

PETITION RELATING TO THE HINDU MARRIAGE AND DIVORCE BILL, 1952

SECRETARY: Sir, I have to report to the House that a petition relating to the Hindu Marriage and Divorce Bill, 1952, introduced by Shri C. C. Biswas in this House on the 11th December 1952 has been received by me.

PAPERS LAID ON THE TABLE

RULES FOR THE GENERAL CONDUCT OF BUSINESS AND PROCEDURE IN THE REVENUE COURTS OF AJMER

THE DEPUTY MINISTER FOR FOOD AND AGRICULTURE (SHRI M. V. KRISHNAPPA): Sir, on behalf of Dr. P. S. Deshmukh I beg to lay on the Table, under sub-section (4) of section 203 of the Ajmer Tenancy and Land Records Act, 1950, a copy of the Rules for the General Conduct of Business and Procedure in Revenue Courts of Ajmer framed by the Chief Commissioner of Ajmer. [Placed in the Library. See No. S-309/54.]

SUMMARY OF ACTION TAKEN, ETC., *re.* NINTH REPORT OF THE ESTIMATES COMMITTEE

THE DEPUTY MINISTER FOR EXTERNAL AFFAIRS (SHRI ANIL K. CHANDA): Sir, on behalf of Shri Jawaharlal Nehru I beg to lay on the Table a copy of a statement containing a summary of the views held by Government and the action taken or proposed on the recommendations made in the Ninth Report of the Estimates Committee. [Placed in the Library. See No. S-392/54.]

ANNUAL FINANCIAL STATEMENTS OF CERTAIN PRIVATE LIMITED COMPANIES

THE MINISTER FOR PRODUCTION (SHRI K. C. REDDY): Sir, I beg to lay on the Table a copy each of the Annual Financial Statements for the period ending 31st March, 1954, in respect of the following private limited companies:—

(i) Sindri Fertilizers and Chemicals Limited, Sindri (Second Annual Report).

(ii) Hindustan Machine Tools Limited, Jalahalli, Bangalore.

(iii) Hindustan Shipyard Limited, Visakhapatnam.

(iv) Nahan Foundry Limited, Nahan.

(v) Hindustan Cables Limited, Rupnarainpur (West Bengal).

[Placed in the Library. See Nos. S-394/54 to S-398/54 respectively.]

AUDITED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF THE REHABILITA- TION FINANCE ADMINISTRATION FOR THE YEAR ENDED THE 31ST DECEMBER 1951.

THE DEPUTY MINISTER FOR FINANCE (SHRI M. C. SHAH): Sir, on behalf of my colleague, Shri A. C. Guha, I beg to lay on the Table, under sub-section (2) of section 18 of the Rehabilitation Finance Administration Act, 1948, a copy of the Audited Balance Sheet and Profit and Loss Account for the year ended the 31st December 1951 in respect of the Rehabilitation Finance Administration. [Placed in the Library. See No. S-399/54.]

THE APPROPRIATION (No. 3) BILL, 1954—continued

THE DEPUTY MINISTER FOR FINANCE (SHRI M. C. SHAH): Sir, yesterday I had explained how this figure of Rs. 215 and odd crores was made up, and I had explained that the net additional expenditure on revenue side was Rs. 124.53 lakhs; that means Rs. 1,24,53,000. On the Capital side, of the gross expenditure of Rs. 209.48 crores, the largest single item relates to purchases of food-grains, estimated at Rs. 131.15 crores, which includes the figure of Rs. 46.27 crores twice to satisfy accounting requirements. The additional purchases of foodgrains are due to larger imports of rice in pursuance of the agreement with Burma and to relieve

[Shri M. C. Shah.]

State Governments of their unsold stocks. The purchases will be utilized for creating a Central Foodgrain Reserve. The second largest item under Capital head is loans and advances by the Central Government involving a gross expenditure of Rs. 43.49 crores. Of this, Rs. 25.5 crores will be allocated to Parts A and B States as their share of the National Plan Loan subscriptions. This loan was floated to meet the requirements of both the Centre and the States. The allocation to the States, therefore, represents merely what the Central Government might be said to have raised on their behalf. Loans to Part C States as a result of the Part C States (Amendment) Act, 1954, and loans to certain private parties account for another Rs. 17.99 crores. Then, there is a gross expenditure of Rs. 31.52 crores for the import of sugar and for the purchase of fertilizers. However, it will be offset to the extent of Rs. 29.06 crores by recoveries from their sale proceeds.

Sir, it will thus be seen that in a number of cases the Supplementary Demands purely involve a transfer of expenditure from one head of account to another and in a few cases certain amounts are included twice to conform to accounting principles and they do not involve additional outlay. The net additional expenditure, as I have stated earlier, is estimated to be Rs. 117.27 crores as against the gross of Rs. 215.61 crores.

Sir, I move.

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1954-55, as passed by the Lok Sabha, be taken into consideration."

I have also to remind hon. Members that we have only 2 hours' time.

SHRI RAJENDRA PRATAP SINHA (Bihar): Cannot we have more time?

MR. DEPUTY CHAIRMAN: It is a money bill.

SHRI P. C. BHANJ DEO (Orissa): Mr. Deputy Chairman, it is one of the functions of this House as a revising Chamber to see that the Appropriation Bill, especially the Supplementary Appropriation Bill, does not become a Misappropriation Bill, through criticisms and expressed opinions. By that word, I do not cast any aspersion on anyone. I do not use that word in a derogatory sense but I use the word in the sense of bad appropriation or unjust appropriation.

Now, in this Appropriation Bill we have 18 Appropriation Votes. I wonder how many of these votes are really necessary. The number of unnecessary grants was 2 out of a total of 55 Supplementary Grants in 1949-50. In the year 1950-51 the record of the Government becomes worse in this direction. In that year 23 out of 94 Supplementary Grants have proved to be entirely redundant. I refer to these figures from page 11 of the recently published Appropriation Accounts for 1950-51. The record of the three intervening years is a great question mark, because we have no financial accounts published by the Government and we have no appropriation accounts published by the Government either. The financial accounts of the Government have not been published for the last seven or eight years, that is to say, from 1947-48, and the Appropriation Accounts are now in arrears for three years. Of course, to my repeated remarks to the Government to publish the financial accounts soon, the stock answer has always been that we are waiting for Pakistan to give us the figures. But it should be noted by the House that Pakistan has already published her own Appropriation Accounts and her own financial accounts up to 1950-51, if not for later years, while we sit looking up to her to supply us the figures—the pre-partition figures—which we shall never receive and in the not receiving of which the Gov-

ernment find a good excuse for not publishing the Finance Accounts and the Appropriation Accounts. In my opinion, Sir, it is probably to hide this over-estimating that the Government departments have been indulging in all these years that the Government is purposely not publishing the Finance Accounts and the Appropriation Accounts, being innately disinclined to publish them.

Without these documents, Sir, I am at a loss to see how Government is framing its own financial policy. Parliament is being repeatedly asked to sign blank cheques for the Government in the middle of every year and we are asked to vote large amounts on the expenditure side without being given a chance of knowing what are the revenues, what are the real receipts and what is the true revenue position. In my last speech in this House, Sir, I pointed out to the hon. the Finance Minister who was present in person at that time that the comfortable small revenue deficit which has been shown in our main Budget is not the real situation and that the real deficit in our Budget is very much larger. I then compared the efforts of the Government to hide that very skillfully by accounting dodges, by pointing out to the hon. the Finance Minister that this was a mere attempt to cross the sea, as it were, in a paper boat. And the hon. the Finance Minister had the humour and the good sense to accept that analogy and say that after all, in the past such an experiment had been conducted by the poet Kalidasa and it was no argument why it should not be attempted again. However plausible and possible it may be to cross the sea in a paper boat for a poet like Kalidasa, I submit, Sir, that it is not sound financial policy that we should embark upon that experiment in our present circumstances on the morrow of independence.

I would like to give another instance of this over-estimating or over-budgeting in which the Government is constantly indulging and which is very bad from the point of view not only

of financial stability of this country but also from the fact that it is a denial of genuine information to Parliament in this respect. I will refer to a question that I put in this House, Sir, only a few days ago to the Health Ministry asking for the value of the goods and equipments so far received from external sources for the various schemes of the Five Year Plan. The Health Minister on the floor of this House.....

MR. DEPUTY CHAIRMAN: There is nothing about the Health Ministry in this Appropriation Bill.

SHRI P. C. BHANJ DEO: No, Sir, I am only giving it as an instance to show how the departments are over-estimating things.

MR. DEPUTY CHAIRMAN: But this is not a general debate. It is a debate on the Appropriation Bill and we are concerned only with the items mentioned therein.

SHRI P. C. BHANJ DEO: I was only referring to it to show the over-estimating and the smug attitude of the Government towards such serious lapses. I will only say that the Public Accounts Committee has also pointed out this over-estimating that the Government is constantly indulging in. All this shows how lightly they treat this subject which, in my opinion, is a wrong approach. I only wanted to call the attention of the House to this attitude that the Government has towards this serious matter.

In this connection, I will mention Votes Nos. 2 and 121 in the Appropriation Bill based on the 'Demand for Grants' booklet, covering loans and investments for the Industrial Development Corporation, here on page 2 of the booklet on demands for grants, I find that Rs. 10 lakhs is initially proposed to be invested as the share capital of the Corporation. But this unfortunately is not shown as a separate grant, as it should be. It is said to be "debitable to appropriation vote No. 121—Capital outlay on the Ministry of Commerce and Industry

[Shri P. C. Bhanj Deo.]

which will be met by the reappropriation of savings, under grant No. 110". And so, it is said, this item does not appear as a separate demand and as a separate Appropriation. Now, this kind of practice is most irregular and undesirable, I submit. It is my view that this sum of Rs. 10 lakhs should have been shown as a separate item or demand or at least as a token grant, under grant No. 110. As a matter of fact, this principle which seems to have been avoided in the present case for some mysterious reasons, has been recognised even in this booklet for some grants on which the Appropriation Bill is based. I may refer the hon. Minister to the case of appropriation No. 38 and its counterpart in the booklet for grants. On page 11, the Ministry says thus on the advance of Rs. 40,000 from the Contingency Fund of India:

"Savings are, however, available in the Demand to cover the additional grant. But as the expenditure is in respect of new services, a token grant has been asked for."

I would like to ask why the same principle was not followed in the case of this sum of Rs. 10 lakhs. Wherein lies the difference between the allocation of Rs. 10 lakhs for investment in the Industrial Corporation and this item which has been put on page 11 of this booklet? But the interesting point about this item is, how is it that the efficient Commerce and Industry Ministry under its very able head is confronted with savings from its capital outlay, i.e., Grant No. 110 made for the Department by Parliamentary vote a few months back?

The original grant was for a fantastic sum of about Rs. 22 crores. There is no other explanation for this except to conclude that that grant was initially grossly inflated and overestimated. The grant demanded by the Ministry of Commerce and Industry last March is supposed to be the minimum and absolutely essential as grants should be for all the other expenditure for the year; yet, we are

told that there are savings in this grant which will be diverted for an entirely different purpose even without the propriety of showing that diversion by a new supplementary appropriation based upon it. We are not told how much of the original Rs. 22 crores is going to be saved and what are the items in the grant which have been abandoned under the great Minister in order to cause this saving. My only hope is that this mighty institution which is being brought about, namely the Industrial Development Corporation, will not prove to be a cross between Shylock and Charity, as has been the case in numerous other cases of this sort. We have only the consolation that it is going to be presided over by the redoubtable personality of our Commerce and Industry Minister himself.

In Vote No. 121, in connection with the loan of one crore of rupees which is to be taken for the Industrial Development Corporation, I would like to know from the hon. the Finance Minister the interest which is going to be charged for this loan and also the time for which this loan is to be granted. The total amount required for that item "Loans and Advances" under Vote No. 121 is Rs. 43,49,00,000. The original provision on this account for the year is Rs. 249 crores. Assuming that there are no big savings visible, the total amount advanced by the Government so far will be Rs. 292 crores. I can only share the pious and complacent hopes of the Government in this respect that the majority of these loans will be recovered. If they are not recovered, the consequences do not bear thinking or imagining. The total loans of the Government this year, together with the supplementary provision, will amount to Rs. 292 crores as against Rs. 185 crores last year; in the year before that, the loans advanced by the Centre were Rs. 122 crores. This process of acceleration seems to be going on joyously. My only hope is that in our present circumstances, there will be some check on this process.

The loans advanced to Part A and Part B States are said to be charged on the Consolidated Fund of India and as such, they are beyond the vote of Parliament. I am at a loss to understand why these loans should be treated as charged on the Consolidated Fund of India. Clause (3) of article 112 specifies the items of expenditure charged on the Consolidated Fund of India and this clause does not say that loans to State Governments or to anyone else are to be charged items of expenditure. Article 293(2) of the Constitution, however, lays down that the Government of India may, subject to certain conditions as may be laid down by or under any law made by Parliament, make loans to any State and any sums required for the purpose of making such loans shall be charged on the Consolidated Fund of India. I would therefore like to know, Sir, the particular Act of Parliament under which these loans given to Part A and Part B States are being treated as charged on the Consolidated Fund of India and are thus taken out of the control of Parliament. If these are not covered by any such Act as the Constitution requires, I declare that these loans cannot be treated as charged items of expenditure and the inclusion and description of such loans as charged items of expenditure in the Budget literature is a gross blunder and a fraud perpetrated on Parliament.

I see that the Government are going to give very large sums under this very appropriation item to the steel factories, especially to Tatas. I am at a loss to understand—as I have expressed before, Sir—the reason for giving these loans to these fat institutions on such easy terms. Tatas, as everyone knows, are selling their ordinary shares at four times the original price in the market today and I do not see any reason for the Government giving riches to those who already have them. In this respect I can only recommend to the Government the wholesome phrase of the Mahabharata:

“दरिद्रान् भर कौन्तेय,
मा यच्छ चेऽवग्रे धनम्”

“O son of Kunthi, give wealth to the poor and to those who deserve them; not to those who already have it.”

(Interruptions.)

MR. DEPUTY CHAIRMAN: Mr. Bhanj Deo, time is very limited. There are many other speakers. It is time you closed.

SHRI P. C. BHANJ DEO: I will wind up in a minute, Sir. I will wind up what I have to say by saying that the Government, in my opinion, in a democracy, is not acting correctly by playing a kind of a blind-man's-buff game with Parliament. It was a wholesome practice—this is a suggestion on my part to the Government—before partition that our revenue accounts were published in the *Gazette of India* every month for the whole of India to be able to scrutinise it. I recommend to the Government that this wholesome practice in our democracy should be revived and that we should know where we stand before we are expected to vote large sums in the middle of the year, which really vitiates the soundness and the balance of yearly budgeting. In order to bring about greater vigilance and cohesion between the Public Accounts Committee and the Government departments, in my opinion, it would be a very wholesome practice if the hon. the Finance Minister himself presided over the Public Accounts Committee or, alternatively, that a Member of the Opposition should preside over the Public Accounts Committee, as is the practice in Great Britain.

I had many other observations to make, Sir, but as the time is short, I will conclude only with these remarks.

MR. DEPUTY CHAIRMAN: We are sitting through the lunch hour. Mr. Sundarayya.

SHRI P. SUNDARAYYA (Andhra): Mr. Deputy Chairman, I only want to draw the attention of the House to

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two aspects in this Supplementary Demand for Grants; on other aspects my colleagues and others will speak. One is the States Reorganisation—I refer to Demand No. 57 “Miscellaneous Departments and Expenditure under the Ministry of Home Affairs”. When the States Reorganisation Commission was appointed by the Government we all welcomed it, but at the same time we criticised that instead of these wide powers the Government should have enunciated the principles for the States’ reorganisation categorically and asked this States Reorganisation Commission to work out the details. If the Government had proceeded in such a manner, if that procedure had been adopted, the Commission need not have dragged on in the way in which it is dragging on.

MR. DEPUTY CHAIRMAN: Well, Mr. Sundarayya, you will not be in order to criticise the work of a Statutory Commission.

SHRI P. SUNDARAYYA: I am not criticising its work as such but the inevitable delay in its work due to the broad terms which Government gave it.

MR. DEPUTY CHAIRMAN: You may criticise the Government but not the Commission.

SHRI P. SUNDARAYYA: That is why Government are making the Commission take so much time; that is my accusation against the Government. I say that the Government should have come with specific principles on which the States should be reorganised and then if the details alone were to be worked out by this Commission, it could have expedited its work. Now since the Government has not given that thing it has again come with a supplementary demand for grant of Rs. 7,08,000.

DIWAN CHAMAN LALL (Punjab): It is Rs. 7,38,000.

SHRI P. SUNDARAYYA: Rs. 30,000 is for some other purpose. Extra for this Commission is Rs. 7,08,000.

Yesterday we read in the press an announcement by the Commission that if the Government wanted an interim report they were prepared to give it, but unless the Government ask for it they are not prepared to. We cannot understand why the Government should not call even now for an interim report, on the basis of the memoranda and the replies and the other evidence which are already going on on a large scale, about the principles on which this Commission wants the States to be reorganised so that the Government can take a decision and so that the rest of the time the Commission can devote in working out the details. In the other House when the debate was going on on these things Dr. Katju, the Home Minister, said:

“You should have patience. The Commission will submit its report by June, 1955 and Government will take a decision 12 to 18 months before the next election.”

He thinks that by the end of 1955 they would have taken certain action. I am glad, Sir, that even the Government is prepared to take a decision very quickly, which, of course, is a very doubtful factor. Even then to get Parliament to enact a law and then to implement it and the consequential changes for holding an election by 1956 will take so much time and if the Government is really serious to implement the recommendations of this Commission as promised by Dr. Katju, then even now it is not too late for him to call for an interim report on the principles on which this Commission is thinking of reorganising the States in our country. There is another aspect in this connection which also I would remind them of. The earlier the Commission submits its interim report or rather the Government calls for an interim report, the better it would be, because all kinds of rumours, all kinds of suggestions, all kinds of controversies are being raked up in the country precisely for the reason that there are no definite principles laid down for

the reorganisation and everything is being reopened and even the very principles of linguistic provinces which the Congress, the ruling party, the Government party, are committed to have been given the go-by and there are now all sorts of controversies. There should be established the proper atmosphere in the country for proper reorganisation of States and such reorganisation should be brought about quickly when it is the demand of the people and so that their administration, their education, etc., could be carried on in their own languages and the organisation of the States on a linguistic basis should not be denied by certain sections of the ruling party itself.

Sir, I would come to the second issue of the Ministry of External Affairs, Demand No. 23 for Rs. 50,00,000. This is now to meet the expenses of the International Truce Supervisory Commissions in Indo-China. We do support this demand not because we support basically the foreign policy of our Prime Minister, and we have got our fundamental difference with the foreign policy of Prime Minister Nehru and the Government of India because this foreign policy, we do hold, is tied, is based on its total link with British imperialism, which is reflected in the continuing bond with the British Commonwealth. The other day in the other House the Prime Minister, as if to cover his own bonds with the vested interests not only in our country but internationally also, especially with British imperialism, brought a charge on the Communist Party, that the Communist Party does not owe allegiance to the country in which it is working, that it is emotionally and intellectually tied to another country. Sir, this question is again and again being brought up and though it may be the thousandth time or the millionth time, we consider it our duty, when we support certain demands and now especially the demands in connection with the International Supervisory Commissions in Indo-China, to make our position very clear.

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SHRI H. P. SAKSENA (Uttar Pradesh): What item of the Schedule is his speech now covering?

SHRI P. SUNDARAYYA: External Affairs, Demand No. 23.

We want to make our position very categorically clear. Our loyalty, our allegiance is entirely due to our people, to the toiling sections of our country. We are inveterate opponents to the vested interests in our own country though they may be our own countrymen by birth, but by their exploitation they become our opponents, and as such, since our loyalty and our allegiance is basically to our toiling sections which constitute 95 per cent. of our people in our country, our whole policy emerges from that.

SHRI N. S. CHAUHAN (Uttar Pradesh): What about Russia?

SHRI P. SUNDARAYYA: Please listen to me. It is also from this that our support to the Government on certain issues arises. Whenever it takes any step that goes to the benefit of our toiling masses either internally or internationally we do support it. At the same time we want to say that our Communist movement is a world movement.

MR. DEPUTY CHAIRMAN: We are not concerned with the Communist movement, Mr. Sundarayya. Come to the Appropriation Bill.

SHRI P. SUNDARAYYA: I am also just now not concerned with the Communist movement but it comes in a way. I am supporting a demand and I am explaining why I am supporting it. Although we are basically opposed to the Prime Minister's foreign policy, on certain issues like the Indo-China question we do support it. I am just explaining the apparent contradiction in our supporting certain demands while we are basically opposed to the Government of India's foreign policy. I am taking only a few minutes.

MR. DEPUTY CHAIRMAN: You please don't go into that; it is not necessary.

SHRI P. SUNDARAYYA: I am not going into it but after all every day we debate these things and when the Prime Minister.....

MR. DEPUTY CHAIRMAN: It should not be in an Appropriation Bill like this. When we have the Foreign Affairs debate you can go on like that.

SHRI P. SUNDARAYYA: Don't be impatient, Sir. I am just finishing.

MR. DEPUTY CHAIRMAN: I am here to listen to what you say.

SHRI P. SUNDARAYYA: I shall confine myself to the Bill. Our friendly relations with other sister Communist parties come because we draw lessons from the rich experience of their struggles and the struggles which they wage for liberating the toiling sections of their own countries. Since the demands and interests of the toiling sections of one country do not contradict with another country—because the interests of all these people are one and the same—the brotherly and friendly relations between the Communist parties are much closer. Apart from that our basic loyalty, the loyalty of each Communist party is essentially to their own people, to the toiling sections which are 95 per cent. of the people of their own country. If it had not been our policy, if our loyalty and allegiance had not been to our people, to our own toiling sections of the people, we would not have existed up to now; we would have been wiped out of existence long, long ago. But the very fact that today half of the world is communist-led and in our own country we are a growing force, which even the Congress Party cannot deny, shows that whatever our mistakes may be a number of times, because we stand by our people—and mistakes are committed by every party; we accept we have made many mistakes but we are learning from our mistakes—it is because of our loyalty and allegiance and our sacrifice to the cause of our people and for the redress of the sufferings of our people that we do exist today and we hope to

exist till we achieve success for our own people. This is our basic policy. That is why we disagree totally with the foreign policy of Pandit Nehru who is completely tied to the protection of the vested interests in our own country and as such his orientation is one of tying himself, tying the Government and tying our country to the British Commonwealth which we oppose. This does not prevent us when our Prime Minister takes a particular stand which helps the interests of our people, which helps the preservation of peace in the world, as he has taken when he agreed on the Indo-China question to serve on the International Supervisory Commission. Also, we support his acceptance of the five principles.

Then what are these five principles? They are nothing new. These are the five principles which the Communist Parties have adopted wherever the Communist Parties have got influence, like the Soviet Union and China, even before Mr. Chou-En-lai, the Prime Minister of China, arrived in our country. As such, there is nothing new in these five principles. Therefore, when our Prime Minister supports these principles we do welcome it as a vindication of our own attitude in foreign affairs and as such when our Prime Minister does take such a step, we welcome it and support it. For these reasons we support this demand for Rs. 50 lakhs that is required to meet the international commitments of our country in Indo-China. With these few words on these two aspects, I conclude my speech.

SHRI S. N. DWIVEDY (Orissa): Mr. Deputy Chairman, I want to point out two or three things in regard to these supplementary grants. I think it is a very unusual and undesirable procedure that has been adopted this time. Large amounts are asked for which, I believe, could very well have been included in the original Budget. In that case the House could have had ample opportunities to discuss certain of these items which involve policy matters also.

If you refer to the items, you will find that there is the States' reorganisation, transfer of Railway collieries to the Production Ministry, mint, etc. These things could very well have been included in the original Budget. I do not know why the Budget Bureau could not anticipate these things and why they have brought them here in the Supplementary Budget, thereby depriving the House, so to say, because of the limited time, full opportunities to discuss the matter in all its details. I want the Finance Ministry to take note of this and not to circumvent in this manner.

Now, I come to Demand No. 83A, relating to the Production Ministry. Here the Railway collieries have been transferred to the Production Ministry from the 1st April 1954. Sir, if you see the miserable condition of the labourers in those collieries you will be simply surprised that in spite of the fact that these have been under the Government for a number of years, the condition of the labourers has not improved in any way. The housing conditions are as bad as anything and if you look what expenses are incurred for the benefit of the labourers, you will find that they are very scanty. I have also heard the Minister saying somewhere that because many of the labourers are casual, or because they belong to the nearby villages, they do not need any houses. I am not speaking of them. I know, Sir, of the collieries in Orissa where there are not only labourers from the nearby villages but also from distant places like Bilaspur, etc. If you go and see their conditions, you will be simply surprised that the Government who pose to be the model employers and who are to give a lead to other private enterprises, are keeping them under such conditions. There is also a threat of retrenchment. I therefore expect that since the Production Ministry has taken over these collieries, at least they would see to it that the conditions of these labourers are improved.

Then I would refer to Demand No. 2 relating to Industrial Development

Corporation. This is a new organisation proposed to be set up and one does not know what is the policy behind this. It is said that the Government would provide some money in order to start certain new industries and ultimately it is likely that these industries would be transferred to private hands. If that is so, it involves a major policy. I want to know whether there has been a departure from the previous policy of the Government, whether the Government for all time to come have decided that there should be no nationalisation in this country and whether the Government have decided that henceforward the Government would give a free hand to private enterprises and the industrial development that is proposed in the next Five Year Plan would ultimately depend entirely on private enterprises. We were given to understand that the present industries, factories and other things would not be taken over by the Government but as far as possible key and basic industries would be started by the Government and they will be public institutions. Now, I think there is a definite attempt to go in a different way. Therefore, Sir, I would like to know the definite policy of the Government in this matter.

The last thing which I want to point out, as has been pointed out by Mr. Sundarayya also, is that I could not follow why this money for the States Reorganisation Commission could not be provided in the Budget itself while the Commission was appointed some time in November 1953. I also want to know whether any instructions have been issued to this Commission to give an idea as to when and in which respects they would give their recommendations. If the views expressed by the Chairman of the States Reorganisation Commission only two days back are true, it appears he wants a direction from the Home Ministry or the Government of India as to whether they want any interim Report. They are prepared to submit an interim Report if the Government want it, but in reply to a

[Shri S. N. Dwivedy.]
question the Home Minister said that they might submit an interim Report if they so desired. We do not know what is going on in between. Why is not a definite instruction being given to the States Reorganisation Commission to send an interim Report especially in respect of border disputes? As you know, Sir, the Government is proposing to appoint a Boundary Commission to settle the border disputes between Andhra and Madras but there are certain areas especially Saraikella and Kharsuan which require immediate attention and for such areas which have no bearing on the general reorganisation of the States all over the country. An interim Report on these matters might be asked for. Therefore, I would like the Home Minister to make a declaration as to what the Government's policy is in regard to this matter and whether they propose to issue a directive to the States Reorganisation Commission to submit an interim Report.

SHRI C. P. PARIKH (Bombay): Sir, I rise to support this Bill and I would like to answer some of the points which Mr. Bhanj Deo and Mr. Dwivedy have raised because they call for some comments and observations from Members on this side of the House.

First of all, it is said that the Industrial Development Corporation is to be formed and it is asked what its policy will be. Now, Sir, the policy is roughly laid down that new industries will be started as mentioned in this 'Demands for Grants' booklet. As for the question whether they will be handed over to private enterprise, I think the hon. the Minister for Commerce and Industry has said in the other House that this Corporation will be able to put up new industries but as and when the Government thinks of having many more industries, these industries may be transferred to private hands if they come forward with terms which are acceptable to the Government. And one of the terms may be hire purchase system also. If that is the position, I am quite sure that many industries will be coming

in the field and when the hon. Minister has said that so many projects for new industries will be prepared by this Development Corporation, I think it is an encouraging sign, because private individuals cannot go into all these details with the same zeal and perseverance. Further, the Minister for Commerce and Industry is in a better position because he has greater material, greater data and greater world co-operation in that behalf to develop this industry especially when so many industries remain to be developed in our country in the field which is assigned to private sector. This Corporation, when it is started, will serve a great deal in advancing the industrial progress of this country.

One thing I cannot understand. In the other House the hon. Minister said the other day that money will be given for replacement and renovation of obsolete machinery. It means that this money will be given to old industries because they are existing. Now, I fail to understand how the functions of the Industrial Finance Corporation, which is at present existing, and this new Corporation will be reconciled in this respect. I think it is no use discussing these points at present because this is going to be established as a statutory corporation and when the Bill for that corporation comes in this House, hon. Members will have opportunity enough to go into that. In the meantime, it is a great progress which has been made in the matter by the assignment of five lakhs of rupees for the study, investigation and formulation of projects under the Development Wing. This development for industrial advance is in the best interests of the country.

Now, the second point which Mr. Bhanj Deo has raised is with regard to the loans that have been given to the Tata Iron and Steel Company and the Indian Iron and Steel Company. He remarked that the shares of these companies are quoted very high and these concerns are making huge profits. That was his impression. I quite agree with him that these concerns are doing well,

but the main point is this. The Government by assisting these concerns have developed and raised the production of steel to the extent of two lakh tons a year in the case of Tata Iron and Steel Company and five lakh tons a year in the case of Indian Iron and Steel Company, which would have otherwise been lost. We know fully the requirements of iron and steel in this country. Therefore, by the small assistance of Rs. 12 crores to Tata Iron and Steel Company and the assistance of Rs. 25 crores to Indian Iron and Steel Company, Government will be increasing production of iron and steel in this country to the extent of seven lakh tons, which is a great thing. Further, that production will be increased in a period of three years. We know that Hindustan Steel Limited is to be started and their plant of five lakh tons will cost about seventy-five crores of rupees. It may even cost more. Therefore, by this small assistance, the production of seven lakh tons is going to be increased. That is a great sign. A very good departure has been made by giving assistance in this respect for increasing the vital production capacity of a key industry in this country, in the absence of which so many other industries are suffering. I am sure when these plants come into operation and production is increased, there will be self-sufficiency in the country in the matter of machinery in course of time. It will not be surprising that we may be exporters of manufactured goods of iron and steel. It will be a proud day for India when these industries are built up. Therefore, it is no use grudging these grants. If Mr. Bhanj Deo had raised the point why these grants were given interest-free, that would have been a different position. In my opinion, interest should have been charged.

SHRI P. C. BHANJ DEO: But I said, 'on easy terms'.

SHRI C. P. PARIKH: When you mentioned that you forgot to point out 'interest free' terms. I think if you had mentioned that point, perhaps Government would have considered

it. Meanwhile, when we are granting loans as these, we are giving them assistance when these concerns are earning to the extent of thirty per cent. or forty per cent. on their original paid up capital. Naturally Government are entitled to expect full and reasonable interest on the amounts which they advance.

With regard to the third point, about the Industrial Investment Corporation, that also is a very great advance made in the finances of our country for industrial development, because capital is not adequately forthcoming in our country. That is very well understood. We have to invest, as the hon. Minister has said, about 3,000 crores of rupees in the next five years if we really want to develop our industry on a proper basis and want to industrialise the country so that our vital needs in the matter of Defence and in the matter of producers' and consumers' goods, may be satisfied. Now, this amount cannot be had from this country, looking at the wealth that we are producing and looking at the savings which are existing in the country. Therefore, we have to get this capital from outside, as far as possible, and the best way of finding it out is suggested here. Rs. 5 crores capital (ordinary) will be paid by this Corporation and Rs. 7½ crores are by Government grants. Under the United States Technical Aid Programme, by the sale of two lakh tons of steel, Rs. 7½ crores will be given interest free for a period of 15 years—and repayment will also be after a period of 15 years. The third great thing is that a World Bank loan would be given, probably to the extent of five crores of rupees, which, of course, will have to be guaranteed by the Government of India. And further loans which may be given also by the World Bank will also have to be guaranteed by the Government of India. I fail to understand why all these points on which this Corporation is based are not given in this 'Supplementary Demands for Grants' publication which is given to us. I fail to understand why in a capital of five crores of rupees, Indian capital is to

[Shri C. P. Parikh.]

be 3½ crores and foreign capital is to be 1½ crores of rupees. I do not think that Rs. 5 crores was not available in this country for subscription and that is the main point. Why are you inviting foreign capital to the extent of Rs. 1½ crores? The reason is not given here and I think when it is mentioned here we are entitled to know why this participation of foreign capital is thought fit to be made. Then the Rs. 7½ crores grants which we receive from the United States of America will be on mutually agreed terms for projects which may be approved by both the Governments. I say, that is all right, the loans may be given and the moneys may be utilised for mutually agreed projects, but I fail to understand how in mutually agreed project schemes or mutually agreed terms, any foreign Government can dictate. I fail to understand how you have agreed to those terms. As a business man it is difficult for me to understand why we have agreed to those terms, but there may be considerations which may be known to the Government, but which are not

known to us. And I think, Sir, 1 P.M. an explanation of that will benefit the Members of this House. Look at the constitution and the financial implications of this Corporation. Rs. 5 crores is the issued capital; Rs. 7½ crores is the amount that has been received from foreign countries, and which is given to us as a gift to be utilised for mutually-agreed projects. That is quite right. Sir, the mutually-agreed projects may be industrial, agricultural or of some other nature, which one Government proposes and the other Government accepts. The third point is that the World Bank loan is guaranteed by the Government of India. Therefore, Rs. 12½ crores is the Government of India's money—out of Rs. 17½ crores. The condition must be such that the profits that might be derived from this amount are legitimately utilised for the benefit of the whole nation. Now, Sir, the interest for a period of 15 years will amount to a sum equal to Rs. 7½ to Rs. 8 crores. So, the Government forgoes in the

initial stage, by mutual agreement of course, the amount of interest. The Government does not charge interest to the extent of Rs. 7 crores which will otherwise be payable by this Corporation to the Government. Therefore, there is an initial benefit of Rs. 7 crores to this Corporation, and that benefit will be shared by the shareholders. Now, Sir, it is difficult for me to understand all this. But as the terms are not yet out, it is no use criticising that.

The second thing is this. Is it thought fit to put a ceiling on dividends with regard to the earnings of this Corporation? The Government is giving Rs. 7½ crores. It will be worthwhile for the Government to say that such and such dividends will be payable and the rest of the dividends will be appropriated by the Government or will be kept in reserve, not to be utilised for distribution purposes. That will be a different proposal altogether. Another proposal, Sir, is with regard to the share capital. How will this share capital of Rs. 3½ crores be allocated in India? Will it be allocated by the Board of Directors which may be functioning or which may be elected. The allocation of these shares is a very important matter, because there is the initial benefit of Rs. 7 crores to the concern in addition to the other aids that it may receive. Now, Sir, I will tell you that when the Reserve Bank was floated, it was laid down that each man will be given five shares. This was done because it was a public concern, and the subscription was open to the public. In the same way, the subscription is open here also to the public; it should be provided that no man shall hold more than a certain number of shares in this Corporation. I think that will be

MR. DEPUTY CHAIRMAN: Just a minute, Mr. Parikh. The Members seem to be anxious to go for their lunch. Shall we dispense with the quorum during the lunch time?

SHRI H. C. MATHUR (Rajasthan): Why not meet after lunch?

MR. DEPUTY CHAIRMAN: We have to finish everything before 5 o'clock.

SHRI AKBAR ALI KHAN (Hyderabad): Have we got sufficient work to do?

MR. DEPUTY CHAIRMAN: Yes, yes.

AN HON. MEMBER: We are sitting up to 6 o'clock.

MR. DEPUTY CHAIRMAN: We cannot sit beyond 5 o'clock. There are other engagements. We have to finish before 5 o'clock.

(No. hon. Member dissented.)

MR. DEPUTY CHAIRMAN: We will therefore dispense with the quorum provision. And as many Members as possible will be present.

SHRI AKBAR ALI KHAN: As in the Lok Sabha.

MR. DEPUTY CHAIRMAN: Yes. There is no voting just now.

{THE VICE-CHAIRMAN (SHRI R. C. GUPTA) in the Chair.]

SHRI C. P. PARIKH: Then the fourth point with regard to this Corporation is the constitution of the Board of Directors, whether the control and management will remain with outsiders or it will remain with the Government of India. The Government of India may well have the right to nominate their directors. But will the nominated directors be in the majority or will the directors elected by shareholders be in the majority? That is the question which has got to be considered. I am advancing these arguments, Sir, because the Government is investing, directly and indirectly, a very large amount in this concern. And I am very glad to see that these large amounts are thought fit to be invested. But we want to see that the profits that will accrue as a result of this investment are going to help our people. Will the Government have a right to see that this

Corporation is not advancing money at a much higher rate of interest than warranted? We have to develop other industries. And if these industries are developed on proper lines, the margin will naturally be less. If these assurances are forthcoming, then naturally it is a very welcome Corporation that will be started, and it will do a great good to the country in the matter of industrial development.

Now, Sir, it is a very good sign to see that this Corporation is there; the Government do not want to enter into the field of private sector, as far as possible. It seems that that is the policy that is laid down. Owing to the development and formation of these two Corporations, if the private enterprise is going to enlarge the industries of this country which are assigned to it, the Government will render it every possible assistance. But, Sir, the Government have also learnt a wise lesson that they should not expand their public sector where they can avoid it, because the public sector which is existing at present is not as well managed as the Government themselves would desire. And there have been so many criticisms on that account. What is the reason, Sir? The public sector is managed in an official manner; all officers are appointed for the management of those concerns, and they have not the real knowledge of administering those public concerns on business and commercial lines, which is very necessary if the Government have to realise the maximum advantage from those concerns. And, I think, it is a good departure from that principle that these two Corporations have been thought fit to be formed.

Now, Sir, lastly, I would say one word and finish. It is very good that these Corporations are formed, but I would request the hon. the Deputy Finance Minister to see whether any proposals are existing before him also to form an Agricultural Finance Corporation, which is so much required in this country, and for want of which the agriculturists are suffering. I want

[Shri C. P. Parikh]

to know whether any scheme is under the consideration of the Government by which advances will be given to small and big agriculturists in a manner in which advances are thought fit to be given in the matter of industries, small-scale as well as large-scale. And I think, Sir, if the Agricultural Finance Corporation is not forthcoming in a manner in which it is so necessary, the banking system or the financing system of this Government will not be working in the larger interests of this country. That is my main concern. With these few suggestions, Sir, I support the Appropriation Bill.

SHRI RAJENDRA PRATAP SINHA: Mr. Vice-Chairman, I draw your attention to Demand 124 at page 29 where you will find that a provision is being made for Rs. 26.82 crores for importing sugar. You will find in the Explanatory Memorandum attached thereto at page 32 that originally Government had estimated that they would require to import 3.8 lakh tons of sugar in 1954-55 and therefore they had in the original budget provided Rs. 25.84 crores under this head for importing sugar. Sir, their expectation of production of sugar in this country in 1953-54 did not come true and it is expected that the production in this year will not exceed 10.2 lakh tons. Therefore, they have now decided to increase the import from 3.8 lakh tons to 6.9 lakh tons at a total cost of Rs. 52.66 crores. You will remember that the Planning Commission has estimated that the consumption in 1955-56 will be near about 15 lakh tons and they had fixed the target for sugar production at that figure but we find that we have surpassed that estimate in 1953 itself and now it is estimated by Government in this paper, which has been circulated, that the consumption will be of the order of 18 lakh tons. I estimate that at this rate of increase, our consumption will be to the tune of 20 lakh tons by 1955-56. Now we have therefore practically to double our production by 1955-56 if we want to do away with

imports and become self-sufficient in the supply of sugar. Now, it is this unexpected improvement in internal demand and the progressive deterioration in the home production which have necessitated this import of 6.9 lakh tons of sugar valued at Rs. 52.66 crores. You will agree that this is a very big drain on our foreign exchange resources and the tragedy is further highlighted by the fact that there is no prospect of our becoming self-sufficient in the matter of supply of sugar in the coming years. I don't know how many years we will take—4 or 5 or 6 years—to become self-sufficient in the matter of sugar supply. I would like the hon. the Deputy Minister for Food and Agriculture who is present here to throw some light as to what are the expectations of the Government and when they think we shall become self-sufficient in sugar supply so that we can do away with the imports. My fears are that we shall have to continue the import for a number of years now in order that we may meet the full demands of sugar in this country. Sir, it is a very serious matter to fritter away our foreign resources in this manner and it is a matter of very grave concern to all of us in this House that we are wasting our foreign resources at a time when we want to increase the tempo of our development and industrialisation programme in the coming years of the next Plan. We very badly require our foreign exchange resources for importing plant, machinery and technical know-how to increase our development programme. Therefore, we need to conserve all our foreign exchange resources to the maximum and it is not a desirable feature of our economy to import so much of sugar.

Now, there is no denying the fact that the import is there and it must be stopped at the earliest, but there is no gainsaying the fact that we cannot stop import unless we can improve our production and increase our supplies so that we can meet our internal demand. Now, this clearly underlines the need for an all-out

effort to improve production. Sugar is really produced in the fields and not in the factories and so in order to become self-sufficient, we must improve the quantity and quality of the sugarcane. Hon. Members are aware that India is a country whose yield per acre of cane is the lowest in the world. Our yield of cane per acre was 15·09 tons in 1934-35 and it has now gone down to 12·47 tons in 1951-52 whereas we find that it is 62·05 tons in Hawaii, 56·2 tons in Java and 19·63 tons in Mauritius. We find that with the progress of the Plan our yield per acre has been going down. This low yield and this progressively deteriorating yield is attributed to the fact that we spend very meagre amounts on research and on agriculture. We have about 40 lakh acres under sugarcane and in 8 years' time—from 1944-45 up to 1951-52, we had spent Rs. 155 lakhs on research which gives an average of 19·5 lakh tons per year, which means about 8 annas per acre of sugarcane on research, whereas in Hawaii they spend Rs. 12 per acre and in Java and Japan Rs. 3 each per acre of sugarcane on research alone.

Sir, the point that I am trying to make out is that there is a fallacy in the sugar policy of the Government of India. They believe in economising over research and then coming forward to make a demand on the national exchequer for importing sugar and thus they fritter away our foreign resources. The Government of India gets an annual revenue of Rs. 7 crores by way of sugar excise. Now, in pursuance of the recommendations of the Tariff Board in 1947 the Government was giving a grant of four annas per cwt. of sugar assessed to excise duty for research in sugarcane and technological research. Instead of increasing this grant for technological and sugarcane research, they have reduced it from four annas to one anna per cwt of sugar assessed. You can very well see the fruits of such a false economy. We are now called upon to import sugar worth Rs. 52·66 crores in

this year. You will find that the States of Bihar and U.P. have collected Rs. 2044·66 lakhs as cess on sugarcane, which was expressly imposed for the development of cane, between 1944 and 1952, and they have spent Rs. 297·948 lakhs on development work in this period. Sir, while making their observations on this point, the Tariff Commission in the year 1950 had remarked that "the Provincial Governments should contribute much larger sums from collections of cane cess than they had hitherto done because the benefit of the research and development would be mostly derived by the Provinces". If you examine the price structure of sugar in the year 1952-53, you will find that 21 per cent. of it goes to the Centre and State Governments by way of Central taxes and State taxes and levies. The hon. Minister has stated in the other House in reply to a question that he will be effecting a saving of Rs. 3·83 crores on the sale of 4·4 lakh tons of sugar which they had imported till 15th September 1954. And I presume that this saving will be further augmented because they will have to import sugar for many, many years, lakhs and lakhs of tons, in order to meet the internal demand. Let good come out of evil. I would suggest that all this money that they are making in this kind of State-trading should be set apart and funded separately and all this money should be entrusted to a development board for sugarcane so that they may spend all this money on research and on bringing the result of research within the reach of the millions of cultivators.

THE VICE-CHAIRMAN (SHRI R. C. GUPTA). Please wind up, because there are several other speakers and the time is limited.

SHRI RAJENDRA PRATAP SINHA. I will take only two or three minutes more.

As I said, we have to develop our cane production before we can hope

[Shri Rajendra Pratap Sinha.]
to become self-sufficient. Sir, this money is a windfall to the Government of India and I do not want the hon. the Minister for Food and Agriculture to make a gift of all this money to the Finance Minister who is in a very tight corner these days because his customs revenues are very badly falling. I would urge upon him to prevail upon his colleagues to set apart this money separately so that the money that we are earning, this sum of Rs. 3.83 crores which they have already saved and which has been dearly bought, should go for research work alone and for development work so that the country may become self-sufficient in the matter of sugar supply. At the present moment; Sir, we have under sugarcane only 2 per cent. of the total acreage under food grains and I do not want that we should increase the acreage under sugarcane by diverting land from food production, because that would adversely affect our food production. It has been established by research and demonstration that it is possible easily to develop the cane yield in this country, for it has been seen that we can get 700 maunds of plantation cane and 500 maunds of ratoon cane by adopting improved methods of cultivation and manuring. I would, therefore, urge upon the Government that they should see that their administrative machinery at the Centre and in the States takes these results of research to the cultivators so that the results of such research are translated into actual practice and thus we get better yields.

Sir, one word more and I have done. And that relates to the price policy of the Government of India as regards sugarcane. I find that their policy is most lopsided. They over emphasise the parity question. They want that the price of sugarcane should be at par with the price of all foodgrains. It is quite right and I have no quarrel with that. But then there should be a two-way traffic. What I want is that with the reduction in the cane

price there should be a corresponding increase in the yield per acre of sugarcane. Then alone shall we have cheap sugar and plentiful sugar. Thank your, Sir.

SHRI KISHEN CHAND (Hyderabad):
Sir, I very gladly and whole-heartedly welcome this item No. 23 under External Affairs for a demand of Rs. 50 lakhs made for the Force which is going to be sent to Indo-China. Sir, it is a matter of great satisfaction that our country is playing its part in international matters and sending our goodwill missions to foreign countries.

I have got a few points on the various items where the hon. the Finance Minister can make certain economies and I will offer my remarks on them. The first item that I take up is item 34. Under currency there is a demand for Rs. 76,81,000 and in the explanatory note it has been pointed out that this is due to the larger imports and payment of import duty. I would like to know from the Finance Minister whether the paper for printing our currency notes is being imported or whether local paper is being utilised for the printing of our notes. That is the first item that I would like to know from him.

Then, there is the question of the transfer of the collieries from the Railway Department to the Production Ministry. This, after all, is a matter of book adjustment. But I would point out to the hon. Minister that the Railways Ministry is a big consumer of coal and it would have looked nicer if the collieries were managed by the Railway Department instead of being put under the Production Ministry. It would have led to a great deal of economy where the consuming department is also the managing department. Therefore, I do not see any reason why these collieries are transferred to the Production Ministry from the Railways Ministry.

Then I come to item 124—Capital outlay of the Ministry of Food and

Agriculture—where Rs. 34,79,80,000 is being asked for. I submit that in this matter our policy of importing rice has been incorrect and that we are importing 9 lakh tons of rice from Burma paying a very high price for that rice. I submit that the price of this rice has been quoted in pounds sterling and hon. Members, therefore, do not realise its equivalent value in Indian currency. I submit that we are paying for this rice £50 per ton at Rangoon port and the landed price in India comes to nearly Rs. 750 per ton which is nearly Rs. 27 or Rs. 28 per maund. I should like hon. Members to remember that we are paying as much as Rs. 28 per maund as the price of the rice imported from Burma while it is available in plenty in our own country and at a much lower price, something like Rs. 16 or Rs. 17 per maund. Therefore, I should like to know how it was that the hon. the Finance Minister permitted this import of rice at such a high price thereby injuring the interests of our country. If it was a matter of giving a gift to Burma, we could have given that gift more gracefully in some other way, instead of really entering into a trade agreement and a bargain with them in which we have to lose so much money.

The hon. Member who preceded me dealt with the question of sugar. I would only like to ask the hon. the Minister for Commerce and Industry, who is here, why, when we are really producing fifty million tons of cane, only ten million tons of cane are being utilised by our mills, that is only 20 per cent. and only that much goes to the sugar factories, the rest 80 per cent. of the cane is converted into *gur*. Some time back the rural population was satisfied with *gur*. But they are now demanding sugar. I ask the Minister for Commerce and Industry if he could not somehow or other disperse these factories producing sugar in such a way that a larger percentage of cane goes to the mills. If we really could crush more than 20 per cent. of the cane, say 40 per cent.

then our country would become self-sufficient in sugar even now.

SHRI H. P. SAKSENA: Sir, I might correct my hon. friend when he says that the rural people have changed their habits and have come to eat sugar. It is not that. *Gur* is selling at such high prices that the people belonging to the villages do not get it.

SHRI KISHEN CHAND: Whether it is due to high prices or whether it is due to change of habits, it does not matter.

THE VICE-CHAIRMAN (SHRI R. C. GUPTA): You will have to finish quickly.

SHRI KISHEN CHAND: I have taken five minutes, Sir, and I will finish in one minute.

That is a different question as to whether we should increase our yield. It is a matter of fact that we are producing 50 million tons of cane and it is only a question of diverting that cane to the sugar factories. I think it is a question of dispersal of factories. The factories are concentrated in the North; if some of these are transferred to South India or if some new factories are started there, it would improve matters. South India is the tropical area where cane can grow better. It was by sheer coincidence that sugar factories were set up in U.P. and in Bihar. They should have been set up really in South India where the season is longer, the production is better and the yield is also better.

With these economies, the Finance Minister can really make up for the loss in other sources of revenue that he has suffered.

THE VICE-CHAIRMAN (SHRI R. C. GUPTA): Mr. Krishnamachari.

SHRI H. P. SAKSENA: I had also given my name, Sir.

THE VICE-CHAIRMAN (SHRI R. C. GUPTA). Let him finish.

THE MINISTER FOR COMMERCE AND INDUSTRY (SHRI T. T. KRISHNAMACHARI). Mr. Vice-Chairman, reference has been made by Mr. Bhanj Deo incidental to the item that is appearing in demand No 121—or rather more than one item—in regard to the Industrial Development Corporation and also in regard to the loan to Tatas. My hon friend, Mr. Parikh, wanted some elucidation—he is not here now. I shall first refer to Mr. Bhanj Deo's remarks about the loan to Tatas.

Mr. Bhanj Deo would realise that there was a sum of Rs. 4 crores in the demands that were submitted to Parliament in the last Budget Session as loans to Tatas and the IISCO. I do not know if he has asked that question at any time and my colleague gave a reply. The loan that was given free of interest was for a specific purpose. I had explained in the other House in response to a question the genesis of this loan and I am prepared to mention it again here. As my hon friend Mr. Parikh mentioned, it was a desperate necessity for us to increase our output of steel with the minimum amount of expenditure. Therefore, Government urged on the Steel Corporation of Bengal and the IISCO—as they then were—and the TISCO to augment their production. Besides, the position of the different iron and steel companies was that part of their machinery—a good part—was becoming obsolete and with the obsolescence growing, there was a possibility of their production going down from the 760,000 tons that they were capable of—sometimes they were producing 780,000 tons. The point made by the iron and steel companies was that since Government fixed the price and in fixing the price, the return on block that was conceded was low—it did not give them any cushion so as to pump it on to the reserve fund—the reserves were not adequate for the purpose of undertaking either expansion or modernization of their plants.

Their suggestion was that the retention price should be increased so as to allow them a cushion out of which they would pump to the reserves and thereby finance modernization partly. The proposal was considered by Government but they felt that if any increase in the retention price was to be allowed *ex gratia* to the firms it would be an unfair burden on the consumers. Therefore, the Government said that they would increase the selling price and put the difference between the retention price and the selling price into the Equalisation Fund and, if necessary, finance the expansion and modernization of these plants from out of that Fund. In doing so, Sir, Government had this idea that until the modernized plants or the expanded plants started production the companies would not be earning anything and, therefore, during the period of expansion when the works are undertaken, moneys will have to be spent, Government will charge no interest on those sums of money. It is, more or less, an incentive for them to undertake the work. It must also be remembered that it was a variation of the suggestion made by them that they should be given an additional price so as to finance their modernization and expansion. Instead of agreeing to their suggestion, we bucked up the price ourselves, put it into the Equalisation Fund and lent it to them free of interest for a period but with a condition that we might charge interest from a particular day and also that the money should be repaid. Sir, my view is that it is a very equitable arrangement; instead of making the consumer pay money which will go into the coffers of these companies, the money is ultimately kept in the hands of Government and put to use for development purposes so far as the iron and steel industry is concerned. I am quite prepared to stand any examination on that score and I do not think there is anything wrong in spite of the fact that Tatas' shares and IISCO's shares are going up. They are governed by considerations of expectations—may be

right, may be wrong. It is all to the good but so far as Government action in this regard is concerned, that has been after due consideration of the pros and cons and I do not think we have given them any undue advantage. On the other hand, we have definitely strengthened the national economy to a very considerable extent.

Sir, in regard to the Industrial Investment Corporation, many doubts were raised by my hon friend Mr Parikh. Basically what he has said about the Corporation is right. The genesis of an idea of this Corporation was that while the Industrial Finance Corporation is lending money to existing industries and at certain specified rates of interest and with certain conditions attached it does not help to any considerable extent the coming into being of new industrial ventures. It is also true to some extent that new industrial ventures, unless the expectation of the rate of return is something very attractive, will not attract capital which will at the same time bear the rate of interest that is being charged by the Industrial Finance Corporation. My colleague and I have been discussing this question of providing additional finance for the private sector for more than two and a half years, we thought of various schemes, the question of using insurance fund and the questions even of getting the banks to finance long-term industrial needs were considered and it is as a result of these discussions that my colleague got the Reserve Bank of India to appoint the Shroff Committee to go into the finances that were available in the private sector. The Shroff Committee's Report is before the House. The idea of this Investment Corporation was, in one sense, mooted by the President of the World Bank, Mr Black. Hon Members will know that one of the charges levelled against the World Bank in all international gatherings is that it does not help industrialisation of the backward areas, and that on a number of occasions the ball has been pushed at the court of the World Bank for

devising ways and means for creating an organisation, either international or sectional, for the purpose of accelerating industrial development in these areas. I think, Sir, it was the realisation of the World Bank to do something about it, to assist in industrial expansion that made Mr Black speak to the American authorities and ask them if they would, in agreement with the Indian Government, permit the use of the counter-part funds created in India out of American aid for the purpose of stimulating industrial expansion in India. Apparently, the U.S. administration responsible for the purpose of aid agreed and, with our consent, a delegation was sent from the United States of America to this country to discuss the pros and cons of this matter. That is the genesis, Sir, and in trying to encourage the creation of an Investment Corporation managed wholly and solely by private enterprise for the benefit of stimulating investment in industries in the private sector, various schemes had to be thought of and the device that we have before us now in a very broad way is the one that has been ultimately decided on, namely, that the Industrial Investment Corporation with a capital of five crores of rupees, should be started, that Government should, out of the counterpart funds, in agreement with the U.S. Technical Co-operation Administration, lend to this Corporation free of interest a sum of Rs. 7½ crores or thereabouts, and that the World Bank would immediately place at the disposal of this Corporation, subject to the Government guaranteeing the loan, a sum of Rs 5 crores, and that the World Bank would be prepared to augment its loan to this Corporation to the extent of three times the assets of this Corporation. It is very clear that it is purely a privately managed corporation. Naturally, because Government lends this money free of interest it should be returned over a period, after 15 years, and also Government will inevitably have to guarantee any loan made to any private organisation by the World Bank. Government will

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secure its interest by having a director on the board of directors of this Corporation and the Government will have the same rights in respect of the funds of this corporation as the World Bank will have by reason of its lending the money. The guarantor has the same right and interest as the lender and therefore we will be in the same position as the World Bank in respect of all rights that the World Bank will have as a lender.

Sir, how this corporation is to function is a question that was raised by my hon. friend. The whole idea was that this Corporation should be able to loan out to the private sector at a rate of interest slightly below and more attractive than what the I.F.C. does. Again, an entrepreneur when he wants to float a new concern cannot afford to borrow at the rate of 7 per cent. If this Corporation borrows from the World Bank it will have to pay $4\frac{1}{2}$ per cent. and allow for service charges, amortisation and provision against possible loss. You borrow at $4\frac{1}{2}$ per cent. and you cannot afford to lend at less than 7 per cent., may be $7\frac{1}{2}$ per cent. and if the Corporation is to lend it at $7\frac{1}{2}$ per cent. no industry would be started on the basis of a loan the interest on which is at the rate of $7\frac{1}{2}$ per cent. starting from the word 'go'. The idea really is that this Corporation in its Articles of Association, which are still in the stage of formulation, would be prepared to take equity capital in the new concerns and, as I have said in the other House, the Corporation lends out of a crore of rupees for a new company, 70 lakhs at the rate of 7 per cent. and takes equity capital for 30 lakhs of rupees. Well, not merely will that enable the company to go to the market to get some money because there will be some confidence, because also the Corporation is managed by industrialists, not merely by the local people but also by one or two people from abroad. Naturally those who lend money will inevitably be sure of the soundness of the invest-

ment. Besides, it will also spread out the load of interest on the whole by an appreciably smaller amount. If they charged 7 per cent. on 70 lakhs, well, it comes to 49 and that 49 will be spread over 100. It reduces the whole thing to about 5 per cent. So, that is roughly the idea as to how the Corporation should work. But we do not know the scheme, the terms and conditions on which they should work. The idea really is that the Corporation should be managed by a board of directors represented by the leading figures in the industry in this country and it is also that those people who are on the board of directors of the corporation should pass a self-denying ordinance that none of them could lend any money to any concern in which they will be interested even remotely and therefore we should leave it free to lend out money in the best interests of the country's economy as a whole.

Sir, the other point raised by my hon. friend was: Why are you reserving $1\frac{1}{2}$ crores of this 5 crores for purposes of investment from the U.K. and the U.S.A. Now, my hon. friend is perhaps under the impression that they are too willing to come and invest. It required a certain amount of persuasion and elbowing. The delegation that went from here to London was in the London City Market for some time. Then Mr. Cobbold, the Governor of the Bank of England, was here and he was spoken to and ultimately everybody was convinced that that was a good thing and they should participate in it. It is not a question of the profits they earn by reason of their investing Rs. $1\frac{1}{2}$ crores. There is not even any necessity for us to say that the return should not be more than 6 per cent. because in an investment corporation the returns are not high and the need for them to build up reserves is imperative and they cannot afford to fritter away their income on fancy dividends, may be 6 per cent. But the idea really is, Sir, that an investment of this nature in a private investment corporation in India, privately

managed investment corporation in India, would attract further funds—maybe some may not like it but we do want it. The Government in approving of this idea felt in line with the wishes of the World Bank to release $7\frac{1}{2}$ crores of rupees of the counterpart funds for this purpose. We agreed to guarantee the loan of the World Bank and we are firmly committed to the principle that we do want foreign financial co-operation. It cuts at the root of what the hon. Member said but nevertheless it is a fact that we have acknowledged it and welcomed it.

SHRI B. GUPTA (West Bengal): A preposterous idea.

SHRI T. T. KRISHNAMACHARI: Well, I thought my friend was exercising an amount of self-restraint that was indeed surprising.

But the point really is that of this one and a half crores of rupees, one crore might come from the U.K. and 75 and possibly 50 lakhs from the U.S.A. and this would more or less open up those markets, for us to tap because we shall bring in a certain new element from abroad which should know the conditions here, which would find that investment in India is a desirable thing and the whole idea is that it should act as a catalytic agent for bringing in fresh investments. As I have said there is a limit to this fund. The limit to this fund that this Corporation would have is the limit of the amount that the World Bank will lend. The World Bank is prepared to lend three times the amount of the reserve on the basis of the resources now created, on the basis of Rs. 5 crores capital. Rs. $7\frac{1}{2}$ crores will be given by the Government. In five years' time it will come to Rs. 37 crores. So the Corporation will have about Rs. 50 crores available. For more money there may be one more investment say debentures or something which will be taken by foreign business in this bank which will enable the World Bank to increase

its loaning capacity to this bank. Sir, Rs. 50 crores is nothing in my scheme of things. I had during the last three or four weeks made a proposal which may or may not fructify but which would cost to the extent of Rs. 56 crores. So it is not as if the proposal may fructify. It may fructify. But the proposals are there, various proposals made each coming to 3, 4 or 5 crores totalling up to Rs. 56 crores and it would be available for the private industry. It is nothing very big.

That, Sir, is the genesis of this investment corporation. We feel, Sir, that nothing but good will come to the country on that account. We do propose to leave it in the hands of the private sector. We are not going to interfere with it. The interests of the rate-payers should be safeguarded and to safeguard the interests of the Government of India there will be a director on it. That is what I wanted to tell my hon. friend Mr. Parikh at this time.

I do not want to deprive Mr. Saksena. So far as the Industrial Development Corporation is concerned, I will just summarise what it is proposed to do. It is a purely Governmental organisation. It is not *per se* a finance organisation. It will create industries and hand them over to the managing agents. Government control over those companies which we create is inevitable or it may go into the portfolio of the Production Ministry. Once we create an organisation and we find that we are able to finance it ourselves we do not want private capital; it may go into the Government portfolio. Or if it is private it will be managed by boards. There will be the profit interest. Shareholders will come and will elect the director. There will be no question of any managing agency controlling it. The whole idea is that this Corporation should start those industries where the private sector is not willing to come and operate. And

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the other two mentioned by my hon. friend are the questions of balancing the plants. It is a very important factor. I find on a preliminary survey made that many of the plants in the private sector are unbalanced and oftentimes they are not able to balance the plants because they want money. I have made up my mind and I have told my colleagues that we should lend money to those concerns to balance their plants so that production can become effective. We now have an installed capacity of X but X is not the effective capacity because very often plants are unbalanced. In the light of experience it may be that the Government will have to lend out machinery for the purpose of accelerating production. It is our idea to do something of that nature. In fact, the survey that will be made will be through the means of this Industrial Development Corporation.

One word more about rehabilitation. We have schemes of rehabilitation. Rehabilitation is necessary because our industrial equipment is in most cases obsolete. In the case of machine tools about 2 lakh machine tools in this country are obsolete. Rehabilitation will have to be taken up on a grand scale and probably the Government will have to go into it. We will use the Industrial Development Corporation for it. The help which will be available to the private sector in addition is this. The technical staff we will employ for that and it is for this purpose that we have asked for a grant of Rs. 5 lakhs. Initially if they prepare projects—unless it is for something which the Government *per se* selects—these projects will be made available to any firm. If anybody wants any of those projects he can have them subject to the usual terms and conditions. That is the only unconditional assistance which the Industrial Development Corporation will render to the private sector. In the other cases it is all conditional on the private sector fulfilling an important or an integral part in the

industrial structure of the country. I think I have explained to the best of my ability the Government's ideas about these two Corporations.

[MR. DEPUTY CHAIRMAN in the Chair.]

THE DEPUTY MINISTER FOR HOME AFFAIRS (SHRI B. N. DATAR): Sir, two complaints have been made so far as the States Re-organisation Commission is concerned. One is that the terms of reference have not been given to them and the second is that an interim Report has not been called for. Now, so far as the terms of reference are concerned, they are extremely wide, and I would read to you only a portion from paragraph 7 of the Resolution that the Government have passed in this connection. Therein it has been stated that they have to go through the whole question including linguistic, cultural, administrative and other aspects and then they have to settle the pattern of the future constituent States and it is for them if they so desired, to make an interim Report.

SHRI BISWANATH DAS (Orissa): May I know whether the hon. Minister is replying? Because some of us have to speak

MR. DEPUTY CHAIRMAN: There is no time, Mr. Das.

SHRI B. N. DATAR: Therefore the question of submitting an interim Report has been left entirely to the discretion of the States Re-organisation Commission because the problem is a vast one. They have received 33,000 memoranda and about 3,000 and odd persons have been interviewed. The problem is complex and unless they come to a certain decision so far as the pattern of the States is concerned, it may not be possible for them to make an interim Report. An interim Report presupposes certain conditions—that there are no disputes or they have come to certain fundamental conclusions. It is for this reason that this question has been left entirely to the Commission itself.

SHRI S. N. DWIVEDY: But has not the Chairman of the Commission stated that if the Ministry wants they can submit an interim Report?

SHRI B. N. DATAR: Sir, we have made it clear in our Resolution that if the Commission so desired, it is open to them to submit an interim Report. But for sending an interim Report, they have to come to certain fundamental conclusions regarding the reconstitution of Indian States. That is the reason, Sir, why the discretion has been left to them. Therefore my submission is

SHRI BISWANATH DAS: May I just have some information from the hon. Minister? He has just said that the problem is vast but he has given them only 1½ years. Will they.....

SHRI B. N. DATAR: The complaint is that even that is too much.

SHRI BISWANATH DAS: Is he prepared to extend the time?

SHRI B. N. DATAR: So far as the time limit is concerned, we have stated that they should submit their Report as soon as may be practicable but not later than 30th June 1955. There is also a school of thought which says that the time that has been given to them is extremely long. We have given them 18 months of which 9 have already passed. They are carrying on their work very well and it is up to them to submit an interim Report or not to submit an interim Report. In any case, they would be submitting their Report as early as possible and the Government will take the necessary steps after it is received.

THE MINISTER FOR AGRICULTURE (DR. P. S. DESHMUKH): Mr. Deputy Chairman, to my knowledge there were only two hon. Members who referred to the demands pertaining to my Ministry. One of them referred to the profit or balance that the Government has derived as a result of State trading in sugar. He

said that this fund should be utilised for research work and for better production of sugar-cane. I welcome this suggestion but I might tell him that this is not according to the financial rules or procedure that is observed. We have to fall in line with the financial policies of the Government whereby any profits derived are not earmarked for any specific purpose. At the same time I may inform my hon. friend that there is no difficulty in obtaining the necessary funds from the Finance Ministry for whatever schemes we have in view. For instance, we have taken up a drive for better production of sugar-cane and a new method is being followed. It is an inexpensive way, a commonsense way and I have no doubt that the complaint about deficiency of sugar-cane or gur would not be there in a couple of years' time because we are tackling it at both ends. We have on the one hand arranged campaigns for increasing the yield per acre. And I would like to impress upon the Members of this House as also of the other House that the phenomenal success we have had in the field of food production is not merely due to good rains. The human factor has been there and the uniform success throughout the country of the Japanese method has contributed tremendously to the unexpectedly larger production at which most people are flabbergasted and for which they do not find any proper explanation. This is likely to be repeated in the case of other crops also provided we proceed on similar lines. I may also add that in the first year of the campaign of the Japanese method we did not spend even a single pie on it except on the literature that was printed which cost us about Rs. 37,000. Now we are in a better position to undertake this campaign. We want to broaden it a little more and I can confidently say that provided we do one or two things which are also sensible proposals, provided we do not upset the mentality of the agriculturists by talking about certain undesirable slogans and provided we take precautions to see that the

[Dr. P. S. Deshmukh.]
cultivator has some remuneration left for his investment and for his labours, if these two factors are kept in view. I have no doubt that there is the possibility not only of increasing the average production in every case by 10 to 15 per cent. in a few years' time but it will also be possible to double our average yield per acre in due course in respect of every crop, not merely of sugarcane

MR. DEPUTY CHAIRMAN: Your time is up

DR P. S. DESHMUKH. The other complaint was about Burma rice. I am very sorry I have not got the time. The Burma rice is a very old story and I think that the prices that are ruling at present are due to our wise policy of being prudent and being well-armed beforehand. Had we not got these large stocks of Burma rice with us, with all these floods and droughts and other things, people would have tried to take advantage of the situation and managed to have some parts of the country scarcely provided with the result that the prices of foodstuffs might have gone up

MR. DEPUTY CHAIRMAN. The Deputy Minister for Finance. Just two minutes

SHRI M C SHAH. Only two minutes? In that case I may hold over my replies to the questions that have been raised by Shri Bhanj Deo. They are the usual questions

SHRI P C BHANJ DEO. You can send a reply in writing. I am still waiting for your ancient reply

SHRI M. C. SHAH. Sir, we have already laid on the Table the Appropriation Accounts for 1950-51, those for 1951-52 will be coming out very soon and those for 1952-53 are under preparation. There is always bound to be some time-lag and we must accept that position. About Finance Accounts we have already stated that we have not got the opening balances

and the Auditor-General is trying his level best to get them and I believe it will be done very soon

Another point that was raised was why the loans to States are charged on the Consolidated Fund. If the hon Member reads article 112(3) (g) with article 293(2) of the Constitution, it will become plain that these loans should be charged on the Consolidated Fund of India. So far as the terms and conditions are concerned, they are to be settled by the Government as long as Parliament has not laid down any of those things

It was said that there was over-estimating or over-budgeting. I need not go into the details. If I had the time, I would have shown that it is not the case. I have already at 2 P.M. explained in the beginning that so far as this revenue side expenditure is concerned, it is only Rs 124 crores—some fifty lakhs were for Indo-China and seventy-seven lakhs were for printing and all these things. Practically all these things came after the budget estimates were sanctioned and, therefore, I do not think there is any case or there is any item which has been shown by my hon friend to be rather over-estimating or over-budgeting. There was reason for this supplementary demand. Whenever we find that there is an excess over the budget figure certainly we should come for a supplementary demand. That is provided for under the Constitution. We cannot wait and see what will happen at the last moment. Therefore, the points raised by my hon friend Mr Bhanj Deo are of the usual kind which he always raises and I think that with this explanation he will be satisfied. There is no other point mentioned and I can assure you that so far as the supplementary demands are concerned, we are very careful to see that there is no over-estimating, there is no over-budgeting. As a matter of fact if he just goes through the supplementary demands, he will find that there is practically nothing which can be taken exception to

MR. DEPUTY CHAIRMAN: The question is:—

“That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1954-55, as passed, by the Lok Sabha, be taken into consideration.”

The motion was adopted.

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

Clauses 2 and 3 and the Schedule were added to the Bill.

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

SHRI M. C. SHAH: Sir, I beg to move:

“That the Bill be returned.”

MR. DEPUTY CHAIRMAN: The question is:

“That the Bill be returned.”

The motion was adopted.

AMENDMENTS TO RULES MADE UNDER THE ALL-INDIA SERVICES ACT, 1951—continued

MR. DEPUTY CHAIRMAN: Mr. Mathur, you have got two amendments. The rules have been laid on the Table of the House. Do you want to move your amendments separately or both of them together?

SHRI H. C. MATHUR (Rajasthan): I wish to take up my first amendment.

MR. DEPUTY CHAIRMAN: You move your amendment.

THE INDIAN ADMINISTRATIVE SERVICE (PAY) RULES, 1954.

SHRI H. C. MATHUR: Sir, I beg to move:

That the following modifications be

made in the Indian Administrative Service (Pay) Rules, 1954, namely:—

(i) For the existing Rule 3, the following be substituted, namely:—

“3. Time-scales of pay.—The time-scales of pay admissible to a member of the Service shall be as follows:—

Junior Scale:

Rs. 450—500—30—800—40—1,000
(16 years).

Senior Scale:

Rs. 800—(6th year or under)—
40—1,000—50—1,500—60—
1,800 (26 years).

Special Pay:

(i) Rs. 2,000.

(ii) Rs. 2,250.

(iii) Rs. 2,500 to be drawn by senior-most persons, total number not exceeding 10 per cent. of the cadre:

Provided that a member of the service to whom any other time-scale of pay was admissible under any order in force immediately before the commencement of these rules shall have the option to retain the old scale.”

(ii) For the existing Schedule I, the following be substituted, namely:—

“SCHEDULE I

[See rules 4(2) and 5(2).]

Scales of pay for the Indian Administrative Service

Year of Service	Junior Scale	Senior Scale
(Monthly rates of Pay)		
	Rs.	Rs.
1st	450	800
2nd	500	800
3rd	530	800
4th	560	800
5th	590	800
6th	620	800
7th	650	840
8th	680	880
9th	710	920
10th	740	960