MOTION *RE.* PAY COMMISSION'S INTERIM REPORT

SHRI BHUPESH GUPTA (West Bengal): Sir, I gave notice for raising a discussion on the Interim Report of the Pay Commission and the Government decision on the same. This report has created disappointment. . .

MR. CHAIRMAN: No discussion on the merits of the Motion. You gave notice of a Motion and we are admitting it. We will fix the time.

SHRI BHUPESH GUPTA: May we have, if possible, a half-an-hour discussion this evening?

MR. CHAIRMAN: Leave it to me.

THE INDIAN TARIFF (SECOND AMENDMENT) BILL, 1957

THE MINISTER OF INDUSTRY (SHRI MANUBHAI SHAH): Sir, I beg to move:

> "That the Bill further to amend the Indian Tariff Act, 1934, as passed by the Lok Sabha, be taken into consideration."

Sir, this Bill mainly seeks to amend the First Schedule to the Indian Tariff Act, 1934, in order to give effect to Government's decision on certain recommendations of the Tariff Commission's Report. Sir, hon. Members will have observed from the Statement of Objects and Reasons attached to the Bill that protection is sought to be continued beyond the 31st December, 1957, in the case of the sago, stearic acid and oleic acid, titanium dioxide, plywood and tea chests, sheet glass, machine screws, non-ferrous metals (semi-manufactures), grinding wheels, bare copper conductors and A.C.S.R., cotton textile machinery, bicycle, piston assembly, automobile leaf springs, automobile hand tyre inflators and diesel fuel injection equipment industries. The Bill, Sir, also seeks to discontinue protection in the case of the preserved fruits, non-ferrous metals (alloys and manufactures) and oil pressure lamps industries, with effect from the 1st January, 1958, and it is also proposed to include all aluminium conductors, roller chains of size 1/2" X 3/16" and elements, delivery valves and nozzles within the protected categories of A.C.S.R. and bare copper conductors, bicycle chains and diesel fuel injection equipment respectively.

Copies of the Tariff Commission's Reports on all these industries and of Government's Resolutions on these Reports have already been laid on the Table of the House and notes on each of these industries have been circulated to the hon. Members for their information and perusal. Sir, I do not propose to take too much time of the House by giving any extensive narration of the different aspects of the industries. I shall therefore deal in a brief way with these items, namely, the oil pressure lamp industry, otherwise known as the petromax lamps industry, the preserved fruit industry and some sections of the non-ferrous metals industry. The House would be gratified to know that they have developed so fast. . .

SHRI KISHEN CHAND (Andhra Pradesh): What are those sections? Could the hon. Minister give a brief description?

SHRI MANUBHAI SHAH: I will do that when I come to the specific industry. It is mentioned in the Bill even and I shall deal with this when I come to the industries which are sought to be deprotected.

In the last decade, these three industries have very greatly improved and the production has also increased. The quality of manufacture has considerably improved and the price of all the commodities in these three industries have come down so considerably that they can easily withstand foreign competition. As such, the Tariff Commission has recommended deprotection and Government has accepted the recommendation. The Bill now seeks to implement those recommendations. This is a welcome sign and we can see that the oil pressure lamp industry has increased its production in the last four years from 35,000 units per year to over a lakh of units in the current year.

The preserved fruit industry has not only increased production but the quality of most of its products is also satisfactory and the entire requirements of the Defence Ministry and the different public sector requirements are being successfully met by the indigenous industry. In spite of the fact that the preserved fruit industry is being deprotected, Government will continue to give all help and encouragement to the development of the horticulture industry. I know, Sir, last time when this matter was discussed in this House, several hon. Members showed their concern for the development of the horticulture industry. They will be glad to know, Sir, that a sum of three crores of rupees has been earmarked for the development of the horticulture industry. The area under new orchards proposed to be developed by the Food and Agriculture Ministry is about two lakh acres and also rejuvenation of about five lakh acres is sought to be programmed. The scheme includes the provision for the grant of loans for the planning of orchards, purchase of fertilisers, etc. A scheme for the grant of a subsidy of Rs. 500 per ton of tin plate required for the manufacture of open top sanitary cans used for packing preserved fruits is under consideration by Government and we hope a decision will be taken soon on that aspect. Government's policy for the last several years has been to purchase the entire requirements of preserved fruits as I have stated, for the Defence Services only from the Indian manufacturers.

Coming to the sago industry where protection is sought to be continued beyond the current year, the House will be pleased to observe that the production in this industry has increased from 18,000 tons in 1953 to 25,000 tons in 1956. Further steps are being taken to see that the quality is maintained at a high standard and the prices continue to be lower. It has been a healthy feature of this industry that the prices are gradually coming down but still, further steps will have to be taken so that in a short course of time complete deprotection of the industry becomes possible.

I now come to the titanium dioxide industry where protection is sought to be given and extended. The production which was 234 tons in 1952, the House will be glad to know, has increased sevenfold in the last five years and the production of the current year is expected to be of the order of 1800 tons per annum. There is only a single factory which manufactures titanium dioxide in the Kerala State and it has now programmed further to develop its production and by 1960-61, we hope that the country will become more or less self-sufficient in titanium dioxide, and may be, we may be able to export a sizable quantity of titanium dioxide by then.

In the case of the sheet glass industry, the production which stood at 9 million square feet in 1952, is expected to touch a figure of 48 million square feet during the current year, that is, a massive rise of about 39 million square feet, almost a five times increase in a period of a quinquennium. The story of machine screw industry is still brighter where the production has risen from 1·5 lakh gross in 1952 to 13 lakh gross in 1956, and with the rise in production the prices are also coming down and are very competitive.

With the permission of the House, Sir, I shall now take up the grinding wheels industry. This industry has been protected since 1947 and the House is doubtless aware of the importance of this industry. The production of grinding wheels has shown a remarkable increase since 1952 when it was only 386 tons as compared to 1133 tons in 1956. The production during the current year is expected to reach a figure of about 1,500 tons, a

[Shri Manubhai Shah.]
400 per cent. rise. During the period that protection has been in force the industry has achieved self-sufficiency to a large extent and has also improved the quality of its products. The industry requires protection to the extent of about 30 per cent. *ad valorem*, yet in view of the restricted import policy, however, it is not proposed to raise the protection to the full extent of 30 per cent. but to continue protection at the existing level of 25 per cent. *ad valorem* up to the end of 1959.

Sir, now I shall deal with the bicycle industry. At present there are 24 licensed units in the large scale sector out of which 17 are in regular production. In addition there are 45 units in the small scale sector. The total production of bicycles in 1957 is expected to be 8 lakhs in the large scale sector and to about 40,000 in the small scale sector whereas only about 2 lakhs of cycles were being manufactured in this country in 1952, an increase of more or less four times in a period of four years. This is a really satisfactory development. The gradual progress of the bicycle industry would be realised from the fact that at the time of our independence we were hardly manufacturing any cycle. We were only assembling some 55,000 units whereas now, as I mentioned, over 8 lakh cycles are being manufactured in India, and of them, as I shall come to a little later, 95 to 97 per cent. of the cycle is wholly indigenous made In addition we had to import bicycles during the above period to meet the gap between the estimated demand and the actual production. The House will be glad to know that since the beginning of this year a total ban has been imposed on the import of any cycle into the country. The target of production fixed for 1960-61 in the Second Five Year Plan is, as is mentioned in the Plan, about 12·5 lakhs, that is, 1·25 million cycles per year, but in view of the fact that there has been a phenomenal rise in production at which rate the production then may even exceed this huge number when the demand in the country is going up as a result of the quality going up and the price going down, it is proposed to raise the target from 1·25 millions to 2 millions cycles by the end of 1960-61. That will mean about 20 lakh cycles of which it is proposed to reserve 5 lakhs for production in the small scale sector and to allocate 1·5 millions to the large-scale producers. Simultaneously, with the increase in production of complete cycles efforts have also been directed towards the manufacture of cycle components. While there were several parts of imported origin incorporated in the cycles manufactured a few years ago, the striking feature of the industry today is that most of the cycles have a larger proportion of parts of Indian origin. The value of imported parts in the Indian bicycles now varies from Rs. 5/8 to Rs. 7/8 per cycle each costing about Rs. 100 to Rs. 120. This means that the value of the imported parts would represent less than 5 per cent. of the whole production cost of an Indian cycle. Today the industry is producing almost all the parts of a cycle including free-wheel, chain, hubs, rims and various other components. As the production of some parts has not been sufficient to meet the requirements of the country, new schemes are also being sanctioned to cover all those balance items which are still being imported in small quantities. There are about 23 units in the large-scale sector, which are engaged in the manufacture of cycle parts only, and in the small-scale sector there has been a very rapid growth and many more units are coming up. The estimated production of cycle parts for 1957 would be judged from the fact that as against 1952 when the value of the production of cycle parts was only Rs. 77 lakhs, the value of production of cycle parts during the current year is expected to touch the figure of Rs. 2·5 to Rs. 3 crores per annum.

The bicycle industry was first granted protection, as the House is aware, in 1947 and the protection has been renewed from time to time. The Tariff Commission has estimated that the duty required to protect the indigenous bicycle against foreign competition, which is mainly from the United Kingdom and Japan, ranges from 45 per cent. to 88 per cent. The Tariff Commission has recommended that the protection may be continued up to 31st December, 1960 at the existing rates of protection, that is, 65 per cent. *ad valorem*, or Rs. 80 per cycle whichever is higher in the case of a cycle of British manufacture, and a duty of 10 per cent. *ad valorem* plus the duty charged on bicycles manufactured in the United Kingdom for the bicycles not of British manufacture. Government have accepted the Tariff Commission's recommendation and the Bill seeks to implement that decision. Sir, whereas the production of cycles has gone up high, as I have mentioned just now, the prices have been steadily going down and the quality of the indigenous manufacture has improved. It is almost difficult to pick out a bunch of cycles today and say which of them is of indigenous manufacture and which of them is of foreign manufacture. Not only that, Sir, it also becomes difficult to find out which of the cycles are manufactured by the large-scale manufacturers and which of them are manufactured by the small-scale producers. This is indeed very heartening and I can assure the House that it is the constant endeavour of the Tariff Commission, the Government and the industry to see that the quality continues to improve and the price continues to go down so as to make the industry self-reliant and to enable us to deprotect it at the earliest opportunity.

Now, I come to the most important item of the Bill today, the cotton textile machinery industry. The cotton textile machinery industry, as the House is already aware, was practically non-existent before World War II; there was no organised manufacture of textile machinery in the country at all at the time of independence. Since then, in view of the fact that the textile industry is the foremost indigenous industry, the development of textile machinery manufacture began to receive the attention of the industrialists and the Government, and the industry assisted by tariff protection and quantitative restriction on imports has now established itself.

The items of textile machinery which are protected are ring frames, plain and automatic looms, fluted rollers, spinning rings and spindles. Taking the case of ring frames first, which is the most important spinning machinery, it would be interesting to note that the production of these ring frames, more or less assembling them, was only 219 in 1948. Since protection was given the production has now risen to 1149 practically of only indigenous content.

The comparison of the fair selling prices of the indigenous ring frame with the c.i.f. prices of Japanese counterpart shows a small disadvantage of 2·4 per cent. Compared to the Japanese ring frame which is the cheapest in the world the price difference between ours and that is only 2·4 per cent. As, however, the indigenous product contains only 400 spindles as against 440 spindles in the Japanese ring frames, the disadvantage would actually be higher than 2·4 per cent. The Tariff Commission has therefore recommended the continuation of protection for a further period of three years at the existing rate of protective duty, namely, 10 per cent. *ad valorem*. The quality of our ring frames, as everyone knows and those connected with the textile industry are fully aware, is first class. Thus both in price and in quality our machinery compares very favourably with the imported one.

Manufacture of looms has also registered substantial progress since 1949 when the total number of looms manufactured was 1541. The production has progressively increased to 2730 valued at about half a crore of rupees in 1957.

[Shri Manubhai Shah.]

The Tariff Commission has not been able to estimate the precise price disadvantage from which the indigenous plain looms suffer for want of comparable data of c.i.f. prices because, Sir, each country in the world has so much diversified the loom pattern that it would be very difficult to say in a comparative manner which loom will completely compare in technical and other details with the indigenous plain looms and as such they have not been able to work out the c.i.f. prices. But there is a tendency all over the world to change over to automatic looms and therefore there is practically no likelihood of imports of plain looms taking place in the foreseeable future. The fear of competition to plain looms is therefore negligible. The Commission therefore recommended that the plain looms be deprotected henceforth because there is no likelihood either of the foreign prices being lower than the prices of indigenous plain looms or the textile mills being today anywhere more favourably disposed to the installation of plain looms compared to automatic looms, and so Government accepted that recommendation of the Tariff Commission and a stage has now come when the plain loom industry can be very safely deprotected and there is no need to continue the protection any further.

As regards automatic looms, the Tariff Commission has estimated that a duty of 25·6 per cent. *ad valorem* would be necessary to protect the indigenous product against foreign competition. The present rate of duty is 10 per cent. *ad valorem*, but as the indigenous industry is already sheltered because of certain import restrictions and since, as this House is aware, we have fixed the proportion between the imported looms and the indigenous looms in our import policy, there is no reason to increase the protection to more than what is being given already, and because it is already enjoying a sort of sheltered market, the Tariff Commission has recommended that protection for automatic looms be continued for a further period of three years ending 31st December, 1960 at the existing rate of duty, namely, 10 per cent. *ad valorem*.

As regards the fluted rollers, spinning rings and spindles the production has increased in the case of fluted rollers from 86,000 in 1951 to over 5 lakhs in the current year and in the case of spinning rings from 2·73 lakhs in 1951 to over 15 lakhs in the current year, and in the case of spindles from 3·9 lakh Nos. in 1951 to over 10 lakhs in 1956 and 11 lakhs in 1957. As these items form vital components of spinning ring frames, the Tariff Commission has recommended that the protection may be continued for a further period of 3 years at the existing rates of protective duty, namely, 10 per cent. *ad valorem*.

The House may also be interested to know the progress made in the production of all the categories of textile machinery, because in spite of the fact that there are very wide ranges of ramifications of this industry, it is only a few sections which are being protected, while practically the whole of the balance of the industry is not under protection, comparing with foreign machinery without any disadvantage in quality and price. The main items of spinning and weaving machines produced indigenously, which are not protected by tariff, are carding engines, draw frames, speed frames, winding machines, warping machines, reeling machines, bundling machines, and baling presses. Apart from these, the textile machinery manufacturing industry is manufacturing a variety of processing machinery except some items like singeing, mercerising, cheese warping, beem dyeing, shearing machine, flock printing, high speed stenters, selvedge printing and shrinkage control, etc.

The total value of textile machinery produced in the country was about Rs. 40 lakhs in 1948 per year which has now risen to Rs. 9 crores in the present year. And during the next three years we hope that all the protected and the balance of the unprotected industry will rise and the production will go up to Rs. 17 to Rs. 20 crores per year by 1960-61. This indeed is a very gratifying achievement in the case of this very precision type of heavy capital goods industry. To reduce the drain on our limited resources of foreign exchange, the textile machinery industry has to shoulder a great responsibility in taking up the production of items not manufactured hitherto. Furthermore, in order to meet the increased target of production of cloth for indigenous consumption and exports, there is need for increasing the production of textile machinery for expansion as well as replacement purposes. The Government, therefore. have appointed a Committee which has already assessed the annual requirements of the country in regard to the major aspects of the textile machinery and they have tentatively fixed the targets for the Second Plan period as follows:—

Carding engines	..	4,050
Ring frames	..	2,810
Speed frames	..	800
Looms plain	..	6,125
Draw frames	..	320
Looms automatic	..	8,500
Blow room lines	..	125

and various other items. The total demand of textile machinery is expected to be Rs. 13 to Rs. 20 crores per year, as I said, by 1960-61. On the basis of the above requirements, the manufacturers were asked to submit realistic programmes of expansion depending on the scope of each party, and the Committee has approved most of the phased production programmes of the individual manufacturers. New firms are also coming forward and we hope to make the country more than self-sufficient in most of the items by the Second Five Year Plan period.

Sir, the industry is also being given all possible assistance in the matter of raw materials. The Committee has also in view the setting up of an Inspectorate to investigate into the quality of the textile machinery produced indigenously. Meanwhile, a Committee has been set up under the Chairmanship of the Textile Commissioner to enquire into the quality, production and delivery of indigenous automatic looms. The House will be pleased to know that one of the most important major machinery—capital-goods—manufacturing industry, namely, the textile industry in our country has given very good response in the case of not only quantity of production but also prices and in the quality of manufacture. In spite of the fact that generally the textile industry in the country is fully satisfied with the present quality of manufacture, we do not mean to be complacent. As I told the House just now, we are keeping a constant watch and are going to put up an Inspectorate. Sometimes it happens that something goes well and goes on satisfactorily when a little slackness comes in. And this is one capital goods industry where we cannot afford to slack and as such we have to keep a constant watch in this respect.

Before I conclude, may I draw the attention of the House to clause 2 of the Bill which seeks to insert a new provision in the Indian Tariff Act, 1934, so as to lay before the House the rules made by the Government under the Act? Hon. Members will recall that last time at the instance of some Members I promised that we shall incorporate this amendment in the next Bill. And hence the proposal in this Bill is in pursuance of that undertaking.

Sir, I would not take much time of the House. In regard to the work of the Tariff Commission, it will be interesting to note that in the last one decade over 47 industries have been protected as a result of the different reports, surveys and reviews made by the Tariff Commission. Also, while protection has been sought for, there have been 30 industries where, as a result of the recommendation of the Tariff Commission, those have been deprotected, since the protection was

[Shri Manubhai Shah.]
neither required nor the industry was in need of any further shelter by the Government It is not as if that the Tariff Commission has only protected industries Sometimes, some views have been expressed that we are merely protecting more industries and not deprotecting them or giving them undue shelter. The policy of the Government has been always to see that the protection is given for the minimum period necessary, that protection is not continued for a day more than required or necessary for the industry. Also, the quantum of protection is kept to the minimum, so that no undue, high percentages are given or continued for long which will make the industry more complacent than required for just keeping its health improving Also, there have been certain enquiries made by the Tariff Commission in about 21 industries where even though the industries sought protection, the enquiry revealed that the industries did not deserve any protection and they could easily face the foreign competition There were about 21 such industries during the last one decade Why I mention this is in order to give a comprehensive review of the working of the Tariff Commission that whereas every effort is being made to see that wherever necessary protection is given for the minimum quantum necessary, for the period which is required, to the shortest possible extent, we also request the Tariff Commission to look into the other aspects of the industries, the economic aspect, the price aspect, the quality aspect, and the general economic situation facing in one industry or group of industries And I can assure the House that it is our intention not to be either complacent on the quality aspect or on the price aspect and more and more, as we go forward, the prices of the indigenous goods are coming down They are becoming more or less one hundred per cent indigenous and we are in a position not only to face foreigners and foreign competition in our country, but to export sizable quantities of these engineering goods.

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

MR. CHAIRMAN. Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1934, as passed by the Lok Sabha, be taken into consideration"

SHRI PERATH NARAYANAN NAIR (Kerala): Mr. Chairman, it is good to hear the hon. Minister giving out facts about the progress that some of the protected industries are making.

[MR. DEPUTY CHAIRMAN in the Chair.]

It is good that progress is being made and we have to help in that process and to hasten that process. But I feel that the hon Minister has been taken in too much by the bright side of the picture. There is a less shiny side to that picture and I think it is necessary that attention is drawn to that part of the picture as well Within the very limited time that is available, I do not want to go into the broad question that has been raised in regard to this Bill Our foreign exchange situation has entailed severe restriction on our imports which in the very nature of things affords a measure of protection to our industries In this context the problem whether there is need for the continuance of this Tariff Commission has been raised But for the purpose of my present argument I accept the position taken by the hon. Minister that there is need for the continuance of the Commission for some little more time to come. Now, when we decide to protect an industry and when we call upon the consumer to make some sacrifices—the minimum loss in the interests of the national development of our country—it is the primary responsibility of the Government to see especially in regard to prices, that the prices are kept down to the lowest, to the minimum, and that the consumers in the country generally are not called upon to undergo undue sacrifices.

Now, the hon. Minister has said that sufficient attention is being paid to the price aspect of this question. In my opinion, neither the Tariff Commission nor the Government have exercised strict control or proper scrutiny in regard to the price aspect of the whole thing. For a proper price policy in regard to the protected industries, we have to go into, I think, three main factors in regard to the cost of production. I want to know, in respect of some of the industries to which protection has been granted, whether the Tariff Commission or even the Government have insisted on proper cost accounting of these various concerns. I want to know whether the panel of the Tariff Commission, which have gone into some of these concerns, are competent to go into the cost accounting aspect of these concerns. Now, Sir, the question has been raised in other places also, and no less than the Chairman of the Public Accounts Committee has complained that the cost accounting reports of many of these concerns have not been made available to even such a responsible body as the Commission. There is also this impression that the panel of the Commission appointed to go into this question—may be some of them are competent and some of them are not competent, it is a very difficult job, it is a very technical job, and unless really competent people go into these things, it is difficult to find out the actual cost. Then, unless we keep proper track of this cost accounting, it is not possible for us to bring down the cost in order to ensure the proper price for the consumer. I am told that the cost accounting reports are confidential. I grant it. They may not be published and made available to all, but for responsible Members of Parliament, for bodies like the Public Accounts Committee, they must be made available. It is not that every Member of Parliament is competent to go into these cost accounting returns, with profit, but the problem is that the public must be reassured, the public must know that there is proper scrutiny exercised by competent men in the Tariff Commission and in the Government.

Sir, that aspect of the matter has not been attended to by the hon. Minister, and on this particular question we do not know whether, to bring down the cost of production, proper scrutiny is made of these things. There are misgivings in the public mind in regard to this problem, and I want the hon. Minister to assure the House that steps are being taken and are in vogue to see that proper cost accounting is insisted on and is properly scrutinised.

Again, when we agree to protect industries, when we call upon the consumers to undergo certain sacrifices, we must also see that there is some limit placed on the profits made by these concerns, on the dividends that are paid, on the commissions which the managing agents are permitted to take, and on the commissions which the selling agents are allowed, because all these are very relevant factors in assuring the consumer and the public that proper scrutiny is being made of the working of these concerns. Of course, the hon. Minister will say that all these concerns are obliged, under the company law, to publish their balance sheets and other things, but the company law has certain restrictions placed on dividends etc., I know. But in regard to protected industries, there is all the more reason why the Government should exercise stricter control over these things. There must be a limit to the profits made because you are calling upon the consumers to undergo sacrifices. On that question also the public require to be reassured, and I would request the hon. Minister to throw some light on that question.

Again, in regard to prices, is there any step being taken to see that the retailers also keep to the prices recommended by the Tariff Commission? To illustrate my point, and only to illustrate my point, I will just take the example of the Travancore Titanium Company. Coming as I do from the State of Kerala I will go any length to cherish that fact because our State is so rich in this mineral and other things. All these

[Shri Perath Narayanan Nair.]

things are being taken out of our State. In regard to titanium, this mineral is being put to use in our State, and we are really glad that it is so. The Government of Kerala are, I think, holding about 51 per cent. of the shares, and I know that that concern is the biggest manufacturer, and I was so heartened when the Minister was saying that the production had increased seven-fold and that they had got plans to increase production further. All that is good, specially when there is a proposal for a 50 ton sulphuric acid plant to be started. But there is the other picture. The Tariff Commission went into the working of this concern and they recommend protection, I think, in the year 1953 when the price of imported material was fixed at about Rs. 122 per cwt. Now, in regard to this factory the minerals are so near, the water transport facilities are there. Still the reason which the hon. Minister has given is that when production is not on such a large scale and when there are difficulties to utilise all the by-products, naturally the prices here will be a little more. Granted. Now, they have fixed about Rs. 13 for a hundred weight of the product of this factory, and ex-Bombay and ex-Calcutta, I think, the price has been put at Rs. 140. Going through the report of the Tariff Commission I find that the retail price of this titanium is Rs. 224 per cwt. To grant protection to the industry you lay down the prices—you grant protection in 1953—and then all of a sudden in 1954-55 complaints are made to the Tariff Commission that the prices are as high as Rs. 224, Rs. 84 more, 70 per cent. increase. Sir, the most astonishing aspect of it is that the Tariff Commission has made rather light of this affair. They said "after all some retailers have done it; the sole selling agents are not responsible for that", and all that. In protecting industries, is it not the primary responsibility of the Government to see that the consumer gets these things at the scheduled price or very near the scheduled price, and that profiteering is not allowed on these things? When such glaring instances of profiteering have been brought to the notice of the Tariff Commission, one would ordinarily expect the Commission to make proper enquiry instead of giving a blank cheque. I want the hon. Minister to tell the House and the country whether Commission has taken the trouble to go into the books of this concern?

Now, Sir, if it were any factory, any company or any selling agent, there would be misgivings in the public mind and the people would insist on a proper enquiry being made into these affairs. When certain responsible people in high places are associated with such concerns, at least to clear their names, at least on the principle that Caesar's wife must be above suspicion, the Government should seize the first opportunity to order an enquiry into this matter. In 1953, tariff protection is given and within a few months, we see a particular firm being appointed the sole selling agent. It is a single unit, with a producing unit in India and again there is the monopoly, wholesale selling agency also. And immediately you find that the prices shoot up like anything. So, my complaint is, in such instances, especially where high, responsible names are associated, there should be an enquiry. It is not often that you get the retailers complaining. When those people in that business or trade come forward with charges and allegations against people highly placed, you know what will happen to them. It is very rarely that they come forward. But when such instances are brought to the notice of the Government, why should the hon. Minister fight shy of ordering an enquiry? In these things, the public must be reassured. Here, in my opinion, it is a very glaring instance where there has been unchecked profiteering. You fix the price at Rs. 140 per cwt. and it is sold at Rs. 224 per cwt. Who is responsible for this blank certificate to a particular concern? Now, to reassure the public on these things, I would like the hon. Minister to go into these things, the personalities involved and all that.

The question is there before the public and to reassure them, it is necessary that the hon. Minister orders an enquiry and comes forward with full facts. That is all I have to say in regard to this price aspect. I am not very well versed or intimately connected with the industries concerned. Only as an illustration, I have given this case. Unless a proper scrutiny is made and direct control is exercised in regard to this cost accounting of these industries and the profits and the dividends and the commission which these are getting, there is no use. The consumer in the retail market should get the same price as is fixed by the Commission.

Sir, in regard to the fruit preserving industry which is going to be deprotected, coming as I do from Kerala, I am interested in some of the fruit preservatives there. I think, during the last few years, some of the units working there, especially pine-apple canning, have made some progress. It is not my quarrel that protection is taken away. Those industries have been making good progress, but that is when you give protection to it. In deprotecting it, the hon. Minister said, all possible steps are being taken to improve the fruit-preserving industry and that more than Rs. 3 crores have been set apart for this industry. This is altogether good. But, in regard to this pine-apple industry which, I think, comes under item No. 29 of the Schedule, there is one particular difficulty that the units in Kerala are experiencing. In regard to the culture of the fruit, there are patches and uniform sized fruits are not available, they say. Through adequate research and other things in Hawaii and other places throughout the world, there is a good competition in the world market. Those people have been able to evolve a certain uniformity in size in the fruits and have also been able to eliminate these patches. I am told that some of the money set apart out of this will go for the establishment of research institutes and there should be a research institute especially in relation to the problems that have arisen in regard to the pine-apple canning industry and I think the hon. Minister will see that adequate research facilities are made available to these units in Kerala also.

In regard to oranges and other fruits in Wynaad, acres and acres are lying bare and nothing is done and there is a vast field for the development of the fruit industry there. But, in view of the limited time at my disposal, I do not want to go into that question. I only suggest that, in regard to the question of providing research facilities, the demands and needs of Kerala in respect of this industry may be taken into account.

In regard to plywood and tea chests, I would say that arrangements are being made to supply the units working in West Bengal with Andaman wood at fair prices to make tea chests. That is good. In South India, on our coast especially, we are concerned with commercial plywood. That industry has made a very good progress during the last few years. But there again, the difficulty is about the soft-wood forests which are being indiscriminately cut and this industry is facing difficulty in regard to soft wood. So, in that regard also, it must be part of the scheme of the Government to see that there is a proper supply of soft wood by afforestation and planting of these trees. The other aspects of the question also may be attended to. Otherwise, what little progress the commercial plywood industry has made in our part, they will not be able to continue.

These are some of the opinions which I have to bring to the notice of the hon. Minister.

MR. DEPUTY CHAIRMAN: May I know if any more Members would like to speak on this Bill?

SHRI LALCHAND HIRACHAND DOSHI (Mysore): Sir, I rise to support this Bill.

[Shri Lalchand Hirachand Doshi.]

The decisions taken by the Government on the recommendations of the Tariff Commission are very important from the point of view of the development of the industries that have been started. The point just made by the hon. Member that costs are not properly checked up by the cost accountants of the Tariff Commission, to my mind, is not quite true. I have had the experience of submitting my accounts to the Tariff Commission, particularly, in the case of the automobile industry and I know how thoroughly they go into the cost structure of the industry and the various components that the industry manufactures at its own place. There are differences of opinion with regard to the quantum of protection to be given to the industry. Certain costs which, in normal practice, are taken as costs are, as a matter of fact, disallowed by the Tariff Commission. Now, an item like bonus to the labour ought to go as part of cost. But strange to say, the Tariff Commission has not so far included that item as part of cost and even though the profit that is allowed by the Tariff Commission is so meagre, the bonus that is given to the labour, when some profits are made, has to be paid out of these profits. In the same way there are other costs, for example, the interest paid on borrowed capital. In many cases this interest amounts to several lakhs of rupees and yet this is not taken as part of the cost. Therefore, Sir, to assume that the Tariff Commission makes its recommendations more in favour of the industry is not quite correct. All the same, the Tariff Commission has done a very good job in examining these industries and making recommendations to the Government to protect the industries.

SHRI RAJENDRA PRATAP SINHA (Bihar): May I just ask one question from my hon. friend? He was saying, Sir, that the Commission does not take into account the interest paid by the industry. Does he mean the interest for the working capital purposes or the interest for purposes of investment in the industry itself for fixed assets?

SHRI LALCHAND HIRACHAND DOSHI: Both. In certain cases the industry may be borrowing for fixed assets, and it also needs working capital. At present it is very difficult to get capital from the public and therefore you have to go to the various banks for working capital as well as for fixed assets.

SHRI RAJENDRA PRATAP SINHA: Does not the Tariff Commission take into account 10 per cent. or whatever may be the percentage on the block investment while determining the cost?

SHRI LALCHAND HIRACHAND DOSHI: Yes, on block investment you can give 10 per cent. or something like that. But when you take into consideration the turnover or the ultimate profit in relation to the capital invested and the tax to be paid, particularly in view of the enhanced taxation scheme, it becomes extremely difficult to make a satisfactory or reasonable payment in return of capital. And therefore, Sir, my contention is that all these items such as interest on borrowed capital or bonus or even payment to managing agents should be taken as part of the cost and should be included in the cost structure. After all these managing agents are working as the executive officers of the company and they may be performing this function in a slightly different manner, but a contract has been provided for and according to that contract they are getting their remuneration not as a lump sum amount but in relation to the profits that are made by the industry concerned. Somehow or other, Sir, there exists a difference of opinion on these questions, and I do feel, Sir, that the scales are on the other side rather than in favour of the industry. With all that, Sir, the industry has made progress mainly because of the assurance that is behind the protection that is granted to the industry. The progress is not only in making profit, but the progress is mainly the expansion of the service that is being rendered through the industry. And therefore I feel that the Tariff Commission and the Government have done an excellent service to the economic development that is so much needed in the country.

Sir, there is one point which I would like to refer to. When a subject is to be referred to the Tariff Commission, it takes a considerable time for the Government to think over the matter and refer the subject to the Tariff Commission. Then the enquiry takes a long time, and after that when the enquiry is completed, the Government's decision takes a good bit of time, and one can safely assume that when any industry applies for protection, it has to wait for at least a period of 18 months to two years to get that protection, which is too long time, because the industry is in dire need of such protection, particularly from foreign competition. And if this time is cut short and if the industry is assured of protection in a shorter period, it will be a great help to that industry.

Then, Sir, with regard to the cost, if at all it is to be checked, it is desirable that it should be done more frequently. If you have to refer the cost question every now and then to the Government, it causes delays and hardship. I would therefore submit that certain principles should be laid down with regard to costs, taking in view such items as are not taken into consideration by the Tariff Commission and the industry should get the proper protection in order that it should be able to make rapid progress with regard to production in the country. With these words, Sir, I support the Bill.

SHRI KISHEN CHAND: Mr. Deputy Chairman, the hon. Minister while introducing this Bill made a very fine speech and a rather long one full of facts and figures. It is very difficult to consider all those facts and figures, because without a very detailed examination of the facts and figures we cannot properly tackle this question of granting protection to particular industries or removing protection from certain other industries. The hon. Minister has circulated a note, but that is not so comprehensive as his speech was which gave a sort of relative comparisons . . .

SHRI MANUBHAI SHAH: Merely for the information of the House every report of the Tariff Commission and the notes on their recommendations are separately laid before the House every time.

SHRI KISHEN CHAND: I want them to be a little more comprehensive giving relative comparisons . .

SHRI MANUBHAI SHAH: Sir, it is so voluminous that perhaps he would like it to be abridged.

SHRI KISHEN CHAND: I like the abridged speech of the hon. Minister which he is going to deliver.

Well, Sir, now we want the industrialisation of our country and for a long time there have been two methods adopted, one of giving protection and the other of giving subsidies. We have got to very carefully consider whether by giving protection to industries which are not consumer industries but which are an intermediate step in the process of production of consumer industries, it is not eventually going to affect the price of the consumer industries. Secondly, Sir, several hon. Members have pointed out, and it is a matter of common experience, that some of the foreign firms which have set up factories in India, possess the full technical know-how and they get a protected market. The result is that they keep the price at a level which is arrived at by adding on the import duty to the price prevalent in foreign countries, and by retaining the price at that level they make a very big margin of profit. I agree, Sir, that some part of that profit is given to the labour in the shape of bonus. But after all it is the consumer's money. And the huge divi-

[Shri Kishen Chand.]

dends are a sure proof of the fact that the concern is making very huge profits; otherwise how are they able to give big dividends? I will give you an example. Take the case of the tyre industry or take the case of the foam rubber industry. There is more or less a monopoly of foreign firms, and the price of foam rubber articles or of tyres is kept at such a high level that the factory producing tyres makes a huge profit, and almost all the people manufacturing cars in our country have to take those tyres at an inflated price. So the Tariff Commission should carefully examine, when they are giving protection, whether the price fixed . . .

MR. DEPUTY CHAIRMAN: You can continue after lunch. The House stands adjourned till 2 o'clock.

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

The House re-assembled after lunch at two of the clock, the VICE-CHAIRMAN (SHRI M. B. JOSHI) in the Chair.

SHRI KISHEN CHAND: Mr. Vice-Chairman, when we adjourned for lunch interval, I was saying something about the price of tyres. I know that tyres are not under discussion today in the Tariff Bill so I will give another example. The underlying idea of my argument is that the Tariff Commission takes up a particular industry and just goes into the cost accounting of that industry and makes its recommendation But the Commission should keep the over-all picture always before it. Any enquiry should be in the context of that over-all picture and that picture of industrialisation of the country is that it should produce consumer goods of the best quality at the cheapest possible rate. That is the over-all picture and unless the Tariff Commission enlarges its view and takes into account not only that particular industry but a broader view, it will not be in the interests of our country or in the interests of proper industrialisation of our country. I was giving the example of tyre. I asked at question time about soap. Here also the organised soap industry cannot prosper because there is decentralised soap industry which wastes soda and oil and produces a soap which is not completely saponified and therefore it ruins the hands of the person who washes clothes with that soap. Then so much flour is mixed with that soap and so much of sodium silicate. It is a national waste and the result is that the decentralised sector of the industry produces so much of inferior soap which takes away the market for the good quality soap and therefore the organised industry does not make a profit. These facts are inter-related with each other. Just coming to this House with a long list of separate items and saying that the Tariff Commission has made a recommendation is not sufficient. I am going to go into details of it but I think the Minister should ask the Commission to take an over-all view of the reasons as to why the prices are kept at such a high level.

I will begin with the items in this Bill and start with the cycle industry. I am very glad that the cycle industry has made rapid progress but I was surprised to find that even now the price of cycles manufactured in U.K. or Japan is 60 per cent. cheaper than ours and so a protection of 65 per cent. has been given. I should like to know that when even the tubes are made in India and all the parts are manufactured in India, and labour is cheaper in our country, why is it that cycles are dearer than the cost of production in U.K.? The Tariff Commission only goes into the cost accounting of a particular factory but does not tell us why the factory is maintaining the cost so high, whether they are making huge profits or there is some other snag in it. For instance, in the case of Ashok Sen, if you see the agreement entered into between the Indian factory and the foreign firm with which it is collaborating, you will find that in the case of Sen-Raleigh they have to pay 5 per cent. royalty on their total production. I don't see that there is so much of technical knowledge required that they should have an agreement of giving for the next 20 years 5 per cent. royalty on the total production. I could have agreed to payment of 5 per cent. on those parts where there is a particular patent. If we are using a particular part in which the Raleigh Company has a patent, and if we are making use of that, to the extent of the price of that article we may pay a royalty; there is a justification but what is the justification for paying royalty on the total cost of production of the cycle? That means you are making a gift of 5 per cent. on our total profit to a foreign concern. I would like to know the reason. In the cycle industry, for maintenance, you want a large number of parts. Apart from selling a cycle, it has to be maintained over a number of years and parts have to be manufactured. When the hon. Minister has completely banned all imports from foreign countries, why have this protection of 65 per cent. just for show? Really it is not effective because no cycles can be imported. I should therefore like him to try to bring down the price of cycle because the present price of Rs. 140 is too high and a similar cycle is produced and sold in U.K. for Rs. 80 to Rs. 85. The Minister should carefully examine that.

There was another thing about the titanium oxide. The Member who preceded me pointed out that in the case of titanium oxide, it is produced in India but its price is kept very high because the sole selling monopoly is given to a particular party and that party charges a very high price. The Tariff Commission should see not only the cost of manufacture but also the cost of distribution because it is the ultimate price at which it reaches the consumer that we are more interested and not in the cost of production.

The hon. Minister said that he was very glad to remove the protection from preserved fruits. Now, that industry cannot progress for want of pectin required as preservative and that is not available and perhaps efforts are not made by the Minister to provide that preservative. You know that during the season several thousands of maunds of mango are wasted because there is no proper preservative. The Minister is only looking from the point of view of the requirements of the army. But he should realise that we want our fruit industry to grow to such an extent that even the common man can purchase it and consume it. And it should be throughout the year. This is only possible if we develop the preserving industry fully.

Another obstacle in the way of this preserving industry is the price of the containing tins. This price is very high. Only one foreign firm has got the monopoly for getting the thin tin plate and therefore only one firm can make these tin cans. If you keep the price of the containers high, naturally the purchaser suffers. So, here also they should carefully examine the position.

I am very glad that oil pressure lamps are being produced in excess of our lamp requirements and so it does not require any protection.

Our next big industry is the cotton textile machines. Here also the hon Minister gave us the example about ring frames. Japanese frames have 440 rings and the Indian ones 400. The difference in price is only 2 per cent. But there is a difference of 10 per cent. in the production capacity and so it really amounts to a difference of 15 per cent. The hon. Minister did not give us any details as to why there is so much difference in the price of spinning machinery.

And then comes the automatic looms. For them we still go to foreign firms and I am not satisfied with the explanation given by the hon. Minister why there is great deal of difference in price between the foreign

[Shri Kishen Chand.]
automatic looms and the Indian produced automatic looms. He is controlling the difference by fixing a percentage and saying that only this much percentage of the ordinary looms can be converted into automatic looms. Naturally, if you want to produce mill cloth at the cheapest possible price, it is most essential that there should be larger and larger number of automatic looms. This will improve the quality of the cloth and also reduce the cost of production and naturally the consumer will be benefited by it.

SHRI J. S. BISHT (Uttar Pradesh): What is the time-limit fixed for this Bill?

THE VICE-CHAIRMAN (SHRI M. B. JOSHI): It is one hour and thirty minutes.

SHRI J. S. BISHT: But already an hour and fifteen minutes are over.

SHRI KISHEN CHAND: I am thankful to my hon. friend and I will cut down my speech considerably and just say one or two more words and finish it.

My last point is about plate glass and sheet glass The hon. Minister very frequently has stated that we are self-sufficient and even there is a danger of overproduction in the matter of sheet glass. When there is the possibility of overproduction—and sheet glass has got to bear a very heavy freight charge if brought from foreign countries—I do not see any reason why this protection should be continued. The hon. Minister did not give us facts and figures to show how is it that foreign imported sheet glass is cheaper than what is produced in this country

SHRI MANUBHAI SHAH: All that is contained in the Tariff Commission's report. I am not replacing all this voluminous report by my speech.

SHRI KISHEN CHAND: What I am trying to point out is this. I would not have minded a protective duty on plate glass, because it is not manufactured in our country. It is a difficult process and the cost of production of the Indian manufactured plate glass will be high and so the protective duty is necessary, but in the case of sheet glass no such protection is required. Thank you.

SHRI RAJENDRA PRATAP SINHA: Mr. Vice-Chairman, in the limited time at my disposal I can only make a few broad observations on this very important Bill, although I would have liked to examine some of the industries in detail. Sir, at the outset, I would like to say a few words regarding the points raised by my very esteemed friend Mr. Doshi. As far as I have been able to understand him, he wanted to enlarge the very basis of the Tariff Commission's examination of the costs. He wanted items like bonus or the payment of managing agents which usually do not come under the scheme of costings, should be taken into account while determining the cost of an item. I would like to very strongly and emphatically say that this should never be taken into account while costing an item. I would like to explain my point. Payments made to managing agents form part of the charge on the profits. They should not form part of the element of the cost. The contract is that they would be paid a certain percentage of the profits. I do not know how he can claim that as cost on the item itself. Similarly, the whole concept of bonus is that the labour should share in the profits of the capital. There should be a share of the profits between the capital and labour. That is the concept of bonus. I am not talking of production bonus or other such things, which I am sure, are taken into account by the Tariff Commission. Therefore, such elements should be taken into account while determining the cost, by the Tariff Commission. He referred to the interests. Again, Sir, the Tariff Commission, as a rule, allows a certain return on the block capital and they take into account the interest payable on the working capital. I do not know why there is this complaint from my hon. friend that the interests are not taken into account. Particularly if the capital is borrowed from these various corporations then either it can be paid as interest or it can be provided for by way of return allowed on blocks.

Then another point to which I would like to invite the particular attention of the hon Minister is that we have to be very careful about the cost and quality of the articles produced by different industries now. Because of our foreign exchange difficulties a large number of imported items will now be excluded from our import list. They will not be given permission to be imported, because of our foreign exchange difficulties. Therefore, our foreign exchange difficulties will, more or less, give an automatic or I should say, an artificial protection to the industries in India.

SHRI J. S. BISHT: That is only for two years.

SHRI RAJENDRA PRATAP SINHA: Whatever period it may be, so long as it is there, it will be a sort of a protection. Therefore, it is very important that we should see that the prices and qualities are watched. Those industries are there, namely those which are protected, which receive protection at the hands of the Government, that is to say, for which the nation agrees to suffer to a certain extent in order to give protection to those industries. So we have to be extra cautiously watching the quality and the prices of the goods, because of this artificial protection which is also being given now over and above the protection granted by us in this House. Even if there is a small item of imports allowed, that would serve as a competition and a sort of competition develops both with regard to the price and with regard to the quality between the imported article and what is produced here If you cut off all imports altogether, there will be no competition between the indigenous product and the product coming from outside the country. Therefore, I would like the Commission or the Government to maintain an extra watch upon the quality and the price charged for the items, in the interest of the consumer.

Hon. friend who preceded me have already stated the factors that go into the cost. I would only point out one thing in this connection and that is this. When the know-how is coming from abroad in order to produce the article in this country, there is no *reason why the productivity in those* industries should not be almost equal to the productivity in other countries, provided, of course, the labour is efficient.

Therefore, so far as that element of productivity in the cost is concerned, it should be such as is available in other countries. We must see that those industries produce more or less on the same level of cost as available in other countries. Take, for example, the case of the bicycle industry which my hon. friend, Mr. Kishen Chand was mentioning. In this connection, we have all the know-how from the foreign countries and our labour is also in no way inferior to other countries. Our steel is the cheapest in the world and yet such a thing as high production cost happens. This is a question which could be examined as to why we should not give our consumers bicycles more or less at the same price level which is available in foreign countries. At least, we must have some target of time by which we must assure to our consumers that they will be able to get things at the same rate as is available in other countries. We can have a tariff for purposes of revenue but not for purposes of giving protection. Some sort of examination at the technical level is very important and I would like Government to develop some kind of examination on technical levels for all these protected industries in respect of know-how, in respect of productivity and in respect of many other

[Shri Rajendra Pratap Sinha.] things which go into the element of costs.

I know, Sir, that there are only few minutes which you have been graciously pleased to allow for me and so, I would only say that the personnel of the Tariff Commission should be enlarged. The staff that is at the disposal of the Tariff Commission should be made adequate so that the complaint, which is a general complaint, of the industries that the Tariff Commission takes too long a time to decide an application, when an application is made to them for protection, becomes nil. Therefore, I would like the Government, as the private sector would be expanded and the work of the Tariff Commission should also expand, to see that adequate provision is made both in respect of staff and Members of the Tariff Commission in order that quick disposal of the applications can be feasible.

SHRI MANUBHAI SHAH: Sir, I am very thankful to hon. Members for the general approval accorded to the main proposals contained in the Bill regarding the extending of protection to these important industries. The hon. friend from Kerala mentioned about titanium dioxide at great length. From the report of the Tariff Commission—I hope he would have taken some little trouble to read them—it is so obvious that the cost of production, in a period of three years, is today only Rs. 15 per cwt. higher than in U.K. As a matter of fact, I have not come across many industries in this country or elsewhere were beginning from a meagre production of 256 tons in 1953 coming up to a production of 1800 tons in the current year, the cost could have been so considerably reduced. The reason is that the titanium dioxide factory in the Travancore-Cochin State is really one of the most efficient factories in the world and, as such, it was a matter of gratification that in such a short space of time and in spite of the fact that the volume of production in the U.K. in their parent factory or elsewhere where it is produced i something to the tune of about te to twenty times more than what i being manufactured in India, th prices should have been that low. Th question about distribution came. thought it was generally understoo as a result of ten years of discussio in this House as to what the function of the Tariff Commission are. Everything concerning every aspect o industry and commerce has not been allocated to the Tariff Commission. The Tariff Commission has a specific purpose and that purpose is to look into the overall economic aspects of a particular industry which applies for protection or which the Government refers. Incidentally, as a matter of fact, the Tariff Commission reviews a very large number of features of the industry and other industries but if the Tariff Commission is also expected to see that day to day distribution in this country to every consumer is controlled or regulated, actually it will become an impossible task.

SHRI KISHEN CHAND: I did not say, "day to day" but a sort of overall survey.

SHRI MANUBHAI SHAH: There are thousands and millions of commodities going into a particular commodity and so, it will be difficult but that does not mean that Government has abrogated its function. As a matter of fact, the Development Wing of the Ministry of Commerce and Industry and even the other Ministries of the Government are looking after the distribution aspect. We have been having separate discussions at different intervals with different industries, not only in the case of titanium dioxide but in all cases, in order to see that the distributive channels are properly kept under regulation and control and that fair prices, not only at the stage of production, but at the stage of retail distribution also, are ensured to the consumer. It is true, Sir, that sometimes when the commodity is in short supply, some few transactions here or there might take place which appear to be unreasonable but, by and large, the distribution of titanium dioxide coming from this particular factory has been satisfactorily done and practically all the actual users like the paint manufacturers or the rubber manufacturers or the other people who want it have been getting it in a satisfactory manner.

The other aspect that was referred to was, why was the distribution or supply handed over to a particular party. Sir, Government does not interfere everytime with every industry or every trader as to how and in what manner they should make their relations exist between distribution and demand or as to who should be appointed whose agent. Neither has Parliament ever enjoined upon Government this responsibility nor, in any democratic country, would anybody tolerate interference at every stage by the Government between a citizen and citizen in respect of this matter. Several times before, in this House and in the other House, we have explained how this particular company came to appointed as the agent for the distribution of titanium dioxide, and it will be wrong everytime, if I may humbly say so, to mystically refer to something in spite of several clarifications given on this particular aspect from time to time.

My hon. friend, Mr. Kishen Chand, referred to another aspect and wanted that the Tariff Commission should not only go into the working of a particular industry which has been referred to it but into all the components and all the raw materials—I do not mean to say that he mentioned even oilman's stores used to clean machines —the major ones. If my hon. friend has seen some of the reports, he will find that by and large, most of the major components are looked into by the Tariff Commission. Take, for instance, the automobile industry or any of the industries considered now. Every aspect of the major industry is taken into account by them but that does not mean that while giving protection to the machine tool industry or to the automobile industry, they will go into the working of the Tata Iron and Steel Company because steel is one of the most important raw materials required by the industry. If that has to be done, perhaps while looking into the textile machinery manufacturers, they will have to go into the question of the growth of cotton, how cotton is distributed, what should be the price of cotton, etc. Then, they will have to take up the lubricating oils because lubricants are also required for the textile machinery. I *think, Sir, this is asking far too* much from any organisation much less from the Commission which is entrusted with the job of going into certain aspects of the problem. In such a contingency, they will have to go, on the question of rubber required for the tyre manufacture, into the synthetic rubber that is required, the anti-oxidents, what are the catalytic agents, etc., of the tyre industry. That will be asking far too much and is not aimed at improving the efficiency of the working much less serve the main purpose for which this Act was passed in 1951 or the aims with which the previous Tariff Board was working. But, Sir, what they are really looking after is this. Even in a particular project, they look into the main factors which go into its cost and see whether it is possible by any examination or investigation to recommend such measures by which the cost could be reduced. And, Sir, I should pay my very warm compliments to the Commission on behalf of the House because I know most of my friends in this House have read all those reports and they have found that they go into very minute details of the major economic components of industries, their development and manufacturing programme.

Then, Sir, one question which gets often repeated before the House is why is it that the price of an imported commodity in certain cases is cheaper than the price in this country. Sir,

[Shri Manubhai Shah.]

by now we have all become familiar with the international pattern of trade. The export prices in all countries are not co-terminus with the costs of production in those countries. There are different mechanisms, different methods, different fiscal and economic devices employed in each country in order to increase their foreign exchange earnings and in what manner to sell their goods in other countries. I would not name any country in particular, and we all know it that a particular commodity available in this country will not be available at less than double that price in their own country, may be at 30 per cent. more or 40 per cent. more or even 60 per cent. more. When such is the case how can we make a comparison of our price with that price? They want either to dump or sell or undersell their goods here. How can that be a criterion to judge the cost of production or the efficiency of an industry or an enterprise producing an article in this country?

SHRI RAJENDRA PRATAP SINHA: But surely, Sir, the cost of production in those countries will be the criterion.

SHRI MANUBHAI SHAH: But it will be very difficult to go into the cost of every commodity produced in every country and collect the data. They are not 10 or 20; there are hundreds of them. Even the data collected in respect of any will not give all the necessary details that we require. But what they look into is this. They go into the requirements of the raw materials, what is the amount of raw material used in a particular factory for a particular unit. They are also in a position to see what is the man-hour spent for producing a particular article. They are also able to see what is the percentage of cost of labour on the one hand and the overheads on the other hand or depreciation on the third hand and the capital structure required for a particular unit. There are the very broad economic indicators which are well known in every industry and there is the general economic pattern by which it is not difficult, if hon. Members are interested, to judge the performance of any industry. The Tariff Commission does go into very great details about this aspect and it will be wrong to assume, as one of the hon. Members was indicating, that the Tariff Commission is composed of people who are not experts in their economic field or that they are just there as laymen. As a matter of fact, they are assisted by teams and teams of experts in different branches in order to investigate into any particular industry's working.

Sir, there was also a mention of some delay in the submission of reports as a result of the delay in entrusting an enquiry to the Tariff Commission and delay in the submission of Government Resolutions thereon. In my last speech in connection with the automobile industry I had given in very great elaboration the amount of work put up to the Tariff Commission and I think it is no use again repeating the same thing now. As a matter of fact, under an Act of the House within three months the Government has to submit all its decisions before the House and lay those things on the floor of the House. I gave examples and statistics to show that not a single reference had been pending with the Government and there had been no delay in ordering an enquiry whether protection has to be granted or not to a particular industry. Government has promptly come up with their decisions before this House. As a matter of fact, Sir, the number of industries treated has also doubled up. Yet the period of ninety days has never been fully availed of and before ninety days we have made our decisions and placed them before the House. If at all a reference was to be made, the reference should have been perhaps made for congratulating the Commission, and if at all the House thought that

Government also came into the picture, the Government also, to both for the promptness with which the Tariff Commission has submitted its report on the one hand and the Government and the House have taken their decisions thereon. As a matter of fact, a second Bill during the very same session shows that not only were we concerned with merely taking prompt executive decisions but that we were also anxious that we should come to the House for sanction in as quick a time as possible.

With these words, Sir, I commend the Bill.

SHRI PERATH NARAYANAN NAIR: I had referred to the unconscionable disparity between the selling price recommended by the Commission in respect of titanium products and the actual retail selling price in the market.

SHRI MANUBHAI SHAH: The hon. Member was not present here when I was answering. Now, again it is not possible to repeat the whole thing.

THE VICE-CHAIRMAN (SHRI M. B. JOSHI): The question is:

"That the Bill further to amend the Indian Tariff Act, 1934, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI M. B. JOSHI): We shall now take up clause by clause consideration of the Bill.

Clauses 2 and 3 were added to the Bill.

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

SHRI MANUBHAI SHAH: Sir, I move:

"That the Bill be returned."

THE VICE-CHAIRMAN (SHRI M. B. JOSHI): The question is:

"That the Bill be returned."

The motion was adopted.

THE PAYMENT OF WAGES (AMENDMENT) BILL, 1957

THE DEPUTY MINISTER OF LABOUR (SHRI ABID ALI): Sir, I beg to move:

"That the Bill further to amend the Payment of Wages Act, 1936, as passed by the Lok Sabha, be taken into consideration."

As the House is aware, the parent Act was originally enacted in 1936. Its working over these years has naturally revealed some difficulties. There have also been many significant developments in the labour field since 1936. The amendments now incorporated in the Bill aim at improving the administration of the Act and bringing it in line with the requirements of the labour situation as it exists today.

As the hon. Members will see, it is proposed to extend the scope and coverage of the Act, remove certain difficulties and ambiguities in the definitions, allow for some essential deductions and finally to effect improvements in the procedure.

The Act as it stands today applies only to persons whose wages do not exceed Rs. 200 per month. This wage limit was fixed in 1936. The pattern of wages has since undergone a considerable change, particularly because of the introduction of the dearness allowance. The wages even of workers in the lower wage groups today often go beyond Rs. 200 per month, but this does not mean that they are no longer in need of protection under this Act. Our Workmen's Compensation Act and the Employees' State Insurance Act are already applicable to all per-