments; that is all. Don't presume things which are not there before us.

**SHRI RAJENDRA PRATAP SINHA:** What I am saying is that the Joint Select Committee must have some scheme of central training introduced in this Bill.

**MR. DEPUTY CHAIRMAN:** That is right; you have said that.

**SHRI RAJENDRA PRATAP SINHA:** And they should not allow this system of "articled clerks" being introduced here, which is being provided for in sub-clause 39(k). Now this scheme of training of "articled clerks" is bound to lead to further corruption as in the case of chartered accountants. Therefore the Joint Committee will do well not to permit this type of

training to be introduced for the chartered accountants as well.

Now, Sir, it is very important that we must have some sort of practical training for the cost accountants, and the practical training of the cost accountants cannot be given by the practising cost accountants alone. I have got the figures, Sir, and the figures have been given by the Government themselves. The number of cost accountants in practice are only 61, and the number of cost accountants in service is not given there, and persons who have passed the examination but have not yet enrolled themselves as members are 368, and the members of the Institute are 388. So even if all these 388 members are permitted to have articled clerks, even then the training of these 3,000 students will not be possible, I mean on the practical side. Now what I feel is that for practical training of the cost accountants there must be a law to force all industrial undertakings to permit the students to be trained as cost accountants in their factories. That is very important, Sir. This is not like auditing that they can be trained by the Accountants in practice. The practical training of cost accountants must be on the job of costing at the factory site itself. Now you cannot enforce that. There must be some law to enforce that all accounts must be cost accounted and they must be certified by the cost accountants and published. Apart from that, there should be a law providing for training facilities for all the students of this Institute. You know it very well, Sir, that the employers can easily refuse to give that training in cost accountancy unless you force them by law to give them this apprenticeship training in their works. That is another point which I would like the Joint Committee to look into.

Now, Sir, I would like to draw your attention to the question of recognition of foreign degrees, to which my hon. friend, Mr. Bhupesh Gupta, referred.

SHRI BHUPESH GUPTA: I draw your attention to clause 4(1) (iv).

SHRI RAJENDRA PRATAP SINHA: I have looked into that clause. Now, Sir, I was speaking on this point—I do not know whether my friend was here at that time or not—in connection with the other Bill also. I spoke vehemently against giving recognition to the foreigners or to the people who have acquired foreign degrees. Now I understand that if a person passes the examination of the Institute of Chartered Accountants of this country, he cannot be a member of a similar institute in the United Kingdom. Then, Sir, why should we insist that foreigners should be allowed to become members of our Institute, whether it is the Chartered Accountants Institute or the Cost and Works Accountants Institute? Now, Sir, what happens in England is this. You have got to apply to the Board of Trade and you have to undergo a certain humiliating process. And if the Board of Trade thinks that there is room to allow you to practise in England, then it gives you a certificate for practising there. I do not mind if the Government have got similar powers to permit the people, who have passed the examination or who were Members and Fellows of the U.K. Institute, to practise here.

MR. DEPUTY CHAIRMAN: You do not want even the Indian nationals who have been practising there, or with that degree, to be admitted to the Indian register?

SHRI RAJENDRA PRATAP SINHA: Sir, what we are providing here is that we are recognising certain foreign degrees.

MR. DEPUTY CHAIRMAN: What you are speaking about would come under the clause relating to reciprocity.

SHRI RAJENDRA PRATAP SINHA: There is clause 15(2) (e) also. I am speaking about the entire scheme—recognition of foreign qualifications

and training for purposes of enrolment. There are two kinds of nationals, involved, Sir. Firstly, there are our own nationals, and secondly, Sir, there are foreign nationals.

MR. DEPUTY CHAIRMAN: What you are talking about, I think, is more appropriate under clause 38 dealing with reciprocity.

SHRI RAJENDRA PRATAP SINHA: Yes, Sir, it is clause 38. But I am talking of all these three things together.

MR. DEPUTY CHAIRMAN: But do you want that our nationals who are studying there or are holding those degrees . . .

SHRI RAJENDRA PRATAP SINHA: Sir, I want our nationals to be recognised.

SHRI SATISH CHANDRA: But, Sir, there is a proviso to clause 4 which states as follows:

“Provided that in the case of any person who is not permanently residing in India, the Central Government or the Council may impose such further conditions as it may deem fit;”

So the intention is that sub-clause (1) (iv) applies to the Indian nationals who are permanently residing in India.

MR. DEPUTY CHAIRMAN: And the relevant clause here is clause 38.

SHRI RAJENDRA PRATAP SINHA: I am thankful to you, Sir, for pointing out that clause. So far as the Indian nationals are concerned, the hon. Minister has made that position very clear, and I accept it.

MR. DEPUTY CHAIRMAN: Please do not go at random.

SHRI RAJENDRA PRATAP SINHA: I am very grateful to you, Sir, for referring me to a correct clause. But I am merely saying that . . .

**MR. DEPUTY CHAIRMAN:** Clause 38 clearly says that the nationals of those countries which do not admit our nationals, holding Indian degrees, to practise there, will not be allowed to practise.

**SHRI RAJENDRA PRATAP SINHA:** Sir, what I am saying is that you can allow them to practise. I do not mind that. But if you just look at clause 5, you will find that we are recognising foreign degrees and foreign Fellows who have passed the examination. So all these are connected matters—clauses 38, 5 and 15(2) (e).

**SHRI SATISH CHANDRA:** Which clause the hon. Member is referring to?

**MR. DEPUTY CHAIRMAN:** Clause 5 refers to Fellows and Associates and clause 4 refers to those who are studying now or who are practising now.

**SHRI RAJENDRA PRATAP SINHA:** Under clause 5, even if you recognise a foreign institution, one can automatically become a member, without passing the examination here.

**MR. DEPUTY CHAIRMAN:** Clause 5 says that the members of the Institute shall be divided into two classes, those who are members now or who will become members according to this measure.

**SHRI RAJENDRA PRATAP SINHA:** Sir, I would like you to bear with me for a while. What myself and Mr. Bhupesh Gupta have been saying is that if there is a foreigner who has passed some foreign examination and if he wants to come and settle down here, he should not be allowed to become a member of this Institute.

**MR. DEPUTY CHAIRMAN:** Unless there is reciprocity, he cannot become a member.

**SHRI RAJENDRA PRATAP SINHA:** Sir, I would like you to appreciate my point. As I was explaining to you, no Indian, who has passed an examina-

tion of the Chartered Accountants Institute or of the Cost and Works Accountants Institute of India, can automatically become a member of a similar organisation in the United Kingdom. What is happening there today is that the Board of Trade permits him to practise. There is some difference here. If the Board of trade finds that there is room for this man to practise, it will give him a licence to practise. Nothing beyond that is given.

**SHRI SATISH CHANDRA:** Sir, the Board of Trade does not give licences to individuals. The Board of Trade simply recognises a particular institute. There is Cost and Works Accountants Institute in the United Kingdom which is recognised by the Board of Trade, and all certificates are issued by that Institute, not by the Board of Trade.

**SHRI RAJENDRA PRATAP SINHA:** What I am saying, Sir, is this. Suppose I have become a Fellow of this Institute here. I will neither be allowed to practise there, nor will I be allowed to become a member of the Institute there, although we can say that if a person has such and such qualifications, he would be entitled to become a member there.

**SHRI AMOLAKH CHAND:** I would like to put a question to my hon. friend. His presumption was that supposing a foreigner comes and settles down in India and has passed the examination of their Institute and is a F.C.W.A. or whatever it is, would he be permitted to practise in India or not? I think my view would be . . .

**SHRI RAJENDRA PRATAP SINHA:** My hon. friend is putting a different question to what I am saying.

**MR. DEPUTY CHAIRMAN:** You don't want to understand him?

**SHRI AMOLAKH CHAND:** You say 'if a foreign national settles down in India and then applies'. I say, when

a foreign national settles down in India, should we so discriminate as not to allow him to carry on a profession and earn his livelihood in India? That is my point.

SHRI RAJENDRA PRATAP SINHA: I would like to meet out to him the same treatment as my nationals are getting in England. Let me explain.

MR. DEPUTY CHAIRMAN: Clause 38 is clear about it.

SHRI RAJENDRA PRATAP SINHA: What you say is this that under clause 15(2)(e) . . .

MR. DEPUTY CHAIRMAN: You read clause 38. Clause 15(2)(e) says:

"recognition of foreign qualifications and training for purposes of enrolment".

SHRI RAJENDRA PRATAP SINHA: What I say is that I would not like a qualification to be recognized which is given in England to an Indian or to an Englishman.

MR. DEPUTY CHAIRMAN: If he is an Englishman, he comes under clause 38.

SHRI RAJENDRA PRATAP SINHA: I am talking of Englishmen.

MR. DEPUTY CHAIRMAN: Then he comes under clause 38. Clause 15(2)(e) does not apply.

SHRI RAJENDRA PRATAP SINHA: But whatever the qualifications that can be recognized for admission or enrolment . . .

(Interruptions.)

MR. DEPUTY CHAIRMAN: That is for Indian nationals who want to become members of the Institute. Suppose your son goes to England and studies cost accountancy and he comes with a degree, you don't want the Council to have the power to recognize, whether he has sufficient qualification or not? Is that so?

SHRI RAJENDRA PRATAP SINHA: Yes, I will explain. I should say if the Institute of England recognizes my Institute, then certainly this Institute should also recognize the degree of that Institute. In case he does not want to become a member of this Institute but only wants to practise, the Government can decide whether such Indian nationals could be allowed to practise. I suggest they should be allowed to practise . . .

SHRI SATISH CHANDRA: It is provided for in clause 38. He will see that this is exactly what is provided here.

SHRI RAJENDRA PRATAP SINHA: Clause 38 says:

"Where any country, specified by the Central Government in this behalf by notification in the Official Gazette prevents persons of Indian domicile from becoming members of any institution similar to the Institute established under this Act or from practising the profession of cost accountancy or subjects them to unfair discrimination in that country, no subject of any such country shall be entitled to become a member of the Institute or practice the profession of cost accountancy, in India."

I am in entire agreement with that. This is what I want. What I want to say is this, what is happening is this. In England a person can be allowed to practise but he will not be allowed to become a member of that Institute. That case should also be covered here. It should be very clear, that such a country should not be given reciprocity.

MR. DEPUTY CHAIRMAN: That is what is said there:

"no subject of any such country shall be entitled to become a member of the Institute or practise the profession of cost accountancy in India."

[Mr. Deputy Chairman.]

So not merely becoming a member but also for practising. Please read it. It is already there.

SHRI BHUPESH GUPTA: Mine is different. Mine is absolutely about Indians. Even if an Indian takes an examination under the British Institute, he should be a member of that Institute. Just because he is in India, he should not be allowed? My point is why he should not come to our own Institute, and I am prepared to recognize him on a reciprocal basis if the British also do it.

MR. DEPUTY CHAIRMAN: Why send your son there?

(Interruptions.)

SHRI BHUPESH GUPTA: I have no son and I would not like others to send their sons.

MR. DEPUTY CHAIRMAN: That is for the parents to decide. You are now satisfied, Mr. Sinha?

SHRI RAJENDRA PRATAP SINHA: Yes. Coming to clause 7, just like the hon. Minister conceded in the case of Chartered Accountants, the Cost and Works Accountants also—the Joint Select Committee should consider—should be entitled to call themselves Cost Accountants even though they are in service. We have permitted the Chartered Accountants to call themselves Chartered Accountants even though they are not in practice and are in service. Similarly the Joint Committee may look into it and make a similar provision here as well.

Then I come to clause 9. Here we are providing for the constitution of the Council. We are providing for 8 elected and 4 nominated members. The ratio of nominated to elected is very big here. I would like that it should be the same as in the case of chartered accountants, namely 4:1. I would like this to be examined by the Joint Select Committee.

Then I would like to adopt a similar provision as in existence in the existing articles or association of the Institute of Cost and Works Accountants, namely, the election should be by single transferable votes on the basis of proportional representation. I don't know if this may be provided by the regulations but this should be done preferably in the Bill itself. They say that only Fellows could be elected to the Council. I would not like this to be limited to Fellows. I would like associate members also to be permitted to go on the Council. This is my view and I would like the Joint Committee to examine this question as well.

SHRI J. S. BISHT (Uttar Pradesh): Why do you want proportional representation?

SHRI RAJENDRA PRATAP SINHA: So that every section may find its way on the Council.

SHRI J. S. BISHT: Are there parties also?

SHRI RAJENDRA PRATAP SINHA: May be, I don't know. This is a very good provision in the existing company. Why should it not be adopted?

PANDIT S. S. N. TANKHA (Uttar Pradesh): There will not be any political parties for whom proportional representation is necessary.

SHRI RAJENDRA PRATAP SINHA: There may be sectional interests—I don't know. We will be permitting all sections to come over there. Here I would like to say that if the Joint Select Committee decides to have two separate institutes one for the chartered accountants and one for the cost and works accountants, as the scheme of things here . . .

SHRI SATISH CHANDRA: That principle has already been decided. Is he in doubt, after having passed the Chartered Accountants (Amendment) Bill, yesterday, that these two institutions should not be separate, I may say that the very fact that this House

has passed the Chartered Accountants (Amendment) Bill means that the principle has already been accepted by the House.

**SHRI RAJENDRA PRATAP SINHA:** Unless this Bill is passed, the principle is not accepted. The Joint Select Committee can say that they would like to put this on to the same Institute. The Joint Select Committee will have every right to examine this question as to how to run efficiently this profession. Now whatever may be decided, whether we have one institute or two institutes, there should not be any element of rivalry in these two institutes but they should work in the closest co-operation. I should like to ensure that. That is very important. I am just giving you the method as to how you can provide that.

In this connection I would like that you should take the benefit of the advice of both the Council of the Chartered Accountants and also of the Council or the Institute of Cost and Works Accountants, and therefore the Joint Committee should take evidence from both these bodies and hear their viewpoints and try to reconcile them if possible. They can always benefit by listening to all kinds of opinions. I would like the Select Committee to examine how the two institutes can help each other and benefit by each other's experience and the Select Committee must consider 4 p.m. whether there should not be provision for representation of the Council of Chartered Accountants on this Council as well. I mean this type of reciprocity could be arranged. We can say that four members of the Council of Chartered Accountants would be elected by them to come to this Council. Something like that is possible, so that the two Councils may benefit, because they are similar subjects and they can work in co-operation. They must be brought together anyhow. That is very important. And the Select Committee should see how this could be done. This is one method that I suggest. On the Council of either institute there

should be the representative of the other.

**SHRI BHUPESH GUPTA:** For that you have to amend the Chartered Accountants Act.

**SHRI RAJENDRA PRATAP SINHA:** Yes, why not? An amending Bill can come up here.

About clause 12 I would like to say that the President and the Vice-President should, just as in the case of the Chartered Accountants Council, be elected every year and I would like this to be examined by the Select Committee. Here it is provided that the election will be only once in three years.

Next I come to clause 21 which is a very very controversial clause. First of all, I would like to draw the attention of the House to sub-clauses (1) and (4). Here also I would like the Select Committee to consider and have provisions similar to what is already there in section 23 of the Articles of Association and Memorandum of the present Institute of Cost and Works Accountants. I would like this sentence to be incorporated here from that section:

"The Council at a meeting convened with notice of the object may by resolution passed by a majority of not less than three-fourths of the Members present and voting, order that the Member be expelled from membership of the Institute or be reprimanded with or without suspension of any specified right or rights for any period."

That is to say, I would like that provision should be made that any action taken by the Council to reprimand or expel for any period a member of the Institute, should be taken at a specially convened meeting and the decision should be taken by a three-fourths majority and not by a simple majority.

Next I would like to draw your attention to the proviso to sub-clause (4), and to sub-clauses (5) and (6). I vehemently oppose the idea of bring-



[Shri Rajendra Pratap Sinha.]  
ing in the Central Government in these clauses. This shows which way the wind is blowing. The principle of the separation of the judiciary from the executive is an accepted one. The Congress party has accepted it. It is a very healthy principle of administration that the executive and judicial powers should not be vested in the same authority. But what we are doing here is to try to put the hands of the clock back. In the Chartered Accountants (Amendment) Bill we have seen that in a similar provision, it has been provided that the Council has to refer to the High Court, if they want to remove a person from their rolls for more than five years. Here it is said that the reference is to be made to the Central Government. Sir, I submit that a basic and fundamental principle is involved in this and I would like the Select Committee to examine this.

SHRI J. S. BISHT: How many years will the High Court take to dispose of such matters?

SHRI RAJENDRA PRATAP SINHA: It is not a question of taking time. It is a question of the principle that is involved here and I would not like the Central Government or the executive to arrogate to itself judicial functions also. Judicial functions should rest with the judiciary. The executive should not take upon itself the power to arbitrate upon such matters.

SHRI J. S. BISHT: This is not judicial.

SHRI RAJENDRA PRATAP SINHA: It is certainly a judicial matter. You are taking away from the profession the man for five or six years and a judicial mind should be applied to it.

SHRI J. S. BISHT: That happens even in the bar associations.

SHRI RAJENDRA PRATAP SINHA: In the case of a bar association also it is the judiciary that does it and not the Central Government. My hon

friend is wrongly informed on this point.

So what I suggest is that we should have a similar provision here, similar to the one we have in the Chartered Accountants (Amendment) Bill. Therefore, the Select Committee should revise sub-clauses (5) and (6) of clause 21 so that these powers are vested in the High Court and not in the Central Government.

SHRI J. S. BISHT: How is the Central Government interested in any party at all?

SHRI RAJENDRA PRATAP SINHA: It is not a question of any one being interested in any party. I would like the hon. Member to appreciate this point that we have accepted the principle of the separation of the judiciary from the executive.

SHRI J. S. BISHT: This is not a judicial proceeding.

SHRI RAJENDRA PRATAP SINHA: Certainly it is judicial. I definitely differ from my hon. friend if he says it is not judicial. I would like to draw his attention to a clause here where they are empowered with the powers of a civil court. It is a judicial procedure.

SHRI BHUPESH GUPTA: He has confidence in his Government, but you don't have.

SHRI RAJENDRA PRATAP SINHA: I may not have confidence in the Government. But there again it is not a question of having confidence. It is a question of principle.

[THE VICE-CHAIRMAN (SHRI M. VALIULLA) in the Chair.]

Therefore, I would like that clause 33 also should be looked into. In the case of the Chartered Accountants Bill, we said that appeal against the decision of the Council should go to the High Court. Now we are providing that the appeal will go to the Central Government. I would also

like to draw the attention of the House to sub-clause (3) of clause 33 where it is stated:

"Every order made by the Central Government under this Act shall be final and shall not be called in question in any court."

What is happening here? You are taking away the livelihood of a person and the man must have the confidence and he must feel that his case has been decided upon by the highest court of judicature. When you are taking away a man's livelihood, you must give him this consolation that the decision is being taken not by an executive Government but by the highest judicial authority. That is only possible if we have a similar provision here, similar to the one we have in the Chartered Accountants (Amendment) Bill namely, that the appeal shall lie with the High Court.

Well, the hon. Member has suggested that the High Court may not have the time to dispose of such cases.

SHRI J. S. BISHT: It will take ten years before an appeal is heard.

SHRI RAJENDRA PRATAP SINHA: If that is the case, then we must amend such things. Such things should not happen but then that does not mean that you should take away the powers of the High Court.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): Anyway, that is for the consideration of the Joint Committee. Let him go on.

SHRI RAJENDRA PRATAP SINHA: It does not mean that just because the High Courts take about ten years to decide a case, the Ministers or the Deputy Ministers must decide the destiny of these people. There is a very salutary provision in the Chartered Accountants (Amendment) Bill which must be incorporated here as well.

I would like to draw attention to clause 35. It is a highly objectionable clause giving sweeping powers to

the Central Government. I will read out this clause:

"35(1). The Central Government may from time to time issue such directions to the Council as in the opinion of the Central Government are conducive to the fulfilment of the objects of this Act and in the discharge of its functions, the Council shall be bound to carry out any such directions.

(2) Directions issued under subsection (1) may include directions to the Council to make any regulations or to amend or revoke any regulations already made."

On top of all this, they go on to say:

"(3) If, in the opinion of the Central Government the Council has persistently made default in giving effect to the directions issued under this section, the Central Government may, after giving an opportunity to the Council to state its case, by order, dissolve the Council, whereafter a new Council shall be constituted in accordance with the provisions of this Act with effect from such date as may be specified by the Central Government."

Not only this, Sir. There is something else also.

"(4) Where the Central Government passes an order under subsection (3) dissolving the Council, it may, pending the constitution of a new Council in accordance with the provisions of this Act, authorise any person or body of persons to take over the management of the affairs of the Institute and to exercise such functions as may be specified in this behalf by the Central Government."

Sir, this is derogatory to the profession.

SHRI BHUPESH GUPTA: They will appoint military administrators.

SHRI RAJENDRA PRATAP SINHA: May be.

SHRI J. S. BISHT: May I point out to my hon. friend that this is a mere reproduction of the provisions existing in other enactments which delegate power like this.

SHRI RAJENDRA PRATAP SINHA: I would like my hon. friend to show me the enactments that contain such a provision. Here is the Chartered Accountants Act. Is there any provision there? This is a similar Bill that is being enacted in accordance with and on the lines of the Chartered Accountants Act. Is there a similar provision there.

SHRI J. S. BISHT: You passed the Delhi Municipal Corporation Act.

SHRI RAJENDRA PRATAP SINHA: I am talking of the Chartered Accountants (Amendment) Bill. I would like the Joint Committee to examine this question thoroughly.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): This is going to the Joint Committee and this is a suggestion for the Committee to consider. Why are you intervening? Let him go on.

SHRI J. S. BISHT: It will help the Joint Committee if these points are elucidated.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): You will have your say. Go on, Mr. Sinha.

SHRI RAJENDRA PRATAP SINHA: Thank you, Mr. Vice-Chairman . . .

SHRI BHUPESH GUPTA: For the kind protection.

SHRI RAJENDRA PRATAP SINHA: For the kind protection, as my hon. friend says. I would like you to note, I would like my hon. friend to note that there is not a similar provision in the Chartered Accountants Act. If my memory does not fail me, there is no similar provision in the Medical Council Act.

SHRI SATISH CHANDRA: The provision in the Medical Council Act is much more restrictive than the provisions in the Chartered Accountants Act.

SHRI RAJENDRA PRATAP SINHA: Have you got powers to dissolve the Medical Council?

SHRI SATISH CHANDRA: The provision made in the Chartered Accountants Act is very mild compared to the one in the Medical Council Act.

SHRI BHUPESH GUPTA: Then, make it milder.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): The Minister should reply in the end. Let the hon. Member go on.

SHRI RAJENDRA PRATAP SINHA: Now, we know the way in which the mind of the Government is working. It is a very fundamental issue and I would like the Joint Committee to go into this question. Are we going to manage the professional bodies, control them and manage them like this? I do not know from where the hon. Minister got this idea. There is not a single professional body created by the Central Government in regard to which the Central Government has got powers of dissolving that body. I am not aware of any such professional body created by the Central Government over which it has such sweeping powers as the hon. Minister wants under this Bill. They must treat a profession with trust and with respect. Why do you think that you—I mean the Minister or the Government servants—alone have the wisdom and the trust and the others have not? They are as good as anybody else in this country and to have such drastic powers means that you do not have any trust in others. You give unnecessarily wide powers to the officials which means that the Ministry or the officials are not bound to have any consultation with the profession. If you have got such wide powers with you, you can always show this from a distance in regard to any point or certain points. The Council will have no guts to have a talk with you on equal terms.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): You come to the next point now.

SHRI RAJENDRA PRATAP SINHA: This is the only point which I want to emphasise with all the vehemence that I can command and I want to say that this is the type of mentality which will bring ruin to our country. I would like the Joint Committee to delete this clause or to suitably amend it and bring it on a par at least with the provision relating to the sister Institute, the Institute of Chartered Accountants.

Thank you, Sir.

श्री राम सहाय (मध्य देश) : उप-सभाध्यक्ष महोदय, मुझे कोई विशेष बात नहीं कहनी है। सबसे पहले तो मैं अपने डिप्टी मिनिस्टर महोदय को धन्यवाद देना चाहता हूँ जिन्होंने बहुत मुनासिब समय पर इस बिल को हाउस के सामने पेश किया है। इस बिल के बारे में काफी बहस हो चुकी है। इस पर मुझे कुछ ज्यादा नहीं कहना है। मेरा तो सिर्फ इतना निवेदन है कि आजकल भारतवर्ष में जो उद्योग न्यो की उन्नति हो रही है उसके लिहाज से ऐसे बिल का लाना और ऐसे इंस्टिट्यूट का होना, जैसा कि इस बिल में कहा गया है, बहुत ही आवश्यक है। असल में हमारी जो पुरानी पद्धति है, उस पद्धति से हम किसी काम को शुरू करने के बाद उसका जो लेखा बही खातों के जरिये लेते हैं उससे हमको यह बात मालूम होती है कि हमें क्या नफ़ा या नुकसान रहा। लेकिन कास्ट एण्ड वर्क्स एकाउन्टेन्ट्स के जरिये जो बात हमारे सामने आयेगी वह इस प्रकार की आयेगी जिससे उस उद्योग के प्रत्येक अंग के बारे में या जो हमारी उत्पत्ति उससे होगी उसके बारे में, हम उसका विश्लेषण करके जान सकेंगे कि उसके किस भाग या किस अंश से हमें लाभ हो रहा है और किससे हमें हानि हो रही है। जब हमारे देश में स प्रकार से उन्नति हो रही है तो इस बात की अत्यन्त आवश्यकता है कि हमारे पास ऐसे लेखे रहें

जिससे हम हर प्रकार के कारखाने के सम्बन्ध में, हर एक प्रकार की चीज़ जो हम उत्पन्न करें, उसके सम्बन्ध में यह जान सकें कि उसमें हमको दरअसल कहां तक लाभ और कहां तक हानि हो रही है। इसके बारे में बहुत सारी बहस की गई है।

अभी श्री अमोलख चन्द ने, धारा ५ में AICWA और FICWA के मेम्बर्स के बारे में जो सम्बोधन करने की बात कही गई है, उसके बारे में जो कहा वह बिल्कुल ठीक ही कहा कि इसमें 'आई' जो रखी गई है वह बिल्कुल बेकार है। दरअसल उसकी ज़रूरत नहीं है। 'आई' के बारे में उनका ख्याल यह था कि वह शायद "इंडिया" को सम्बोधन करने के लिये है। लेकिन धारा ५ के देखने से मुझे यह मालूम होता है कि दरअसल में इंस्टिट्यूट को सम्बोधन करने के लिए "आई" रखी गई है। बहरहाल, कुछ भी हो, मेरे ख्याल से अगर हम दूसरे देशों की मिसाल को भी देखें तो भी "आई" की कोई आवश्यकता उसमें प्रतीत नहीं होती है। असल में इस बिल को लाने का हमारा उद्देश्य यह है कि हम अच्छे प्रकार से अपने कारखानों के सम्बन्ध में जानकारी प्राप्त कर सकें।

अभी एक बहस चार्ज एकाउन्टेन्ट्स और कास्ट एण्ड वर्क्स एकाउन्टेन्ट्स के बारे में उठाई गई। मेरा तो यह ख्याल है कि एकाउन्टेन्ट्स के ये दो अंग हैं। मैं समझता हूँ कि जैसे डाक्टरों में भेद होता है कि कोई सर्जरी जानने वाला होता है और कोई मेडिसिन जानने वाला होता है और दोनों ही एक ही प्रकार से अपने अपने काम में माहिर होते हैं फिर भी जो सर्जरी का काम है वह एक बिल्कुल भिन्न प्रकार का होता है और मेडिसिन का जो काम है वह बिल्कुल भिन्न प्रकार का होता है उसी प्रकार से अगर हम इस बारे में गौर करेंगे तो इस नतीजे पर पहुंचेंगे कि कास्ट एण्ड वर्क्स एकाउन्टेन्ट्स का जो काम है वह बिल्कुल उसी प्रकार का है जिस प्रकार का कि सर्जरी का काम है। जिस प्रकार

## [श्री राम सहाय]

से किसी बाड़ी का डिसेक्शन कर के उसके बारे में जानकारी प्राप्त करते हैं और उसका लेखा-जोखा लेते हैं उसी प्रकार से एक कारखाने में किसी चीज को उत्पन्न करने के लिये उसके अंग प्रत्यंग, उसके अंश अंश को देखना और जानना और उसके बारे में यह जानकारी प्राप्त करना कि हमारी जो लागत लग रही है, हमारी जो पूंजी लग रही है, हमारा जो खर्च लग रहा है, हमारा जो श्रम लग रहा है या जो स्टैबलिशमेंट चार्जेंज उसके पर या ओवरहेड चार्जेंज उसके ऊपर हैं वे कहा किस प्रकार से ज्यादा लग रहे हैं या कम लग रहे हैं, आवश्यक है। इन बातों की जानकारी उपलब्ध कर लेना बात ही आवश्यक होता है। इसके बारे में खास तौर पर देखें तो असल में इसका उद्देश्य यह है—यह एक ऐसी पद्धति है कि जिसके द्वारा हमें विश्लेषण तथा वर्गीकरण करना है जिससे उत्पादन की किसी एक खास इकाई की कुल लागत का काफी सही सही पता लग सके और साथ ही साथ यह पता लग सके कि वह कुल लागत का कितना भाग है और हमें यह भी पता लग जाय कि हमारी लागत किसी क मद में कितनी लगती है लेकिन उसके लिये हमें यह जानना भी आवश्यक है कि दरअसल जो हमारी पूरी लागत है वह उस लागत का कितना भाग है। इसका कारण क्या है? इस सब का कारण यह है कि हम दरअसल सब बात को जानना चाहते हैं कि हमारा जो श्रम लग रहा है, हमारा जो कच्चा माल लग रहा है वह कितना है। हमें यह देखना है कि हमारी जो चीजें काम करने में नष्ट भ्रष्ट होती हैं या जो समय किसी कारीगर का बेकार जाता है उससे हम बच सकें और एक अच्छे कारीगर का और अच्छे कान का विकास हो सके जिससे कि हमारी हर एक चीज अच्छी तरह से तैयार हो सके और जब वह बाजार में जाय, मार्केट में जाय या कंजूमर के पास जाय तब वह ऐसी अवस्था में जाय जिससे कि उसे उसकी कम से कम कीमत देनी पड़े और उसको

अच्छी से अच्छी चीज मिल सके। तो इन सारी चीजों के लिये जब तक हम इस प्रकार से पूरी जानकारी नहीं प्राप्त करेंगे जब तक हमारा जो उद्देश्य है वह पूरा नहीं होगा। हमें यह जानकारी प्राप्त करनी है कि प्रति मन या प्रति टन या प्रति पीपा-या कनस्तर कहिये या किसी मात्रा का जिसका हम सम्बोधन करें उस मात्रा के हिसाब से—क्या लागत आई है और उस लागत का हिसाब जब पूरा मान तैयार हो जाये तभी हम नहीं देखें बल्कि उसके प्रत्येक अंग और प्रत्येक अंश के बारे में हम जानकारी प्राप्त कर सकें। हमारा यह उद्देश्य है कि हम इसके जरिये से पूरा पूरा लाभ उठाने का प्रयत्न करें और धिक्की पर मतकैता से नियंत्रण रख सकें। साथ ही अपव्यय तथा गुप्त हानियों के बारे में—हम उसको कितन प्रकार से समाप्त कर सकते हैं या किस तरह से उसे समाप्त कर देना चाहिये—हमें जानकारी प्राप्त होती रहे। हर एक क्षेत्र में कार्यकुशलता का विकास हो यह भी हमारा एक उद्देश्य इसमें रहता है।

तो मेरा अर्थ करना यह है कि इन बिज़ के द्वारा हम जो कुछ भी चाहते हैं वह यह चाहते हैं कि हमें एक ऐसे इंस्टीट्यूट की, कास्ट एंड वर्क्स एकाउंटेंट्स के नाम से एक ऐसे निगम निकाय की, स्थापना करना है जिसके दो प्रकार के सदस्य हैं, एक एसोसिएट कहलाते हैं और एक फेलो कहलाते हैं और इमर्सिट्यूट के काम का प्रबन्ध एक कौंसिल को सौंप दिया जाय जिसमें इंस्टीट्यूट द्वारा निर्वाचित प्रतिनिधि और केन्द्रीय सरकार द्वारा मनोनीत कुछ सदस्य हों। कौंसिल को शक्तियों का प्रदान इस प्रकार किया जाय जिससे कि कुछ खास बातों को छोड़ कर जिन पर कि सरकार का नियंत्रण रहे बाकी सारी बातों में बिना किसी सरकारी हस्तक्षेप के उसे काम करने का अवसर प्राप्त होता रहे। कौंसिल को और केन्द्रीय सरकार को कुछ ऐसी शक्तियां रहें जिससे कि विदेश से जो लोग आयें या जिनकी विदेश की क्वालिफिकेशन हो उनके बारे में भी सोच

सकें कि दस्तावेज उन लोगों को किस प्रकार से क्या स्थान मिलना चाहिये। कौंसिल को सहायता देने के लिये प्रादेशिक निकायों की स्थापना करना भी इसका उद्देश्य है और जो कलकत्ता की इन्टीट्यूट है उसको भी समाप्त करने की बात इसमें रखी गई है। वैसे तो चार्टर्ड एकाउंटेंट्स बिल की जितनी धारारें हैं, शुरू से लेकर अन्त तक चार्टर्ड एकाउंटेंट्स बिल की करीब करीब २८ या २९

प्राणें जिन प्रकार से हैं उसी प्रकार से सकास्ट एंड वर्क्स एकाउंटेंट्स बिल की धाराएं हैं, उनमें कोई विशेष अन्तर नहीं है। इसमें केवल डिजिटलेशन के बारे में कुछ उल्लेख ज्यादा है और उसका ज्यादा होना सलिये जरूरी है कि फेलोशिप की जो तारीफ की गई है उसमें जो लोग आते हैं उनके लिये इस प्रकार का प्राविजन रखना आवश्यक है।

इस बिल से या इस तरह के इन्टीट्यूट को कायम करने से हमें लाभ क्या है? तो, इससे हमको लाभ यह है कि इससे हमको पता चल जाता है कि किस काम में लाभ हो रहा है और किस काम में नुकसान हो रहा है और जिन कामों में बहुत थोड़ा मुनाफा हो रहा है या बिल्कुल मुनाफा नहीं हो रहा है उनको हम बन्द कर दें या घटा दें या उनके बारे में हम यह उपाय सोचें कि अपनी उत्पादन पद्धति में लागत का और आय का जो तरीका है उसमें हम कुछ बदल कर दें। उत्पादन-क्रम की हर एक इकाई में उत्पादन की लागत में और खर्च में जो जो मदें शामिल होती हैं वे स्पष्ट रूप से सामने आ जाती हैं और इस

कारण यह पता लगा कर कि कहाँ अपव्यय हो रहा है हम नुकसान से बच सकते हैं। तुलना के लिये अति-बहुमूल्य तथा और सामग्री हमको उपलब्ध हो जाती है, ऐसी जानकारी हमको प्राप्त होती है जिसके आधार पर काफी सीधी अनुमान-पत्र और टेंडर तैयार किये जा सकते हैं। साथ ही सुव्यवस्थित ढंग से उत्पादन का नियमन किया जा सकता है। साथ

ही यह बात भी होती है कि चूंकि परिव्यय लेखन के लिये स्टोर तथा स्टॉक रखने के सम्बन्ध में एक समुचित प्रणाली की बहुत बड़ी आवश्यकता होती है इसलिये हमारा जो स्टोर या स्टॉक होता है उस पर पूरा नियंत्रण रहता है और उसमें कोई खयानत या मिसएप्रोप्रिएशन होने की संभावना नहीं रहती। स्वतन्त्र रूप में और माफ साफ बही खातों की जांच भी होती रहती और जब बही-खातों से हानि या लाभ का पता चलता है तो वह मालूम किया जा सकता है कि यह हानि या लाभ किस कारण से हो रहा है और उत्पादन क्रम के कार्यों में जब हानियों का पता लगता है तब उसको हमें दुरुस्त करने में बहुत कुछ सहूलियत होती है।

तो मेरा निवेदन यह है कि इस बिल के द्वारा जो हमारे देश में आजकल दिन ब दिन उद्योगों की उन्नति हो रही है और हर प्रकार के कारखाने खल रहे हैं, उनके बारे में हम पूरा लेवा जोखा रख सकते हैं और मैं समझता हूं कि एक बड़ी खास बात यह है कि इससे हमारे नवयुवकों की या जो इस कार्य को करेंगे उनकी बुद्धि का विकास एक खास तरीके पर होगा और वह तरीका यह होगा कि उनको जब इस प्रकार के कार्य करने का अवसर मिलेगा तब उनको इस बात का अनुभव प्राप्त करने का बहुत कुछ समय रहेगा कि वे हर एक कार्य के बारे में उसका विच्छेदन करें, उसका वर्गीकरण करें और यह देखें कि उसमें कहाँ किस प्रकार से घाटा हो रहा है और कहाँ किस प्रकार से उसमें कुछ दुरुस्ती करनी है।

तो मेरा यह निवेदन है कि यह बिल इस वक्त जो हमारे देश की एक बड़ी आवश्यकता थी उसकी पूर्ति के लिये लाया गया, इसमें जो कुछ भी खामिया रह गई होंगी, मैं समझता हूं, वे सेलेक्ट कमेटी में दूर हो जायेंगे। सलिये उनके ऊपर इस वक्त ज्यादा बहस करने की आवश्यकता नहीं प्रतीत होती। वैसे तो मेरा ख्याल यह था कि जैमे चार्टर्ड एकाउंटेंट बिल सेलेक्ट कमेटी में नहीं गया

[ श्री राम सहाय ]

वैसे ही शायद यह भी न जाये । लेकिन, चार्टर्ड एकाउंटेंट बिल के सम्बंध में हमें एक अनुभव प्राप्त हो चुका था—एक इंस्टीट्यूट के कायम हो जाने में जिस से क्या-क्या डिफिकल्टीज हैं उस के सम्बंध में बहुत सारी बातें सामने आ चुकी थी । लेकिन इस वर्तमान बिल के बारे में कोई ऐसी चीज हमारे सामने नहीं है । इसलिये यह उपयुक्त ही है कि इस को सेलेक्ट कमेटी के सुपुर्द किया जाय ।

DR. P. J. THOMAS (Kerala): Mr. Vice-Chairman, Sir, I am glad the Government has brought forward this Bill for organising the profession of cost and works accountants. This is part of the general subject of accounts; it is a specialised section of it.

I do not quite agree with my esteemed friend, Mr. Rajendra Pratap Sinha, when he said that there was not much necessity for separating the one institute from the other. I am afraid that this is rather a wrong view of the matter. In medicine, you find specialisation like nose, ear and throat, tuberculosis, pediatry and so on. Similar is the position in regard to economics also. Even in regard to banking, you find the old money-lenders and the modern banks especially the Reserve Bank engaged in issuing currency notes and so on. It is both different. Similarly, we have had in this country from the very beginning, accountants. Even from the very ancient days, there have been accountants. They are required for checking up the accounts of the shop-keepers, merchants and other people like wealthy persons, landlords, etc. But the cost accountants' profession has arisen as a result of the specialisation of the higher type, advance type of accountancy. We want some competent persons to see, as stated in the Statement of Objects and Reasons, that the maximum utilisation of labour and materials at the minimum cost is carried out. It is most important because we want to reduce the cost of production of articles, partly because we want our

articles, when they go abroad, to sell cheaper and thus increase our export trade and also because particular articles should compete successfully with some other articles within the country itself. Therefore, in the field of accounts, we want some specialisation not merely to look into the accounts and to see whether they are correct, but also to see that the cost is reduced by taking the different factors of labour, cost of production and so on into account and thereby bringing the cost of production to a minimum. The need for this came up in recent years. That is the reason why we did not have this profession earlier. Yet this is an off-shoot and an advance—specialisation—on the ordinary accounts, but the whole set-up of it is different. Cost accountants are engaged in a much more difficult and complicated kind of task, a task in which the country is much more interested. In the other case, it is a question of share-holders not being defrauded or the owner of a concern knowing that his accounts are correct or the Government getting the income-tax properly; otherwise, the amount may be incorrect. But in this case, the matter concerns the whole country. It affects our whole economic development. An industry should have the lowest cost of production so that its products may be able to compete in the world markets and in our own markets also. So, this subject of cost and works accounting is very important. It is a very advanced and specialised branch and it should be treated separately. There is no doubt about it.

I am also glad that the Government has now taken the trouble of organising it into a Separate body and setting up a new Institute of Cost and Works Accountants. Of course, there are certain common grounds between the two institutes. But I am quite satisfied that a separate institute is required for this purpose because we require people with special qualifications and we want specialisation of this in this country. To take one case these cost accountants are required for the Tariff Commission.

We know very well that in this country the Tariff Commission is a most important body. They are very carefully looking into the means of developing our industries so that we may sell their products cheaper whether in this country or outside. And in this field, the real expert is the cost and works accountant. The Tariff Commission employs them, they study the whole thing, prepare their reports and then the Tariff Commission is able to say, "Well, we will require so much protection for this industry, not more than that; our cost can be reduced so much" and so on. For this purpose, this specialised profession requires special consideration because the people concerned are not like the money-lenders lending money to the people, but rather like the Reserve Bank which is of a very specialised character, issuing currency notes, managing foreign exchanges and so on. All these are complicated things which cannot at all compare with the kind of work done by the ordinary money-lenders. So, Sir, there is necessity for a separate profession like this and I think the Government is justified in having a separate Institute for this purpose. There cannot be any serious difference of opinion on this point.

Then there are certain other points raised by some hon. friends. Two hon. Members raised the point as to why should there be this difference between the Institute of Chartered Accountants and this Institute in regard to their composition. In one case the Government is represented only by a small number of members and in this case, there is a larger number of members. In one case, it is 24 and 6, here it is 8 and 4. I am not supporting this composition. But there is some justification for that because the Government has got a much greater duty in this matter. First of all, the number of persons concerned is fewer and secondly, the national interest is much greater in the case of accounts. Therefore, in my opinion, the Government is justified in placing some competent

persons on this and getting the Institute under their control to be able to look carefully into this matter. Although the actual figure may not be modified—it may be fifteen of whom eleven may be elected and four may be Government nominated persons—that is a different matter. But in any case, there is a justification for some differentiation between the two.

Another point was raised by my esteemed friend, Mr. Sinha—why authorise Government to set aside the Council of the Institute? Here probably, he is right. But having regard to the fact which I have placed before you that this Institute is fulfilling a much more important duty from the point of view of the present industrial development and there is an important function performed by them, the Government has got responsibilities which may not be necessary in the other case. Here, they are necessary. If something went wrong somewhere, the Government must have the power of setting the Council aside and dissolving it and taking the matter up themselves. That is to say, the Government's power must be much more complete than in the other case. I am not saying that this is the right way of doing that; I am only saying that there is justification for special treatment in this case. Although the Select Committee may make some modifications, I do hope that the principle will be recognised, the principle of differentiation. So, Sir, I am generally in agreement with the aims and objects of the Bill.

Of course there are some small points which should be considered by the Select Committee. But I am very glad the Government has recognised the importance of this very important profession, and as one who has been watching the growing industrial development in the country I felt that the Government should have come up earlier with such matters. At least now we find that Government has found it necessary to intervene and give proper instructions to this



[Dr. P. J. Thomas.]

important body of cost and works accountants.

Sir, I said the other day in connection with chartered accountants that our men are competent and can hold their own against anybody in the world. Now in this case also I am sure that our cost accountants do not lag behind others elsewhere and if they do their professional work properly, there will be more and more demand for them not only here but also elsewhere. Chartered accountants in general are much cleverer in this country than in the other countries round about, and if our men excel in this kind of specialised profession also there might be more need for them in view of the rising tempo of industrial development, and as I said in the case of the chartered accountants, larger numbers can be trained in this country itself, and they might probably be able to find employment in other parts of the world—not only in Asia, and this may enable our people to get more and more jobs and positions.

I therefore welcome this Bill and I do hope that it would be very carefully considered by the Select Committee and would be passed very soon.

Thank you.

SHRI M. P. BHARGAVA (Uttar Pradesh): Mr. Vice-Chairman, Sir, I am very happy to note that almost all previous speakers namely, Shri Bhupesh Gupta, Shri Amolakh Chand, Shri Rajendra Pratap Sinha and Shri Ram Sahai have all welcomed my motion for reference of the Bill to a Joint Select Committee. As far as I have been able to understand, the Bill seeks to provide *inter alia* for the following matters:—

(i) The creation of a body corporate by the name of the Institute of Cost and Works Accountants with two classes of members, namely, Associates and Fellows, and making a

distinction between practising and non-practising members;

(ii) the entrustment of the management of the affairs of the Institute to a Council consisting of elected representatives of the members of the Institute, and a few nominees of the Central Government, election of representatives of members of the Institute being on a regional basis;

(iii) the vesting of the requisite powers in the Council which is to be an autonomous body free from control by the Central Government except in respect of certain specific matters, and subject to the overriding power of the Central Government to issue such directions from time to time, if necessary, as might be conducive to the fulfilment of the objects of the legislation;

(iv) the conferment of powers on the Council and the Central Government to recognise foreign qualifications on a basis of reciprocity if they are satisfied that such recognition is in the public interest, and the recognition of accountancy qualifications granted by institutions in India;

(v) the formation of regional bodies to assist the Council in its work, such regional bodies being subject to the guidance, supervision and control of the Council;

(vi) the enrolment, initially, of the members of the existing Institute at Calcutta as members of the proposed statutory body in the same way as was done in the case of the Registered Accountants, etc. when the Chartered Accountants Act, 1949, was brought into force; and

(vii) the winding up of the existing Institute at Calcutta, the transfer of its assets and liabilities and the services of its employees to the proposed statutory body.

Now taking the last item as the first, the very basis of the Bill is the present working of the Cost and

Works Accountants Institute at Calcutta. Well, not much is known about the Institute and its working. As was rightly pointed out in a point of order yesterday by Mr. Rajendra Pratap Sinha, we should know in detail what are the assets and liabilities of the Institute and how far the objects of the Institute go to fulfil the objects laid down in the preamble. All these things require careful consideration.

If we look at the articles and memorandum of association of the Institute, we find that in the objects coming under clause 3 they have enumerated them in the sub-clauses (a) to (m), dealing with various functions which they have in view about the working of the Institute. Now I personally feel that each and every one of the items mentioned there needs careful scrutiny, and should not be accepted as such. We have experienced quite a lot of difficulty in the Institute of the Chartered Accountants, as would be clear from the trend of the debate in this House, and the two announcements made by the hon. Minister, Shri Lal Bahadur Shastri. The two announcements were that he would appoint a committee to go into the difficulties experienced, and that he would convene a conference of the officers of the Company Law Administration and some M.Ps. to which representatives of the Institute would also be invited.

Now, if we consider all that, it shows that all is not well with the working of the Institute of Chartered Accountants. Now with that experience we are creating another Institute of Cost and Works Accountants. We should gain by the experience there and try to remove the deficiencies which we may be observing there.

I would simply refer to three points about which great stress was laid in this House. One was about the training; the second was about the position of new entrants in the firms of chartered accountants—here it will be firms of cost and works accoun-

tants; and the third the provisions for disciplinary action. All these again require scrutiny, and that is the main reason why I have moved my motion for reference to a Joint Select Committee. I hope it would be possible for the Deputy Minister to accept my amendment for the appointment of a Joint Select Committee.

Now, in my motion I had proposed the name of our Deputy Chairman, Shri S. V. Krishnamoorthy Rao, as one of the members to serve on the Joint Select Committee from Rajya Sabha. I understand that he would not be available and therefore a change has become necessary, and with the permission of the House I would like to substitute the name of Shri Santosh Kumar Basu in place of Shri S. V. Krishnamoorthy Rao.

SHRI BHUPESH GUPTA: Yes, yes.

SHRI RAJENDRA PRATAP SINHA: Sir, I would like to oppose this. The name of the Deputy Chairman should not be . . .

THE VICE-CHAIRMAN (SHRI M. VALIULLA): He has given the reason that he will not be available.

SHRI RAJENDRA PRATAP SINHA: He will be going only for a week.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): I am told he is going for a month. Now I want to know whether Mr. Bhargava has got the permission of the House to substitute that name.

SEVERAL HON. MEMBERS: Yes, yes.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): So permission is granted.

SHRI M. P. BHARGAVA: I therefore commend my motion for acceptance of the House and the hon. Minister with the change in name of Shri Santosh Kumar Basu for Shri S. V. Krishnamoorthy Rao.

SHRI SATISH CHANDRA: Mr. Vice-Chairman, Sir, in the limited time at my disposal I want to say only a few words.

This Bill is proposed to be referred to a Select Committee according to the motion of my hon. friend, Mr. M. P. Bhargava, and I am glad to accept it. As the profession of cost accountancy is now being organised into a new Institute, it would only be proper that the matter is discussed thoroughly by a Joint Select Committee of the two Houses so that the points raised by hon. friends may be fully examined. Government has an open mind in these matters. We wish that the Institute, we are going to create should work as efficiently as possible and help in organising the profession which is vital to the growth of our national economy and our developing industries on a sound basis.

I am glad, Sir, that the principle underlying this Bill has more or less been welcomed by every section of this House. Even though a few Members have spoken vehemently against some of its provisions, nobody has questioned the principle underlying the Bill that the profession should be organised separately. Mr. Sinha, although he started by saying that he accepted it in principle, said towards the end of his speech that he did not see the necessity of having two Institutes and two controlling authorities, one for the profession of chartered accountants and the other for cost and works accountants.

Sir, I have said something about this matter in my opening remarks and other Members have also spoken about it. The chartered accountants' work is of a different nature. They check the balance-sheets and the profit and loss accounts of various firms. Their function is mainly to make an overall assessment of the results of the working of an undertaking. It is more or less like a *post mortem* examination after the thing has been done. But the duties of cost and works

accountants are entirely different. They deal with the efficiency of the management, the control exercised during various stages of production, the costing which can be attributed to each stage of production, the productivity in relation to the raw materials used, the man-power put in, and so on. They are entirely two different things. I do not think, Sir, that the analogies that have been drawn hold good. In all other technologically and industrially advanced countries, there have been separate professions of the chartered accountants and the cost and works accountants for a long time and what we are trying now to do is to recognise that need and to organise this profession on sound and scientific lines.

Well, Sir, there was a complaint from one side as to why these two institutes should not be put together and why the profession of cost accountants which is only a part of the profession of accountants is being organised separately. My friend, Shri Bhupesh Gupta, on the other hand, complained as to why the Government could not think of starting this Institute much earlier, and he said that the Government had not been prompt enough in its duty by bringing forward this Bill at such a late stage. There is something in what Mr. Bhupesh Gupta has said. I would only say that we had been trying to do our best to expedite the founding of this Institute and to give the profession its due recognition as soon as the matter was recommended by the Estimates Committee as well as by the Public Accounts Committee. We took all the steps that were necessary in that direction. In 1956, we granted recognition to the existing private Institute at Calcutta. But, as this subject is in the Concurrent List, we had to obtain the consent of the various State Governments, which, naturally took some time. About a year or so elapsed before we could persuade every State Government to give its consent to the principles underlying the Bill. We had to carry on certain necessary

consultations with the existing Institute, which we proposed to use as a nucleus for the development of the statutory Institute in future. When we sent our proposals to this Institute and wanted its suggestions, it took about ten months to formulate a scheme and to forward its suggestions as to how it should be organised in future. All these things have no doubt taken time. There were inter-ministerial discussions also. But as an interim measure, we did recognise the existing Institute at Calcutta. It is high time, Sir, that we should make proper arrangements for the training of the cost accountants and proper regulations for their discipline etc.

Sir, Mr. R. P. Sinha has complained, in a rather strong language, about some departure, in the proposed Bill, from a provision incorporated in the Chartered Accountants Act. He said that power of having an appeal was being taken by the Government instead of such appeals being made to the High Court. He said in that connection that the man in the profession would be deprived of his means of livelihood as a result of disciplinary action. I may clarify here as to why this distinction has been made. In the case of a chartered accountant, it is obligatory for him to be a member of the Institute, and nobody can call himself a chartered accountant or audit the accounts of a company under the Companies Act, until he has become a member of the Institute of Chartered Accountants. Nobody here, even if disciplinary action has been taken against him, will be debarred from his profession because there is no law at present which prescribes that a cost and works accountant must compulsorily certify the accounts and must be a member of the Institute of Cost and Works Accountants. So, Sir, in this case, nobody is deprived of his profession.

SHRI AMOLAKH CHAND Sir, he can continue tomorrow.

SHRI SATISH CHANDRA Sir I will finish in one or two minutes. The  
92 RSD—7

Bill is going to a Joint Committee and therefore I want to finish in one or two minutes.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): Just take one or two minutes more and finish it.

5 P.M.

SHRI SATISH CHANDRA: All right, Sir.

The disciplinary action by the Council of the Institute of Cost and Works Accountants can at best be a censure of the person concerned but he is not deprived of his livelihood as in the case of chartered accountants. Therefore it is considered that so long as there is no other law depriving him from carrying on his profession, it is perhaps not necessary to take disciplinary cases to the High Courts where they remain pending for long periods and it means unnecessary delays and additional burden on the High Courts. If there is any such law in the future, we shall consider whether disciplinary cases of this Institute could also not be referred to the High Courts.

I have done and I don't want to take more time of the House. The Joint Select Committee of the two Houses will discuss the various points which have been raised. I can assure this House and the hon. Members who have suggested improvements that we will consider all suggestions with an open mind and try to incorporate them as far as we can.

Thank you

THE VICE-CHAIRMAN (SHRI M. VALIULLA): I shall first put the amendment to vote as modified by Mr. Bhargava.

The question is:

"That the Bill to make provision for the regulation of the profession of cost and works accountants, be referred to a Joint Committee of the Houses consisting of 30 members; 10 from this House, namely —

- 1 Shri Santosh Kumar Basu,
- 2 Shri T. S. Pattabiraman,

[The Vice-Chairman.]

3. Shri Babubhai M. Chinai,
4. Shri P. T. Leuva,
5. Shri Trilochan Dutta,
6. Sardar Raghbir Singh Panj-hazari,
7. Shri V. K. Dhage,
8. Shri J. V. K. Vallabharao,
9. Shri Rohit M. Dave and
10. Shri M. P. Bhargava (the mover)

and 20 members from the Lok Sabha;

that in order to constitute a meeting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that in other respects the Rules of Procedure of this House relating to Select Committees will apply with such variations and modifications as the Chairman may make;

that this House recommends to the Lok Sabha that the Lok Sabha do join in the said Joint Committee and communicate to this House the names of members to be appointed by the Lok Sabha to the Joint Committee; and

that the Committee shall make a report to this House by the first day of the next session."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): There is a Message from the Lok Sabha.

#### MESSAGE FROM THE LOK SABHA

THE HIMACHAL PRADESH LEGISLATIVE ASSEMBLY (CONSTITUTION AND PROCEEDINGS) VALIDATION BILL, 1958

SECRETARY: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the Himachal Pradesh Legislative Assembly (Constitution and Proceedings) Validation Bill, 1958, as passed by Lok Sabha at its sitting held on the 10th December, 1958."

Sir, I lay the Bill on the Table.

THE VICE-CHAIRMAN (SHRI M. VALIULLA): The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at three minutes past five of the clock till eleven of the clock on Thursday, the 11th December 1958.