

[Mr. Deputy Chairman.]

other court shall be executed by that court.”

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

That at page 2, after the existing clause 4, the following new clause be inserted, namely :—

“4A. In section 39 of the principal Act, after sub-section (2), the following new sub-section shall be inserted, namely :—

“(3) If a decree passed by a court *ex parte* before the 26th day of January, 1950, against a defendant who was not amenable, or had not submitted himself to its jurisdiction, is or has been sent for execution to a court to which the decree could not under the law in force at the date of the decree have been sent for execution the defences which are available under this Act to a defendant in a suit on foreign judgment shall be available to the judgment-debtor in the execution proceedings.”

The motion was negatived.

Clauses 5 to 16 were added to the Bill.

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

SHRI H. V. PATASKAR: Sir I beg to move:

“That the Bill be passed.”

MR. DEPUTY CHAIRMAN: The question is:

“That the Bill be passed.”

The motion was adopted.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 2.30 P.M.

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.

THE INDIAN TARIFF (AMENDMENT) BILL, 1956

THE MINISTER FOR HEAVY INDUSTRIES (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.”

Mr. Deputy Chairman, Sir, the House would have observed from the Statement of Objects and Reasons that the main object of the Bill is three-fold: first, to grant protection to the calcium carbide industry for the first time; second, to continue protection to fourteen industries for various periods after 31st December 1956; and third, to discontinue with effect from 1st January 1957 the protection granted to electrical accessories made of plastics designed for use in circuits of less than ten amperes.

I shall first deal with the calcium carbide industry which is being protected for the first time till the end of 1958 on the recommendation of the Tariff Commission. A copy of the Commission's Report on this industry and Government's Resolution thereon has already been laid on the Table of the House during the last session. Sir, early in 1940 the then Government of India had given an assurance of protection in the post-war period to several industries including the calcium carbide industry. Along with other industries like bichromates, aluminium, calcium chloride, starch and steel pipes and tubes industries, calcium carbide manufacture was also assured of post-war protection. The assurance was reiterated by the Government of India in 1942 and I hope the House would not mind if I take their time in repeating the same assurance as conveyed by the Government of India then:—

“As the indigenous production of calcium carbide is an urgent war necessity, the Government of India have decided, in accordance with their declared policy, to give

an assurance of post-war protection against unfair competition from abroad to all those who are either at present engaged in, or wish to undertake its manufacture, provided their affairs are conducted on sound business lines."

Because of the technicality and the very difficult nature of the calcium carbide industry, even though such an assurance was given by the Government of India as early as 1942, the commercial production of calcium carbide really did not commence till after the war and the first commercial production actually took place in November 1954.

Calcium carbide, as the House is aware, is mostly at present used in the manufacture of acetylene gas used in welding and cutting of steel, and partly for lighting purposes. Besides these uses, its potential uses in the future are expected to be in the manufacture of calcium cyanamide and a number of synthetic organic chemicals which find uses as solvents, plastic resins and intermediates.

On the basis of the production costs, as hon. Members would have seen from the Report of the Tariff Commission, of the only unit producing calcium carbide on a commercial basis, the duty required to protect the industry against foreign competition works out at about 63·3 per cent. The Tariff Commission has observed that even to barely cover the prime costs, overheads, depreciation and interest on working capital without taking into account any return on stock, usually allowed at 10 per cent. the duty required to protect the industry works out at 46·5 per cent. In the light of these calculations made by the Commission, the Government see no reason to reduce the current rate of duty on calcium carbide, which is 50 per cent. *ad valorem* to 45 per cent. *ad valorem* as recommended by the Commission. The production of calcium carbide in India, as we all know, is at present 3,000 tons from this one single unit and the annual demand in the country is about 10,000 tons, the balance of 7,000 tons being imported

every year from outside. The House would be glad to know that we have tried to establish four new units with a total capacity of 40,000 tons and we expect that this production will come into being by 1958-59. The indigenous production is likely to attain economic stature by 1960 and is expected to fully meet the internal demands of the country and would probably leave a little surplus for export purposes.

As hon. Members must have seen, the Tariff Commission has indicated certain steps that should be taken in order to improve the working of the calcium carbide factory at Calcutta. Even though the location of the factory, as the House could see, had been decided before a decade or so, it is not quite satisfactory. Steps are being vigorously taken to improve its working. Hon. Members would be glad to know that as a result of continuous governmental intervention and action, the quality of calcium carbide produced by this unit has been greatly improved. The original yield of 3·6 c. ft. of acetylene gas per lb. calcium carbide has gone up to 4·2 c. ft. per lb. as against the British standard specification of 4·8 c. ft. per lb. of calcium carbide. This is expected to improve still further. The phosphine content, about which also the Tariff Commission has drawn attention in their Report, has improved from 0·173 per cent. to 0·08 per cent. as against the British and Indian standard specification of 0·06 per cent. in acetylene gas derived from calcium carbide. Further improvement is also likely to take place soon. The factory has also been permitted to practically develop their capacity from 3,000 tons to 6,000 tons and perhaps even to 9,000 tons so that the overheads and depreciation costs may be reduced, making the cost of production cheaper to a substantial extent. And the location of the other four factories about which I made a mention just now are also made in such a way that the mistake of the past of locating this industry not at the place where the raw materials are available at an economic price has also been sought to be

[Shri Manubhai Shah.]
rectified. Two factories have been located in Kerala, one in Madras and one in Bombay where the lime-stone and the electric supply are of the requisite quality and are available at requisite price. Hon. Members will, therefore, see that three basic considerations were before us in giving protection to any industry; firstly, the maximum and most profitable use of the indigenous raw materials at the sources of supply; secondly, protection to be given to the minimum extent necessary in order to protect it from unfair competition; and thirdly, to accelerate the production within the shortest possible time so that the country could reach the stage of self-sufficiency and do away with protection as early as possible. All these three factors have been constantly borne in mind in the case of all industries including calcium carbide. Efforts are also being concentrated on encouraging indigenous products manufactured at such areas where they can be produced at competitive cost thus obviating the need to continue protection over a prolonged period.

Let me now come to the fourteen industries for which protection is sought to be continued after 31st December 1956. The Tariff Commission has submitted its Reports on three of these fourteen industries, namely, the ball bearings, the power and distribution transformers, and the plastics (comprising phenol-formaldehyde moulding powder, buttons and electrical accessories) industries. Copies of these Report and the Government Resolutions thereon have already been laid on the Table of the House. I need not, therefore, go into details; I shall make only a few observations on some of the important features concerning these industries which have led the Government to decide to continue protection in their cases.

I shall take up the ball bearings industry first. A comparison of the fair ex-works prices of indigenous ball bearings with the ex-duty landed cost of imported products indicates that

the rate of duty needed to protect indigenous bearings up to 1 inch bore diameter works out to 111 per cent. and for bearings above 1 inch and up to 2 inches bore diameter, it works out to 175 per cent. and 283 per cent. respectively *ad valorem*. Since the industry is already receiving a substantial measure of protection through import control, the Commission has recommended the continuance of the existing protective duty of 94 per cent. *ad valorem* and the Government have accepted this recommendation. For such adapter bearings, the Commission has recommended the enhancement of the protective duty from 10 per cent. *ad valorem* to 94½ per cent. *ad valorem* so as to bring it on par with the remaining categories of bearings. The Bill, therefore, seeks to give effect to these recommendations and to extend the period of protection for another four years, i.e., till the 31st December, 1960, as recommended by the Commission. The House must have observed that instead of going for a protection of 111 per cent. to 213 per cent., we have satisfied ourselves with only 94 per cent. and that all categories of ball bearings, roller bearings, steel balls and adapter bearings, have a common formula of protection of 94½ per cent. *ad valorem*.

According to a further recommendation made by Commission, the National Bearing Company should introduce a proper system of cost accounting and effect reductions in price so as to bring them in fair relation with production costs. The industry was instructed by Government recently in August in this regard. Government have also made some relaxation of import control over ball bearings during the current licensing period, that is July-December 1956, as an immediate short-term remedy, to bring prices. The House will be glad to know that the Company has already reduced the selling prices of a number of sizes of its ball bearings and has also started the maintenance of cost accounts in the required form as required by the Tariff Commission and by the Government. All these measures have greatly stabilised the

prices and availability of the different numbers of sizes of the ball bearings in the country.

The House will also be pleased to know that the industry has expanded its range of production of ball bearings from 46 sizes in 1952 to 157 sizes at present and has also gone in for the production of such additional items as double row self aligning, angular contact and thrust type bearings, semi-special and special bearings for automobiles, etc. It is also planning to expand its capacity further from 4,80,000 to 9,00,000 ball bearings per year on a single shift basis and to manufacture 42,000 taper and special roller bearings. The Company has nearly doubled its production from 4,17,000 bearings in 1952 to 8,02,000 bearings in the current year and hopes to produce over a million bearings within another six months. The production of ball bearings has increased in the country from 2,30,000 in 1951 to over a million bearings now, that is almost a four and a half fold increase. The House will also be pleased to know that this is expected to rise further to 2.5 million bearings, from one million bearings now, in the next four years. Similarly, production of steel balls has increased from 7.5 lakh gross in 1951 to 25 lakhs gross, indicating a three and a half fold increase in the last four years and is expected to reach 50 lakh gross of steel balls by 1960-61, making the country practically entirely self-sufficient in all these categories of ball bearings, steel balls and adapter bearings and perhaps leaving a margin for exporting these commodities.

Sir, turning now to the power and distribution transformer industry, it will be a matter of satisfaction for the House to know that this industry has made substantial progress since the grant of protection in 1953. The production of three-phase transformers up to 2,500 K.V.A. was 1926 in number of transformers with 183,000 K.V.A. in 1951. It rose from 1926 to 2,113 transformers with 199,000 K.V.A. in 1952, before the protection was given. That is from 1926 transformers

in the three years without protection the industry produced 2,113 transformers with a capacity of only 1,99,000 K.V.A. But since protection was given, the production has risen to 9,300 transformers. Now, it is four times, after protection, and the present production is 9,300 transformers with a capacity of 8,54,000 K.V.A. So, the House will appreciate that from a production of 1,83,000 K.V.A. the present production of transformers is 8,54,000 K.V.A., indicating almost a four and a half times rise in production since protection was given to this industry. In 1952 there were in all, seven units in the country manufacturing transformers. Since then four more units have come into existence and the old units have expanded considerably. In addition, four more units are expected to go into production shortly and thereafter the total production capacity of the industry would be 9.91 lakhs K.V.A. working single shift. Against this the total demand of the country for power and distribution transformers during the Second Five Year Plan is estimated to be 1.3 million K.V.A. a year, and we mean to reach this capacity very soon. The indigenous transformers are generally very satisfactory in performance and have been commended highly by the users and comply with the required specifications and acceptance tests.

The Bill seeks to continue the existing protective duty of 10½ per cent. *ad valorem* (inclusive of surcharge of 5 per cent.) for another four years, that is up to the 31st December, 1960 and to make the protective duty applicable to power and distribution transformers above 2,500 K.V.A. and up to 3,000 K.V.A.

Sir, let me deal with the plastics industry now. The sections of this industry which enjoy protection at present are those manufacturing moulding powder, buttons and electrical accessories. The Commission has recommended the continuance of protection to the moulding powder industry at the existing rate of duty of 31½ per cent. *ad valorem* for another three

[Shri Manubhai Shah.] years, that is up to 31st December, 1959. Demand at the end of Second Five Year Plan is estimated at 1,500 tons annually and in the last four years we have increased the production of moulding powder from 200 tons to 950 tons. We propose to reach the target of self-sufficiency of 1,500 tons in the next three years.

The plastic buttons industry has also made satisfactory progress during the period of protection. In the last two or three years, imports of plastic buttons have been negligible and the requirements have been met by indigenous buttons. The industry has not only been able to step up production to meet the entire requirements of the country, but has also brought down its selling prices, indicating the presence of sufficient internal competition. The Commission, after estimating the fair ex-works prices of indigenous buttons and the landed costs of imported buttons, has recommended the continuance of the existing rate of protective duty of 66-2/3 per cent. *ad valorem* or 12 annas per gross whichever is higher till the 31st December 1959. The Bill seeks to implement these recommendations.

The industry engaged in the manufacture of plastic electrical accessories has made good progress since the grant of protection in April 1953. There are at present 18 units engaged in the manufacture of these accessories with an aggregate annual capacity of 1,11,700 gross on a single shift basis. The current demand is estimated at 1,00,000 gross per annum and this is expected to go up to 1,50,000 gross annum in the next three years. The actual production of plastic goods, the House will be glad to know, has increased in the country. It was at Rs. 3 crores in 1951 and it is now at Rs. 7 crores in the current year. It is estimated to go up to Rs. 15 crores per annum by 1960. Some of the domestic manufacturers have established well equipped factories and their products are comparable in quality with the best of the imported articles. Prices are also maintained at reasonable levels as a result of keen

competition in India amongst domestic manufacturers. As the fair ex-works prices of the selected items of electrical accessories were found to be less than the ex-duty landed costs, the Commission has expressed its opinion that the protection to the industry should be withdrawn as far as this item is concerned, and, therefore, the Bill seeks to implement that recommendation. The Commission has also recommended that the protection should be withdrawn from 31st December 1956. Government have accepted this and have also decided to continue the existing duties of 50 per cent. *ad valorem* (referential) and 60 per cent. *ad valorem* (standard) as revenue duties after the withdrawal of protection from 1st January 1957. The Bill seeks to implement this recommendation.

Sir, I now turn to the remaining eleven industries for which protection is due to expire on the 31st December, 1956. These are preserved fruits, sago globules and tapioca pearls, cocoa powder and chocolate, calcium lactate, cotton and hair belting, non-ferrous metals, antimony, electrical brass lamp holders, bicycles, automobile leaf springs and diesel fuel injection equipment industries. The Tariff Commission has reported that owing to its preoccupation with various enquiries, it has not been possible to finalise and submit Reports on these eleven industries so far.

Sir, there have been sometimes observations made that by Commission's Work is rather slow. I may submit for the consideration of the House that in 1952-53, the Commission actually reviewed 19 industries and submitted its Reports to the Government. In 1953-54, they reviewed about the condition of 21 industries and submitted 21 reports. In 1954-55 the Commission accelerated its work and submitted 25 Reports on 25 industries. During the current year, that is, 1955-56, the submission of Reports has been only nine in one year and this has sometimes drawn the attention of the particular industries and of several Members of the House. I

may submit that the real reason for this was that the Commission was engaged in one of the most essential enquiries undertaken by it since its inception, that is the condition of the automobile industry and the locomotive industry. The Government have themselves instructed the Commission to go very thoroughly into the health of these industries so as to develop them and accelerate their production at the earliest possible time in order to assist the country's development and to provide cheap and efficient indigenous cars. That is why the Commission has taken a very long time and that was really needed—not that any unconscionably long time was required. But they have thoroughly gone into the whole thing and have submitted their Report only two months before. Similarly, the locomotive industry also is a very vital enquiry and as such, the Commission's last six months were mostly devoted to these industries. Hence, the number of industries into which they have gone is only nine. But that should not detract the attention of the House to merely the number. But the importance of the industries and the scope of the work that they have done in these two most vital industries of the country is the main reason why instead of 25 industries in 1954-55, they have only submitted reports for nine industries during the current year.

Sir, there have also been sometimes similar observations that the Tariff Commission, on the normal public enquiry, takes rather longish time and that the Government after receiving the recommendations of the Tariff Commission also perhaps sometimes takes more than a few months as required under the Act. The Act provides that within three months, Government must take action on Commission's Reports or otherwise, interim decisions should be placed before the House. Here, I may draw the attention of the Members to the fact that, in regard to the four industries which we are discussing today, Government has taken more or less 3 months—

not more than that—on each of these Reports and looking at the importance of these Reports, I hope the House will agree with me that the time taken is the minimum that would be required for looking into the recommendations of such a vital body—the recommendations which affect the continuation of protection and development of these important industries.

I am not going into the details of the other eleven industries and I would submit that the appropriate time to go into all those industries—their potentialities, their present state of affairs, and their target capacity in future—should be a matter for discussion when actually the Commission's Report and the Government's recommendations are sought to be amended through another Bill at the proper time. However, as one or two industries are of very great interest to the Members of the House, I would only draw their attention to the fruit preservation industry in a passing way. This industry, from the obvious data supplied to the House, may look as if it is not coming up. Actually that is not so. The figures given in the note circulated and placed on the Table of the House merely indicate the production in tonnage of such items of this industry as are under protection. Actually speaking, the production of fruit preservation industry was 9,000 tons in 1952-53 as against 20,000 tons during the current year. And the Government has fixed a target for production of 50,000 tons by the end of the Second Five Year Plan. So, considerable improvement and development are envisaged in the fruit preservation industry. Apart from the policy of giving not merely protective encouragement, the Government has decided to give it promotional encouragement also by way of a subsidy of Rs. 500 per ton of tin plate required for this industry and a sum of Rs. 1,75,000 has recently been sanctioned by the Government towards the promotional side, subsidy side and loan side to this very vital industry in the country, which is primarily agricultural.

[Shri Manubhai Shah.]

Sir, regarding the cycle industry, the House is fully aware how tremendously that industry has developed and how fast it may develop and I am not taking the time of the House reviewing that matter because it is one of those industries which catches the attention of people without being mentioned.

Then one of the industries which we are today bringing in this Bill—even the Report of the Tariff Commission on which is still not available—is the non-ferrous metal industry which is included in those eleven industries. Sir, the non-ferrous metal is a section of industry on which Government lays great emphasis, particularly after iron and steel. That is one of the most basic heavy industries that this country has got to develop very fast. I may, for the information of hon. Members, mention that with regard to aluminium, as the House is already aware, from 7,500 tons which is the current production, very shortly we are going to step up production to 21,000 tons of aluminium per annum. And before the end of the Second Five Year Plan in the public sector we are proposing to instal one factory at Mettur in Salem District with a capacity of 10,000 tons of aluminium ingots per annum. There is also a proposal under consideration to set up another factory at Rihand in Uttar Pradesh with a capacity of 10,000 tons of aluminium ingots. These two expansions and the existing two should take the country to a target of about 37,500 tons to 40,000 tons. The potentiality of this industry in our country is enormous. We have, as the House is aware, about 250 million tons of bauxite, one of the finest and purest quality anywhere in the world—almost on an average more than 50 per cent. of Al_2O_3 (aluminium) in bauxite. It is, therefore, the endeavour—the constant endeavour—of the Government that the aluminium industry expands continually, even though we might reach a period of self-sufficiency, we must continue to produce

aluminium for export purposes and replacement of steel and other structurals.

Regarding zinc, the House is aware that we are not as favourably in the case of aluminium. We are trying to develop, as the hon. Members are already aware the Jawar mines in Rajasthan. And I am glad to inform the House that the production of the ore has already considerably gone up from 200 tons in the last year to 500 tons up to this time and it is hoped that in the next two years, the production from ore mining there will come to about a thousand tons a day. A zinc smelter may be put up there if all the circumstances and the factors are suitable to that. From the prima facie evidence it seems that that is going to be a good sign and we may all hope that this smelter will come into being very soon and will have a capacity of ten thousand tons of zinc per annum.

We have also several plants as for aluminium. Regarding copper, because the estimates of ore are not as great as aluminium ore—in the case of copper, the estimates are about 3.5 million tons of ore—we propose to go into it in greater production and set up more production capacity of copper also.

In order to give a fillip to the non-ferrous metal industry, Government have decided to set up a Development Council for it and the Council is coming into existence very soon. It will consist of the technical experts available in our country interested in the development of non-ferrous metal industry and Governmental experts and we may all hope that with the help of the Development Council, we shall be able to achieve far greater targets of production than what is estimated even now.

I do not want to take too much time of the House and I would only say that I will be too glad to elucidate any point that might be raised by hon. Members. With these words, Sir, I commend the Bill to the approval of the House.

MR. DEPUTY CHAIRMAN:
Motion moved:

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

The time allotted is two hours.

SHRI KISHEN CHAND (Andhra Pradesh): Mr. Deputy Chairman, Sir, as a principle, nobody can have any objection to a Bill of this nature. Every year or every few months we have similar measures. Sir, we want to develop industries in our country, and in order to develop industries in our country if they have to meet unfair competition, it is very essential that protective duties should be levied so that the unhealthy competition from outside firms does not kill the nascent industries in our country. Sir, I would request the hon. Minister in charge of this Bill to look at this problem from another angle. If I offer a few criticisms, it should not be taken to mean that in any way I want to retard the progress of Indian industrialisation or Indian industry. I am offering criticisms only from the point of view of finding ways and means of developing the Indian industry at a more rapid pace and on more healthy and competitive lines.

Sir, in another context the hon. Minister—the former hon. Minister for Commerce and Industry who is now the Minister for Finance—stated that our cost of production of steel would be lower than in any country in Europe and in the U.K. and that very soon when our three steel plants with a productive capacity of 6 million tons came into operation, we might be exporters of steel instead of being importers of steel. I welcome it very much. And in a recent meeting of the Development Council the hon. Minister himself emphasised that we should export manufactured articles. We should develop our industries in such a way that we can stand price competition and quality competition with a great many countries of Europe and the East, in particular, Japan, and we can make headway in the world market. As compared to that we have this Indian Tariff (Amendment) Bill where the hon. Minister

has pointed out that as compared to foreign competitors in certain cases a protection of about 200 per cent. will be required, and in some other cases a protection of about 100 per cent will be required, for instance in the calcium carbide industry on which he laid very great stress. He said "We are offering a protection of 94½ per cent." I submit, Sir, that there must be something fundamentally wrong. All the raw materials are present in our country. We are not importing a single raw material.

SHRI H. C. DASAPPA (Mysore): In the case of calcium carbide it is 50 per cent. You are talking of ball bearings perhaps.

SHRI KISHEN CHAND: Yes. I might have made a mistake. I did not refer to the notes. I am sorry if I made that mistake. Thank you very much.

Sir, I was referring to the general impression with regard to the scale of help that is going to be granted to certain industries. In the case of one industry he mentioned about 280 per cent.

SHRI SHRIYANS PRASAD JAIN (Bombay): That is all over. That is now the history of the past.

SHRI KISHEN CHAND: What I am trying to point out is that if you see the scale of protection that is required, you will come to the conclusion that the cost of production in our country is in some cases double and in some other cases one and a half times and one and a quarter times more than the cost of production in some more advanced countries. My only point is that there is a Tariff Commission which goes into all the details and examines the whole costing and accounting system of the industry and it comes to certain conclusions. Now as a layman, looking at it from the general point of view, I should like to know one thing. We know that all the raw materials are produced in our own country and the cost of the raw materials is less than the cost of the raw materials in other countries. In many other countries they do not have all the raw materials.

[Shri Kishen Chand.]

For instance, in Germany many of the raw materials are imported from outside countries, and yet out of those imported raw materials they produce a finished article which is cheaper than what we can produce. This creates a suspicion in my mind that there must be something fundamentally wrong in our methods of production. While I am going to offer certain suggestions, I am trying to draw the attention of the hon. Minister to the fact that a thorough enquiry is necessary as to why our cost of production goes up and how it goes up. Simply coming forward with this Bill consisting of huge numbers for different industries and saying that instead of 10 per cent. protection we are now giving 20 per cent. protection or some such thing does not convey any idea.

Sir, as an elucidation in respect of this Bill the hon. Minister gave us certain figures showing how our production had gone up and to some extent the quality had gone up. Well, if the quality is improving and if the production is going up, why is the cost not coming down? Why do we still need for certain things of common use such a big protection? Take for instance the cycle industry. He said, Sir, that the entire raw material was Indian. Even the tubing factory is being set up, and we are going to have.....

SHRI SHRIYANS PRASAD JAIN: Some of it is still being imported.

SHRI KISHEN CHAND: The Tata Company is setting up a section for manufacturing tubes. . . . (*Interruption.*) You are now passing this Bill to give protection for the next four years. This tubing factory is coming into operation within the next six months. So, what I am suggesting is that even if you wanted to give protection, it should have been for a shorter period, because certain other raw materials are going to be produced in our country in sufficient quantities and at sufficiently low prices. I know, Sir, that it is very easy to side with Government and say "Go on giving protection". But you have got to consider

the other side also. The people are consumers also. Now, the hon. Minister says that the cycle industry needs protection. By all means give it the protection that it needs against foreign competition. But why should the price of a cycle be so high in our country? Why should it be Rs. 150 for a cycle? We want the cycles to become popular and more popular in our country. We want every villager to have a cycle, because he has no other means of transport. Cycle is a poor man's transport, and I would welcome the day when we can produce one crore cycles every year so that every villager can have a cycle.

SHRI SHRIYANS PRASAD JAIN: The cycles manufactured in India are definitely cheaper than those which are imported. Is it not so?

SHRI KISHEN CHAND: If they are cheaper, I think there is absolutely no need of giving any protection to certain parts. It is rather a contradiction in terms. (*Interruption.*) I would like the hon. Member to clarify his point, because I could not catch it.

SHRI S. N. MAZUMDAR (West Bengal): They are not prepared to answer, it seems.

SHRI KISHEN CHAND: The hon. Member says that the cost of production in India is cheaper than the cost of production in U.K. If that is so, then why are they asking for protection at all? Sir, I think this is really sidetracking the issue rather than facing it squarely.

My suggestion is that the Government should have separate categories for the articles. There are certain articles which are mainly consumed by the poorer sections of our society. Rather I should say that they are used by the poorer sections of our society, and there are certain other articles which are integral parts of further manufacture. There are also certain consumer type of articles. Even within these three or four categories we have to see that where the articles are mostly used by the poorer sections, the cost does not go up, and

it is a fact that the cost of such articles is going up mainly on account of bad methods of production and inefficient methods of production. Sir, protection is an unpleasant thing which creates inefficiency. Every inefficient industry has come to realise that it can get protection for the asking of it, if it can convince the Tariff Commission by facts and figures regarding its method of production and if the Tariff Commission comes to the conclusion that the cost of production is at a certain level, the Tariff Commission recommends a protective duty and the Government sanctions it. If an inefficient industry is protected the result is that the common consumer has to pay a higher price for the inefficient management of the industry. Sir, I do not see any reason why in the case of the cycle industry we should give any protection. If it can be proved that foreign competitors are being subsidised and that they are dumping their goods in our country, we should give protection to only such industries against dumping. We should allow in all other cases free imports. Cycles will come under free import because, as an hon. Member has said, the price of cycles in the U.K. and Europe is higher than in India. Naturally, in such a case foreign cycles will not come here but our cycles will go to foreign countries. We will become exporters, and that should be our aim. In the last Advisory Council meeting the hon. Minister laid stress on the point that we should export manufactured articles. If that is his aim and object, if he is aiming at an industry becoming so strong that it becomes an exporting industry, why does he come forward with these protective duties which only keep alive inefficient industries?

Sir, I will just make a few remarks about one or two industries and then conclude, because the general sense of the House seems to be that we should go on giving protection irrespective of considerations of efficiency or inefficiency under the name of Indian industrialisation. I would examine the case of preserved fruits. In the matter of preserved fruits probably some hon.

Members think that the raw fruit is cheaper in Australia and in the U.K. than it is in our country. I do not know about that, but I think we produce raw fruit in our country at cheap price. Sugar is produced in our country and the price of sugar is not too high as compared with its price in other countries. They are the main ingredients of any preserved fruit industry—raw fruit and sugar. In both these things our price is less than in the foreign countries. What is the need of protection then? I am very glad that the hon. Minister has informed the House that as far as canning is concerned for tin plate, which is required and whose cost is higher in our country than in the foreign countries, the Government has kindly agreed to give a subsidy, sort of concessional price, I welcome it. But when you have given that concessional price for the tin plate in the canning industry, for the rest of the things the cost of production should be lower in our country. We should become exporters and not levy an import duty to keep out the foreign stuff. It is after all going to be a reciprocal thing. I am looking forward to the day when we become exporters. Why not start from now? When we try to export, naturally the other countries are going to give protection, and then they are going to discriminate against us. So, from now on we must build up an atmosphere of free trade, so that we are able to export when our industries are in a better position to do so.

Sir, the hon. Minister said something about non-ferrous metals. Among the non-ferrous metals of course, aluminium takes pride of place. You know, Sir, that the stock of copper in the world is going down. The quantity is becoming less and less and the production of copper is also becoming less, and aluminium is slowly and gradually taking its place. Formerly, electricity was carried by copper wires, but now aluminium wires are found to be better than copper wires for the transmission of electricity. We find, Sir, as stated by

[Shri Kishen Chand.]

the hon. Minister that we have an infinite stock of 250 million tons of bauxite. When we have such a huge quantity, what has our Government been doing during the last seven or eight years of its existence that today we have only productive capacity of about 10,000 tons of aluminium? It is a joint venture with a Canadian firm. Most of the capital is owned by Canadians and the management is in the hands of Canadians. In that venture we are producing just now about 10,000 tons of aluminium ingots, and by the end of the Second Five Year Plan the hon. Minister stated that its production would go up to about 17,000 tons—and bauxite is available in our country at a pretty cheap cost. We have hydro-electric power in our country produced at a fairly cheap price.

SHRI H. C. DASAPPA: Where?

SHRI KISHEN CHAND: Just now an hon. Member asked me where. When we see the Bhakra Nangal project, when we see the Damodar Valley Project and the Hirakud Project, and when we see the First Five Year Plan, the hon. Member will say that we have not so many kilowatts of electricity being produced in our country. But we change our position. Sometimes when we are talking of the Five Year Plan, we say that we are producing millions of kilowatts of electrical energy. Now, instead of discussing this Tariff Bill I should really devote time pointing out to him how many kilowatts are produced by the various hydro-electric schemes. Sir, we are spending Rs. 500 crores on these big dams which are going to produce hydro-electricity. When hydro-electricity is cheap, when bauxite is cheap in our country, we want to give this protection, increase the price of aluminium and cut off all future prospects of exporting manufactured aluminium articles. We always want to remain importers or at best a protected country for our inefficient industries. Sir, the picture of zinc and copper was not too rosy because our country has not got enough raw material. I do not want to say any-

thing about it. I only want to say a little about the plastic moulding material. Sometime back the hon. Minister came forward with another Bill in another connection about polythene, which is another raw material that is now being manufactured by the I.C.I. in fairly large quantities. Polythene is one of the raw materials of the plastic industry. The price of polythene has been unnecessarily raised by giving protection to a foreign firm, and the result is that the price of all plastic materials is going up. We want the electrification of rural areas, and for that purpose we will require switches, holders and so many other things. It is a vicious circle. Rural areas cannot get electricity because the cost of electrical goods is very high. According to the Tariff Commission the cost of production of these factories is high, and so we give them protection. We must be clear in our mind. If we want electrification of the rural areas, we have to produce electrical goods at a cheap price, and we can only produce them at a cheap price if we allow the industry to face competition, to reduce their expenses and to economise, then only we can bring down the price of electrical goods. It was suggested that the number of transformers was going up and that their quality was high. I agree with that statement. If the quality is good and the raw material is available in our country—we possess the technical know-how—why should the prices be high and why should we give them a protection of 40 or 50 per cent?

I do not see any reason. I want the industrialisation of my country but an efficient industrialisation and not a protected industrialisation where the industries are spoon-fed by the Tariff Commission.

SHRI C. P. PARIKH (Bombay): Mr. Deputy Chairman, this Bill is a very small Bill but I consider it very important, because it reflects the industrial and economic development of the country. The hon. Minister has given figures of production, which has gone up by five to eight times in some cases, of which, I think, we should all be proud. Not only that, in the Second

Five Year Plan such rate of production is going to be still multiplied. Mr Kishen Chand has ignored all these factors and he has laid stress only on certain factors like price, quality, etc. He conveniently forgets that many industries in India have been built up only by protection and that when an industry has been able to stand on its own legs, the protection has been discontinued. He will see that in this very Bill in the case of the last item, "electrical accessories", protection is discontinued. If he studies Tariff (Amendment) Bills, he will find that in many cases, protection has been discontinued. He is making a mistake about the whole thing. He does not realise what the import duty structure is in the country. Import duties can be either revenue duties or protective duties. Even when protection is discontinued, revenue duties are still levied on the same scale or even on a higher scale.

SHRI KISHEN CHAND: I am not against revenue duties; they are on a different footing. I am only against protective duties.

SHRI C. P. PARIKH: Protective duties have been discontinued in many cases and only revenue duties are imposed.

SHRI KISHEN CHAND: That is a different thing.

SHRI C. P. PARIKH: Our economic position is such that we need to restrict our imports as much as possible, and our problem will become more acute on account of the foreign exchange deficit that we anticipate. On that account, we must make a difference between what are revenue duties and what are protective duties. Mr. Kishen Chand also forgets that in the case of many industries which received protection, we are now exporting those commodities in competition with the other countries, and India stands one of the first in many of those commodities. In textiles, for example, India stands equal to Japan and superior to the United States and

England. In the case of sewing machines and electric fans where we have given protection, we are exporting now in competition with other countries after we have established those industries on a round footing.

SHRI KISHEN CHAND: May I ask a question? He said that our textiles were competing with those of the United Kingdom. Then, why is it that U.K. textiles are coming to India in spite of the 20 per cent. customs duty?

SHRI C. P. PARIKH: They are only superior qualities like laces, embroideries and such things.

SHRI KISHEN CHAND: Even superfines.

SHRI C. P. PARIKH: Our superfine cloth is competing with the British superfine cloth very well. The hon. Member must understand that.

SHRI P. N. SAPRU (Uttar Pradesh): Will Mr. Parikh explain why, when we are in a position to export our goods and when our industries are doing very well, it is necessary for us to continue to give them protection?

SHRI C. P. PARIKH: No protection is given; that the hon. Member must understand. Only the revenue duties are there. And these revenue duties we have to levy in order to restrict imports, whether an article is expensively made or cheaply made here. The whole thing is that we want only certain classes of goods to be imported into this country, and for this purpose we have to levy revenue duties on a heavy scale. Even these revenue duties are not enough. Over and above them, we have the remedy of quantitative restrictions on imports. We have to balance our trade. We are now in a difficult position because we have to import more and more of industrial goods and industrial machinery and the rest of the goods, consumer goods, especially those which are of a luxury or semi-luxury type, we shall have to avoid.

[Shri C. P. Parikh.]

With these remarks, I would like to go into certain of the industries in regard to which the hon. Minister has thought fit to continue protection. Three or four of them I consider to be very important, because they have unlimited scope for expansion in the country. Take the canning industry. Our fruit production will increase year by year in the irrigated areas, but more production of fruits alone will not help the canning industry. There should be preservation and storage facilities at the fruit-producing centres. Over and above that, refrigeration and rail transport facilities will have to be furnished. Only then will the canning industry get a fillip. This is necessary because this is the only way of increasing the per capita income of the agriculturists, especially in the case of fruits and expensive vegetables. Now, these are wasted at the moment, and the only way to improve matters is to start this canning industry in those producing areas and give it such facilities as transport, refrigeration, etc.

Power transformers: At present 2,500 K.W. transformers and below, we are producing fairly in large quantities. Above that we have to import.

Then, there is the non-ferrous metal industry. This is a very important industry because our standard of living will not go up unless we exploit our soil and our mines and also our forests. These are the sources of wealth by which we can increase production, and I think that, so far as mineral production is concerned, it has not been encouraged or has not received the attention of the Government, which it deserves. This non-ferrous metal industry will not come up by merely giving protection but by giving so many other facilities like cheap electricity, cheap transport and cheap water supply. These are the three essential requirements for starting and developing this non-ferrous metal industry.

Then comes the bicycle industry. Its consumption in India is going to be in my opinion six times what it

is today, because just as in America every third man has a bicycle, in India also in course of time every third man will have a cycle.

SHRI H. C. DASAPPA: Every third man has a car in America.

SHRI C. P. PARIKH: I am sorry for making that slip, and I thank Mr. Dasappa for correcting me.

With regard to the point raised by Mr. Kishen Chand about price and quality, by protection alone prices will not increase and quality will not improve. If prices are to be reduced and quality improved, we have to take the drastic measures suggested in the Industrial Policy Resolution, i.e. control and regulate the industries in the private as well as in the public sector. For that, I suggest to the Ministry that a separate wing should be created in the Tariff Commission to control the protected industries both from the point of view of quality as well as price. If they examine about a dozen or two dozen units in each industry it will be found that the difference in the cost of production is as much as 30 per cent. Therefore, I suggest that this must be brought to the notice of the Ministry after investigation by a separate wing of the Tariff Commission which is well-versed in these problems. Then, they will be able to know what units have a high cost of production and bad quality. As regards higher cost of production, there are so many difficulties on account of location, etc. These should all be gone through. All these should be brought to the notice of the Minister after investigation by that wing of the Tariff Commission, because that is very important. When we have industries protected by revenue duties or protective duties, we should have in this country cheapness of production and the quality of the goods should be of an average standard. For this there is no machinery at present. Therefore, I feel such a machinery should be evolved very soon under the Act regulating industries and in the Tariff Commission there

should be a separate wing or department to enforce improvement of quality in various units of production. This improvement in quality can be effected by change in processes, by additional machinery and by so many other methods which may be suggested by technicians. There should be improvement in quality and prices should be controlled.

The second point that I would like to submit in this connection is that when the question of prices is being examined, they should examine the cost of production and items like over-head charges, advertisement charges and so many similar items which are found especially in the balance-sheets of concerns which are controlled by foreigners. They have a large share of the profits and so are able to waste it on these items.

If these two checks are made regarding price and the quality also by a separate wing of the Ministry, then I think the consumer will get his goods at a fairly low price and also the cost of living index will appreciably go down.

In the matter of restricting these imports, there is the quota system and quotas are given to consumers, manufacturers or established importers. Here there is a snag. I know of many cases—innumerable cases—where the established importers have quotas and in them they indulge in trafficking and they sell them to others at 30 per cent and 50 per cent higher prices.

AN HON. MEMBER: Not now.

SHRI C. P. PARIKH: My hon. friend here says, "Not now". But I know of cases where they sell them for 30 to 50 per cent profit and this should be stopped. How can this be stopped? You have to restrict imports and you will have to restrict imports drastically in order to save foreign exchange. Therefore, wherever the prices of imported goods and prices paid by the consumer in the country differ by over 25 per cent, those cases should be scrutinised by the Minister

and a warning should be given to the importers that if this thing continued, then the State Trading Corporation will intervene in the matter and the goods will have then to be first sold to the State Trading Corporation. After the the State Trading Corporation gets hold of those goods, paying a fair remuneration and commission to the present importers, the Corporation should be liable to a sales tax on those goods and then sell them within the country. Then this quota restriction to established importers will not be necessary. A sort of a monopoly has been created here for many years and this should disappear. Can we not have control on them by sales tax and import duties, especially now since the agency of the State Trading Corporation is there? It is easy to do it now. There is no use having a wide disparity between the price of the imported article and the price paid by the consumer. In the case of many drugs the prices charged from the consumers are 100 per cent more.

On this subject I have to make another suggestion. There are difficulties of foreign exchange and we are having revenue and protective duties. We have got to analyse the structure of our imports. There are essential goods and there are non-essential goods. The non-essential consumer goods constitute only about 4 to 5 per cent. So, no great economy can be effected there. In essential consumer goods you can make some economies. Even under raw materials for industries, you can make some economy, but for that no proper investigation is made as is warranted by the situation. I may give one instance of an industrial raw material on which you can effect economy in foreign exchange. Egyptian cotton of the Karnac variety costs Rs. 2,500 per bale and we are importing a lakh bales and that quota of a lakh of bales will cost Rs. 25 crores. And this goes to the manufacture of superfine goods, for making cloth of 60 counts and over. Now, if you want to save exchange it is no use going to many items. You cut this one item by 50

[Shri C. P. Parikh.]

per cent levying a duty so that the country may use only half the quantity of this kind of cloth. Then instead of one lakh of bales some 50,000 bales will come and in that way you can save Rs. 12.5 crores of foreign exchange on this one item. That comes to about Rs. 62 crores in a period of five years. This is very important. If you want to save foreign exchange you should thus analyse so many other items. We have to effect economy, but it is no use going over too many items. We should have a few big items. Catch hold of them in order that foreign exchange is made available to the degree that we desire. These are some of the suggestions that I had to make in this respect.

I think that if the policy is pursued in a vigorous way, the industrial development of the country will proceed at a rapid rate and we shall be among the industrially advanced nations with a volume of trade of which we shall be proud, because the consumption capacity of our land is six times our present figure. So, there is great scope for industrial expansion and we should not waste time.

With these words, Sir, I support the Bill.

SHRI H. P. SAKSENA (Uttar Pradesh): Mr. Deputy Chairman, I rise to support this Bill, the Indian Tariff (Amendment) Bill, not as a matter of convention, but because of a deep-rooted conviction which was brought about by the very clear and lucid speech of the hon. Minister who is sponsoring the Bill. It was a speech that should have been read at an election meeting in an industrial centre. It showed the enormous advance and improvement that the country has made in the industrial field. Mr. Kishen Chand should have been there in order to refute all these improvements and in the end he would have been satisfied that all that he said was wrong and all that the hon. Minister said on behalf of the Government was correct, because facts have got a

knack of speaking for themselves. You cannot conceal them.

There are only fourteen items for which protection is required to be had by means of this Bill. Fourteen items are those that are essential to be thousands and thousands of items of industry should not be a matter about which any one should have a grudge or any grievance. These fourteen items are those that are essential to be protected and in order to industrialise our country, in order to make the necessary improvement in our industrial spheres, protection is a desideratum. That has got to be given if these industries are to be kept running.

The hon. Minister gave us an account to begin with, of the calcium carbide factory at Calcutta. Then it was very heartening and encouraging to hear from him that four new factories were to be established, two in Kerala, one in Madras and one in Bombay. I am sorry that no factory is yet to be established in Uttar Pradesh which is so poor industrially. Perhaps that is due to the lack of raw materials in that State or for some other reasons. It is backward industrially; and one of the biggest States in the country is not being industrially developed.

We have got the sugar industry no doubt, about which my hon. friend Shri Parikh did not say a word. He did not explain to the House why it was that sugar was selling at four times the price that it used to be sold in pre-war days. He never explained a word about it.

MR. DEPUTY CHAIRMAN: Because it is not a subject matter of this Bill.

SHRI H. P. SAKSENA: But he gave many examples about the textile industry with which he is very familiar and with which he is intimately connected. He should have said something about sugar also.

MR. DEPUTY CHAIRMAN: He gave suggestions to save foreign exchange. As regards the sugar industry, you do not import any raw materials.

SHRI H. P. SAKSENA: Well, we have to bear in mind that there is the opposition Bench also in this House. There was Mr. Kishen Chand who was very jealous of safeguarding the interests of the consumers. It is the consumers interests that I am speaking about now when I talk of the sugar industry. Anyway, Sir, my purpose is with regard to these fourteen items and I again say that each one of them is necessary to be given the necessary protection so that prices may not shoot up and the industries may be able to stand on their own in course of time.

He also gave us some account of the ball bearing manufacture which is to be given protection at 94½ per cent. *ad valorem*. These ball bearings are a necessity for industrial expansion and, therefore, no one should grudge this duty of 94½ per cent. *ad valorem*. On the face of it, it looks to be a very big protective duty but it has got to be given because of the foreign competition. He also gave us information about the automobile industry and the locomotive industry. All these are heartening and encouraging features and we should look at the industrial expansion in our country and not shut our eyes to the facts. It is not always wise to be looking up for thorns alone; there are roses and flowers also which should attract our attention, but my friend, Mr. Kishen Chand, looks only at the shortcomings of the Government and perhaps it suits his purpose. His speech was a rehearsal of an election speech that he proposed to give during the next two or three months. When he spoke of the safeguarding of the interests of the consumers, I felt that he was speaking with a mental reservation. He did not mean to support the cause of the consumers but it was only a side issue that he brought. Industrial expansion has been only recently emphasised by our new Commerce Minister and he is going to lay emphasis on the production of and the improvement of manufactured goods so that we may be able to export our manufactured articles instead of sending raw materials. That

thing has got to be implemented and it is upto us all to see that our manufactures which alone enrich a country—America has been enriched only by these manufactures not by a magic wand—are increased. Our country has got all the potentialities for becoming rich and it can become rich by means of these manufactures.

With these words, Sir, I give my whole-hearted support.

SHRI SHRIYANS PRASAD JAIN: Mr. Deputy Chairman, I extend my full support to the measure which is before the House. I would rather like to emphasise that the protection given to these various industries has given a great fillip for their expansion. It has not only given gainful employment to so many people in this country but has brought into operation so many idle units and has contributed most to the economy of this country. Some of the protected industries are not only catering to the needs of the home market but are also exporting their manufactured goods and in that shape, bringing in foreign exchange which we so badly need.

Sir, I was very anxious to know, especially when protection is being given to these various industries, to what extent this protection has contributed to the economy of this country. With this object, I was looking into the Tariff Commission's Annual Report to find out and assess the actual effect. A note has also been circulated by the Ministry and I went into it thoroughly but the facts and figures which I wanted to know are available neither in the Annual Report of the Tariff Commission nor in the note which has been circulated by the Ministry. I was particular to know certain things; for instance, I wanted to know the saving of the foreign exchange because of the increased production of the protected Commodities; I wanted to know the earnings of foreign exchange because of the export of such commodities; I also was eager to know the loss of revenue to Government in the form of import duties because of the fall in import duties owing to the protected tariff. The other

[Shri Shriyans Prasad Jain.]

points that I wanted to be clarified are the amount of subsidy paid, if any, to protected industries or drawback on import duty, if any, on imported raw materials used in export; the wages and salaries paid to the staff and the workers in protected industries because of which production has increased. Even if one were to attempt to calculate the figures that I wanted to know, it is rather impossible to have these figures. For instance, if one were to find out the monetary benefit accruing out of protection granted to the hair belting industry one would not be able to do so because total production of hair belting is given on the tonnage basis while its value is given on the foot basis. Unless one knows the relation between the tonnage and the foot basis, one would not be able to calculate and arrive at the figures. My suggestion is that whatever figures are to be given, they should be on one basis only so that one may be able to calculate easily the figure that one wants. In respect of spinning wheel, no price is given. The third industry which I scrutinised in the Annual Report was the electric motor industry. The total number of motors and the total horse power has been mentioned in the Annual Report but prices are given for two types only, namely 5 horse power motors and 7 horse power motors and this table does not give the number separately for 5 horse power and 7 horse power motors. The value of these two types of motors differ considerably. I would give you one more example. The value of the grinding wheel is mentioned on the basis of numbers while output is given on the basis of tonnage. Among alloy and special steel, price of cobalt steel is given but not its output and so also is the case regarding nickel steel. I have also gone into the question of the sheet glass industry. Three varieties are shown on the ounce basis but the output of these varieties is not given separately. Sir, from what I have seen it would appear that there is no co-ordination between appendix VI and appendix VII with the result that

calculations become impossible. Similarly, co-ordination does not exist between appendix V and appendix VI. Appendix V gives the installed capacity for 29 groups of industries for the period July-December 1956 while appendix VI gives the actual output for as many as 39 groups of industries for the year 1954-55. So, it becomes very difficult . . .

SHRI MANUBHAI SHAH: There are individual Reports where all these details are given.

SHRI SHRIYANS PRASAD JAIN: I have not seen the individual Reports. I am referring to the summary. If anybody wants to know what actual benefit has been derived, there should be all this information available so that at one glance one may be able to see to what extent the protection has been given and to what extent it has been of advantage to the country. I would, therefore, emphasize this on the hon. Minister for Heavy Industries that either the Ministry of Commerce and Industry or the Tariff Commission itself should collect all such information in a tabular form and supply it to us so that we may be able to find out to what extent the protection has been of advantage both to the industry and to the country and whether the industry really deserves continuance of protection in the future or not.

With these remarks I would conclude.

SHRI H. C. DASAPPA: Mr. Deputy Chairman, Sir I join my hon. friends in welcoming this measure and in particular I would like to convey my thanks to the hon. Minister for the very exhaustive and comprehensive speech with which he introduced this measure. In fact, almost all my material for the few ideas that I am now placing before the House is drawn from his own speech. Sir, one thing is certain from the remarks that were made by hon. Members here that we are all anxious that our industries must be built up and that it is not the levy of protective duties alone that will help the building up of industries. It is obvious that it is only

a part of a more comprehensive economic policy; it is not that this measure by itself will help the development of industries. I do not want to deal with that larger question because I fear that that will take a lot more time.

Sir, I do feel from the remarks made by the hon. Minister himself that so far as cost accounting goes and the maintenance of accounts goes, all is not well with many of our industries. This is not a remark for which I make myself responsible because we all know how very poor we are in trying to keep, in the first place, accurate accounts and, in the second place, to make those accounts available to our authorities. I think it is this primary lack in our trait that gives rise to all these complications. Really it is an impediment in the work of the Tariff Commission. I am very happy to note that the hon. Minister himself made reference to this very important aspect with reference to some of the industries he was referring to. Sir, I want to lay a great deal of emphasis on this point because I feel it is just a suspicion not having been charged with the task of looking into the accounts of people, but it is just a suspicion which is fairly widespread—that very often people make out a case for protective duties even when they could probably manage with less of protective duties or with no protective duties even. This is a matter where I can only sound a note of caution to the hon. Minister that he must tighten up his machinery with reference to these industries which come forward for protection. If there is any lack in their establishments with reference to the maintenance of proper accounts and if they do not satisfy the rigorous tests that the Ministry may insist upon, then I think that those industries should forfeit the right for protective duties. I thought that I should bring home this fact on this occasion.

With regard to calcium carbide, I really do not know how it came about that its manufacture was delayed so long. There was no explanation forthcoming as to why when they were

inclined to help that industry a number of years ago, it only started production in 1954. If a person claims certain concessions from the Government there ought to be a great deal of enthusiasm to promote the industry. I have had no explanation as to why there has been such a long delay in bringing into being this one calcium carbide unit at Calcutta.

Secondly, with regard to calcium carbide it is sought to be made out that it is a very complicated process. I have seen certain calcium carbide factories in Europe; I visited one in South France. It was a very small factory; it was not a big one and I found it manufacturing calcium carbide. In fact, the Mysore Government had a proposal for the manufacture of calcium carbide. After all, the raw materials that may be required for it are just lime-stone, coke and some charcoal and power. Now, I am unable to understand why calcium carbide is not produced in adequate quantities in the first place and, in the second place, how it does not come up very much to our standard. In fact there was kind of a confession, rather an admission, that the location of the unit in Calcutta was wrong. I am rather surprised that in 1954 when there must have been so much material available with regard to this industry, the Government should have thought of helping its location at Calcutta, a place admittedly not suited for that industry. I think somebody must be responsible for this state of affairs. It is not as though it facilitates me to locate it in Calcutta if I stay in Calcutta. Because I stay in Bombay, I locate it in Bombay. That is not the way of building up national economy. Here you want lime stone, power and other things and we must have selected a proper place. I am so happy to note that the hon. Minister now plans to locate four new factories at proper places. I hope the lesson which this instance has provided will not be lost on the hon. Minister and on all those people concerned with the building up of industries.

Then, Sir, I would like to say a word or two on this fruit preservation.

[Shri H. C. Dasappa.]

After all, in India we generally do not consume much of fruits. That does not form such an important part of our diet. It is rather unfortunate but I think it is admitted that the tendency to take to more and more fruits is on the increase. If that is so, nature is not inclined to oblige us to give us fruits at all seasons except things like bananas, and perhaps—I do not know whether we get it all

the year—guavas and few others. There are a large number of seasonal fruits and as certain hon. Members have already stated there is a marked improvement in the production of fruits in the country. And I am pretty sure with not only the extension of irrigation but also with the desire of people more and more to develop these orchards and the market that could be made available because of transport facilities and so on, there will be much more of fruit production. I reinforce very strongly the argument of my friend, Mr. Parikh, with regard to transport facilities, of having these refrigerated vans and wagons. That applies not only to fruits but to all perishables like fish, etc. We must develop canned fruits industry and from the little experiments that are going on in the Food Technological Institute in Mysore we know that it can be made a great success. We may not only provide for all our requirements, but also we may be able to export a fairly large quantity. In this respect, I think the consuming departments of the Government themselves can help us a lot, for instance, the Defence department. I really have no statistics, but I am sure the hon. Minister will agree that they consume a lot of fruits, those canned I mean. I see no reason why the Defence Ministry should not make all its purchases from our indigenous products. I know it for a fact, and I find from the note which has been circulated here that an appreciable quantity of canned fruits and fruit products is purchased by the Defence department. Because of the note that the hon. Minister has circulated my attention, has been drawn to it. Why

has it this nice qualification “An appreciable quantity of canned fruits”? What percentage of our canned fruits and food products is really purchased by the Defence Ministry? Is it fifty per cent? I would be happy. Is it seventyfive per cent? Is it hundred per cent? All that I say is let it be at least very nearly that. It may be in exceptional cases when certain fruits are not available we may have recourse to imports. There are small countries which have built up their industries remarkably well. Take Australia. A very big country no doubt but the population is eight or nine millions—eight or nine millions as against our 370 millions. Are we anywhere near Australia? in the matter of most of these industries? Why should we lag behind them? Why should small States like Switzerland or Sweden or Belgium for a matter of that, be so much more progressive with regard to the industries? There must be something lacking in us, whether it is by way of, as I said, our national trait, whether it is with regard to the honesty of our entrepreneurs and enterprise of our entrepreneurs or whether it is lack of organisation. Well, there is something lacking which has got to be looked into in order that we may build up our industries.

Then, I go to cycles. My friend, Mr. Kishen Chand, said that practically all the raw materials were available. This is not fact. I do not want to go into details. Quite a number of special steels that we require are not available in our country and we have got to import them and then re-roll or have these tubes and so on. The demand according to the figures submitted by the hon. Minister is 7,25,000 annually, but our capacity is only 5,42,000, not even upto our demand. What is our production? In 1955 it was only 4,91,000. Now, with all this heavy protection, why is it that we are not even manufacturing the number of cycles that we need, leave alone the question of export?

Then, I would like to say a word about non-ferrous metals. Mr. Sak-sena is always naturally thinking of U.P. Though they might not have provided for manufacturing transformers and other small things in U.P. they have given at Rihand this aluminium factory, spending about Rs. 12 crores which is not bad. So, it is not as if he should have a grievance that the Ministry is not thinking of U.P. or anything like that. I am sure they are as sympathetic and solicitous about U.P. as about any other State.

SHRI H. P. SAKSENA: I congratulated Mr. Dasappa for the establishment of two factories in Kerala, one in Madras and the other in the adjoining province of Bombay.

MR. DEPUTY CHAIRMAN: Now he is congratulating you?

SHRI H. C. DASAPPA: The question about aluminium is a very important one. I do personally feel and I agree with Prof. Kishen Chand that we should have taken very much more trouble in bringing more aluminium factories into being, but it is circumscribed by one solid handicap, namely, power. And we know just now that we are having a little power, maybe in Nangal, and in Bokaro and in some places in the South. But we have been slow to produce power which we can easily do. For instance, by spending Rs. 50 crores we will be able to produce one million kilowatts of power in Honnemaradu, about Rs. 500 per kilowatt, at the rockbottom cost, cheapest anywhere in India. And yet we are still far from producing it. Now, bauxite is available in Bengaum and other places. We can easily start an aluminium factory. The site is there, the scheme is ready. We only want Mr. Shah to visit the site and explore the thing and I am sure an aluminium factory can be started there and made a very big success. I entirely agree that we are short of copper and we must switch over to aluminium and there is a wonderful scope for aluminium.

MR. DEPUTY CHAIRMAN: It is time.

SHRI H. C. DASAPPA: There are so many things to be said. All that I can say is that on the whole we are on the right track and I am sure something tells me that hereafter things will move much better and much faster than ever before.

SHRI B. K. P. SINHA (Bihar): Mr. Deputy Chairman, I am glad that the principle of protection has received general approval in this House. I am a protectionist because I feel that for an undeveloped country that is the only policy. Great Britain was at one stage protectionist, something worse than protectionist, with the colonial system which imposed hard restraints on the colonies. It was only when Britain had built up a huge industrial base that Britain became a free trader. No undeveloped country can be a free trading country except at its own cost. And even today Britain needs certain expedients which are in the nature of protection, to save her industries from world competition. It is only today that I read in the newspapers that the British Parliament is colthing the executive with powers to impose duties or to impose restraints on imports from foreign countries, imports which they classify or designate as dumped imports or subsidised imports. Mr. Deputy Chairman, I was surprised at the arguments of my hon. friend, Mr. Kishen Chand. He wants protection. He supports protection. But he will not have protection if we here have to pay higher prices for the goods than those prevailing in the foreign markets. He wants to have a child, but he will not have the child unless the child, at its very birth, is a warrior. I know of only one figure in the whole gamut of history that was born fully armed—that was Zeus, the Greek mythological god. Even Rama and Krishna were put in swaddling-clothes, were put in cradles, tottered in their houses and then after some years, they became warriors. But my friend, Shri Kishen Chand wants our industries, at their very birth, to be as efficient and as well-managed as foreign industries. (*Interruption*) I entirely agree with him

[Shri B. K. P. Sinha.]

that it should be the lookout of the Government to take positive steps for making our industries very efficient. Protection is a means, not an end by itself. And the success of the policy of protection comes at a stage when the industries have outgrown the necessity for protection. That is the ultimate aim to which any scheme of protection should drive at. I am glad to find from the Reports circulated to us that many industries have come out of late from the protected schedule. That means that they are firmly set on the road of efficiency and can with-stand world competition.

My hon. friend referred to the cycle and carbide industries. We have to pay here a higher price than in other foreign markets. That is precisely the cause for protection. Our goods are sold here at a higher price than those coming from foreign countries, which are sold cheaper. Then protection is imposed. To argue that we shall not have protection unless we pay the same price is not to support protection. Mr. Deputy Chairman, by the policy of protection, we protect industries. Industry is a composite conception. It implies capital, management, labour and so many ancillary matters. It should be our aim to encourage industries which are genuinely, truly swadeshi; it should also be our aim to see that industries which are supported by foreign capital or management are encouraged. But there is a limit to this. If there are well-established Indian industries in any particular line with full Indian capital and management and if they do quite well and serve the needs of the country properly, I feel that there is no reason why, where protection is involved, we should give a scope to foreign capital and management. I have known of certain instances where in the past not in the distant past, but the past which refers back only to the life of this Government and this Parliament Indian industries were doing well in particular lines and were sufficiently equipped to meet the needs of the Indian population. They had sufficient installed capacity. Even in

those lines, foreign capital and management have been allowed to enter and establish industries or expand industries in this country. I am reminded of certain Reports I read a few years ago about the ink industry, the soap industry and the sweetmeat industry. The pages of a journal with which my hon. friend, the Minister for Heavy Industries must be well aware, the "Swadeshi" it is published either at Bombay or at Ahmedabad contain many instances where in several lines, purely swadeshi industries—in the sense that the capital, management and labour all are Indian are doing quite well, foreign industries have been allowed either to expand or establish their units. I have already referred to the ink, soap and coffee industries. I feel that a policy of protection in such cases works to the disadvantage of the swadeshi or the indigenous Indian industries. That is no argument, however, for giving a go-by to protection to these industries. This is an argument for not allowing the foreign industries to be established in lines where purely Indian industries are doing quite well. I hope now that the stewardship of this Ministry is in the hands of genuine partitions, this aspect of the issue will not be ignored. (*Time bell rings*). Only a few words more, Sir.

MR. DEPUTY CHAIRMAN: We have in finsh by 4.30. There is one more speaker.

SHRI B. K. P. SINHA: I feel, Sir, that protection, import and export policy and foreign exchange control, all these should work in unison. I find in many Reports that the Tariff Commission has recommended a particular quantum of protective duty, in view of the fact that there is import and export control and there are foreign exchange difficulties and there is no danger of large-scale imports. In certain cases, the quantum has been fixed at a certain level, in view of this. And in spite of foreign exchange difficulties and the import control there have been huge imports

of goods that may be got here. I am reminded of several instances. Two or three years ago, the electrical goods industry in India found itself in troubled waters. In spite of the protective duty, our industries suffer. Then I will request the hon. Minister to keep in mind that there must be a machinery for follow up. It should be an efficient machinery. Many of these big firms are given import quotas directly. I read a speech by some cycle importer that some cycle manufacturing firm was given an import quota for spare parts for a lakh of cycles and that firm produced only 30,000 cycles in a particular year. What became of those additional parts—the parts for 70,000 cycles? I would like to know if there is any machinery to follow these things up and have a check on them. And if not, I would request the hon. Minister to establish such a machinery.

I support this measure wholeheartedly. I hope the hon. Minister will keep in mind the suggestion that I have made.

श्रीमती लीलावती मुन्शी (राजस्थान) : उपसभापति महोदय, जब मैं यहाँ आई तब इस बिल के ऊपर बोलने का मेरा कोई इरादा नहीं था और दुर्भाग्य से जब कि मिनिस्टर महोदय का भाषण हुआ तब मैं यहाँ नहीं थी और उसे मैंने नहीं सुना था। ऐसी भी कोई बात नहीं है कि मुझे टैरिफ के बारे में ज्यादा जानकारी है। मगर जिन भाइयों ने यहाँ भाषण किया, जैसे कि भाई किशन चन्द ने, भाई चन्दूलाल ने और दूसरे भाइयों ने, उनको सुनने के बाद मुझे भी यह हुआ कि मैं भी इसके बारे में कुछ दो शब्द कहूँ।

भाई किशन चन्द ने एक प्वाइंट यह रखा कि इन्फिशियन्सी को देखते हुए हमारी इंडस्ट्रीज को प्रोटेक्शन नहीं मिलना चाहिये। जब विदेशों के मुकाबले में हमारे यहाँ बनी चीजें अच्छी नहीं हैं उस हालत में अपने उद्योगों को प्रोटेक्शन न देने से आप उनकी इन्फिशियन्सी को बढ़ाते हैं। उनके कहने का अर्थ तो यही निकलता है। आज तो हमें उनको प्रोटेक्शन देना जरूरी है क्योंकि हमें तो अपने धंधों को, अपनी इंडस्ट्री

को बढ़ाना है न कि उनको तोड़ना है। आप दस साल पहले हमारी इंडस्ट्री की जो हालत थी उसका मुकाबला आज की हालत से कीजिये। दस साल में हमारी सरकार की नीति से, जो कि उनको प्रोटेक्शन देती है और प्रोत्साहन देती है, हमारे उद्योग आगे बढ़ते जा रहे हैं। आज उनकी हालत में कितना फर्क है, यह समझने की बात है। आज आप देखिये, हमारे देश में बने कपड़े यूरोप और दूसरी जगहों से जो कपड़े आते हैं उनके मुकाबल में ज्यादा अच्छे होते हैं, यह किसी से छिपा नहीं है। अगर हमारे यहाँ ऐसे धंधे हों भी जो अच्छे न समझे जायें फिर भी उनके रहने से हमारे मजदूरों को उनसे मजदूरी मिलती है, रामटेरीयन्स का पैसा मिलता है। हमारे यहाँ इतनी शिपिंग का भी इंतजाम नहीं और बाहर से चीजें मंगाने के लिए हमें परदेश पर आधार रखना पड़ता है। इसके अलावा हमें फोरैन एक्सचेंज का भी झगडा नहीं रहता। ये सब फायदे कुछ कम नहीं हैं। हम अपनी यहाँ की चीजों के लिए थोड़ा ज्यादा भी देते हैं तो भी कोई हर्ज नहीं क्योंकि हमारा रुपया हमारे पास रहता है, बाहर नहीं जाता है। मगर इसके साथ मैं मानती हूँ कि हमारे यहाँ बाहर से अभी भी जो बहुत सी चीजें आ रही हैं वे हमारे लिये अनिवार्य नहीं हैं। हमें तो सिर्फ ऐसी चीजें मंगानी चाहियें जिनसे हमारी ताकत, हमारी शक्ति बढ़े, हम मजबूत बनें। हमारे यहाँ तरह तरह के लगजरी गुड्स और ऐसी निकम्मी चीजें, जैसे लेसेज हैं बाहर से आ रहे हैं, बहुत से कौस्मेटिक्स आ रहे हैं जिनके बिना हम मर नहीं जाते हैं और जिनके बगैर कोई ऐसी बात नहीं है कि हम अपना काम न चला सकें। मैं एक स्त्री होने के नाते भी इस बात को विशेष रूप से कहती हूँ। प्लास्टिक गुड्स, प्लास्टिक बेग्स, कट ग्लास की चीजें, कटलरी, काकरी इत्यादि लगजरी गुड्स बाहर से हमारे यहाँ आ रहे हैं जिनकी कोई कीमत हमारे जीवन में नहीं है। हमारे देश में भी काकरी और बहुत सी ऐसी अच्छी अच्छी चीजें बनती हैं। तो मैं मानती हूँ कि ऐसी चीजों को मंगाना, जिनके बिना हमारा जीवन चल सकता है, हम तब तक बंद कर सकते हैं जब तक कि हम आत्मनिर्भर हो जायें। आपको इसकी भी जरूरत नहीं है कि बाहर से कौस्मेटिक्स मंगाएँ या मिनरल्स मंगाएँ। आज हमारे यहाँ बाहर से खाने की चीजें, फैंसी फूड्स आते हैं, जैसे कि नूडल्स, मेकरोनी और अमेरिका से पीज डिब्बों में बंद होकर आती हैं जब कि हमारे यहाँ उससे भी

(श्रीमती लीलावती मुन्शी)

बढ़कर पीज मिल सकते हैं। फ्रूट ज्यूसज भी हम बाहर से मंगते हैं। मैं आपसे कहना चाहती हूँ कि हमारे कुमायूँ के पहाड़ों में जगह-जगह इतने फलों के पेड़ लगाये गये हैं कि उनसे देश की बड़ी भारी जरूरत पूरी हो सकती है। वन महोत्सव के बाद से मैं समझती हूँ कि हिन्दुस्तान के सभी कोनों में फलों के वृद्धन से पेड़ लग चुके हैं जो कि फल भी देने लग गये हैं। मैं समझती हूँ कि अगर ट्रायपोट की पूरी सुविधा मिल जाय और उसके लिये रोड्स बन जायें तो हमारा जो कुमायूँ का प्रदेश है वह सारे हिन्दुस्तान को फल दे सकता है। आज वहाँ चेस्टनट भी होने लगा है, सेब तो बहुत अधिक होता है, पीचज बहुत होते हैं, और भी दूसरे फल होते हैं। फलों का ज्यूस बगैरा निकालने के लिए वहाँ फैक्टरियां बन रही हैं।

SHRI H. C. DASAPPA: We have no idea of those nice things.

श्रीमती लीलावती मुन्शी : अभी तो वह यहां आ नहीं सकते हैं। अभी थोड़ा-थोड़ा करके फैक्टरियां बनने लगी हैं जहां फ्रूट सिरप बनते हैं। ज्यूस बनता है। अगर यहां सब सुविधायें मिल जायें तो वह काम बहुत आगे बढ़ सकता है। मैं तो यह मानती हूँ कि हमारा जो हिमालय का प्रदेश है वह स्विटजरलैण्ड के माफिक बन सकता है और वहां से बहुत से फायदे की चीजें आप ले सकते हैं। जब हमारे स्टेट्स का पुनर्निर्माण हुआ उस वक्त किसी को ऐसा नहीं मूढ़ा कि हम सारे हिमालय प्रदेश के क्षेत्र को एक प्रान्त बना दें। जो लोग स्विटजरलैण्ड की बात करते हैं वे उस जगह से उतना ही लाभ उठा सकते हैं। वह हिमालय अब तो यू० पी०, हिमाचल प्रदेश और बंगाल में बंटा हुआ है। अगर उसको एक प्रान्त बना करके उसकी ताकत आप बढ़ायें तो मैं यह मानती हूँ कि वह सारे हिन्दुस्तान को फल दे सकता है और बहुत सी इंडस्ट्री भी वहां खुल सकती हैं। खैर, इस समय यहां इन बातों को कहने का अवसर नहीं है।

दूसरी बात मैं ताले के उद्योग के सम्बन्ध में मिनिस्टर महोदय के बताती हूँ। बम्बई में तालों की इंडस्ट्री है जो बाक्सज के लिए ताले बनाती है। वहां जो ताले बनते हैं वे अंग्रेजी तालों के बराबर अच्छे होते हैं। दूसरे लोगों को बहुत से लाइसेंसेज देने से हमारी इंडस्ट्री को प्रोत्साहन मिलना बंद हो गया और हमारी इंडस्ट्री वहां बंद तक हो गई।

उसको अच्छा काम करने के लिये बहुत से सार्टिफिकेट मिले हैं। चाहे थोड़ा कम भी हो, लेकिन उसको प्रोत्साहन देना हमारा कर्तव्य है। मैं आशा करती हूँ कि इम्पोर्ट लाइसेंस देने की जो नीति है उसमें हमारे नये मिनिस्टर, जो बहुत जवान हैं और उनमें उत्साह भी है, मुधार करेंगे और यह देखेंगे कि ऐसी चीजें इम्पोर्ट नहीं होती जिनको हम अपने यहां बना सकते हैं।

एक बाब दासप्पा साहब ने कही कि एलोकेशन ठीक से होना चाहिए, ऐसा न हो कि रा मटीरियल एक कोने में हो और दूसरे कोने में उसकी फैक्टरी हो और सामान को यहां से वहां ले जाना पड़े। मुझे इस बारे में ज्यादा सूचना नहीं है कि ऐसी कोई चीज हो रही है। वाकी जो कोई कहे कि एक कोने में हमारे यू० पी० में फैक्टरी नहीं है या फलां जगह फैक्टरी नहीं है, तो मैं तो कहती हूँ कि हिन्दुस्तान तो एक ही देश है चाहे कोई कारखाना यू० पी० में हो, केरला में हो, ट्रावनकोर कोचीन में हो या कलकत्ता में हो; सुविधा के अनुसार ही सब जगह इंडस्ट्री की रचना करनी चाहिये जिससे सब लोगों को खाना मिले, काम मिले, मजदूरी मिले और सारा देश अपनी इंडस्ट्री पर निर्भर रहे।

इतना कह कर मैं इस बिल का समर्थन करती हूँ।

SHRI MANUBHAI SHAH: Mr. deputy Chairman, Sir, I am very grateful to the hon. Members for the very warm welcome that they have given to this measure and for their generous references.

My hon. friend. Shri Kishen Chand, raised certain fundamental questions regarding the theory of protection. The economic history of the last 150 years, if one can recall the entire history, has been one between free trade and protection. The ushering in of the Industrial Revolution throughout the world has been possible, and today in fact it is a reality, thanks to the balance between the theory of protection and free trade. It is not as if a new economic theory was being propounded in this country in order to develop certain industries. At no time would any member of the Government in this House or elsewhere go to the length of saying that protection is to be given to inefficiency.

Sir, I would like to repeat the three fundamental principles governing protection on which I had briefly touched in my earlier remarks. I would beg to remind my hon. friend that the first principle is the maximum and the most profitable utilisation of the natural raw materials and resources preferably at the site itself. Once this basic principle is accepted that in a vast country like ours or anywhere else the local raw materials have got to be utilised and converted into finished products, the theory of industrialisation starts.

The second point comes in that there are different degrees of technological development, economic development and development of several ancillary sources which go to make industrialisation a great success, and they have got to be looked into. That is where the second question comes in as to what should be the minimum protection, not a pie more than what the minimum requirement is, to protect a particular infant industry against any unfair competition. Some times, it might happen that in the country itself between a big unit and a small unit, in the matter of giving protection or giving some subsidy, various types of monetary devices might have to be deployed. It is there that the second principle of protection really comes in. As the House has already seen, if we go through the Reports of the Tariff Commission on different industries, this vital principle to give the minimum protection necessary has been always followed. As a matter of fact in some cases the Tariff Commission has gone a little further and tried to reduce the rate of protection to even less than what was indicated.

The third principle of protection would be to withdraw such shelter—what is called sheltered economy—as early as possible from the unit which enjoys it. No economy can afford the luxury of fleecing the consumer for the sake of an industry for any length of time. It is the minimum period of protection that is the final and third

corollary of any protection. The history of protection in this country is also a witness and proof of the theory of economic protection. As soon as the textile industry came of age—as soon as production rose, efficiency rose and the quality went up—protection was reduced and withdrawn. It will be wrong to say that because a few million yards of cloth—about 9.4 million yards—came from England last year into this country, we are allowing foreign imports even when we are able to export so much of cloth. A reciprocal trade formula does not mean that we have given up the theory of protection or that we are enlarging it too wide at the cost of indigenous industries. But the fundamental fact should not be forgotten, viz. how much are we exporting? When we are exporting every year 800 or 900 or 1,000 million yards—and we are trying to export on a reciprocal basis—a small import like that should not cause any anxiety to any industry. But, Sir, I would repeat again that no protection is being sought to be given to any industry, whether through this Statute or any other Statute—and no such protection has been given in the past nor will be given in the future—only to protect inefficiency. The very important question would be, as Mr. Kishen Chand posed before this House, why is it that industries like the bicycle, calcium carbide, ball-bearings, etc., where not much raw material is coming from outside are being given protection? The raw material is indigenous, the labour is indigenous, and practically everything else on which the labour lives is also indigenous. Then why is protection being given? Firstly, Sir, some of the facts were not quite correct. As my hon. friend Mr. Dasappa pointed out, some of the raw materials are still continuing to come from outside. For instance, the cold drawn strips required, for the cycle industry are coming from outside. Some of the ball-bearings, some of the tubes and other things big and small come from outside. Then it is asked in respect of calcium carbide industry that limestone, charcoal and the coke, water, everything is locally available, then

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why is protection being given? There, Sir, modern technology comes into operation. In every part of the world industrialisation has taken place in the last 150 to 180 years; the process of economic development cannot be compressed in a day. In a country which just starts from scratch as far as industrial potential is concerned—perhaps the House is aware that the industrial production of this country is one of the lowest of the industrial countries of the world, and the *per capita* production is so negligible that one cannot compare figures even—in that state of industrial development, will it be possible for a unit which is just coming up to compete with the mass production units, the line production units which are already established in the West and other parts of the world? And may I remind the House that those countries also give protection in order to nurture the child, nurture the growing industry, for a number of years perhaps in some cases a decade two decades and even four decades?

DR. RADHA KUMUD MOOKERJI (Nominated): Are you not then protecting inefficiency.

SHRI MANUBHAI SHAH: Sir, I am arguing against that. The size of the unit is an important factor.

DR. RADHA KUMUD MOOKERJI: My question is, are you not protecting inefficiency by protecting small units?

SHRI MANUBHAI SHAH: Not necessarily. The history of industrial development everywhere is also replete with cases where at the infant stage the unit was small and gradually it expanded and came to an optimum level, and ultimately it became a massive unit. It cannot be done in a day in any country in the world. This being the case, what we can take care of is that we can start with a properly sized unit. Even the cycle factory or the ball bearing factory which manufactures one lakh units per year cannot compete with a massive

factory established over thirty years ago and manufacturing 4 million or 10 million cycles a year. The theory of mass production means that the unit cost goes down and the unit productivity increases. All this is a purely economic phenomenon. It is not purely inefficiency which is responsible for the rather high cost of production in our country, but the unit size itself is greatly responsible, and it is in that particular direction—in the selection of proper location, in the selection of proper economic size of the unit, in the manufacture of indigenous machinery, in the manufacture of industrial raw materials, capital goods and purchaser goods, etc.—that we are endeavouring to improve. I can assure hon. Members, particularly my friend Mr. Kishen Chand who showed great anxiety, that at no stage the Government of India has ever contemplated to tolerate any inefficiency being given protection.

Then, Sir, the question which was posed was whether the Tariff Commission, which was going into all these industrial establishments, was not aware of the wrong location of the calcium carbide industry, which it is protecting. It is true that commercial production started in this industry in 1954. But actually efforts to establish this industry—purchase of land, machinery, equipment, production trials and several other things—had taken over a decade, as I have mentioned in my opening remarks. It is not a simple industry. I beg to differ from my hon. friend Mr. Dasappa who has considerable experience in this line of development, and I would point out to him that the calcium carbide industry is not as simple an industry as one would think it to be. Actually, we have to fix the location of so many things—limestone, charcoal, coke, electricity, etc. The quality of limestone is of great importance. As I said, the then Government of India wanted to set up this industry in 1940. Again in 1942 they repeated the assurance to set up this industry. After the advent of independence the Government of India also started to

make efforts in this direction. The very fact that this industry did not come into existence for such a long time—it has only now started production—shows the degree of handicaps from which it is suffering. The limestone has got to be pure. There should be very little phosphorus and very little arsenic. Limestones containing phosphorus and arsenic are not good enough for the industry. There is plenty of limestone in Bihar and Assam, but it is not good enough for the particular type of product that we seek to manufacture. It is because of this reason that the industry in Calcutta is suffering a handicap.

SHRI H. C. DASAPPA: Why not move the factory to a proper place?

SHRI MANUBHAI SHAH: I am glad that that point has been raised. Moving a calcium carbide factory means that the salvage value of the factory will be reduced to 10 per cent. That will be nothing else than brick and mortar—it is an industry of brick and mortar. All that you can remove from the factory is brick and mortar. That is all that you can remove and that will be 10 per cent. of the original investment on that particular industry. You can as well close it down rather than shifting it elsewhere. The situation however is not as desperate as that. Even in the present location by making the required changes as I have already shown, the quality is improving. Increased capacity will bring its concomitant results, and I am quite sure that within a few years even that place which was not quite a happy selection in the past would be able to somewhat reduce its cost of production.

SHRI H. C. DASAPPA: When the Tariff Commission has recommended that the duty may be 45 per cent. only, why is it kept up at 50 per cent?

SHRI MANUBHAI SHAH: I would mention that on a working out of the basis of the cost of production of this factory by the Tariff Commis-

sion and the cost of imported materials, the difference comes to 63·5 per cent. Then the minimum protection required for this is 46·5 per cent. which I have also mentioned in my remarks. If that is so, it will not be proper to reduce this to 45 per cent. because the duty is already 50 per cent. Unless there are very strong reasons to the contrary, the continuing practice need not be altered by a little bit here or a little bit there. Since the present duty *ad valorem* is already 50 per cent. the Government thought that in view of the fact the difference in prices is already 63·5 per cent. and the minimum duty required to protect the industry is 46·5 per cent., it would not be proper to reduce it to 45 per cent.

Now, coming to the work of the Tariff Commission to which my hon. friends, Mr. Parikh and Mr. Shriyans Prasad Jain made reference, I would only draw their attention to the fact that, if they only see the voluminous Reports which the Tariff Commission submits, to the Government and the amount of details that are given there, I am sure that those friends who are interested in these subjects, will find that the amount of foreign exchange saved, the different prices of the competing commodities, the prices in different months of the same year and the difference in the years in which protection has continued—all these things are given there. If my friends want further classifications and more tabulation in summary form, I would be glad to welcome their suggestions. We can meet outside the House and let them tell me what further summarising of these Reports they want. Then I will be only too glad to go into the matter. But I can assure them that the present Reports and the present findings of the Tariff Commission are so elaborate that it often becomes difficult even for some of us who are directly connected with them to read the whole thing. Every detail which has been mentioned by the hon. Member is covered in those voluminous Reports. Perhaps, he has seen only the small pamphlets which are summaries. Friends like him who are

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specially interested in the economic and industrial development of the country would perhaps like to go through the bigger volumes, because more facts are given there. They are placed on the Table of the House. If any hon. Member is interested in those copies, I will be prepared to supply him. Every Report and the Government resolution thereon are placed on the Table of the House. The summary is only for those who do not want to go through the whole Report.

Then, some reference was made to non-ferrous metals; it is true that much more can be done. As Mr. Dasappa pointed out, electricity has been in short supply, even though many plants have been erected in the country, only this year and the next power will be made available, and there also there are various priorities to which power has already been allocated. It is our endeavour, as soon as a grid system goes up or a thermal plant goes up and power is cheap enough not exceeding about Rs. 120 per kilowatt year in this country there is—enough bauxite—to go ahead with the aluminium industry as fast as possible. The Ministry of Natural Resources and the Bureau of Mines are actively considering all matters of mining development and I can assure the House that all efforts will be made to develop this very essential industry which has great potentialities.

Then, the question was raised as to whether the present policy is to allow imports of small things which the country can do away with. That is not very germane to the issue before the House, but I can assure the hon. Member from Rajasthan that, if she scrutinises the entire list of imports permitted under the licensing system now and in the past, she would find that only the minimum quantity of such goods is permitted. Trade is bilateral and it is not always possible to see that we buy only such things that we need and we export only such things that we do not need or we

would like to export and we do not import anything which the other country wants to sell. Whenever we conclude trade agreements, if we are anxious to sell something, we have also to accept what the other country is also anxious to sell. Undoubtedly, looking to our own under-development, we are endeavouring to see that we do away with all superfluous imports as much as possible. Wherever a small quantity has been allowed, it is not due to the fact that we were anxious to do it. Sometimes a small quantity is permitted to enable our own indigenous manufacturers to see what technological improvements and improvements in quality are taking place in other parts of the world. Sometimes it is due to reciprocal arrangements. In view of our foreign exchange position, I may assure the House—and it was also mentioned the other day in the Import Advisory Council—that we are going to cut out—and we have done it in the past also—all unnecessary items.

Then, it was mentioned that some of the foreign concerns in India or concerns with foreign capital in the country, are allowed to expand and work against the Indian indigenous industries. There are only a very few such instances, and even there our policy is within the four corners of the Policy Statement made by the Prime Minister on the 19th April 1949. That is the final word as far as foreign capital or foreign investment in this country is concerned, and the agreements which we have been concluding in the past are strictly within that Statement. That is to say, foreign technical collaboration is welcome so long as it fits in with the national industrial policy of the country. Perhaps, my hon. friend had some instances in mind like the soap industry or some other industry. But that is a matter of history. History cannot be changed so easily by any type of legislative measure or by any sentimental approach to the problem. Facts have got to be faced. Ways and means of stimulating our Indian industries must be found so that they can stand competition. However, I can assure the

House that, if any constructive suggestions in that direction come forward, we would be prepared to consider them and give such help to the indigenous industries as possible.

Then, there was mention of the fruit preservation industry. It is but natural that in our country where fruit growing is a vital part of the agricultural industry on which large numbers of people subsist, it should attract the attention of this House. As I have already mentioned, the Government of India is giving some attention to this. We have allotted already Rs 1.75 crores as fiscal assistance to this industry. I may assure the hon. Member, Mr. Dasappa that the Defence Ministry is Committed to purchasing their requirements from indigenous resources. I am not able to give the figures, but more than 80 per cent. of their purchases are made from indigenous sources.

Sir, I think I covered most of the points raised by hon. Members. If any points raised by hon. Members have not been touched, I can assure them that they would receive the utmost consideration. We would welcome any constructive suggestion that may come from hon. Members not only here now but at any time so that the great hope that all the Members of this House have about the industrial and economic development of the country becomes a reality by the co-operation of the House and the people.

With these words, I commend my motion to the House.

MR. DEPUTY CHAIRMAN: 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.

MR. DEPUTY CHAIRMAN: We shall now take up the clause by clause consideration of the Bill.

Clause 2 was added to the Bill.

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

SHRI MANUBHAI SHAH: Sir, I move:

“That the Bill be returned”.

MR. DEPUTY CHAIRMAN: The question is:

“That the Bill be returned”.

The motion was adopted.

MESSAGE FROM THE LOK SABHA

THE STATES REORGANISATION (AMENDMENT) BILL 1956

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 provision of Rule 133 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the States Reorganisation (Amendment) Bill, 1956, as passed by Lok Sabha at its sitting held on the 21st November, 1956.”

I lay the Bill on the Table.

MR. DEPUTY CHAIRMAN: The House now stands adjourned till 11 A.M. tomorrow.

The House then adjourned at fifty-two minutes past four of the clock till eleven of the clock on Thursday the 22nd November 1956.