

fifteen minutes and for that the whole discussion need not be postponed till tomorrow.

MR. DEPUTY CHAIRMAN: Do you want a ruling Mr. Kapoor?

SHRI JASPAT ROY KAPOOR: I do not want that the whole report should be made available to us. My other friends, particularly Mr. Bhupesh Gupta, have been too kind to me and want something more than what I wanted. I for one would be perfectly satisfied if I have some time to look into the recommendations placed on the Table. If the consideration of this Bill is put off for a couple of hours, it will be enough for us.

PROF. G. RANGA: It should be supplied to all the Members. Otherwise, there is no point in discussing the Bill.

SHRI JASPAT ROY KAPOOR: The implication of my point was that hereafter it should be made clear to the various Ministries that it is not open to them to deny us the privilege of looking into the reports on which Bills are based.

MR. DEPUTY CHAIRMAN: If you want a ruling, I will give it. The rule is quite clear.

SHRI B. C. GHOSE: We do not want the rule. We want that proper courtesy should be shown to Parliament.

MR. DEPUTY CHAIRMAN: The rule is quite clear. I cannot compel the hon. Minister. It is only when he quotes any report that I can compel him to place it on the Table of the House.

SHRI JASPAT ROY KAPOOR: While it may not be open to the Chair to compel a Minister to do a particular thing, certainly it is open to the Chair to say that the consideration of a Bill shall not be allowed until a certain thing is done. It is then open to the

Minister either to accept the suggestion or not accept it.

MR. DEPUTY CHAIRMAN: I am sorry I cannot say that. I am also guided by the rules.

SHRI B. C. GHOSE: You can give expression to your opinion about the desirability of a certain thing. My only point is that this should have been done by the Minister more gracefully. If we take up this Bill at 2-30 P.M.

MR. DEPUTY CHAIRMAN: We will take up this Bill after the next Bill.

SHRI KANHAIYALAL D. VAIDYA (Madhya Bharat): Copies should be given to all the Members.

MR. DEPUTY CHAIRMAN: Three copies are placed on the Table.

THE INDIAN TARIFF (AMENDMENT) BILL, 1955

THE MINISTER FOR COMMERCE (SHRI D. P. KARMARKAR): Sir, I move;

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

Sir, this Bill seeks to amend the Indian Tariff Act, 1934, by making certain changes in the First Schedule to that Act in order to give effect to Government's decisions on the recommendations of the Tariff Commission regarding protection of certain industries. As the House will have noted from the Statement of Objects and Reasons attached to the Bill, the Commission's recommendations involve the grant of protection for the first time to the industries engaged in the manufacture of caustic soda and bleaching powder, dye-stuff, automobile sparking plugs and automobile hand tyre inflators, the continuance of protection to the stearic and oleic acids, oil pressure lamps and cotton textile machinery industries, and the

ISHRI D. P. Karmarkar.] exclusion of tin rollers from the protected categories of cotton textile machinery.

Copies of the Tariff Commission's Reports on all these industries and of Government's Resolutions thereon have already been laid on the Table of the House. Hon. Members must have studied those documents and I need not, therefore, go into details and shall make only a passing reference to some of the important aspect of these industries.

Sir, I shall first deal with those industries which are being protected for the first time. Of the four industries coming under this category, caustic soda and dye-stuff industries are basic industries of considerable importance to the economy of the country. To take the case of dye-stuff industry first, the Commission have expressed the view that this industry should, in the national interest, be established in the country and developed on sound lines and the protection or assistance given to it so adjusted that the burden placed on the consumer is limited to what is strictly necessary for promoting and developing the manufacture of dyes. They have pointed out that the industry forms a nucleus around which the organic chemical industry can be expected to develop and that its progress is linked up with the development of other essential chemical industries, such as the heavy inorganic chemical industry and the coaltar industry on the one hand and the fine chemical and pharmaceutical industry, explosives, synthetic plastics and solvent industries on the other. The products of this industry will contribute to the strength of national economy in times of peace, and the industry can also be readily adopted to the production of defence materials in the event of a crisis.

MR. DEPUTY CHAIRMAN: You can continue afterwards. The House stands adjourned till 2-30 P.M.

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

The House reassembled at 2-30 P.M., MR. DEPUTY CHAIRMAN in the Chair.

SHRI D. P. KARMARKAR: Mr. Deputy Chairman, when the House rose I was dealing with the first of the protected industries. Now I come to the manufacture of caustic soda, including bleaching powder and bleaching paste, which is an important branch of the heavy chemical industries based on salt. Caustic soda has its main use in the country in the manufacture of soap, textiles, papers, oil refining, vanaspati, explosives and other chemicals. It is also used in the rayon industry which requires a special grade of purity. Bleaching powder is used as a disinfectant and in the manufacture of organic and inorganic chlorine compounds. The Tariff Commission's recommendation for the conversion of the existing revenue duties on caustic soda into protective ones does not involve any additional burden on domestic consumers. The main ground urged by the Commission in favour of their proposal to impose a protective duty of 15 per cent, *ad valorem*, on bleaching powder and bleaching paste is that they offer an important outlet for chlorine which is obtained as a bye-product in the electrolytic process of manufacture of caustic soda and that it is essential for the progress of the electrolytic caustic soda industry to afford all possible encouragement to the development of industries using chlorine.

Sir, let me now come to the automobile sparking plug and automobile hand tyre inflator industries. A sparking plug is a vital component as hon. Members know, of an automobile engine, its function being to initiate combustion in the engine. The Tariff Commission's enquiry covered all specifications of sparking plugs in 14 m.m. and 18 m.m. sizes, including resistor types but excluding integrally screened types. After estimating the lowest landed cost of sparking plugs of U.K. origin with the fair ex-wonts

price of indigenous products, the Commission have recommended a high rate of protective duty, namely, 92½ per cent, *ad valorem*. The Commission have expressed the view and Government agree with them that this enhancement of duty will not lead to any increase in the selling price of a motor vehicle or to any significant increase in its running cost. Substantial progress has been made for setting up a sparking plug industry in the country and the programme of manufacture of the Motor Industries Company, Limited appears to be technically sound and its implementation will lead to the complete manufacture of sparking plugs by the end of 1957. The Commission have emphasised the serious handicaps which the infant domestic industry has to contend with in introducing its plugs in competition with well-known foreign brands and have urged that unless adequate protection is assured to the infant industry, it will not have sufficient incentive for implementing fully its manufacturing programme and for undertaking further necessary investments. As, however, production has been much too small to make a fair assessment of the quantum of protection, it has been suggested by them that protection be confined for the time being up to the 31st December, 1955 and that a further review should be undertaken before that period. The Commission's recommendation has been accepted by Government.

With regard to the automobile hand tyre inflator industry, the Commission have observed that the industry supplies an important accessory of motor vehicles and that given adequate protection, it will be able to consolidate its position and expand production so as to reduce its costs. It is also their view that there is sufficient internal competition in the country to ensure that the benefit of reduction in cost eventually accrues to the consumer.

Now I come to the second part of the Bill, namely that relating to the

continuance of protection to the three industries, namely, stearic and oleic acids, oil pressure lamps, and cotton textile machinery for another three years, that is to say, till the 31st December 1957.

Apart from extending the period of protection, an alternative specific duty of eight annas per pound is being imposed on oleic and stearic acids. The *ad valorem* duty of 31½ per cent, does not afford adequate protection as foreign suppliers are able to neutralise the effect of protection by price manipulation. Derivatives of stearic and oleic acids are being included within the scheme of protection on the ground that the production in the country of these derivatives will help to increase the domestic demand for stearic and oleic acids. The acid content of these two acids in the scheme of protection is also being increased from 60 per cent, to 70 per cent.

In the case of oil pressure lamps, the scope of protection which has hitherto been restricted to such lamps with candle power of 100 to 400, all sorts, is being extended to oil pressure lamps, hurricane and hanging types, irrespective of candle power. The need for such extension is two-fold, first, given some encouragement, domestic manufacturers are in a position to produce all the high-power pressure lamps also; and secondly, the limitation of candle power gave rise to considerable administrative difficulties.

As regards cotton textile machinery, tin rollers are being excluded from the scheme of protection as indigenous tin rollers are cheaper than foreign tin rollers and this section of the industry is not affected by foreign competition to any material extent. Protection is, however, being extended to fluted rollers of all kinds and not merely to fluted rollers used in cotton textile spinning ring frames. Similarly the protective rate of duty of 10½ per cent *ad valorem* is being made applicable to looms of all kinds—cotton, silk,

[Shri D. P. Karmarkar.] rayon etc.—because they differ but slightly from each other. Sir, I feel I need not take the time of the House any longer at this stage—Hon. Members, doubtless have I acquainted themselves with the elaborate Tariff Commission's Report and I shall be only too happy to try to explain or clarify such points as may be raised in the course of the debate—Sir, I beg to move.

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."

SHRI KISHEN CHAND (Hyderabad): Mr. Deputy Chairman, when we are considering this Indian Tariff (Amendment) Bill, consisting of various items on some of which new protective duty has been imposed and on some old duties have been continued and in certain cases it is being enhanced, we have really got to examine very carefully and see whether in arriving at these figures the Tariff Commission have taken due note of the requirements of the consumer. Sir, this is an old question, this question of the requirements of the consumer and of the manufacturer. We know, and it has been often said in this House, that the prices of agricultural goods are coming down and the prices of manufactured articles are going up slowly and gradually. Government have made promises in this House that the prices of manufactured articles would be brought down. Yet, what do we see in this Bill? In this Bill, certain articles which go into the manufacture of consumer goods are being given extra protection at fabulous rates and the result will be that the prices of those articles will go up and with them there will be a rise in the price of manufactured articles to the con-

sumer, like soap, textiles, silk, paper and so on. The result will be that the prices of these manufactured articles will be higher. Therefore, before we pass such a Bill as this, we have got very carefully to scrutinise the basis and the grounds on which the Tariff Commission have arrived at certain results and made certain recommendations. Sir, I am not criticising the Tariff Commission; but I may at the very outset say that it does not consist of experts. It does not consist of persons who have had experience of manufacturing lines; but it often consists of civilians or sometimes of armchair politicians who have had no experience of industry.

SHRI D. P. KARMARKAR: We do not admit any armchair politician there.

SHRI KISHEN CHAND: Sir, the result is that they are entirely guided by the facts and figures supplied by the industry. I will illustrate my point by one concrete example.

I will first refer to the Report of the Tariff Commission on caustic soda and bleaching powder industry. If you see that Report, you will find that there are nearly six factories producing caustic soda in our country and if you see their cost structure, you will be amazed to find that there is a difference of nearly 50 per cent, in the cost of production of certain companies as compared to others. I shall give exact figures. For instance, they say that the fair ex-works price, exclusive of allowance for unutilised goods is Rs. 488 in the case of the Travancore-Cochin Chemical Works and Rs. 835 in the case of Tata Chemicals by the chemical process, while it is Rs. 692 in the case of the D.C.M. Chemical Works. From Rs. 488 to Rs. 692, there is a difference of nearly Rs. 204 which is 40 per cent, of the price of the product of the Travancore-Cochin Chemical Works. I give this illustration to point out that this whole study has been based on figures supplied by the

factories concerned. If the Tariff Board had made enquiries into the cost of production, say in U.K. or in U.S.A., they would have been better able to compare the cost of production in our country and find out the reasons why the cost of production is high in our country. Caustic soda is a cheap chemical and all companies engaged in its production know the know-how and the entire process of its manufacture. There is no secret process involved in it and there is no technical know-how which our countrymen do not know. I do not know why the price of caustic soda produced in our country should not be lower than the price of caustic soda produced in any other country. While we can produce caustic soda in our country at a price of Rs. 488, which means Rs. 24 per cwt., the landed cost of the caustic soda imported into the country is not less than Rs. 28 per cwt. That being the position, I do not see any reason why, by giving protection, the price of caustic soda is being increased to Rs. 37 per cwt. I want you to remember the three figures: the cost of production in the country is Rs. 24, the landed cost is Rs. 27 whereas the price fixed is Rs. 37. This has been done arbitrarily because one or two factories are running badly or inefficiently or they have given wrong facts and figures to the Tariff Commission and the Tariff Commission has accepted their figures. You should take the cost of production in the best managed factory and then compare it with the foreign article. What they do is, they take Rs. 835 per ton—which is Rs. 41 per cwt.—as the cost of production in India, the result of which will be that the Travancore Chemical Works will gain a cent-percent, profit if the protection is given. At the cost of the consumer, they will make a cent-percent, profit. If Tata Chemicals cannot produce caustic-soda at Rs. 539 per ton, they should have closed down and allowed the Travancore concern to double its production. My contention is that while giving protection we should be guided by the most efficiently managed con-

cern. What should be the criterion fixing the prices? Should it be the badly managed factories or the best managed factories or somewhere near the middle or towards the lower side? Therefore, it brings me back to my original contention that it should be the interest of the consumer especially when these articles are being utilised in the production of consumer goods. It is not only a question of this particular industry but of many other industries which are going to utilise the products of this industry. Only recently, while we were discussing the Budget, Members pointed out that the price of paper was going up and that the price of soap was going up. This was the objection raised but at that time they did not know that this was due to the price of caustic soda which was being arbitrarily inflated by giving protection. Therefore, in the case of caustic soda, I will submit that the protective duty suggested in the Report is too high. Although no amendment has been sent in, I would request the hon. Minister to reconsider the question. When he is fixing the rate of duty, he should go by the cost of production of the best managed factories, that is, where the cost of production is Rs. 24 per cwt. which is 10 per cent, lower than the landed cost of caustic soda in our country. The result will be that this industry does not require any protection as we can produce caustic soda in our country at a price which is comparable with the price of imported caustic soda. I would heartily welcome the day when we would be in a position to export caustic soda to other countries which cannot produce it as cheaply as we can because, in the case of caustic soda, the principal raw material is salt, in which our country is self-sufficient; we are exporting salt to other countries. The other thing required is electric current. When we find huge hydro-electric schemes coming forward and when we are going to produce electricity at a cheap rate, is it advisable that we should cramp our market by imposing these import duties and not allow the

[Shri Kishen Chand.] best and most efficiently managed concerns to progress and advance? Otherwise, you will be subsidising the inefficiently managed factories and the result will be that there will be no incentive for better management and for better utilisation of raw materials in our country.

I now come to another industry, the dye-stuff industry, in which case there is a Report of the Tariff Commission. The Products of this industry are used by the handloom weavers. They dye the yarns and so it is specially required by them. The Mills often make white bleached cloth but the handloom weaver is entirely dependent on coloured yarn. Therefore, when we are considering the dye-stuff industry, we have to be very careful whether by this protection we are not raising up the price of dye-stuffs to such an extent that the poor weaver is forced to use indigenous dye-stuff of an inferior quality, of not so fast a colour. The result will be that his products will not be up to the mark and he will lose the market. Sir, we are unnecessarily tempting our poor weavers to use inferior local dye-stuffs because the disparity in price is too great. You know that the price of handloom cloth is generally low and there is stiff competition. In spite of this stiff price competition, you raise the price of the dye-stuffs by helping the inefficient concerns. I do not want to give you a detailed statement of the facts as it is all in the Report. Even if I read a few passages of the Report, it will tire the patience of the House but there is no denying the fact that the dye-stuff industry is an old industry, that the technical know-how of it is known to our countrymen. The principal raw material of this industry is available in our country. Coal tar and Lome other waste products from the gas works are all that we require. We have both of them in plenty and that being the case, I do not see any reason why we should not be able to run the industry on a competitive basis for our benefit. Here again, I would request

the hon. Minister to considerably reduce the duty on the dye-stuffs. It is of the order of 20 to 25 per cent, *ad valorem*. Though this percentage seems to be small, in view of the fact that the price of dye-stuffs is very high, even this 20 per cent, protective duty may mean a considerable increase in the price and, consequently, in the price of handloom cloth made out of it. Then, Sir, I come to other items where the protective duty is being maintained at the present level, namely, "oil pressure lamps, hurricane a.-d hanging types, irrespective of candle power." It is 31½ per cent, *ad valorem*. You know, Sir, that this industry first started in our country at the time of the First World War, round about 1917. During the Second World War it had a great fillip. The result was that a large number of factories grew up and at present there are a number of factories which are not able to run even at half their productive capacity because there is not enough demand. Their cost of production is sufficiently low so that they can compete in the market. By giving this protection we are arbitrarily raising the price of these hurricane lanterns and lamps. The result is that the sale goes down and when the sale goes down naturally many factories have got to remain practically idle and when they do not work to full capacity their cost of production goes up. Our Government has no policy, when they are licensing any industry, to take good care that there is a balance between production and consumption. If you permit too many units, the result is that the production is in excess of demand and if a factory has to run at half its full capacity the result is that, certain items in the cost remaining constant, the price goes up. It is an irrelevant matter but I may point out the un-envious position of the motor-car industry. You compare the price of motor-cars in foreign countries and in our country. The disparity is entirely due to too many units producing too small a number of cars. Similarly in the hurricane lamp industry there is no need for the protective duty. You

reduce the number of factories which are producing hurricane lanterns and allow the remaining factories to produce to their full capacity. The result will be that you will be able to bring down the price without any protective duty.

•- Then, Sir, I want to speak about the stearic acid and oleic acid. In this case also the protective duty is very heavy, 31 per cent, *ad valorem*. It is a bye-product of the soap and *vanas-pati* industry. If these factories are run properly they can take out these acids from the waste products of their factories. Simply because some factories are not properly utilising their waste products the price of these acids is high and to retain and maintain that high price, our benign Government comes forward and gives them a protective duty.

Then, Sir, in the case of sparking plugs the hon. Minister very nicely said that increasing the protective duty to 92 per cent, may increase the price of indigenous sparking plugs but it will not materially affect the price of the motor-car. I agree that his statement is quite correct, namely, that an increase in the price of a particular part may not materially affect the price of the motor-car, but if you extend this protective duty of 92 per cent, to all the parts and if you take into consideration all the parts together with the increase in their price, the result will be that the price of the car will be double. And this is what is happening. I submit, Sir, that sparking plugs, normally, in any car, should be changed after every 8,000 or 10,000 miles. It is a recurring expenditure and if you have got a six-cylinder car you will require six sparking plugs every three or four months. If the price of the sparking plug rises from Rs. 2/8 to Rs. 5 naturally the maintenance expenditure goes up. And what is difficult in a sparking plug? It is the simplest possible thing and it can be easily made in our country. When it is being

made in our country, why should we give a heavy protection so that the price to the consumer becomes excessive? No doubt we want the indigenous industry to grow. We do want to give full support to it and yet we do not want to encourage inefficient industries. We do not want, under the garb of national industries, to help any and every factory whether efficiently or inefficiently managed, irrespective of the fact whether the consumer suffers or not. When the price of agricultural commodities has come down, the agriculturist has to pay heavily for the industrial goods.

I submit, Sir, that every six months we get a Tariff (Amendment) Bill consisting of a large number of figures. Hon. Members may not know the history and the background behind it. In one case the duty is slightly raised; in the other case it is slightly lowered. But there should be an over-all picture. What is the result of all these Tariff (Amendment) Bills? The over-all result is that the price of manufactured articles is going up without benefiting the industry because it is encouraging the inefficient industries.

Sir, I will finally request the hon. Minister to reconsider this Tariff (Amendment) Bill.

SHRI H. P. SAKSENA (Uttar Pradesh): Do you oppose the Bill?

SHRI KISHEN CHAND: No, I do not oppose it. I want him to reconsider it and remodel it.

SHRI BHUPESH GUPTA (West Bengal): Sir, I want to find out a few facts from the hon. Minister and I hope in the course of his reply he would enlighten us on the facts that I want.

Sir, we are told here that protection has been given to the dye-stuff industry. I would like to know as to who are the owners of the dye-stuff industry to-day in our country. Which

[Shri Bhupesh Gupta.] are the concerns? As far as I am aware, I know that there is a big monopoly concern which had been advanced certain funds for the development of industry in this direction. I would like to know whether it is true.

Then, Sir, while supporting the policy of protection for the development and growth of our indigenous industries we would also like to know whether the benefits so given will go entirely to Indian national interests or would be available to certain other foreign interests functioning within the country jointly with certain Indian concerns. On that, Sir, no light has been thrown because you cannot make out from the names of the companies or the industries as to who are the actual owners or whether certain foreign interests have got some share in them. As far as the motor-car industry is concerned, we find that there are certain foreign elements in it and our apprehension is this that the benefit given by way of protection to this industry is to some extent nullified by the fact that the foreign interests get the advantage of it. As you knew, Sir, it is the practice of certain foreign concerns these days, in view of the policy of protection, to come into this country, start what they call (India) Limited concerns together with Indian interests in order to keep their financial hold and avail themselves of the protective duties and carry on business in this country. Now as far as our protection policies go, it seems that that aspect of the matter is not always kept in view. Now it is well and good to develop indigenous industries and every possible encouragement should be given to them in deserving cases. But, at the same time, while giving protection to such industries, steps should be taken, if necessary by legislative enactments, so that the foreign interests intermixed with them are not in a position to derive any benefit from such protec-

tion. Secondly, it is also our view that while giving protection the Government should take into consideration that it is necessary to at least weaken the grip of the monopoly concerns on our economy. Sir, we give protection to them and they take advantage of this protection and under the cover of the wings of protection they keep the consumers, retard the development of industries in our country and carry on their profiteering business. Now that we are giving protection we should be concerned with the guarantee against such malpractices on the part of these concerns. 3 P.M. Then we do not know exactly how the industries are progressing. Every year we get certain Bills before us extending the protection. Not that we have any quarrel with them. As I have told you, we are in favour of giving protection to certain indigenous industries for the development and expansion of our economy. At the same time we want to know exactly how the business is getting on—not about the profit that is being made—but how the indigenous industries are developing under protection. The motor industry, for instance, is one where we have a very big stake. It is being given protection year after year. Every time we ask the question as to how the indigenous element in the industry is progressing, we are told that 60 per cent, of the motor car—shall we say, Hindustan Motor—is indigenous and 40 per cent. European. We are being told this story for the last three years. Now, the proportion should change. If we are giving protection we should see that the proportion changes progressively. A certain high dignitary of State was presented a Hindustan 10 car in a certain Raj, Bhavan in a certain State and this was published in the newspapers telling the public, "how fine we are getting on! The car is made of 60 per cent, indigenous parts and only 40 per cent, of the parts is foreign." Then after two years or so we asked a question. I think the hon. Minister himself was there and he gave the same figures. I think there should be some progress.

The vehicle should be moving a little as far as protection is concerned. We expected the Government to tell us that the indigenous element has grown, but they did not tell us anything of that sort. It is necessary to check up whether protection is being taken advantage of for profiteering or for unholy combinations between Indian and foreign interests to make easy money or whether it is being utilised for the development and expansion of Indian economy. The gentlemen who give protection on the other side do not protect the public or the country's interests against such malpractices on the part of the monopolists and that has been one of our long-standing complaints and I repeat it here because I know for certain from some of the workers who are employed in those protected concerns that nothing at all is being done to ensure whether things are really becoming indigenous and whether our national interests are growing in such concerns. Therefore I would like the hon. Minister when he gives the reply to throw a little more light on the subject. It seems to be a little bit of State secret when we ask such questions, but I think the time has come—when the question of industrialisation of the country is being mooted, and mooted somewhat seriously, in the Second Five Year Plan—when the Government should elucidate its policy of protection and tell us to what extent modification is being sought in **order** to bring it in line with the declared aims of industrialisation of the country.

Then, Sir there is the question of prices. That is also a very important factor. You can give protection but you have to see that under the protection these people who are in the business do not enhance the prices or keep the prices at a very high level. Mention has been made of the soda ash industry and caustic soda. Its price is high. We would like to know what steps the Government has taken by way of at least considering the

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various proposals that have been made for reducing the prices of such articles which we so direly require for our economic reconstruction and also for the needs of the people. We did not get any facts on that score from the Government.

Sir, only a few items are included here and I do not wish—I can go beyond them but I do not wish—to go beyond them at this stage. I would therefore like the hon. Minister when he speaks to enlighten us as to how this protection policy is conceived and what are the arrangements for checking as to how the protection is being used by the industrial concerns. Sometimes, they are bullied into giving protection and the consumers' interests are not taken into account. We want even Mr. Birla's concerns to be given protection—I make it very clear—against foreign concerns. Let there be no doubt about it; because if that industry grows in this country even under persons such as those, we do not mind, since we want industrialisation of the country, but at the same time we would like to know what steps the Government is taking in order to regulate the prices and to ensure that the industry functions in consonance with the broader interests of the industrial progress of the country under economic reconstruction. The Second Five Year Plan does not throw much light on the subject. There is not much said in that Plan frame, as it is called today about the protection policy of the Government which is the most vital and important factor in our economy and therefore we would like to know something about it.

Lastly, I would like to know whether Atul Products would get any benefit out of this protection that you are extending here and whether some moneys have been advanced to that particular concern. You are giving protection; you are giving money: do it by all means if it is in national interests. But we want to know what steps are being taken to ensure and

[Shri Bhupesh Gupta.] safeguard national interests against profiteering and other malpractices on the part of the owners of such concerns.

DR. A. R. MUDALIAR (Madras): Sir, I should have thought that the speech of my hon. friend could have been well delivered about a decade back. It would have been much more relevant to the conditions that existed in 1945 than it is to the condition that exists today.

SHRI B. C. GHOSE (West Bengal): The hon. Member was Minister in (bargh) then.

DR. A. R. MUDALIAR: It would have helped the hon. Minister then in charge of the department. Today it is well known that the controls that are exercised by the Government, particularly the Commerce and Industry Ministry, spread over a variety of matters and are closely connected with those aspects of the question which my hon. friend thought were not favourable to the interests of the public.

First of all, with reference to the participation of foreigners in concerns which are established in this country, the permission of the Commerce and Industry Ministry of the Government of India is required before any such combination can be effected and before any foreign interests can be allowed to take part along with Indian interests in the formation and establishment of any company, especially for manufacturing purposes. For no other purpose it is allowed. Secondly, the quantum of interests which the foreign element can have is regulated when permission under capital issues is given. Thirdly, the share in the management that the Indians should have is also specified and is regulated by the Ministry. There are industries to which Indians are yet foreign, in which they have I

not got the technical assistance and I for such industries it is essential that foreign technical collaboration must be had, unless we are prepared to continue without the establishment of such industries. And if that foreign collaboration can only be had by permitting foreign interests to take a share in the capital—a minor share—I see no objection to that.

Secondly, from the point of view of Indian capitalists or Indian investors themselves, merely to pay a royalty for know-how is not satisfactory and the Indian investor wants that some amount of capital of the foreigner should also be involved in the risk that is undertaken by the industry so that not merely the know-how at a particular time but the continuous know-how will be available so that the manufacturing concern can be fostered in the early days properly and safeguarded. Therefore it is considered essential in some of the more complicated modern industries which have yet to be established in this country that such foreign collaboration is necessary even from the capitalists point of view.

My hon. friend talked about the prices not being controlled or the manufacturing programme not being adhered to. I do not know much about the particular instance that he gave but I should be very much surprised if two years ago that particular concern said that it was manufacturing 60 per cent, of the composite articles of a motor car and today it remains the same. But I know this that in every industry which is granted permission the Government of India lays down a programme of gradual manufacture of local parts, sees to it that the industry keeps to that programme, gives licences for imported parts only up to a limited extent, and revises the value of that licence year after year so that in the case of one industry if the licence was given for about Rs. 100 per unit, in the next year it is reduced to Rs. 85 and in the third

to Rs. 70 and so on so that it is anteed that a certain amount of manufacture progressively takes place. I can only say that it is the it of the Government that all these ts have not been elucidated to my n. friend.

Then, Sir, about the price level to which my hon. friend referred. There is a continual watch on the price level and on the prices as the indigenous products are being manufactured, as they replace the foreign products, the foreign parts. As the customs duty on the foreign parts is thereby saved, the price has to be brought down and the Government of India through the Commerce and Industry Ministry keeps a careful watch on the price factor also and calls for the manufacturers from time to time and asks them what price they have reduced the unit by. I can give instances, but I think I will be trespassing on the province of my hon. friend, the Minister.

PROF. G. RANGA (Andhra): The Tariff Commission also helps.

DR. A. R. MUDALIAR: That would come within the province legitimately of my hon. friend; but I know of manufactures where this process has been gone through.

Then, the Development Councils have been set up in various industries and one of their functions is to look at the progress of manufacture that has been attained; the pace at which local manufacture in the place of imported parts has progressed; and also the value, the cost price or the selling price of the articles to the agents or distributors. There may be here and there some difficulties or some lacunae, but I can assure my hon. friend that from the point of view of those who are managing the industries the control by the Government of India is absolute. They have no complaints about that. In some cases it has helped them to more rapidly industrialise, to more rapidly build up the component parts in this country than they

would have otherwise. If there is pressure is there constant from every quarter of the Development Councils and whenever they go for licences for importing parts, I think it is fair to say that they have been left in the open of manufacturing industries decided by or that the consumer is the mercy of the manufacturer in this country.

My hon. friend spoke about completely Indian capital industries being established on that basis. Sir, I had a fairly good time in the province and I have come back and more, apart from my affiliations to Bengal, I have the earliest political roots among people who may not be honoured in Bengal, but I have known Bhupendranath Basu

who were giants in those days, who have now fallen so low that they do not even have their esteem. The anniversary of Swadeshi, there was hundreds of people gathered together. And yet those were the youth of my days. I would only like to say that industrialisation is a foreign thing to the Bengalees. They have come and established themselves? At one time that the British had them; at another time was that another and established themselves. I do not want to name the companies. The Bengalees have established the industries. One industry which has brought name and credit to the province of Bengal, that is the chemical industry. It is because this spirit of exclusion, of themselves with any other progress in the Bengalees province. And I would like to say to him to have a

e. The almost whenever meet for licence I do not these have that manu- the consum- at the in this

about com- dian indus- his country spent a moved Pro- like it more by political because my ions are of be so much like Suren- sh Mukerjee; who were who have now is none to do day at the anath Baner- a crowd of ered together. idols of the of mine. And I this: why is it is almost a Bengalee? Others established them- the complaint was had established the complaint munity had come I do not want city. But why are coming forward to ies? There is only has brought name province of Bengal, and pharmaceuti- it is because this against associating foreigners or with is there that the rialisation by the was not taken place. al to him to have a

[Dr. A. R. Mudaliar:] somewhat larger view in the interests of the country; in the interests of the consumer; and in the interests of the industrial development of the country. Whosoever comes and puts his capital, upto a limited extent, under the control of Government, the people that are employed can only be Indians. Even the foreign technicians have to be replaced after a certain number of years, because the Government will not give them permission to stay on for ever in this country. And, therefore, it is in the interests of the country that these industries should be established.

SHRI BHUPESH GUPTA: What about throwing the Britishers out from Bengal? What do you think of that?

DR. A. R. MUDALIAR: I do not see the light with reference to that question! However, I should like to say that a conspectus of the whole structure of industrialisation should be taken into account before we try to find fault with this or that. We are still in an age when we want some helping hand from abroad for many of our industries. In the Second Five Year Plan there are many industries which have yet to be established. Let us not, therefore, take the same narrow view, that we should have complete one hundred per cent. Indian capital, that we should have one hundred per cent. "Indian technical know-how". It has been clearly laid down that no company would be permitted to be floated with foreign participation where the "technical know-how" is known to Indians. I do not think the Commerce and Industry Ministry will give permission for any textile mill for instance to be established in this country with foreign participation. They examine it most carefully. They give such permission after the best thought. They have trained experts, technical advisers, who advise them whether the industry can be established or cannot be established without certain foreign help and foreign technical know-how.

Sir I had not intended to interpose in this debate, but the somewhat suggestive comments of my friend—I would not say provocatively—have dragged me to my feet. And I would only like to apologise to the House, as I have to go to elsewhere for another engagement; and I should not be considered to be discouraged to the House if I am not able to stay here much longer.

SHRI H. P. SAKSENA: Sir, if a person here in this House opposes protective duties on indigenous manufactures, on the eve of the introduction of the Second Five Year Plan, he is not a patriot I should say with the greatest emphasis at my command. Now, this is an earnest of what the Second Five Year Plan is going to be. This step relates directly to the picture of the Second Five Year Plan. Predominantly, as we all know, the Second Five Year Plan will be a plan for the industrialisation of the country. This is a Bill for giving protection to certain manufactures. For instance, I would be happy on the day when all these clocks in this Hall are Indian, everything found in every Indian drawing room is made in India, every bit of article that we handle and use has been made inside the country. That will be a happy day and a prosperous day for our countrymen. So, to come forward and say that these protective duties would harm the interests of the consumers, to take a lame and baseless plea of safeguarding the interests of the consumers does not become of us at this hour of our industrial reorganisation. There are a few items, caustic soda, bleaching powder, some parts of motor cars, and a few others which need badly and urgently the protection that the State can give.

Now, Sir, my hon. friend, Mr. Kishen Chand, as is customary, exercised his imagination to find out some method, some ways and means to oppose the protection; and yet to say that he was not opposing the Bill. Frequently he introduces to us the idea of the loss that this protective

duty would cause to the interests of the consumer. I do not agree with my hon. friend and would like him to study further the question of granting protection to indigenous manufactures. I say, even if protection is needed to the extent of five hundred per cent, for indigenous manufactures, I would at once be ready to grant it, so that the import of foreign manufactures is stopped and stopped for ever. And then these indigenous industries have got to be nurtured and protected just as we protect our own little children, so that they may be able to grow and stand on their own legs, and all imports of foreign things may be stopped for ever and ever. That should be our ideal; that should be our objective. And having that ideal and that objective before me, I do not see any reason why we should fight shy of this little protective duty that the hon. Minister for Commerce has suggested in the Bill. Sir, this is not a matter of these items of manufacture only. Time will come when hundreds of things which we are importing today will have to be given protection, and this is exactly what the industrialisation envisages in the Second Five Year Plan. We shall be making strenuous efforts to make our own things in each and every direction, and in each and every sphere of our industrial activity; we shall be establishing factories and manufacturing our own things. Now take for instance the indigenous dye-stuff which has been condemned to such a magnitude and with such vehemence that it gives an impression that India knew nothing about dyes. I would remind you of the ancient indigo-coloured dhoties which all rural women used to wear, the colour of which never got dim; it would never get dim. No matter the cloth is torn to pieces and is reduced to rags, the colour would never fade—the indigo-colour. The colour was so fast. Now where is that industry today? It is because of the fondness for the imported dye-stuff shown by my friend, Mr. Kishen Chand, that all that has gone. We knew our dye-stuff which lasted till the cloth itself lasted. But

all that has gone. The German dyes of which my friend, Mr. Kishen Chand, is so fond, have taken the place of our dyes. So, in this matter I am very uncompromising and I long for the day when all that we use, and which is found in our own country like the carpets and the rugs of our old **and** ancient, fame is manufactured in our own country. Now I mentioned the dye-stuff industry just for the benefit of my friend, Mr. Kishen Chand, who thought that there was no dye-stuff in our country at all.

Now, so far as the motor parts are concerned, I would be very happy if the Indian Parliament, including my friend, Mr. Kishen Chand, passes a law to the effect that no motor cars will be imported into India so long as all the parts of a motor car are not manufactured in India, and till then no parts or whole motor cars will be imported into the country. Now, is he prepared to help me in the passage of that sort of enactment? I do not think he will agree, because he is a businessman of his own type and he wants to have things done in the way in which he thinks they are good, not in the interest of our country, but for the sake of his own interests. Sir, so much is quite sufficient to express my own views about these protective duties, and I support them wholeheartedly.

SHRI D. P. KARMARKAR: Mr. Deputy Chairman, I am grateful to the House for the fairly favourable reception that has been given to this measure. In fact, Sir, as you have noted, there have been very few points raised in respect of the particular industries concerned. Even my friend, Mr. Kishen Chand, while he referred to individual industries and the incidence of protective duty on the consumer, I think, was hammering more on the point that the burden on the consumer should not be more than is really justified. For instance he mentioned the dye-stuff industry. Now I need not weary the House by making any extensive references in this connection, but he will find a part of the reply at page 60 of the cyclostyled

[Shri D. P. Karmarkar.] Report. Sir, the Commission in fact found itself justified to have recommended even a higher rate of protective duty, but then, our commitments to the G.A.T.T. prevented us from doing that, and wherever it has been possible, we have always done our best to get releases in such matters.

Sir, he said something about the artificial rise in prices, and it was also questioned during the course of the debate as to what we should do with regard to the prices. Now, Sir as this hon. House is doubtless aware, one of the functions of the Tariff Commission, as provided in the Tariff Commission Act itself, is to watch prices of protected articles in order to see that the consumer is not made to suffer a bigger burden than is absolutely necessary.

Then, Sir my friend spoke something about sparking plugs. I do not know whether the experience of cars varies with occupants. He mentioned for instance that for every eight thousand miles he had to change his sparking plugs. I also happen to possess an Indian-made car, and the car has now run about 39,000 miles. But I have not had the necessity for changing the sparking plugs. Perhaps it depends not only on the car but also on the person who uses that car. (Interruption.) I wish that my friend uses his car carefully so that he has not to change the sparking plugs so often. I thought he stretched the point too much and he had an unkind word with regard to sparking plugs.

Then, Sir. I am really grateful to my friend, Dr. Ramaswami Mudaliar, who has tried in a very patient way, rather in a little more kindly way than I might have been able, to deal with all the points raised by Mr. Bhupesh Gupta. My friend, Dr. Mudaliar, said that my friend, Mr. Bhupesh Gupta, was speaking as if he was speaking a decade ago. But if I were to have my own way, I would say that he spoke as if he spoke about 4 decades back. He has given me a large assienment. Now firstly he asks me

about the rationale of protection as to why we grant protection and how we grant protection, and how we deal with concerns in which there is foreign participation, and then he mentions something about the prices. But then, Sir, I wish my friend does not mix up two things into one. Now, as my friend, Dr. Mudaliar, said, we always take care to see that wherever it is foreign personnel, foreign capital or foreign know-how or anything foreign, which comes inside the country, it comes in a manner and subject to such conditions as are conducive to national interests. Having once come in, my friend knows very well that, so far as protective duties are concerned or so far as the actual protection granted is concerned, we do not distinguish between foreigners and Indians. Now in fact, if an industry is a composite one, in the sense that there is partly foreign capital and partly Indian capital, we cannot at all give protection only to the Indian part of it. I really fail to understand my friend. Normally I try to understand my friend, Mr. Bhupesh Gupta, and many a time I succeed, out in this particular case, I must confess that I was not able to follow him. He may have his own quarrels about any foreign participation in Indian concerns, but having permitted it, how am I to differentiate between the protective duties to be levied in respect of foreign concerns and Indian concerns? If there is a motor car factory whose capital is partly Indian and partly foreign, how am I to make a distinction between them so far as the protective duties are concerned?

SHRI BHUPESH GUPTA: I understand that point. You cannot make any distinction, but when once the benefits of that protection begin to accrue, you might take measures to see that a portion of the money that they make is taken by you by taxation or by other means. That is for you to decide. That is all what I say. I see your point but

likewise you try to see my point also

SHRI D. P. KARMARKAR: I thought that his worry was about the quantum

of protection, but my friend's worry seems to be how to take something from somebody. It is a field in which I cannot compete with him. That is a point which will be relevant only when we decide on how much the foreign participants should be allowed to take to their own country, but that is entirely another matter, but I fail to see how, having allowed foreign participation in a local industry, we can differentiate between an Indian and a foreigner, in so far as the industry is concerned and in so far as the profits from that industry are concerned.

Then he wanted a few details about some things. I wish he tables a question. I would not like this to be taken as the Question Hour. If he is interested, let him table a question.

SHRI BHUPESH GUPTA: Sometimes questions are disallowed, you know.

SHRI D. P. KARMARKAR: That is a clever way of getting over disallowed questions. If a question is irrelevant, naturally it will be disallowed, but I must resist the temptation of succumbing to this way of answering questions which perhaps have been properly disallowed. I might perhaps tell him, if this is of any use to him, that out of the 12 dye-stuff manufacturers, two have foreign collaboration. Sir, as I said earlier, the question of foreign collaboration is not strictly relevant to the subject-matter under discussion.

SHRI BHUPESH GUPTA: What about foreign collaboration in the other industries mentioned in the Bill?

SHRI D. P. KARMARKAR: I wish he had put all these questions in his principal speech, so that I might have come prepared. I have not got here all the materials about all the important industries with which we are dealing.

Then he mentioned something about the Second Five Year Plan. As I listened to his speech on this Bill, I became a little impatient. My first reaction, as I heard his speech, was that the only documents that he had

not read were the documents connected with this Bill. When he asked, "What are you going to do about protection in connection with the Second Five Year Plan?" I was tempted to think that he had not cared to read the documents connected with the Plan also. He has, in the midst of his other preoccupations, not had the time to read anything about the Second Five Year Plan either, because no one would expect that there should be a special chapter in it about the quantum of duties to be imposed and the protective measures that would be necessary during the period of the Plan.

SHRI BHUPESH GUPTA: I have read the document. What I said was that the Second Five Year Plan puts the emphasis on industrial expansion and development. Naturally that development has to be put on an independent foundation. It was in that connection that I referred to duties. I have read all your Plan documents, whatever they mean.

SHRI D. P. KARMARKAR: It is rather difficult to understand the hon. Member. When an hon. Member like Mr. Bhupesh Gupta asked me, "What have you done about protection in connection with the Second Five Year Plan?" I must tell him that the policy of protection was there before the First Five Year Plan, that it will continue during the Second Five Year Plan, the Third Five Year Plan, the Fourth Five Year Plan and any number of Five Year Plans, so long as indigenous industries are in need of protection. If my friend is really anxious to know whether our policy of protection will continue during the currency of the Second Five Year Plan, I think that on that point he may rest assured that we shall continue our policy of protection with as much vigour as we have been pursuing it till now.

Then my friend, Mr. Saksena, with his commonsense approach to the problem, naturally supported the principle of protection. I have a little

[Shri D. P. Karmarkar.]

disagreement with him on a small point and that is when he said that he was prepared to grant even a 500 per cent. duty. I must differ from that proposition, because protection presupposes some essential factors.

SHRI H. P. SAKSENA: It was an individual remark relating to me personally.

SHRI D. P. KARMARKAR: There are a few principles on which our policy of protection is based. One is that within the country itself there should be raw materials for that industry. Secondly, the burden should be just what is necessary for the purpose of protecting that industry, and thirdly there should be a reasonable amount of time within which the industry should develop sufficiently well to admit of its being de-protected. Now, there have been one or two industries, *e.g.*, the silk industry, where we have had to put an enormous duty in order to help the rearing of the cocoons and the development of this industry. Such industries have been very few. If only my hon. friends will compare the incidence of the protective duty with the revenue duty, they will find that there are very few industries which bear more than the revenue duty which we have to impose on all imported goods. In a large number of cases, the Tariff Commission did not find it necessary to take any action beyond confirming what was a revenue duty as a protective duty for a certain period of time.

Sir, finally I should like to make a brief reference to another point sought to be made by my friends, Messrs. Kishen Chand and Bhupesh Gupta. Their point of view was that this protection that has been given at the cost of the consumer has not been justified by the industry as such. Sir, anyone who has had an occasion to visit some of our factories will have seen that our industries, even as compared with the industries in some of

the very advanced countries, have been doing well. I wish my friend, Mr. Gupta, would pay a visit one day to the Hindustan Automobile Factory. He will have no difficulty in getting access to that. If he has any difficulty, I am prepared to help him. During my next visit to Calcutta, I am even prepared to go with him. Many of our industries, in big or small units, have been doing very well, and in fact we have found it unnecessary to continue protection in a big range of industries. Take for example our bicycle industry. Five years ago it was in a nascent stage, but now we expect that in a couple of years we will be able to satisfy not only our own internal requirements but we have every hope of exporting bicycles to other countries. The House may like to know that our Diesel engines, have been exported to Germany, maybe by way of sample. Sir, there is absolutely no reason for us to be despondent about the industrial progress that the country has been making. That progress has fully justified our policy of protective duties in the past and justified also this and similar measures that have been brought before the House.

Sir, I would not like to abuse the indulgence of the House by keeping its attention on points which it is not necessary to deal with. There was one point, however, which I have to refer to, because it almost amounted to a kind of reflection on the way the Tariff Commission works. My hon. friend Mr. Kishen Chand appears to be working under a sort of misapprehension. Sir, I wish he had, without making general remarks, invited our attention to specific portions of the Tariff Commission's Report where their judgment had been found to be faulty. Sir, when we choose the members of the Tariff Commission we choose them with the best possible care and they hold public enquiries. They are not private enquiries and any one can go up before the Commission and tender evidence for what it is

ivoith. They consult not only the pro-iucer, but also the consumer, they consult all the particular interests; they consult everybody concerned. And, Sir, till now, in my opinion, any bodies which have given perfect satisfaction in the country, I should like to mention that the Tariff Commission is one. In fact, the Tariff Commission's work has evoked appreciation not only of the interests concerned, but of all sections alike. Whereas we would welcome any constructive suggestions from my hon. friend Mr. Kishen Chand or people who think like him, it would be unfair to the members of the Commission to say, as my hon. friend allowed himself to say, that they are armchair politicians. Surely we have not made the Tariff Commission a menagerie of armchair politicians or of any other politicians. We choose the members for their capacity. One of them is an economist, another is competent in administration and so on. It is like that. If my hon. friend is aggrieved with a particular choice, well, Government will certainly consider any rational suggestion on any point.

Then my hon. friend mentioned another point and that was about various units differing in their costs of production. As my friend knows, certain units work under a handicap and their cost of production is higher. Certain other units have other advantages and their cost of production is lower. We have taken the average cost of production. If he consults the relevant portion of the Report on this particular subject to which he referred—pages 61 to 63 of the cyclostyled copy of the Report—he will find it is neither the Tatas nor the Delhi Chemicals prices that have been taken into consideration, but they have tried to work out the average cost which is reasonable in their opinion, after taking into consideration the import duty and the landed cost of the foreign production.

Sir, I have dealt with most of the important points that arose in the course of the debate. I very much

appreciate the points raised here because it gives us an opportunity to clarify points which obviously need elucidation. Regarding the merits of this measure itself, regarding the desirability of protecting these industries or the quantum of it, almost all the speakers have generally given their support and I very much appreciate the same.

Sir, I have nothing more to add.

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: Now we take up the clause by clause consideration of the Bill.

There are no amendments.

Clauses 2 and 1, the Title and the Enacting Formula were added to the Bill.

SHRI D. P. KARMARKAR: Sir, I move:

"That the Bill be returned."

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill be returned."

SHRI KISHEN CHAND: Mr. Deputy Chairman, with your permission I just want to clarify a few points because certain hon. Members have misunderstood me and have really tried not to argue but have gone into personal attacks, or have made assertions. It is a curious way of arguing; when you have no arguments you simply make assertions. Hon. Dr. Ramaswamy Mudaliar began with compliments and the whole of his speech consisted of assertions, of statements, that the Government is doing this, that the Government is doing that. But, Sir, we are discussing the Tariff (Amendment) Bill in which there are specific points and we should try to

[Shri Kishen Chand.] point out the facts and figures. The costs of production, as reported by the Tariff Commission, vary to such an extent that in one factory it is 50 per cent, higher than in another. My contention is that when you are giving protection, you should take the cost of production of the most efficiently and cheaply managed factory and not the inefficiently managed factory. I asked that important question of the hon. Minister and I am yet waiting to hear his reply to it. I want his opinion. He has only said that it is the average cost. Sir, I have been a student of mathematics and I know what is meant by averages. It is quite possible that certain people may say that the average of 50 and 2 is 26 because 50 and 2 make 52 and half of that is 26, but it conveys no idea about the size. When we try to work on averages, we have got to consider the total quantity of production, and the factors why the cost in a certain place is higher and whether that is justified. My contention is that the Tariff Commission has not in its Report made this clear, about the cost of production, why in the D.C.M. it is higher than in the T.C. factory. No reason or argument is mentioned, no statement of figures and facts is there, but just assertions are made. My contention is that the manufacturers gave those figures and they were accepted. I see no reason for such big variations when the raw materials cost the same, or more or less the same.

Sir, in technical matters, we should not be led away by sentiments. An hon. Member was very eloquent about the indigo industry of the past, and of the wonderful colours that were produced by our indigo industry. Well, I am also very proud of the past Indian heritage, we are all proud of it. But that does not mean that modern science and technology have not advanced. It does not mean that modern science and technology have not evolved better scientific methods of producing synthetic dyes. The

I synthetic dyes of modern days are far superior to anything invented say, 2,000 years ago. It does not mean that when we are really arguing about the Tariff (Amendment) Bill, we should be led away by sentiments about the glorious past. It is a question whether these dye stuffs can be produced in this country. It is not a question of importing them from Germany. We can produce them. The whole question is about the protective duty and what it should be.

I

Sir, we cannot live in isolation in the world. Hon. Members are very eloquent and say that everything should be produced in our own country, that we should become completely self-sufficient and absolutely independent of all imports and that we should go on exporting, giving free gifts to the world of our exports. Sir, this is a new type of economy which is beyond my comprehension. Certain people want to be only exporters, and not importers of anything. But in our export and import policy, we should be always guided by one economic principle, namely, whether the cost of production in our country can be brought down and whether we can economically produce the article.

In this world we will have to entertain import trade. We shall have to enter into bilateral agreements; so we are bound to import certain articles from foreign countries. We cannot live in isolation and, therefore, we have got to consider these things from the point of view of this Bill and I see whether by imposing these import duties at such an excessively high rate we are not retarding the industrial progress of our country. We are going in for a second Five Year Plan. Every industry has got certain ancillary and subsidiary industries and we must consider whether those ancillary and subsidiary industries are going to benefit by this policy of protection or not. The hon. Minister should take slightly more pains to understand the points raised and then answer them. He should not give a cursory reply, a

sort of humorous reply, making a point here and a point there. This is a positive question before us. He said something about petrol consumption not going up in his car. Well, I am not concerned with the petrol consumption going up or not in his car or about the efficient running of my car. The point is that the companies insist that after every 8,000 or 10,000 miles you must change. That restriction is there and, therefore, the point that in his car he can go on running it indefinitely does not arise. On his example, he cannot say that there is no need for any sparking plug and that there is no extra cost involved. This argument is not based on scientific knowledge because he should have consulted the companies that supply the motor cars and parts and then he would have found out the real facts.

I think we are going to industrialise our country and in that connection, I think Mr. Bhupesh Gupta raised a pertinent question when he asked whether this industrialisation is going to be by foreigners in the garb of "India Ltd." or whether it is going to be genuine, cent-per-cent Swadeshi. It was said that industrialisation was going to be by the people of this country or by certain foreigners who would come with 49 per cent., well, a minority interest and so it does not matter.

MR. DEPUTY CHAIRMAN: You are repeating the arguments, Mr. Kishen Chand.

SHRI KISHEN CHAND: I think that this Tariff (Amendment) Bill should not give protection to such foreign concerns who come here and establish factories. They have got the fullest technical know-how. As they have this, they should be able to produce, with cheaper labour, with cheaper raw materials and with cheaper other things, articles at a cheaper rate than they produce in their own country. If they can produce at a cheaper rate in our country, where is the need for protection? I maintain that in cer-

tain articles we have got to build up foreign trade. We are going to build up a foreign trade in the soap industry. Ours is a country which has the largest quantity of oilseeds and oil produce. After all, in the soap industry, it is oil which is the principal raw material required. In building up the soap industry, it is very essential that the cost of the other raw material, caustic soda, does not go unduly high and, therefore, I lay great stress on the caustic soda and dye-stuff industries. The underlying idea is that our eventual goal is the industrialisation of our country. I am all for that and I do support the idea that we should give protection in so far as it helps the industrialisation of our country, but if in the garb of protection certain foreign concerns are established, those which are making huge profits and exporting those profits under various names or getting high salaried officers which does not help this country at all, then I will certainly say that it is an abuse of this Tariff (Amendment) Bill.

SHRI BHUPESH GUPTA: Sir, it is my misfortune that I always am misunderstood by the hon. Minister. I feel that only by studiously misunderstanding me he can evade many of the valid points that I make in the course of my speech. By now, he has developed that into a fine art. It would have been fascinating had it not been for the fact that certain of the important points in my speech were missed and they were deliberately clouded by such kind of humour.

When I was referring to the second Five Year Plan, it was not my intention that the second Five Year Plan should deal with the protection policy. All that I was trying to impress and evidently without success upon the hon. Minister was this that the second Five Year Plan is wedded to—we are told—a policy of industrialisation of the country, a policy of developing indigenous industries on a "vital" scale. He must have read his own

[Shri Bhupesh Gupta.] publications much more carefully than I have read them and he will remember the words of the Plan Frame as well as the recommendations of the Plan Frame prepared by Professor Mahalanobis wherein it is clearly said that the rapid industrialisation of the country should be the aim. In that context, when the second Five Year Plan is on the anvil, we are interested to know as to what is the protective policy of the Government, whether this measure or that measure would help the process of industrialisation of the country. When I pose this question before the hon. Minister, he should at least try to answer; if not answer it, he should try to appreciate the point of view. It is not an altogether un-intelligent thing. Somehow or other he has got wedded to a logic which emanates from gentlemen like Shri Mudaliar. As you have heard, I am told that I was living decades ago, that I was speaking as if I was speaking ten years before. I would have been happier if his speech had given me the slightest impression that he has lived down his past but what he spoke was exactly what was being said here when such questions were discussed in the twenties. Protection is nothing new to us. In fact, when the Swaraj Party entered Parliament, they fought for protection and even the British Government was compelled to concede to some extent their demand, but it was never their intention that the protection policy of the Government of that time should be so contrived that it would help the industrial development of our country, the industrialisation of the country. Now the hon. Minister and his friends here, who did him the good job of answering some of the points—on this subject I think he can speak better because the brief comes from these benches, from people like him. I did not get any indication of a change. I would remind the hon. Minister himself that last year, when he was speaking at the Development Council Meeting, he said that he no longer understood the question of

tariffs as a means of protecting our national industries. I think it was, if I remember aright, on the 28th November or so, and at the meeting of the Development Council. Now, I do not know if he remembers such a thing!. You have to change your protection policy, modify it to fall in line with the development of our country, in line with the plans that you have before you, plans for the industrialisation of the country. That is what we insist upon and nothing else. We totally reject the view that foreign capital should be imported into the country as equity capital, to help private investment for the development of our economy or for the industrialisation of our country. You had been playing this game for two centuries but it has not led to the industrialisation of the country. On the contrary, it has led to the exploitation of our resources, a kind of stranglehold on our economy, resulting in suffocation of the whole economy. That has been the experience of the past. We have no reason to suppose that merely because you are in power, those who are coming as private capital investors into our country would play a fair game and would help in the development of our economy. We do not expect such a thing but that does not mean that we are opposed to taking loans on suitable terms for the development of our country. That is an entirely different matter.

When you are thinking in terms of giving protection, I am against giving protection, as far as possible, to concerns or to industries which are predominantly in the hands of the British or foreign concerns. I know the difficulty; there are mixed and composite concerns like Sen-Raleigh which is a mixed one, Hindustan Motors which is a mixed concern. There are many others which are mixed. Now, we have to give protection to industry. I do say that but once we give protection, we must know as to why we are giving this protection. We are doing so because we are going to develop the indigenous sector in our industry, whether it is in the

private or in the public sector. Having given that protection, we know that benefits will accrue to those entrenched foreign capitalists whom we have not been able to eliminate. In such cases simultaneously it should become the policy of the overnment to devise measures to see that the benefits are not reaped by them, but, on the contrary, are diverted to the development of our national economy, for strengthening the Indian sector of our economy. That is how I view the matter. Exactly how it should be done I cannot go into a discussion of it here and I think, if the hon. Minister is really serious about such matters, then ways and means could be found to obviate such difficulties which may arise in view of the fact that certain foreign capital is already entrenched in our economy.

Sir, since I come from West Bengal, I think I owe it to the House that an answer to the poser that has been made by the hon. Mudaliar as to <why

MR. DEPUTY CHAIRMAN: You *ieed not go into all those details. We <re now in the third reading stage.

SHRI BHUPESH GUPTA: Another •print. While industrialisation is not •taking place in West Bengal.....

MR. DEPUTY CHAIRMAN: This is not a general discussion. We are in the third reading stage.

SHRI BHUPESH GUPTA: It is not .general discussion. All right. Anyway, now, before I sit down—since you would not like general discussion at this stage—I would say this that industrialisation of the country is retarded by the foreign elements here, particularly the British, and the policy ■of the Government which is still wedded to serving the interests of the British in the economic field, and if these two are eliminated I think that -the avenues to rapid industrialisation of the country will soon increase and

I we shall ere long become a country I highly industrialised because we have j got those potentialities.

SHRI D. P. KARMARKAR: Mr. Deputy Chairman, there is one point mentioned by my friend Mr. Kishen Chand and I should like briefly to deal with it.

Now, Sir, if I resisted the temptation of being carried into discussion more than necessary earlier, it was out of regard for the House. In fact, Sir, if my friend Mr. Kishen Chand refers to pages 57, 58, 59 and 60 of the Report of the Tariff Commission on 'caustic soda' and if he analyses the figures he will find out that the various component factors in the cost of manufacture varied under different items. For instance, he will find in the Electrolytic Caustic Soda section, in the case of raw materials, for example, 'purifying chemicals' Tata Chemicals cost Rs. 21-02; Mettur Chemicals Rs. 6-91; T.C. Chemicals Rs. 25-81 and D.C.M. Chemicals Rs. 1*49.

Then take a normal routine thing like 'packing charges'. There too it depends upon the volume of packing and the efficiency of packing. If in the case of Tata Chemicals it is Rs. 24-39 per ton, then in Mettur Chemicals it is Rs. 29.65, T.C. Chemicals Rs. 40-50 and D.C.M. Chemicals Rs. 33.

So, Sir, the various components of the cost structure vary in different establishments on account of the inherent facilities; or difficulties. Therefore when you total up the whole thing you find that the fair ex-works price per cwt. i_n the case of Tata Chemicals is Rs. 23-89, in the case of Mettur Chemicals—Rs. 33.38, in the case of Tra-vancore- Cochin Chemicals—Rs. 26*98 and D.C.M. Chemicals—Rs. 38-94. He will also find at page 60 of the Report the way in which the Commission has worked out its results. The Commission has not taken any particular figure arrived at by any particular concern in respect of any item. It takes

[Shri D. P. Karmarkar.] what it considers to be the fair prices and fair requirements. Now for instance in the matter of raw materials per ton of caustic soda it has taken it as Rs. 116; power and fuel—Rs. 276; other conversion charges—Rs. 202; depreciation—Rs. 103. Now if my friend compares these depreciation charges in the case of the various concerns, he will find that they vary. Now according to the Commission's calculations arrived at after careful scrutiny of all the fair working costs of different concerns by very competent cost accountants, it comes to the conclusion that the fair ex-works price per ton should be Rs. 663, that is to say, Rs. 33 per cwt. Now this differs from the actual cost of the various concerns. For example it is the highest, Rs. 38' 94 per cwt. in the case of D.C.M. Ohemicals. For that reason the Commission has not taken this figure of Rs. 38-94 as the fair ex-works price, nor has it taken the figure which is as low as Rs. 23-89 because Tatas manage to manufacture it at that lower price. So, Sir, that is how the Commission works objectively and computes the fair ex-works price as Rs. 33 per cwt. Now the landed cost, without duty is Rs. 23/15. The difference between this and the ex-works price of Rs. 33 per cwt. is Rs. 9/1. This difference as a percentage of the tariff value of Rs. 28 per cwt. comes to 32-37 per cent, which should be the proper import duty whereas the existing rate of duty is 27-3 per cent, and so on and so forth.

Really, Sir, it was more my consideration and respect for the House that prevented me from going into the matter in detail. My friend Mr. Kishen Chand knows that whatever comes from him or any other Member is never the subject of any sarcasm from me. Far be it from me to be sarcastic at the cost of any Member. I hope he was not angry when I said that the experience of the same car varied with different occupants and that with him as the occupant it required more sparking plugs. It is

neither here nor there. It is only a question of accident. Somebody's car or sparking plug goes wrong in six months' time. It was not said with a view to do injustice to my friend. In fact, Sir, so far as this debate is concerned. I should really be grateful to the House and grateful to my friend Mr. Kishen Chand because if he had not come forward with the points that he made, perhaps the debate might have flopped down although I was sure that my friend Mr. Bhupesh Gupta would, as usual, contribute to this discussion, which he did. I had no doubt about that. I really appreciate Mr. Kishen Chand's contribution to the discussion and if I have been a little light with regard to his observations I am always fair in giving and taking and if at the next opportunity he gives me back what I have given him today with compound interest I will not at all be worried or offended or get angry. *(Interruption)* If he does not want to pay back and he is content with my reply it is all right.

Then, Sir, my friend Mr. Bhupesh Gupta made a lot of observations and he clarified his observations with regard to the second Five Year Plan. What it meant to the House I cannot say, but so far as I am concerned, it gave me no additional material either to be provoked into a reply or to be satisfied with the clarification, but I do take it that what he meant to say was that the industrial development under the second Five Year Plan does envisage the continuance of the policy of protection. If that is what he wanted, I need hardly assure him that the policy of protection, as I said earlier, will continue so long as the local industry will require it.

Then he spoke about speaking on briefs. I may frankly confess to this House that we on this side are not used to speaking on briefs. Well, it may be that our calculations may sometimes go wrong. We do not claim omniscience but certainly if I do appreciate anyone's observations it does not mean that I speak from any-

one's brief. But if he is rather worried by the manner of appreciation that I gave about Mr. Ramaswami Mada-liar's observations, I hope he is satisfied with his own observations about what he said.

Then he referred to something about Development Council. It is a very great misery to me to find myself in a position where I always differ from my friend Mr. Bhupesh Gupta about facts also. I do not know who presided over what meeting on what date. Certainly I am in a position to tell him that I did not preside over any Development Council ever during my tenure as a Minister. He said 28th of November.

SHRI BHUPESH GUPTA: On a point of clarification, Sir, I did not say that he presided. I said that he spoke.

SHRI D. P. KARMARKAR: I do not know of any Development Council in which I was present on the 28th of November. I am quite sure of that, but if my friend is sure of his position he may verify that. I would only request him not to put on us caps which really do not fit us. I am certainly not to be confused by a certain date and certain Council and certainly, Sir, I must say with his permission that so far as this date and this Council and myself are concerned he has put the wrong facts together.

That is all that I have to say, Sir. I once again express my appreciation at the way in which this Bill has / received support from the House.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be returned." The

motion was adopted.

THE NEGOTIABLE INSTRUMENTS (AMENDMENT) BILL, 1955—

continued

SHRI A. C. GUHA: Mr. Deputy Chairman, before lunch the debate on this Bill was interrupted

[THE VICE-CHAIRMAN (SHRI H. C. MATHUR) in the Chair.]

Due to some objections on the part of some of the hon. Members over the non-availability of certain papers. As I explained then, it was not just any Committee; it was a sort of a departmental enquiry as ' suggested by the Rural Banking Enquiry Committee. Anyhow, I have placed on the Table and also in the Library a number of copies of the relevant portions of that Report and also a summary of the recommendations and the action taken on those recommendations.

Sir, this Bill is really a result of certain remarks of the Rural Banking Enquiry Committee. Perhaps this House would be interested to know that Post Office Savings Bank is a very important item both for our rural banking and for our small savings scheme and naturally the Committee set up to enquire into the matters connected with rural banking made certain observations on this. They said in paragraph 50 of their Report:

"We have mentioned the special features of the post office savings banks and pointed out how they are particularly well suited to the collection of savings from the rural areas We therefore recommend that the number of offices doing savings bank work in the rural areas should be increased and the following steps should be taken to improve their working and to enhance their usefulness to the public and Government."

Then it goes on making several suggestions as to how to improve their working.

Sir, I may here give a short history about the Post Office Savings Bank. Originally it started in a rudimentary form at about 1833-35. That was the first Government savings bank in the three Presidency towns of Calcutta, Bombay and Madras. A few years later the three Presidency Banks took over the management of those savings bank