

MOTION FOR PAPERS TO DISCUSS ARIYALUR TRAIN ACCIDENT

SHRI PERATH NARAYANAN NAIR (Kerala): Sir, with regard to the motion for papers which I gave notice of, to discuss the Ariyalur train disaster which has evoked tremendous feeling throughout the country, I request that the fullest opportunity should be given for.....

MR. DEPUTY CHAIRMAN: Yes, we will fix a date in consultation with the hon. Minister for Railways.

SHRI H. D. RAJAH (Madras): Sir, the Railway Minister is here and if he has no objection, why not take it up now?

MR. DEPUTY CHAIRMAN: Let us have the full information.

SHRI H. D. RAJAH: That means it will take two or three days.

MR. DEPUTY CHAIRMAN: We have to consider all aspects of the case.

THE RAILWAY PROTECTION FORCE BILL, 1956

THE MINISTER FOR RAILWAYS AND TRANSPORT (SHRI LAL BAHADUR): Sir, I move: "That leave be granted to introduce a Bill to provide for the constitution and regulation of a Force called the Railway Protection Force for the better protection and security of railway property."

MR. DEPUTY CHAIRMAN: The question is:

"That leave be granted to introduce a Bill to provide for the constitution and regulation of a Force called the Railway Protection Force for the better protection and security of railway property."

The motion was adopted.

SHRI LAL BAHADUR: Sir, I introduce the Bill.

THE INDUSTRIES (DEVELOP- MENT AND REGULATION) AMENDMENT BILL, 1956—contd.

THE MINISTER FOR HEAVY INDUSTRIES (SHRI MANUBHAI SHAH): Mr. Deputy Chairman, yesterday evening I was saying with reference to the remarks of hon. Members that the question of regional development is being given great attention and I was mentioning to the House the steps that we have taken in that behalf. I might briefly mention these again so that hon. Members who were not present then might perhaps like to know what steps have been taken and are being taken by the Government of India in order to develop industries in the different parts of this country.

I said that over and above the Development Wing which is manned by a staff of technical experts practically in every field of technology and the best talent perhaps available in the whole country, we have instituted four zonal cells and for these recruitment is going to take place very soon. Each cell is to be headed by an Industrial Adviser, assisted by four Development Officers who will be experts in different lines of industrial development which are, more or less, required for that particular zone.

We have also requested the State Governments to strengthen their Industries Departments which as I said yesterday has been so far treated as the Cinderella of the administration and was, if not the weakest, at least one of the weakest links. We have requested them to strengthen it and I am glad to inform the House that the different State Governments have agreed to our request to appoint three or four very highly placed technical experts to guide and advise the Department of Industries in each State.

There will also be, as per our suggestion, an Industrial Development Council in practically all the States which will consist of 15 to 20 members, drawn from industrial experts available in that State, a few of the leading industrialists with experience and the technical officers of the State. This

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Council will not prepare merely economic surveys and bring out voluminous books and reports, not giving much of detailed information, but there will be detailed and intensive studies of the possibilities and potentialities of industrial development based on the raw materials locally available in each region of this country. Their function will further be not merely to prepare project reports for the whole State but also for each district and if possible taluka-wise, so that each man and woman in this country may feel a new urge of activation, a new picture of what is possible in each part of the country and how best the local raw materials can be converted to finished products. Once this administrative set-up backed with technical advice is ready, I have no doubt—and I am speaking with personal experience and that perhaps is the experience of all the industrial countries in the world—once the basic data are known, the basic facilities like power, water, land and raw material facilities are made available to different industries, then automatically the proper climate, the industrial tempo and industrial atmosphere gets created in each of the regions.

Sir, in spite of all this, I may sound a note of caution. As my hon. friends Mr. Kishen Chand, Mr. Rajah and Mr. Bisht were mentioning yesterday, the functions of this Industries (Development and Regulation) Amendment Bill are of a limited nature. Even in spite of our best efforts to develop every region, we can at best only guide the industrialists and the State Governments in various development schemes. In a federal country like ours, it will not be possible for the Centre to say, instead of going to one State, one should go to the other. That will be very much misunderstood and instead of development there will be more complications. What we can do is only this. If in a particular place we have a number of industries in a particular field or sector of production, we can say that instead of going to that particular place the entrepreneurs should go to

this area or that area. It will not be possible for us to mention localities or regulate them, saying, "You must go to such and such a place and not to such and such a place." As I have already said yesterday, the development in a number of areas is highly backward and it may not be possible to compare one region with another. It will only be leading to more complications if we try to regulate the economy to that extreme extent. However, in spite of these limitations natural in a big country like ours, within that compass of development, once that fact is realised in relation to the local areas, I am quite sure for more development will take place than has been possible in the past due to the several steps that I have already mentioned to the House.

Then the question came up as to what is the policy of the Central Government regarding the capacity of an industry to manufacture the commodities. Perhaps it was Mr. Bisht who said that even if the capacity had already been reached, if the target had been reached, we should go on licensing. Perhaps what he meant was that we should continue to enlarge the target. If that was his intention, then we are in full agreement with what he said. As the country knows and as the House knows, the targets of production in the Second Five Year Plan are the minima and not the maxima. We are trying continuously to revise the targets in view of the increasing demands in the country and also in search of the possibility of export markets. But Sir, though we may continuously vary and increase the targets, it will be a complete abandonment of the idea of planning if there is to be nothing like a target which, if possible, we may revise from time to time. So targets will have to be fixed. Once the target has been fixed after taking into consideration all the basic facts, once such a target has been arrived at, it must be possible to continue, within the resources, to expand that target. With that limitation, Sir, we are continuously trying to license more and more factories so that the production may go up. As I have said targets form an integral part of any industrial planned

economy and to the extent that targets serve to increase production and to find export markets for the goods produced, we are continuously revising those targets.

Another question that came up was that when the old industries were there, they created a sort of a monopoly. I personally rather fail to understand how when some 20 or 50 or even 100 industrialists are in one field and the target has been reached in a period of time, say three or four years, if any further licence is not given, how that would create a monopoly.

What I have understood in terms of economic activity is that a cartel or a trust would not be about 100 or 200 industrialists functioning in a particular period of time when the production is pegged or when the target is pegged and no further expansion is allowed. That is not what a cartel or trust means. What a cartel or trust means is that there are very few rich groups allowed to continue to expand in all branches of industry irrespective of the capacity or irrespective of other promotional entrepreneurs who may come forward in the same area. I might inform the House that we are continuously watching that position and no such highly placed trust or concentration of industries of a very large nature is being permitted to entrepreneurs. It is the constant endeavour of the Government to find new and greater number of entrepreneurs in different fields and as far as I am personally concerned, I have believed that it is better to promote industrial development through a lakh or two lakhs or more of entrepreneurs or even more smaller and medium-sized large number of entrepreneurs than through a few handful or individuals howsoever able or capable they may be. Because, after all, an ounce of energy spread over a million people is far more important than a ton reserved for 100 or 200 people in such a vast country. If that is the spirit in which this aspect of monopoly is being considered then I can assure the House that we are completely watchful of those developments.

Then, Sir, came up the question of the place of decentralised small-scale industries in the plan of industrial development in this country. I thought that perhaps it did not need any reiteration because the facts are well known. Government is committed to come to the rescue of every weaker link of production in this country by whatever fiscal or monetary discipline that it has to evolve or enforce or any type of statutory restriction on production of the organised sector that may be contemplated to be placed on that sector from time to time. The obvious question, as the House knows, is the one about the handloom *versus* textile mills. We have prevented, for the last several years, expansion in the organised sector of a considerable nature. Now and then, perhaps a little expansion is permitted to certain marginal sections. We are wedded to a policy, on the one hand, of establishing heavy industries, big industries, large-scale industries, wherever it is most essential but the human factor of employment and the human factor of the needs of the present Indian economy would have to be kept in mind. Government is wedded to protect every sector in the most economic terms possible taking the human needs of the economy also into consideration. We have taken several steps in order to promote the small and medium-scale industries and I can assure the House that this amendment and the bringing in of 34 more industries in the Schedule does not at all mean that the policy is merely to encourage large-scale industries. Medium-scale industries and the small-scale industries, I would say, deserve much more sympathetic treatment and attention of the Government than even the organised sector because the organised sector is capable of standing on its own legs as compared to the medium and smaller sector which requires all the assistance that the Government is capable of giving.

One hon. Member suggested that there is need for giving full information to the industrialists and the entrepreneurs in regard to getting the licence. I was rather surprised when Mr. Bisht

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made this point. I think that the forms which we have got are far too elaborate and give so much of detailed information that perhaps a summary of that would be better. I would have welcomed a suggestion that instead of the entrepreneur being given to understand about so many points, perhaps a little lesser number of points should be raised before him. These forms, 'D', 'E' and 'A', 'B' and 'C' give a complete range of information that is necessary for any entrepreneur. Continuous assistance is also being rendered by the Ministry in contacting the industrialists and in explaining to them the details that are required. In my experience, I have not come across a single entrepreneur so far who has complained that he does not know what to do or how the Government is to be approached.

SHRI H. D. RAJAH (Madras): What about the delay?

SHRI MANUBHAI SHAH: I am coming to that. Mr. Bisht suggested that some more details should be given but I am saying that more than sufficient data is available in the rules and procedure prescribed in the Act.

Then, Sir, came the question of delay. I had, in my preliminary observations, given a.....

SHRI H. C. DASAPPA (Mysore): I take it that the State Governments are supplied with these forms.

SHRI MANUBHAI SHAH: Yes, Sir. All the State Governments are supplied, and in regard to these 'D' forms, perhaps ten times or twenty times more number of forms are sent out to people than are received by us. This is as it should be.

Now, Sir, coming to this question of delay, I had indicated in my preliminary observations as to how continuous attention is being paid to improve the procedure for expediting disposal. It is not done in the sense in which some hon. Members mentioned, namely, immediately and summarily we either accept or reject an application. Licensing, as I said, is not a rubber-stamping affair. We are

not performing the function of a post office in that we do not, the moment an application is received, either sanction or reject it. When we are in a planned state of economy, we mean to plan and regulate the industries to the best benefit of the industry itself and the community in general. As such, some time is unavoidably necessary. We have got to see whether the entrepreneur has got capacity, whether the target required of that industry is available, whether the goods will be produced with proper technical collaboration, whether the quality of the manufactures will be up to the mark, whether the raw materials required by that industry are available there or in the country and so on. All these factors have got to be seen. I do agree that problems of transport and other things should not be considered as insurmountable factors in considering the applications. It is the duty of the Government to come to the aid of development wherever possible by providing those things, but we cannot, of course, generate natural resources and such like things at different places. Subject to that, it is the primary function of the State and the Central Governments to provide transport, water and power and endeavours are being made in the second Five Year Plan to increase the generation of power. From 3.5 million KW, almost 7.6 million KW will be produced during the Second Five Year Plan and much of this electrical energy will be available to the various entrepreneurs.

Then, Sir, came up the question of the present state of affairs as far as applications are concerned. I have already mentioned that from about 700 applications, we have brought down the number to 470. This was some months ago. At the beginning of this month, on the 10th of October, to be precise, the number was 176 and I informed the House that by the end of this month the number of pending applications would perhaps be 45. When I mentioned that figure, I was anxious and rather worried whether we will reach that figure but I am glad to inform the House that we have actually reached that figure and the

House will be glad further to know that barring the applications of re-rolling mills and textile mills, the pending applications now number only 26. The House will appreciate that in a big country like this where thousands and thousands of applications are coming, the figure of 26 is just nothing. Practically, we would be receiving twice or thrice that number every month. We have to consult so many departments including the Planning Commission and various Ministries and the State Governments, especially when we are planning for the industrial development of this big country. In these circumstances, I am sure the House would not consider this number of any very great significance. Even then, Sir, there is always scope for improvement and whatever suggestions have been made here will be considered. I can assure the hon. Members that continuous efforts will be made to expedite this procedure.

Then came the question of appeal and the procedure to be followed in cases where applications are rejected. As I said presently, the Licensing Committee consists of the representatives of the different Ministries, the Planning Commission, the representative of the Ministry of Heavy Industries and the Directors of Industries of the State Governments. This Committee, consisting of the Directors of Industries from sixteen States plus the representatives of the Centre—a total of 30 or 40 members—first considers all these applications which have been properly processed from the technical, financial and all other angles by the Development Wing of the Ministry. It is not as if, as suggested by some hon. Member here, that the Committee meets once in a year for a day and then disposes of the applications. The Committee meets regularly every month—once a month—perhaps for one day or perhaps for two or three days, if necessary. It goes into all applications and after careful consideration if an application is rejected, the entrepreneur is informed. We obviously do not go into the details of the reason why we have rejected the case because there may be cases in

which the reason may be divulged but there may be cases in which the reasons cannot be divulged. As such, we generally say that the application is rejected. In most cases, the applicant comes up to the Government. The Minister sits in the appeal of such applications or rejections and there have been cases in which, after hearing the entrepreneur, the decision originally arrived at has been modified. Even if there is no appeal, those rejected applications are compiled. There is a Reviewing Committee under the Central Advisory Council of Industries which I have mentioned. It is presided over by the hon. Pandit Kunzru and that Committee has so far had four sittings. The Report of the Reviewing Committee is before the house and they must have observed—I mentioned this before in my preliminary observations and we are highly gratified to note that—that the Kunzru Committee on the whole found the present procedure satisfactory, at least not very unsatisfactory.

SHRI JASPAT ROY KAPOOR (Uttar Pradesh): But why not give the entrepreneur an opportunity at the earliest stage?

SHRI MANUBHAI SHAH: As I said, the Minister hears the appeal. After the Licensing Committee rejects a thing, the Minister sits in appeal because he is not a member of the Committee. He hears the entrepreneur and listens to all he has got to say and in some cases he modifies the thing. But revision does not mean acceptance of all appeals; it does not mean that the plea of the entrepreneur will be accepted. There is bound to be some modification, some alteration. The Reviewing Committee also in several cases goes into cases of rejection and makes its own observations and I can assure the House that we have given the greatest respectful attention to all what the Reviewing Committee has said and in several cases after review we have accepted the recommendations of the Reviewing Committee. They are not mandatory; they are only recommendatory in the essence of

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things but even then we have tried to see that, whatever the observations of the Committee, they are more or less generally considered by the Government unless the circumstances are preponderatingly against the acceptance of a particular recommendation. That in brief is the procedure and I am quite sure that the House will feel satisfied both about the expeditious disposal thereof and the machinery evolved for hearing entrepreneurs.

Then one of the questions raised by hon. Members, and particularly by Shri Bhupesh Gupta, was about foreign capital. There are so many figures quoted in the House that I do not know where all these figures come from. I may inform the House that at the time of partition when India was undivided there were Rs. 432 crores of capital invested by foreign firms both in commerce and industry, that is, factory industries, plantations and trade. At the time of partition Rs. 296 crores of investment came to India and the rest went to Pakistan.

SHRI H. N. KUNZRU (Uttar Pradesh): What was it formerly?

SHRI MANUBHAI SHAH: It was Rs. 432 crores before partition and at the time of partition Rs. 136 crores went to Pakistan and Rs. 296 crores came to us. Then in the next 6 years or so the investment has somewhat increased by about Rs. 123 crores and so it comes to about Rs. 419 crores and I would say that all this foreign investment is, in the strict sense of the term, within the foreign investment policy statement enunciated by the Prime Minister in 1949. We welcome and we heartily welcome all foreign technical collaboration and all foreign capital which has no strings. And I can assure the House that all the investments that we have so far invited, that we have so far approved are such investments which are going to strengthen and help the development of the country's economy. Then it was said that several crores of rupees are allowed to be repatriated. I can tell the House that profits are allowed to be repatriated within certain limita-

tions and total annual repatriation under profits comes to about Rs. 30.5 crores last year.

AN HON. MEMBER: Not Rs. 250 crores?

SHRI MANUBHAI SHAH: No, Sir.

SHRI KISHEN CHAND (Andhra Pradesh): May I know from the hon. Minister whether the rest was reinvested in India?

SHRI MANUBHAI SHAH: Obviously; only what is allowed to be repatriated can go out of this country and the rest must be here somewhere either held in reserve or used for expansion. We are trying to persuade every company with their full consent to transfer certain of the new expansion capital to Indian hands and also some of their own profits for being ploughed back in the expansion of industries which are new.

SHRI H. D. RAJAH: Rs. 30.5 crores represents repatriation of profits every year?

SHRI MANUBHAI SHAH: Yes; some said Rs. 100 crores; some others said some other figure. I am only trying to put the whole thing in the proper perspective. Out of the total investment of Rs. 296 crores plus Rs. 123 crores, that is, Rs. 419 crores—I am taking whatever figures are available with the Reserve Bank, not the latest figures and not very considerable amounts have come in since then; it may be Rs. 20, Rs. 30 or Rs. 40 crores—the profits repatriated are Rs. 30.5 crores.

DIWAN CHAMAN LALL (Punjab): Roughly about 7½ per cent.

SHRI MANUBHAI SHAH: Yes. I would as a matter of fact beg the co-operation of the House that we should create an atmosphere in which the technically more advanced countries come forward with willing assistance, friendly assistance within the four corners of our national policy so that the benefits and the advantage of the highly industrialised and developed

countries in other parts of the world come to the help of under-developed countries by giving technical collaboration and at times a little financial participation. It is all to the good of the country and we should heartily welcome all such association and not help create a feeling whereby such associations are retarded rather than accelerated.

SHRI C. P. PARIKH (Bombay): What are the limitations on repatriation of profits?

SHRI MANUBHAI SHAH: That is all given in the exchange control regulations. I can tell him that the limitations are that after deducting a certain percentage of profits for income-tax, the balance is permitted to be repatriated. Even in connection with the foreign capital itself apart from the profits and dividends a certain amount of shares which they want to hand over to the Indian entrepreneurs is also permitted. And the present state of affairs is that investment is increased and disinvestment is reduced, and that is good to the country. Disinvestment in the foreign sector is not so fast as investment.

SHRI H. D. RAJAH: Is it the policy of the Government to allow these foreign entrepreneurs to have a permanent footing in this country for ever, since they give us technical cooperation and some nucleus of capital for the present to our industries?

SHRI MANUBHAI SHAH: Our foreign investment policy statement is very clear and is absolutely unequivocal on this point that we allow only certain investment and that too in particular categories of industries. All industries are not open to them and a very close scrutiny is made of every offer of technical collaboration or financial collaboration, whichever is received and within the policy statement enunciated in April 1949, which still holds good and which is being continued even today, every application for collaboration is being looked into. From that angle, I would rather urge that more thought and more

study may be made of this problem by hon. Members because the co-operation that will come out of this House towards this matter is going to help this country in a much greater manner than any other thing because when you want to develop heavy industries, when you want to have highly developed technological industries, you must have technical collaboration. It will automatically mean some royalty, a certain amount of fees to be paid to the foreign firms. All these are concomitants of a fast developing industrial economy. Therefore the figures must be properly looked into. It is not Rs. 100 crores as somebody said; or Rs. 250 crores as someone else said. All these are exaggerated; the real figure of repatriated profits, as I said, is of the order of Rs. 30.5 crores. In 1954 it was only Rs. 19.22 crores; in 1953 it was Rs. 16.67 and in 1952 it was Rs. 14.22 crores. These amounts are very small.

The next question that was raised was whether we are paying sufficient attention to the production of necessary goods. One friend was happy to observe that we are only developing secondary producers. I do not know what that term means. If he means by that unimportant industries which are not vital to the country, I can tell him that it is not so. We have been paying the greatest attention and it is our endeavour to produce all the capital goods, producer goods, heavy engineering industries, heavy chemical industries etc. in the country. If you examine the figures of production, the engineering industries have an index of 195 as against 136.5 which is the general index. In February 1956 the general index was 136.5 as against which the index for engineering components has been 195. This obviously shows that we are far more forward in that direction than in other industries. Similarly the index figure for chemical engineering was 165.6. So we have gone forward in that sector and the priority of attention is to the primary needs of heavy industries in this country. And I am glad to inform the House that as a result of the steps taken in the public sector as well as in the private sector

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in practically all fields of important industries we have marched considerably forward. In the case of textile machinery we propose to manufacture to the extent of Rs. 17 to Rs. 20 crores per year so that at the end of the Second Five Year Plan it will meet practically 80 or perhaps 90 per cent. of the needs of this country. Combing and carding engines, speed frames, warping and winding machines, automatic looms and all the bleaching, finishing, dyeing and printing machinery will be more or less covered except perhaps a few very highly developed modern inventions that might have taken place in other countries.

In the field of cement, I would like to say that we have already approved of a scheme by A.C.C.-Vickers about which mention was made by one hon. Member, which will manufacture in this country machinery which can produce one to two million tons of cement per year. That is, we can instal out of that machinery new factories which can produce cement every year to the extent of 1 million to 2 million tons. Another scheme of an equivalent nature is also under consideration. I would request the House to consider that self-sufficiency in machinery is not an end in itself, and as a matter of fact we should wish for a position in which we will always be short of our requirements, because the more the production the more demand goes up. That means we are necessarily behind the self-sufficiency line. Self-sufficiency is a good thing. We aim at it, we endeavour at it, but that is not an end in itself, because if the demand outstrips the production, that is a happy sign of national economy's industrial wealth.

Sir, in the field of sugar we have already licensed factories which can produce 14 complete sugar factories every year, and a few more applications are under consideration. Perhaps we shall be able to establish capacities of 20 to 25 sugar factories every year, that is, manufacture of machinery which will enable us to instal 25 sugar factories.

SHRI H. D. RAJAH: I want to know whether there is any scheme to manufacture boilers which are very important for a sugar plant.

SHRI MANUBHAI SHAH: The A.C.C.-Vickers combination is not only going to manufacture the cement machinery but also boilers up to the capacity of 30 to 40 thousand pounds per hour, and in the Hindustan Electrical Plant at Bhopal we are also going to produce heavy turbines, transformers and all heavy electrical equipment. I only give this information in order to place before the House that the Government is fully aware of the very high need of the production of machinery, because from there flows all the ancillary and the subsidiary and the auxiliary productions that are relevant to that particular type of machinery.

Then, Sir, I would not take up too much of the time of the House. I will only come to one more aspect, and that is about the renovation of machinery which a few Members mentioned. The renovation of machinery is as important as installation of new ones or expansion of existing ones. It does not mean that the total salvage value is nil or that the machinery has come to half its capacity or one-third or less. By a little repair here and there, by little replacements, we can achieve far more production in a short time with a little less capital investment than installing an entirely new machinery, and that is why the National Industrial Development Corporation has a plan to assist the textile mills and the jute mills in the matter of renovation of their plant, and it has been our constant endeavour to see that the industries take advantage of it.

SHRI C. P. PARIKH: How does it assist? In what ways?

SHRI MANUBHAI SHAH: After all ours is a democratic country, and it is done through persuasion, through explaining to them the advantages. I could say that they have welcomed the measure and they are trying to co-operate with the Government in

receiving this assistance, and we are meeting them more frequently now. We have appointed certain sub-committees to look into this problem and we hope that with the help of my hon. friend Shri Chandubhai and all his colleagues.....

SHRI C. P. PARIKH: Nothing will be done.

SHRI MANUBHAI SHAH: Perhaps your co-operation will be a great asset. I know that the co-operation of the hon. Members of this House and the other House and the country is there. Today what is required is a new atmosphere, a new climate, instead of suspicion. We have to make a positive approach to problems. Sir, I would say to the hon. Members that their individual interest in the development of industries in this country will be a great help to the Government, because they know the local conditions far better than any one of us sitting in Delhi. Sir, in the end I would welcome the association, the very active association, the very active co-operation of the hon. Members in putting before the Government their views, in meeting all our colleagues in the Ministry personally, and we will try our utmost to relieve any difficulty or expedite any promotional activity which is of a really healthy nature for the quick development of this country. I would only repeat, Sir, in the end that the targets of industrial development as envisaged in the Second Five Year Plan are the minimum. We do not mean to stick to it. It will be our endeavour to reach those targets perhaps in two or three years. It will be to the good of the country if we can produce far more than we do today because, if the hon. Members see where we stand in the industrial production of the world, perhaps among the industrialised countries of the world we are the lowest in industrial production in the whole world. I would therefore beseech the co-operation of the House in seeing that we maximise our production, that we maximise the capital formation, that we maximise the industrial development of this

country through the efforts envisaged in this Bill which only seeks to bring more industries within its purview.

With these words I commend the Bill.

SHRI KISHEN CHAND: The hon. Minister said that there are two hundred experts and advisers. May I know what is the scale of pay or salary and the status and the grade of these officers, whether they are really experts or just departmental heads?

SHRI MANUBHAI SHAH: I may be able to explain this outside the Chamber to the hon. Member. But I may say this. One is a Chief Industrial Adviser who is one of the topnotch technicians of the country, drawing about Rs. 3,000 or perhaps a little less. Then there are four Industrial Advisers in the range of more than Rs. 2,000 who are topnotchers in their individual lines—engineering, chemicals, textiles, cement, and all that. Then there is a range of about 32 Development Officers who perhaps draw Rs. 1,300 or Rs. 1,400, and they are all top-class people.

SHRI JASPAT ROY KAPOOR: I had raised the question with reference to the Schedule enquiring as to whether oil drum closure fittings would come under it. I would be happy to know how the Minister feels about it.

SHRI MANUBHAI SHAH: If my hon. friend sees the Schedule, item No. 1, section (7)—“Other products of iron and steel”—that covers all the containers, the drums, the cannisters, the tin boxes, etc.; all those which are made as a by-product of iron and steel; so that covers the drums. As regards the bungs which the hon. Member mentioned, it is covered by item 1B(2)—“Semi-manufactures and manufactures” of non-ferrous metals; that is, anything made of brass or copper or tin is included. So, everything in the making of which either iron or steel or non-ferrous metal goes is covered in this.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill further to amend the Industries (Development and Regulation) Act, 1951, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

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

Clause 2—Amendment of section 13

SHRI S. C. KARAYALAR (Madras): Sir, the amendment in this clause relates to section 13 of the Industries (Development and Regulation) Act. It seeks to omit the words "on the ground that it had been obtained by misrepresentation as to an essential fact" in section 13(1)(b). If the words proposed to be omitted are deleted, then it would mean that all those undertakings whose registration has been revoked under section 10A will be covered by this clause. The classes of cases in which registration is revoked under section 10A fall under three heads: Those which have been given registration by misrepresentation as to an essential fact. Of course their registration may be revoked as a penalty. Then there are those cases in which the undertaking has to be registered but which need not be registered by means of the exemption granted. They also come under the ambit of new amendment. Then there is the third class of cases in which registration is not essential. That will also come under the operation of the amendment. It means the classes of cases which have been granted exemption and the classes of undertakings which need not be registered cannot carry on their business if this amendment is accepted. That will be against the very purpose and scheme of the original Act. So, the undertakings which have been granted exemption and the undertakings which need not register should not come under the operation of this. Otherwise, it will be defeating the very purpose of granting exemption and of allowing small undertakings which need not be regis-

tered. That will be inconsistent with the purpose of the Act. I cannot understand the significance of this new provision. It is with the object of getting a clarification on this point that I have made this suggestion.

SHRI MANUBHAI SHAH: Sir, regarding the hon. Member's doubts about the four classifications, I may explain to him that, firstly, today those firms which have given a wrong information as to an essential fact can be only re-registered or re-licensed with a penalty. The second point he mentioned was about those firms which are covered under Section 29B. For reasons of policy, of the Government, when that exemption is withdrawn, it is true that they cannot be penalised because previously they were exempted and now they are coming under the Schedule. So, the policy of the Government will be more or less to regularise the existing fact. It is not as if their applications will not be considered and they will be asked to justify why they should be given registration. But once you bring an industry under the Schedule of the Industries (Development and Regulation) Act, it will be very necessary for them to obtain a formal registration and licence under the Act. I can assure the House that as far as those industries which are either under exemption or which are not under the purview of the Act is concerned, if at a later date, Parliament in its wisdom so decides to bring under the Act those factories which have been closed and are wanting to restart after a few years or a few months because of better economic conditions, all those three categories are mere formal procedure to register and license them. They will not be penalised or they will not be again asked to explain the justification for asking for such a licence. But they have got to be regularised under the Act.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clauses 3 to 7 were added to the Bill.

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

SHRI MANUBHAI SHAH. Sir, I beg to move:

“That the Bill be passed.”

MR. DEPUTY CHAIRMAN : Motion moved :

“That the Bill be passed.”

SHRI JASPAT ROY KAPOOR: One word, Sir. If I rise on this occasion to say one word, it is to make a definite suggestion to the hon. Minister with reference to what he has said with regard to the appointment of Development Councils for each State. That is something over which I for one feel particularly happy because this will enable the different regions of the country to be developed. He went on further to say that these State Development Councils would look to the interests of each district and even of each *tehsil*. That is very good; that is very hopeful and helpful. May I, in this connection, suggest that when the State Development Councils are to be formed, it should be seen that at least one member is included therein not from every district—it is almost impossible—but from each set of five or six districts, I mean one from each administrative division? As it often happens, in a State only some areas, some cities, are industrially developed and generally members are selected only from those industrial areas with the result that even further development goes on in those areas and the interests of the other districts of the State are neglected. So what I suggest is, if there are 30 or 40 or 50 members in the State Development Council, well, let the more important entrepreneurs in the State be there. But at least there must be one representative from each administrative division. That is one suggestion.

The second suggestion is, let these State Development Councils consist at least of 5 Members of Parliament from

that State—3 from the Lok Sabha and 2 from the Rajya Sabha—for the simple reason that it will be very much to the advantage of both the industries and Parliament which ultimately is responsible for the development of industries, to have a sort of liaison between Parliament and the State Development Councils. There must be a link between them. From my own experience, I can say that when some necessary information is conveyed to Committees by Members of Parliament, they benefit therefrom, while Members of Parliament also, rather than raising the same questions in respect of committee affairs about which they are ignorant, will not raise them. On the other hand, those members who represent us in committee would be able to enlighten us.

MR. DEPUTY CHAIRMAN: Yes.

SHRI JASPAT ROY KAPOOR: Shall I sit down? I was going to put a full-stop here. Well, after this comma, I would only say that it will be to the advantage of both the Council and Parliament if you have at least 5 Members from here—3 Members from the Lok Sabha and 2 Members from the Rajya Sabha on these Councils.

MR. DEPUTY CHAIRMAN: (To Shri Manubhai Shah) Any reply? (To Shri Jaspal Roy Kapoor) He will consider the suggestion.

SHRI MANUBHAI SHAH: Sir, this is a good suggestion. As a matter of fact, I may say that the appointment of these Industrial Development Councils is entirely within the purview of the State Governments. All we can do is only to tender advice from here more or less. The composition which we have suggested is not of 30 or 40, but about 15 or 20. And they are advised to appoint Technical Panels for each industry consisting of 5 or 6 people. There will be about 10 to 12 Panels in each State and each Panel will consist of 5 to 6 members. I do hope that the State Governments will be very well advised in respect of the suggestion

[Shri Manubhai Shah]

which my ohn. friend has made, because the association of Members of Parliament, Members of the State Legislatures, the public workers in the State and probably of the areas of the same State will create greater harmony and give greater impetus to the Development Councils.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

THE STATES REORGANISATION (AMENDMENT) BILL, 1956

THE MINISTER FOR LEGAL AFFAIRS (SHRI H. V. PATASKAR): Sir, I beg to move:

"That the Bill to amend the States Reorganisation Act, 1956, as passed by the Lok Sabha, be taken into consideration."

Sir, this Bill in the form in which it has come before the House has a very short history. As you are aware, we passed the States Reorganisation Act according to which the Madras Legislative Council had to be reconstituted because certain areas from Madras were transferred to certain other States. Naturally, the number was reduced. Therefore, there is provision in section 35 of the States Reorganisation Act with respect to the constitution and the composition of the Madras Legislative Council. It will be seen that section 35 lays down: "(a) the numbers to be filled by persons elected by the electorates referred to in sub-clauses (a), (b) and (c) of clause (3) of article 171 shall be 16, 4 and 4 respectively." Now, this (b) refers to the graduates' constituency. And there is provision here in sub-section (3) of section 35 that "The two sitting members of the said Council representing the West Coast (Local Authorities) Constituency and such two of the six sitting members representing the Madras (Graduates) Constituency, and such two of the eighteen sitting members elected by

the members of the Legislative Assembly, as the Chairman of the Council shall by order specify shall, on the appointed day, cease to be members of the said Council." Formerly, the number of persons that were elected to the Council from the Graduates' Constituency in Madras was 6. That number was reduced to 4 and provision was, therefore, made with respect to election of these two and the provision was "... such two of the eighteen sitting members....." etc. The provision was that out of the six, 2 members should go according to a decision taken by the Chairman of the Madras Legislative Council. Now it was not known at that time that the Chairman of the Madras Legislative Council was himself a Member so elected. After the passing of this section there was a writ petition in the Madras High Court challenging the validity of this provision, and the Madras High Court recently held that it was *ultra vires* of the Constitution. It was in conflict with article 14 of the Constitution. The present position therefore is that the Madras Legislative Council cannot function unless we make some change so far as this provision is concerned. In the Bill as it was originally introduced, the attempt was that instead of leaving the deletion of these two Members to the Chairman of the Madras Legislative Council, it was provided that it should be done by the Governor of that State, and by drawing lots, so that it may not be said that there was any discrimination. However, when the Bill was taken up in that House, it was suggested that the proper way to do it would be to increase the number of Members of the Madras Legislative Council from 48 to 50. That suggestion was agreed to in that House, and the Bill has now come to this House in the form in which it was passed by that House. And I can dare say that the Madras Government is willing that such a change should be made, and that was the view of the Members of the Legislative Council of Madras also. I therefore hope that there will be no difficulty in passing this Bill here. I move, Sir.