

[Mr. Chairman.]

excise among the States, as passed by the House of the People, be taken into consideration."

The motion was adopted.

MR. DEPUTY CHAIRMAN: We shall now proceed to the clause by clause consideration of the Bill.

MR. DEPUTY CHAIRMAN: There are no amendments of which notice has been received.

Clauses 2, 3, 4, 5, clause 1, the Title and the Enacting Formula were added to the Bill.

SHRI TYAGI: 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.

THE INDIAN TARIFF (AMENDMENT) BILL, 1953

THE MINISTER FOR COMMERCE AND INDUSTRY (SHRI T. T. KRISHNAMACHARI): Sir, I beg to move:

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

Sir, this amending Bill falls into two parts. Clause 2 deals with an amendment to clause 3A of the Indian Tariff Act. This particular provision of the Indian Tariff Act will expire on the 28th March. At the time this section was put in, it was felt that Government did not have the full picture of the needs of protection to industries before them. Besides, at that time, we were engaged in considering the Report of the Fiscal Commission. The future of the Tariff Board was also uncertain. The Tariff Board was then functioning as an *ad hoc* body and had no statutory existence. It was, therefore, felt that a provision of the nature

contemplated in section 3A should be in for two years only. Now, Sir, we have implemented the recommendation of the Fiscal Commission by the introduction of the Tariff Commission Act. The Tariff Commission is now a statutory body functioning as part of the governmental machinery for the purpose of granting protection. They are periodically sending their reports to Government for action. Action on these reports is being taken from time to time and the methodology envisaged under section 3A has now become a matter of a regular need. Therefore, it is felt by Government that we should ask Parliament to make section 3A a permanent feature of the Tariff Act.

Sir, I would like, in this connection to mention that it is not an attempt by the Executive to usurp the power that legitimately belongs to Parliament. It is merely a matter of giving effect to the wishes of Parliament as indicated at the time when the Tariff Commission Act was passed. If protection is to be granted, then it stands to reason that the protection should be made available to the industry as early as possible. But the legislative convenience of Parliament is governed by various considerations and if they delay the passing of a Bill, that should not stand in the way of the industry getting the protection that it needs and that is recommended by the Commission. The discretion in the matter of recommending protection is vital for the Tariff Commission which is an independent body. Government is not going to do it *suo motu*. It may be that Government modifies the various recommendations, and often Government does modify the recommendations; but these amendments are rather in the nature of amendments favourable, in view of the fact that the consumers in this country have to be protected. Sir, I think I need not labour this point at any length. The House will recognise that the temporary power given to Government under the present circumstances is to be made a permanent one. There are certain variations in the wording of section 3A which the

present amendment contemplates. Actually, these variations have largely been modified by the amendment that was imported into this Bill by the House of the People. As the original provision stood, as soon as a Notification is issued if Parliament was in session, within fifteen days the Bill has to be introduced. If Parliament was not in session, within fifteen days of the assembling of Parliament the Bill should be introduced. There is nothing inherently wrong in this method; but it does happen that with Parliament sitting now sometimes for three months and sometimes for /nore, that about four such notifications might issue. I had envisaged that I might have to come before the House with a recommendation for protection for more than one industry even during this session. It was felt that in view of the pressure of business, it would be better for us to take all the measures at one time rather than in four different Bills. And it also had the inevitable condition attached to it that if the Bill is not passed into law within sixty days, it lapses. It is merely a matter of convenience of procedure, essentially to facilitate Parliamentary business. The present amendment indicates that if 4 Notifications are issued when Parliament is in session, all these Notifications can be put in one Bill and the time-limit of fifteen days is not to be insisted upon. Naturally it happens as is laid down by the proviso made by an hon. Member in the other House that if a Notification is issued when Parliament is in session such a Bill should be introduced in that session. Even if I happen to issue a Notification five days before the Parliament rises, I should take care to see that a Bill is introduced before Parliament rises. It is a very healthy condition and I cheerfully accepted the amendment because the words—"as soon as may be" left it to the convenience of Government and Government might put it off to the next session. Therefore, I think it is a very salutary condition. The other factor follows. If the Bill is to lapse after a period of time if not pushed ,+hrough within a certain period, then

the Notification relating to that also should lapse. A Member of the other House suggested, "Provided further that if for any reason the Bill does not become law within six months from the date of the introduction of the Bill in Parliament, the Notification shall also expire within the period of six months." That is by way of abundant caution. If Government deliberately is recalcitrant and merely takes advantage of this power to introduce the Bill and keeps quiet thereafter, leaving the Bill to go from session to session, Government is told that that sort of thing cannot happen. These are the safeguards with regard to the amendment to section 3A.

The other part of the Bill is about the protection *to* the ball-bearing industry. It has been pointed out that I have not sent hon. Members a note with regard to this industry. We had, Sir, in the past generally issued a note when a number of industries were concerned. In order not to worry hon. Members with the trouble of having to go through the various reports a summary was sent. In this particular instance, it is a single report and it was not necessary to summarise or reproduce the recommendations made by the Tariff Commission in this regard. Hon. Members will please note that this industry is a very important industry. It has been set up here under certain difficulties. One unit is there and another unit is coming into being. It was said that this is in collaboration with a foreign firm, that a certain foreign firm has been given certain advantages. That is no doubt true. But in a very complicated industry like the ball-bearing industry the technical 'know-how' that is available only with foreigners has to be obtained. No doubt true, Sir, but if you should say that we should act independently we will probably produce an article which will be of no use to us. In fact, in another context I was told by an industrialist that a particular industry was catering to their needs which had not liaison with the foreign firms. There the goods produced were not good enough. Ball bearings are

[Shri T. T. Krishnamachari.] an essem al produce and every manufacturing industry needs them. The very fact that the industry is in association with the very well-known maker of ball-bearings is a definite guarantee of quality and that is absolutely necessary in order to make people purchase it.

So far as the conditions for the cooperation of the foreign firm is concerned, it is purely a matter of opinion, Sir. and I don't think that my opinion counts very much. So far as Government's opinion is concerned, the conditions under which the foreign technical assistance has been obtained are

The second point. Sir, which I have to mention is that certain remarks have been made with regard to the methods by which the industry is being run. The production in 1952 has gone up though it has not reached the optimum capacity. It is very nearly 75 per cent. Even so. the Government. in its notification, has drawn attention of this industry to the defects pointed out by the Tariff Commission and insisted that these defects should be remedied as early as possible. They have also called for periodical reports from the industries to enable them, from time to time, to review the working of those industries which have been granted protection. Hon. Members might remember that in the last session of Parliament, I circulated a review of work of the Tariff Commission and the work it did in that regard. Sir, it is up to the Tariff Commission to see particularly when Government is also interested, that these conditions that the Tariff Commission themselves had laid down are obeyed.

With regard to the quantum of protection, by and large, the protection does not vary very much from the revenue duty, which only indicates that the protection only gives the industry abundant safeguards rather than any extra advantage. So, I believe Sir, on this particular matter of protection to the ball bearing indus-

try there cannot be much difference of opinion either on the quantum of protection conceded or on the necessity for giving it.

SHRI P. SUNDARAYYA (Madras): What is the capital of the ball-bearing company in India?

SHRI RAJAGOPAL NAIDU: Madras) : We would also like to know what is the composition of the company, who is the Managing Director and all that; also, Sir, the conditions, which you said are reasonable, under which foreign assistance is sought.

SHRI T. T. KRISHNAMACHARI: The capital of the Company is Rs. 53 lakhs; machinery Rs. 47 lakhs; Managing Agents are Birla Brothers; and the technical co-operation is sought from Hoffman who are the well-known manufacturers of ball-bearings.

SHRI C. G. K. REDDY: (Mysore):. What is the composition of the Company?

SHRI T. T. KRISHNAMACHARI Sir, it is an Indian company, a completely Indian one. And all that we do is the technical assistance that we provide and also the initial assistance given in erecting the plant. The Engineer gets a fixed amount and a royalty which is only 2i per cent, on-the sales.

MR. DEPUTY CHAIRMAN: Motion moved:

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

Mr. Reddy.

SHRI C. G. K. REDDY: Sir, I should like to have one or two clarifications" from the Minister concerned before I have anything to say with regard to the protection to the industry itself. Sir. as regards the Amendment to the amending Bill, it appears to me that the clause has been rather unhappily drafted. Although we had from the

hon. Minister, the assurance that the Government has given an increasing recognition to the sovereignty of Parliament, the Government in bringing forward this Bill is in some confusion. Secondly, what it seems to provide is taken away by the wording of the provision. The amended subsection (3) says that such a Bill should be introduced in Parliament as soon as may be but in any case during the next session of Parliament. The Minister stated that even if the Parliament adjourns a day later, he will be obliged to bring forward the Bill. An administrator as he is, he should know that it is not likely. What he would do is, perhaps, to postpone it. And by giving the protection a day later it may result in consequences which may not be quite happy. Therefore, Sir, I should have thought that these clauses should have been more carefully drafted putting a time limit. The opposition are not so unreasonable as to say that it should not be done. We adjourn on the 9th of March. Du<=> to certain reasons we have decided that protection should immediately be accorded to a particular industry. Then most likely the tendency would be to put off the decision for a few days. Although I should think there should be no delay in getting approval of Parliament, a 10 day limit would have been all right, I think no sensible opposition Member could oppose that decision. I am only pointing out that Government may take an early opportunity to correct it. Next time when the Government bring an amending Bill.

The section goes directly counter to the assurance given by the hon. Minister that the Government have increasingly recognized that the Parliament is supreme. The amendment of this clause goes on to say:

"Provided further that where for any reason a Bill as aforesaid does not become law within six months from the date of its introduction in Parliament, the notification shall cease to have effect on the expiration of the said period of six months."

What is the implication of this provision? This would mean that if for any reason, including rejection, the Bill is not passed by Parliament, then the notification is not effective after six months.

SHRI T. T. KRISHNAMACHARI: That the original provision in clause 3 of the Act will operate.

SHRI C. G. K. REDDY: It does not say that.

SHRI T. T. KRISHNAMACHARI: Sub-section (3) as amended reads thus:

"Where a notification has been issued under sub-section (1), there shall, unless the notification is in the meantime rescinded, be introduced in Parliament, as soon as may be, but in any case during the next session of Parliament following the date of the issue of the notification a Bill on behalf of the Central Government to give effect to the proposals in regard to the continuance of a protective duty of customs on the goods to which the notification relates and the notification shall cease to have effect when such Bill becomes law, whether with or without modifications, but without prejudice to the validity of anything previously done thereunder;

Provided that if the notification under sub-section (1) is issued when Parliament is in session, such a Bill shall be introduced in Parliament during that session.

Provided further that where for any reason a Bill as aforesaid does not become law within six months from the date of its introduction in Parliament, the notification shall cease to have effect on the expiration of the said period of six months."

It cancels the old notification.

SHRI C. G. K. REDDY: If that is the interpretation, I accept it; but I don't think it is the interpretation. Thp

[Shri C. G. K. Reddy.] interpretation is, if the notification becomes law it is all right. But if the Bill does not become law at all, if it is thrown out, the interpretation of that would then be, according to my lay opinion, in spite of the Bill being negatived by Parliament, the order will stand in force for six months, whereas, the last proviso was "that the Bill if it does not become law within two months, the notification will cease to have any effect after two months".

Maybe because the provision had been so badly drafted, as I said, unhappily drafted, that it may be assuring this interpretation. Now, I am sure another bill of a like nature will be brought before the House again some time and I would only invite Government to look into these and try to correct these two matters. Whatever the Minister may say regarding the first one, it will only make him postpone a decision which he ought to take

SHRI T. T. KRISHNAMACHARI: There is a limiting factor. Section 16 of the Tariff Commission Act says that within three months of the receipt of the Commission's Report, action must be taken and submitted to Parliament. The limiting factor is there; we cannot put it off.

SHRI C. G. K. REDDY: I do not deny that there is a certain amount of margin of three months. Government may rather postpone taking a decision by a week or ten days to escape pushing through a Bill. *(Interruptions.)* I had nothing else to say, Sir, except that.

There is another point on which this section of the House is greatly concerned and that is with respect to products of British manufacture. We are aware that we are rather short-sighted, unintelligent or something else, I do not know; but, we have never been convinced as to why we should have a preferential duty in so far as British manufacture is concerned. We have been told, Sir, that we are independent

and, therefore, we must not think in the same terms as we used to think before 1947. We have also been told, Sir, not to have illogical prejudices but, we have not so far, either from the hon. Minister for Commerce or from the Prime Minister himself, had any logical explanation as to why this should continue. We have been told that certain advantages accrue from this concession that we show and that it is reciprocal. Speaking about GATT also, the hon. Minister has said that, there are certain mutual advantages that are consequential to the extension of this differentiation but I should like to know, Sir, so that at no other time will we bring up the same argument, once and for all, as to what exactly are the advantages that accrue to our country by extending this facility to articles of British manufacture. We want to know in what manner exactly we benefit so that we may not again make an unintelligent opposition to this particular aspect of Bills as they come in again and again.

Now, Sir, before I sit down, I would only ask about this particular product as to why other arrangements could not have been made as we are making so far as the State itself is concerned so that we could have produced it ourselves, I mean the State itself, as we have been doing so many other things. Sir, I do not like to make any allegations against a particular group of concerns or a particular person but unfortunately even the hon. Minister will not deny that the particular group of people who have floated this concern, to whom we are about to grant protection, have perhaps unjustifiably earned a name in this country. Again and again, whether it was the bicycle industry or any other industry, we find that first of all protection in the name of the industry almost invariably goes to that group. Maybe because it is Indian; maybe because of other reasons; however charitable we may be, we should like to know how it is always a matter of coincidence that that particular group of industrialists always benefit in the name of

patriotism and in the name of national industries. It is all right for the hon. Minister to say that we should not be prejudiced but he will have to take account of the fact that in this particular case there is, maybe unjustifiably, a certain kind of name earned by this group. Now, we should like to know, and I have raised this point before also and the hon. Minister for Commerce denied the allegations that I made in regard to the cycles. If only outside the House he will accompany me and if I take him along to see the cycles that have been bought by Government because of special instructions by the Government to buy this particular brand, I can show him that what I said last time is absolutely true. No amount of nodding can alter the fact. I throw a challenge just now that even in the Parliament House, the Parliament Secretariat—this Secretariat and the other—are obliged to buy cycles produced by this firm and you can test it out and see of what worth it is. Similarly, in these things also, we would like to have an assurance from the hon. Minister, and also certain details about this particular product—what particular things they are manufacturing, how they had been tested, whether they were in use or they are about to be manufactured or, they have been already manufactured or they have been put to use somewhere and in actual test they have been found out to be good. Because, in the name of protection, we cannot make the consumers suffer to the extent of 94 per cent. We must also see to it that our industries which are being protected produce products that at least approximate to the quality which the consumers could get from outside. These assurances, Sir, I should like to have from the hon. Minister and since we cannot do anything about it except to return the Bill, I have nothing more to say about it.

SHRI P. SUNDARAYYA: Sir, again I have to bring to the notice of this House and to the Government that they have not cared to take any of our suggestions which we have given when similar bills with regard to other products came during the last session. Sir,

we certainly welcome the protective duties which they propose to impose to defend an indigenous industry but, as we have said last time, there should be some pre-conditions for these protective duties. First thing is the quality of the goods; the second thing is the price that is going to be charged to the consumers and the third thing is whether the protective duty is enough to really protect the industries.

(*Shri Akhtar Husain in the Chair.*)

Taking all these things into account, Government has failed in this aspect because this particular company, the National Ball-Bearing Factory which is situated at Jaipur has got a rated capacity of 6 lakhs whereas our requirements are about 9 lakhs of ball-bearings. In the year 1950-51, the factory produced only 2 lakhs in spite of the rated capacity of 6 lakhs. I do not know. . . .

SHRI T. T. KRISHNAMACHARI: 2,34,000.

SHRI P. SUNDARAYYA: Is that the latest figure?

SHRI T. T. KRISHNAMACHARI: 1951.

SHRI P. SUNDARAYYA: My figure is for 1950-51, yours is for 1951-52?

SHRI T. T. KRISHNAMACHARI: It is 4,16,000 for 1952.

SHRI P. SUNDARAYYA: If Government had sent some figures and some material along with the Tariff Bill, then I should have been saved plenty of time. Earlier, our information is that this factory was very badly organised and that is why it was able to produce only 2 lakhs in 1950-51. Now, as the hon. Minister has said, production has increased but even then with the full rated capacity of 6 lakhs of ball-bearings, the factory is producing only 4,16,000. It has still to produce 2 lakhs even for achieving the full production capacity. Why is it that this concern is unable

[Shri P. Sundarayya.] to produce the full quota of 6 lakhs of ball-bearings is the first question which we should ask? I do not have figures of imports of ball-bearings as it comes in the general machinery and I could not find out the actual figure. If those figures are available, then most probably one of the reasons why this particular factory could not produce to its full capacity might be because of its inability to meet foreign competition; there are more imports than actual internal requirements. Six lakhs is the rated capacity and nine lakhs is the annual requirement; we should only allow 3 lakhs of ball-bearings from abroad to be imported. I do not know how much Government has allowed with regard to ball bearings. If the Government has allowed more than 3 lakhs of ball-bearings, more than our annual requirements, certainly this Company which has bad organisation could not produce to its full capacity. That was exactly the reason why last time also I said it was no use bringing again and again a Tariff Bill for the imposition of a protective duty to protect industries. In fact these protective duties are not able to protect the industries as long as you allow imports from foreign countries which are putting these factories out of commission. In this case also the same thing is happening.

The second point is that it seems that the production cost of the particular company is about 151 per cent, of the landed cost of the foreign product. If this is true, then the Government must inquire why it is that our indigenous product is costing 151 per cent, more than the landed cost of the imported product. We think it is due to the terms which we are paying to Hauffman Manufacturing Company \ itself. We are paying 2½ per cent, j royalty on sale proceeds, and on this 24 per cent, they do not pay income J tax, and this, as the hon. Minister himself admitted in the other House, will come to about 4 per cent, on the sale proceeds. Apart from this, Rs. 18,000 per year is the fee of the managing agents. Apart from these, further details have to be examined, I

but the Tariff Board's report is not available to us. Because of the unnecessary expenditure—the high rate of royalties, plus Rs. 18,000 per year as managing agent's fees—the cost of production has risen. Since they naturally cannot sell in competition with imported goods because of their high cost of production, they have thrown out 500 workers from the factory. Last time also I said that we wanted protection to be given to our industries, but that they should guarantee that the workers were fairly dealt with, that the workers were not thrown out of employment, that the workers got a fair wage, and also that the quality should be preserved, and further, that the price should be reasonable and only a limited margin of profit should be allowed to the manufacturer. I do not know what is the percentage of profits which this company is earning, especially with these protective duties. The fact remains, however, that 500 workers have been thrown out of employment.

I now come to the second aspect in the Tariff Report, and that is imperial preference.

SHRI GOVINDA REDDY: There is no "imperial" now.

THE MINISTER FOR COMMERCE (SHRI D. P. KARMARKAR): "Commonwealth".

SHRI P. SUNDARAYYA: You may call it "Commonwealth". I still call it "Imperial" and "British Empire". Facts are not altered by a change of words. This preference continues to be given. This continuation of Imperial preference is a continuation of our slave bonds. It is a reminder that we are still a slave to the British imperialists. Otherwise, I cannot understand why this kind of preference should still be continued. That is why I have moved an amendment that this preference should be done away with.

Coming to another aspect, there is in the Schedule an item No. 72(37): Adapter bearings not exceeding 2

bore diameter", for which they suggest a protective duty of 10 per cent, *ad valorem*. I am really not an expert in this matter of ball-bearings, and I would like the hon. Minister concerned to explain to the House how in the case of item No. 72(35) — ball-bearings of all kinds not exceeding 2" bore diameter adapted for use as parts and accessories of motor vehicles of British manufacture—914 per cent, *ad valorem* protective duty is necessary. How is it that for a similar kind of ball-bearings, which is shown under item 72(37), only 10 per cent, *ad valorem* protective duty is sought to be imposed? I could understand it if it had been said that it was a revenue duty. But the Minister has stated that it is not a revenue duty, but a protective duty. How does it happen that in one case a duty of 914 per cent, should be imposed and in the other case a duty of only 10 per cent, is enough for purposes of protection? My information is that Government could not impose more than 10 per cent, *ad valorem* duty because they have entered into an agreement called GATT, and that GATT prevents them from giving more protection than 10 per cent. If it is so, then it is certainly a serious thing and the Government should examine it. Government wants to protect our industry, and at the same time it has entered into an agreement the effect of which is to cripple our industry. If that is so, is the Government going to stick on to GATT even at the cost of our own industry, although it is one of the key industries, like ball-bearings?

SHRI D. P. KARMARKAR: May I interrupt the hon. Member just to point out that GATT does not in any way bind us in this respect, and that where we want to give protection it does not come in our way at all? If we want to give protection to a particular industry, we can give it straight away. GATT does not come in the way. That is specifically provided for.

SHRI P. SUNDARAYYA: My information was to the contrary. I am glad

that the hon. Minister has contradicted it. Then, I would certainly like the Minister to explain why it is that in this particular case only 10 per cent. *ad valorem* duty is enough as a protective duty, whereas in the other case it is 914 per cent, *ad valorem*?"

All these things make us feel that the protection which the Government is trying to give is in fact no real protection. It can bring them more revenue, but actually it is not going to give real protection. That is why once again we reiterate our suggestions on both these matters—that apart from protective duties the Government must adopt the policy of totally banning imports or restricting imports in such a way that our local industries can develop fully, so that our industries need not be open to competition from imported goods; and that while doing that, Government must certainly take every step to see that the quality of the indigenous products is preserved, that the prices—which the industries are charging the consumer are also fixed, and that with regard to conditions of workers in these protected industries where protection is given with the tax-payer's money, good working conditions are assured. Government must take all these steps, and only then will the policy of protecting our industries be fulfilled without costing the consumer anything, and without costing even the taxpayer anything.

These are my suggestions, and I hope the Government will once again look into the whole of the tariff policy and that it will not feel satisfied that what it is doing is good enough and nothing more need be done.

SHRI H. P. SAKSENA (Uttar Pradesh) : Mr. Vice-Chairman, I find myself entirely in agreement with the hon. the Minister for Commerce and Industry when he says that there cannot be two opinions on this measure. It is a measure which may be characterised as a measure of ample necessity. We do not want to have foreign things imported in our country and for the particular reason we want to

[Shri H. P. Saksena.] give as much protection as possible to our indigenous industries. That is the reason why this measure has been brought before the House. I went through the Bill—the Amending Bill—very carefully and I could not find myself in any quarrel with the time limit that has been

SHRI C. G. K. REDDY: There is no quorum.

SHRI H. P. SAKSENA: I find my hon. friend Mr. Reddy

(Interruption.)

THE VICE-CHAIRMAN: The hon. Member may proceed. There is quorum.

SHRI H. P. SAKSENA: Thank you, Sir. I do not find any difficulty here. There will be absolutely nothing to prevent the Parliament from passing into law the notification that was issued for introducing a protective duty when the Parliament was not in session, as soon as it re-assembles.

Now, Sir, I do not have Eisenhowers and Churchills on the brain. They never trouble me. I shook off British imperialism long long ago and I am not afraid of it. I see that individual Britishers—businessmen and shopkeepers as they have been all the time—are trying to enter into our commerce and industry by the back door.

SHRI C. G. K. REDDY: Individuals!

SHRI H. P. SAKSENA: The Government sees to it. We are not blind to all that. But then, Sir, when I say the Government sees to it, my hon. friend can himself understand whether it carries collective meaning or an individual meaning. Now, Sir, they are trying to enter by the back door. But then we have seen it and we shall be very careful and cautious about their entry.

Now, so far as Birlas are concerned, there is certain murmuring and grum-

bling about what they are doing. Well, they are doing what they are doing and we see that so far as their income is concerned, the hon. Finance Minister will squeeze out the last pie out of their profits and they shall not be able to beguile him or to mislead him. Take it from me that so far as Birlas are concerned, they should be welcome to produce as much wealth and to increase as much industrial output as possible because that is all to our advantage and so far as their income is concerned, well, they cannot hide it or cannot conceal it and it will all be to the advantage of the country.

One thing of course is troubling me and that is this. As my hon. friend Mr. Sundarayya has just pointed out, the cost of the articles should in no way be allowed to exceed. A friend told me that this protective duty on ball-bearings may have an adverse effect on our domestic electric fans and such like things and the prices of the fans may go up. Now so far as prices are concerned, I may humbly inform the hon. Minister for Commerce and Industry, if he does not know it, that it is a very very heavy load under which the people in general are passing these days, and the first and foremost duty of the Government ought to be that their burden in that context and to that extent is lightened and the prices should not be allowed to rise but they should be brought down. With these words, Sir, I support this measure.

SHRI RAJENDRA PRATAP SINHA (Bihar): Mr. Vice-Chairman, I have heard with rapt attention the speech of my hon. friend, the mover of this Bill, while commending this measure to the House. I did so, Sir, as I hold my learned friend in esteem as he is an elder statesman of the country and more so because I have great regard for the noble ideas and high ideals my hon. friend advocated on the floor of this House while it was sitting as the Provisional Parliament. I was particularly impressed, Sir, by his ideology as to how a popular Government should be run and the relationship

that should subsist between the executive and the Legislature. Sir, I am rather disappointed to hear this evening my learned friend when he was trying to argue against his own convictions and conscience probably under the stress of circumstances on his elevation to celestial heights, when our friends are obliged to take the advice of their advisers and secretaries as sacrosanct—to quote his own words. Sir, he raised weighty arguments in the year 1951 in opposition to such a measure and I was anxious to hear him as to how he met those points from the Treasury Benches. I am tempted to quote, Sir, his own words as no better opposition could be made to this measure than what my learned friend said in the year 1951

SHRI GOVINDA REDDY: Much water has flown under the bridge since then.

SHRI RAJENDRA PRATAP SINHA: Yes, I know that. Sir, my learned friend said:

"But I must say that I am extremely disappointed that a former colleague of mine in the back bench should after translation to the celestial heights muster enough courage to support a proposition which in 1951, in a Parliament supported by a Constitution and in a House which has got ultimate control over the destinies of this country, he asks us to accept and give our approval to."

Then, Sir, he said:

"The moment they get into office the advice of their advisers or their secretaries becomes sacrosanct, I have nothing to say against the Secretaries as such. The Secretary wants to get things done expeditiously and naturally he suggests ways and means in which things could be done expeditiously. But Parliamentary democracy is a slow form of Government and we cannot be impatient."

Then, Sir, further he said:

"But it is better for the Ministers, their Secretaries, Joint and Deputy Secretaries to realise that the safest way of carrying the Parliament with them is not to try to bypass it but to take it along with them."

Sir, he goes on saying:

"It would be wrong for us to give our approval to the provisions of clause 2 on the mere supposition that it is a popular Government that sponsors it A popular Government is far more prone to the pressure of powerful interests than the foreign Government was."

"Therefore, I plead, as this is also a matter of educating our people to discharge their responsibilities adequately, do not fetter the freedom that Parliament will have—leave it to Parliament, when it meets, to impose or not the duty by a Bill."

Sir, I cannot oppose this measure with greater force than my hon. friend did some time ago. It is very interesting to watch the phenomenon of metamorphosis that occurs in this House of friends from the back benches when they rise to celestial heights.

SHRI B. K. P. SINHA: He was always a front-bencher.

SHRI RAJENDRA PRATAP SINHA: Very good.

Sir, clause 2 of the Bill has raised a lot of criticism even from the Congress benches in the other House, I would like my hon. friend to realise that his friends sitting in the back benches or the front benches and his friends sitting on this side of the House still hold the same views as he seemed to hold some time ago. I would only plead with him that he should use the powers that he is going to get in very emergent circumstances. At least, let him prove the high ideals which he once held and which he advocated on the floor of Parliament and that he could carry on the administration even without the aid of

[Shri Rajendra Pratap Sinha.] such provisions. Now that Parliament will be sitting for eight to nine months in the year, let him see that such measures will first be passed by Parliament, and let him not take recourse to notifications. Sir, if he does so, he will be serving the great cause of parliamentary democracy in this country.

Now, coming to the grant of protection, I have to make a few suggestions to my hon. friend. Now, Government has got great control over industries, especially when the new industries are about to start. The industries have to take out a licence before they can put up any factory. It would be advisable if the scheme of such industries like the ball-bearing industry is examined either by the Government or by the Tariff Commission in the very beginning. When this industry was put up, it was known both to the industry and to the Government that the grant of protection to it was essential, and if the Government had taken care in the very beginning to examine the provisions of the agreement, probably many mistakes that were committed would have been avoided. I have gone through the report of the Tariff Commission on this industry. They have pointed out that there was no production programme; there was no accounting system; they have even hinted that the accounts were not properly maintained. They were kept in the vernacular, Hindi, and as such they could not arrive at proper costing. The technical know-how was imported from England. One of the largest manufacturers of ball-bearings had lent their name; not only that, they were responsible for the production. That being the case, I could not possibly understand why they could not also import from England their accounting methods as well and adopted them from the very beginning. Also I could not understand why production was not planned from the very beginning and why they should have had these difficulties in the matter of production. After all, the entire technique, the entire plant, was imported and they had simply to carry on here

what they were doing in England. Also in the matter of the training of Indian personnel, the Indian management could have had their men trained when they were constructing the buildings, so that production could not have suffered. If these precautions had been taken, I do not see why production should have suffered and the Tariff Commission should have come to grief with regard to costing of the products manufactured there.

One thing more with regard to the report of the Tariff Commission to which my learned friend referred. This was distributed last year to the Members of Parliament. If the Government or the Tariff Commission had been a little more informative, it would have been more useful. Firstly, they give the price but they do not give any information as to how the cost of production is going down, what percentage of the articles are now of Indian make. For instance, with regard to the bicycle industry, they have not stated how much they have advanced in the manufacture of parts and what percentage of the parts of the entire bicycle is now being manufactured in India. Then they have given no indication as to what percentage of Indian raw materials is being used. If we take proper care, probably more and more percentage of indigenous raw materials could be used. On these points, we should ask the Tariff Commission to throw some light.

One more point about the rated capacity of production. Suppose the capacity is 100, what is the progress we have made, and what will be the progress next year? If these things are known to this House, we may have a better idea as to how our protected industries are working.

DR. A. R. MUDALIAR (Madras): Mr. Deputy Chairman, I intervene in this debate with great hesitation because I am conscious that I have not been attending the session of this House for a long time and those members who have been very regular in their attendance may feel that I am

usurping their place here which I should not do, and trying to speak on a motion as soon as I arrive in this Council.

KHWAJA INAIT ULLAH (Bihar): We welcome it.

DR. A. R. MUDALIAR: Let me make it clear that it was owing to certain physical reasons that I have not been able to attend the session earlier.

On this Tariff Bill there have been two points raised, two essential points, and a number of subsidiary points. Objection has been taken to the Government issuing a notification on the recommendations of the Tariff Commission without consulting the Parliament and without the approval of the Parliament. Of course, the Government has stated in the Bill, as has been the practice hitherto, that as soon as possible after the Parliament meets, the notification will be the subject of a legal Bill before Parliament, which Parliament will have to consider and give its final opinion. There are two courses open to Government. One is, after the Tariff Commission has made its recommendations, to wait till the Parliament meets and then to introduce the Bill and wait till the Parliament finds time to consider this Bill, in the midst of all the very heavy agenda that this Parliament has now-a-days, and then, after the Bill has been adopted by both the Houses of Parliament, to give effect to it. The other is to issue a notification immediately giving effect to such recommendations as it approves with such modifications as it may consider necessary and then to have that notification approved by Parliament, rejected by Parliament or modified by Parliament. There is a very simple reason why for a number of years the legislature in India has preferred the second method. It is not for the first time that the hon. Minister for Commerce and Industry is coming before this House to ask approval for such a measure. The reason for it is very simple. Supposing the Tariff Commission makes its recommendations. It is fairly well-

known and it is no aspersion on anyone at all, that the recommendations of the Tariff Commission will be in the markets of India very soon. Whatsoever precautions you may take, whatsoever secrecy you may try to enforce on the Tariff Commission, on the Secretariat, and so everybody connected with this, there is no doubt and I do not think a single Member of this House will question the fact that in 99 cases out of 100, the recommendations of the Tariff Commission will be public property. What does it mean? Those who want to import the article, those who want to anticipate the decisions of the Government, those who want to stock-pile the very things against which protection is sought to be granted will certainly try to do so. It is not their fault. Nobody can blame them so long as there is the opportunity to import it, and there are no licence restrictions regarding it; it is only natural that the persons who are so often abused—the traders and businessmen—will try to get these articles in anticipation of the heavy duty that they think will be imposed thereafter and try to sell them in the markets. What will be the result? This has happened. It has happened quite recently and then, what is the good of giving protection when for couple of years the stock-piling of these articles will make that protection absolutely ineffective? I would rather have the Government issue its notification at the earliest opportunity, as soon as it is in a position to consider the Tariff Commission's recommendations and so anticipate any idea of importing these goods and thereby making nugatory at least for a time the protection and the very measures that the Government and the House, let us say, wished to impose on this matter. Therefore it seems to me absolutely natural and a corollary of the Tariff Board's recommendations that as urgent and immediate an action as possible be taken by the Government. If the House is in Session, even then I would say a notification first and then go to the dilatory process of Bills being exhaustively discussed in the House and fully commented upon and time taken by both

[Dr. A. R. Mudaliar.] Houses to pass the measure ultimately. That is the crux of the whole question of protection. I think for the last over 3 decades now, this has been accepted ever since the first Fiscal Commission made its recommendation. It has been accepted as a policy—and a right policy it is—at the instance of the representatives of the people, at the instance of the predecessors of those who are now in this House or in the other House, whichever party they may belong to and it was a foreign Government that was being coerced, forced and obliged to take that action so that protection may really be effective. Now that independence has been granted to the country and our own Government has come into office, are we to suggest "Please do not take any steps. Leave all those who want to speculate in this matter to have the wildest speculation possible. Let them get all the things that they want to get while your notifications are being hatched in the Secretariat." Incidentally I found an unnecessary, an unfair attack on the Secretariat and on the Secretaries who seem to twist the Ministers and get them to do what they wanted—most unfair I should say. They are doing their duty. There has been enough of harassment of Government officials and I think I would like to mention this as a warning from what little administrative experience I have got, that if this sort of baiting of permanent officials goes on unceasingly without any reason at all times and in all seasons, the administration will break down even if you have the highest and most capable of Ministers chosen from this side of the House or that side of the House.

Now, Sir, therefore, it seems to me that the proposition which the hon. Minister has laid down is a proposition hallowed by practice, approved by wisdom and sanctified by all the interests who are interested in the promotion of indigenous industries.

Let me now come to the second point which has been rather exhaus-

tively dealt with, the protection to the Ball-Bearing Industry in the country. You will permit me Mr. Chairman, to give the House an experience from the past. When the war with Germany ended, there were a number of German capital goods and other assets which were available to the allies. India was one of the allies that fought in the last war. A list of those goods were circulated to the Government of India towards the end of 1945. In that list the Government of India found—that a big ball-bearing machine plant was available in Germany and that it was one of those things that could be taken by one of the allies as compensation for all the war damages that had been incurred due to the German war. The Government of India applied only for this single plant because it felt that the Ball-Bearing industry was one of the most vital industries to the country. It had felt the need of this industry during the war. It had seen into how many industries the products of the Ball-Bearing industry went. Therefore the Government of India concentrated its attention on getting as war compensation the Ball-Bearing Plant. Need I tell you Mr. Chairman, that the plant was quietly removed to the United Kingdom and that the U. K. had the benefit of that plant? Even since those days I have been hoping that some entrepreneur or other will start this Ball-Bearing Industry which has such a direct bearing on several of our industries. Now the Ball-Bearing Industry has been started and the hon. Commerce Minister has told us under what circumstances it has been started. Anybody who knows the elements of this Industry will realize that though the balls may look round and nice like marble, it is one of the most complicated and difficult of industries to set up. The working of that plant is one of the most complicated and I am glad that those entrepreneurs who have taken up this industry have had the wisdom to see that they bargained for the technical know-how of foreign experts and that they are going to manufacture this item with the help of such foreign experts. There is another reason why it is of importance

that the products should be absolutely perfect, that it should be of the kind that we import and that as far as possible, there should be no complaint whatsoever about the quality of this product. The reason is very simple. The product of the ball-bearing industry goes into the composition of the capital stock of many plants. It is not a consumer goods. It is not one of those things that we can consume even though it is a little less perfect than it ought to be and after using it for 3 or 4 months or 3 or 4 years we can throw it out. It goes into the composition of the capital structure of the plant and machinery which is used for producing consumer goods and therefore it is vital that capital goods should be perfect and anything that is part of the capital goods should be equally good and therefore it is that I venture to congratulate the promoters of this industry on having the wisdom to get the technical know-how from foreign experts and to depend upon them in the initial stages for the manufacture of these goods.

[MR. DEPUTY CHAIRMAN in the Chair.]

My hon. friend asked, "Why should we not send some expert Indians to be trained in other countries and when they come back, as soon as the building is constructed and the plant is installed, why should they not manufacture these things?"

SHRI RAJENDRA PRATAP SINHA: Not experts. I wanted to know why workmen could not be sent abroad to England and get trained, as they are being done now as it is the want of trained workmen that is causing the delay in enhanced production.

DR. A. R. MUDALIAR: These must have been matters of negotiations. Hon. Members may not know the difficulties of sending workmen to England for training. You may be able to send officer-class, but not workmen. I have had experience of such negotiations. The labourer in England will object to a single foreign worker being introduced into his factory. He thinks it is dilution of the factory and he is against

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it. It requires a great deal of persuasion on the part of the management, on the part of the British management to introduce workers into the factory, to make them accept foreign workers working along with them. That is one of the difficulties.

PROF. G. RANGA (Madras): Not even for a temporary period?

DR. A. R. MUDALIAR: No, not even for a temporary period, not even for one month. I have had experience of it and I know what I am talking about, and those industrialists who have had the opportunity of seeing what the workmen do and how they work in England, will know that I am stating the correct position.

SHRI H. P. SAKSENA: We should emulate their patriotism.

DR. A. R. MUDALIAR: I hope we shall emulate them in many more respects than that.

Now, this is, as I said, one of the difficulties. It is not as if, as soon as these people come back, they can immediately attend to the manufacturing of the whole thing. I am perfectly certain that the industrialists who have taken the responsibility for the manufacturing of this will see to it that these men are properly trained and that they will produce the goods that are required.

A great many other incidental observations have been made in connection with this measure. For instance my hon. friend, the Leader of the Opposition said that in course of time they will be manufacturing only 6 lakhs and our consumption is as much as 9 lakhs, and that therefore we should get as soon as possible, the entire item produced. Now, the idea of protection is not that. There has been, I know, some wavering of ideas on this matter, that in these matters we should be self-sufficient. But the idea of granting protection according to the old Fiscal Commission or according to the present Fiscal Commission is not that in any particular industry where protection is granted, cent, per cent, of the product should be

[Dr. A. R. Mudaliar.] produced in this country. In fact, I should be sorry if that is the sort of goal that was aimed at, because I do believe that if even 10 per cent, of foreign product of some goods comes to the country it will serve as a perpetual reminder to the industrialists in our country to keep up the class of their products at the highest, to keep the quality of their product at its best, and therefore to emulate as far as possible, from time to time, the products that are being manufactured elsewhere, to try to see that the researches made elsewhere are applied to his own industry, to try to see that whatever advancement is made in the product is also repeated here. Therefore, I should be sorry if with reference to any production we should take satisfaction in the idea that we are producing cent, per cent, of these product in our own country. The question of quality, I am glad, has been emphasised by the Minister for Industries and Commerce and also by the hon. Deputy Minister. It is a very important factor and in our ideas of patriotism, let us not lose this idea that quality also counts. Of course, sacrifices can be made in the beginning till a certain progress has been made and we can afford to wait till the quality reaches the standard which it ought to. But the aim of the industrialists should be to reach the highest class as anywhere else. If, on the other hand, he is soft, or he is allowed to be soft and excuses are found for him, then this country will never be in the industrial position which we want it to be.

There is another observation made by my hon. friend to my right, I think, that with reference to this industry there has been protection only to a group of persons or a class of persons or even to some individual firms. I deprecate the idea of trying to make remarks or aspersions on those who are not present here and who cannot answer directly. Protection is given not to A, B or C but to an industry as such, and any number of people can start the ball bearing industry in this

country. Any number of people can start the cycle industry in this country; and I do not think that it is the policy of the Government to do the contrary. In fact, I have had recently an opportunity of going through the list of licences that have been given for the formation of companies in this country to produce industrial things. It is not the policy of the country to have monopolists thriving and producing any one particular article alone. Therefore, when protection is given it means that a number of entrepreneurs can come into the scene and manufacture the goods. What happens? Take the sugar industry on which the U. P. and Bihar can congratulate themselves. There were very few sugar factories in 1930. A small protection was given and then the Finance Member of the day—Sir George Schuster—happily not realising the consequences of what he was doing, put a surcharge of 25 per cent, to increase the revenue and a second surcharge of 25 per cent, to further increase the revenue, on the occurrence of the great depression. And those surcharges were levied not merely on the revenue duties which were collected, but also on the protective duties. The protective duties were so carefully balanced and some of the Members then pointed out that this policy would upset the balance, the industrial product of the country, but the Government charged this 25 per cent, on the 125 already levied and no sugar could come from abroad; and after 1933 no sugar came in. That is the genesis of the blessing that U. P. and Bihar have had in the manufacture of sugar and the establishment of the sugar industry. Therefore it is not to one group or one class of persons that this protection is given, it is to the industry as such and I would deprecate the idea that Government is influenced by A, B or C, powerful interests as they are called and, that therefore this protection has been granted to that interest. Any kind of aspersion can be made against any Government servant, against the Government, against industrialists. The only happy people against whom no aspersion can be made are—I shall leave it at that.

Mr. Deputy Chairman, one other factor was referred to—Imperial Preference. My hon. friend the Leader of the Opposition wants to stick to this word "imperial".

SHRI B. K. P. SINHA: He is not the Leader of the Opposition.

DR. A. R. MUDALIAR: He is so fond of the Crown.

SHRI P. SUNDARAYYA: I am not, you are.

DR. A. R. MUDALIAR: I am? I venture to think that I am not wrong. There are crowns and crowns and it will be many days before the crown of patriotism can be worn by many of us.

SHRI P. SUNDARAYYA: Especially you.

DR. A. R. MUDALIAR: I have never claimed to be a patriot.

Mr. Deputy Chairman, this question of Imperial Preference was raised, that there is preference to the United Kingdom imports. What is the reason for that preference continuing? There were very hot debates about Imperial Preference. I remember the days in 1932 and 1933 after the Ottawa Conference, and those debates continued throughout the period till the other day when we attained Independence. And then after independence was attained by the country, after our own government was installed, an examination of the facts, a searching of the conditions under which we were trading, revealed that that preference was after all, not to the detriment of the country. The reason is very simple. The largest amount of trade which this country carries on is with the United Kingdom. Fifty to fifty five per cent, of her trade is with the United Kingdom. Our exports go to the United Kingdom mostly and hon. Members to talk as if they were talking patriotically, of not allowing anything to come from the United Kingdom, and of only sending things from our country to the United Kingdom, that is a kind of patriotism

which I do not think I need describe in any detail. Trade is a two way traffic. You cannot have only exports to a country without trying to have imports also. You cannot trade with a country supplying it only with your products. Even in the case of monopoly products, even there there is a fall. Take the position of jute. Take the position of tea. They cry hoarse because exports are not made to the extent that they have been made in the past, to the extent that they have been made hitherto. Hon. Members— some of them—say, let us not import an ounce of this or a pound of that from the other country. It is bad politics, worse patriotism and complete ignorance of the machinery of trade and commerce.

SHRI P. SUNDARAYYA: We have not asked for the wholesale barring of imports.

DR. A. R. MUDALIAR: I hope that this attitude of self-sufficiency in every matter will not be acknowledged as correct by anybody in the country who knows anything of trade and commercial propositions. Sir, I have nothing more to add.

SHRI GOVINDA REDDY: Sir, with regard to the amendment that is sought to be made to clause 2 of this article.....

MR. DEPUTY CHAIRMAN: Are you referring to the Bill or the amendment?

DR. A. R. MUDALIAR: He has not moved any amendment.

SHRI GOVINDA REDDY: Sir, I am referring to the amending Bill. This clause relates to a matter of procedure and Dr. Ramaswami Mudaliar has made it perfectly clear that where the Government accepts the recommendations of the Tariff Commission and where it wants to give effect to them, there should not ensue any delay whatever. The delay that ensues between the notification issued by Government and the recommendations received will be certainly stimulating the speculators to import stocks of, that variety into the country and thus

[Shri Govinda Reddy.]

retard the objective of giving protection. Therefore, it is very necessary that Government should have all powers to put into effect the recommendations as speedily as possible. Sir, the amendment which is sought to be made by substitution of that sub-clause is a matter of procedure, as I said. In this procedure what is sought is this. It requires the Government to bring the notification in the Parliament if it is sitting within fifteen days after the issue of the notification, and if it is not sitting within fifteen days of its reassembly, unless the notification is in the meantime rescinded. It is a fact, Sir, that there should not be any doubt on the part of Government to bring a Bill before Parliament. The Minister has conceded that Parliament is the supreme authority, that any import duty that is levied for protection purposes should receive the sanction of Parliament and that Government should not have a free hand in the matter. When he accepts that principle and he replies that a notification should be brought in the form of a Bill for the approval of Parliament at least in the session which follows after the notification, it is a thing which should naturally remove all doubts and fears in the minds of hon. Members,

With regard to the importance of the industry to which protection is sought to be accorded, Sir, Dr. Rama-swami Mudaliar has made it very clear. I myself became aware of the importance of this industry only in 1939-1945. The war that ensued gave an impetus to this industry. A number of industries involving mechanical development were started in the country and nowhere were ball bearings available. They went into black-market, so to say. A friend of mine was the agent of a foreign firm which was engaged in this industry. Because he happened to be my friend, industrialists wanted me to go to Bombay and get the ball bearings for them. And due to this personal obligation to him, I was in a position to supply these industrialists many ball bear-

ings. I then realised how important this ball bearing industry was to the general industrial structure of the country. The whole industrial structure, so to say, revolves upon this ball-bearing industry. It is the lever on which turn all the other industries. If we do not have an indigenous industry of our own and if we are to depend on foreign imports, certainly we cannot have an industrial system of our own; and it is no use, Sir, if we want to industrialise our country, to fojter and implant on this country an entirely foreign system of industry. Just as any precision instrument manufacturing industry is very essential for the industrial structure of our country, this ball bearing industry should be considered one such absolutely necessary industry, and therefore, the decision of the Government to encourage and protect this industry is a laudable one and I support this Bill. But there are one or two points which I wish to make. Generally, what happens is that Government gives protection to a particular industry, but after the measure of protection is accorded, then the Government are apt to lose sight of the industry or apt to lose sight of its production, of its quality, of its price and of the reaction to the rise in prices on the public in general. That has been very common. In fact, during discussions in this House previously cases came before the House which received protection from the Government and later on which failed to rise to the mark and in fact failed to deserve the protection. That should not happen in the case of this industry of ball bearing. The Government should see that the proper quality of ball bearings are manufactured and those ball bearings are available to the public at fair prices. Dr. Ramaswami Mudaliar made, I noted, in his speech, a very emphatic plea for not insisting upon self-sufficiency in the case of products of protected industries. But unfortunately, this might result in the industry not coming up, even with the protection, to the quality expected of it, or failing to keep up the price within the reach of other manufacturers. In that case certainly hardship

will result and the industrial system in the country generally suffers. If ball bearings are not produced in adequate numbers in this country and if we are forced to import—as it should be then—and with this price and with this import duty, the prices of ball bearings should rise, it certainly becomes very hard on the industrial manufacturers to purchase or even small-scale industries which need ball bearings, to purchase them. So, Government must take care to see that they have their watchful eyes on the industry which is being protected, to see that its production comes up to a mar!-, the quality comes up to a standard and to see that the prices do not rise. If such a protection is accorded, I am sure protection will have been well-deserved and this industry which is so vital to our industrial system in general should be protected. And, so, I accord this measure my hearty approval.

SHRI B. K. P. SINHA (Bihar): Mr. Deputy Chairman, one of the hon. Members from Bihar opposed the assumption of powers by Government to levy duty by a notification. Dr. Ramaswami Mudaliar has rightly pointed out that this has been the practice in this country for a long time and this is a practice which practical necessities of the situation demand. There is a precedent for such an assumption of power by Government in the practice of other countries as well. In the U. K., Parliament or the House of Commons has been very jealous of the right to levy duties. The history of the Evolution of Democracy in the United Kingdom has been a history of the fight of Commons for the monopoly of powers of imposing taxes. Democracy in that country has developed to the extent that the Commons has asserted its power of monopoly over taxation. But, even in that country where the Commons is so jealous of its power of taxation the demands of modern society and modern Government have compelled it to transfer this power, to delegate this power to the executive. Under the Provisional Collection of Taxes Act of 1913 or under the Import

Duties Act of 1932, the executive is empowered by Treasury Orders to impose import duties; of course, within a certain period the executive has to come up before the House of Commons and if the House of Commons approves that imposition by an affirmative resolution within 28 days, that provision stands. Take the case of U.S.A. There the principle of Government is entirely different from the principle of Government in the U.K. or in this country. Government there is based on the principle of separation of powers; there the executive executes and the legislature legislates and the power of imposing taxation is a legislative power. Moreover, the principle there is that the legislature derives its power from the sovereign people; they are delegates and it is an accepted principle of the law of agency that the delegate cannot delegate. Therefore, constitutional practice there does not look with favour on delegation but the exigencies of the situation demanded that this power should be delegated and therefore, the courts of the U.S.A., the Supreme Court also, while recognising that legislative power cannot be delegated, they have, by a process of judicial sophistry, approved most of these delegations. They say, "Yes, legislative power cannot be delegated but this is a quasi-legislative power and not a legislative power." I have referred to the British Import Duties Act. In the United States, under the Tariff Act of 1930, the President is empowered to levy import duties after prior consultation with and prior reference to the Tariff Commission or some such body which exists there for these purposes. Rather, the further protection provided under the U.K. Act of subsequent affirmation by Resolution of the House of Commons is absent there. They have no necessity of going back to the Congress after imposing duty. The duty can be imposed by the executive. So is in Australia. This is a method which is demanded by modern conditions. Circumstances change and the legislature is a slow moving body; the legislative process is slow and sometimes cum-bursome; it takes a long time to come

[Shri B. K. P. Sinha.] into operation. Therefore, in the interests of efficiency, effectiveness and rapidity these methods are essential. Therefore, they have not only the precedents of this country but the precedents of other countries as well to support the assumption of power of this nature. I see nothing peculiar in it. My hon. friend quoted some statements made by the hon. Minister in the debate two years back when the hon. Minister was a private Member. But then much has happened since then.

SHRI C. G. K. REDDY: What?

SHRI B. K. P. SINHA: We had no Tariff Commission. We had a Tariff Board. The powers of this Commission are ampler, wider and it has a better machinery at its disposal. Therefore, their opinion, their decision, their judgment is entitled to much greater weight; that is the reason for the change of attitude of the hon. Minister. Nothing like the dominance of the bureaucracy over the political heads or the bureaucracy or the Secretaries pulling wires and dictating things. There has been a change and, therefore, there has been a change in the principle that was advocated by the Minister.

Sir, coming to this new measure, I share the misgivings of my hon. friend Mr. C. G. K. Reddy

SHRI C. G. K. REDDY: For once?

SHRI B. K. P. SINHA: Not for once. It is symbolic; it indicates that we are approaching nearer to each other and maybe in the not very distant future

SHRI C. G. K. REDDY: I would request him not to entertain such vain hopes, Sir.

SHRI B. K. P. SINHA: Vain hopes? Well it is for time to show whether these hopes are vain. Anyway, we welcome an approach.

SHRI T. T. KRISHNAMACHARI: Only Barkis is -willing.

SHRI B. K. P. SINHA: The first proviso says that the Bill shall be introduced in Parliament during that session. I think in accepting this proviso, the hon. Minister has been extremely solicitous and conscious of the sovereignty of the Parliament but it may sometimes be difficult, may sometimes be very vexatious for the executive. Suppose a day or two only before the Parliament is adjourned or prorogued a Gazette notification is decided upon, then, you will take some time to frame and put that before Parliament. That means that it is a sort of self-burdening ordinance which the executive, in my opinion, have accepted or imposed upon themselves. But, since they have accepted it, I have nothing much to say and I feel that they shall respect this direction. This is, in my opinion, a mere direction for no consequences follow if this provision is violated. Even if they do not place the Bill in that session of Parliament, the duties shall remain valid. There is a precedent for what I say in the British law. In Britain it is laid down by some Acts that some statutory instruments are to be placed, as a matter of practice, before the House of Commons. No consequences are to follow if they are not placed. In some it is laid down that it is only if those instruments are accepted by Parliament by affirmative vote that they shall be treated as valid. In the second case, it is obligatory to bring it before Parliament because unless it is done, it will not be effective; it will not be operative; but, in the first case, where it is a mere direction, even if the executive does not place it no consequences follow. The duties shall be duties. Of course, they are like the Directive Principles in our Constitution but then they are directives which I hope the executive or the Minister will carry out.

As regards the second issue that Mr. Reddy raised, I think he is quite right. The Bill provides what shall be the consequences of the Bill becoming law as it is or with modifications. Then the proviso accepted provides what shall happen if the Bill

lapses but as Mr. Reddy rightly pointed out there is nothing here to indicate what will happen if the Bill is thrown out. Under the British Import Duties Act, it is prescribed by Section 19 that if the resolution is moved and if the resolution is not accepted by the "House, it is rejected; on that rejection, the duties will lapse. Some such provision should have been here and I hope that when the hon. Minister comes next time with an amending Bill, he will incorporate that provision. Then, Sir, my hon. friend Mr. Sundarayya raised the bogey of Imperial Preference.....

MR. DEPUTY CHAIRMAN: That has been answered already. The hon. Member need not dilate on that.

SHRI B. K. P. SINHA: That has been answered, and I have nothing more to add to that. I have simply to urge this, that my hon. friend is a believer in the philosophy and principle of dialectics, and according to the philosophy and principle of dialectics, things do not remain as they are; they change, and what is good today becomes bad tomorrow, and what is bad today becomes good tomorrow. While under certain circumstances this Imperial Preference was indicative of our slavery, in the changed circumstances of today it is indicative of the fact that we belong to a bigger brotherhood. As my hon. friend Shri Ramaswami Mudaliar has pointed out, it is a practical question. It is not a 'question which can be decided on sentiment or emotion. If really we stand to gain by Imperial—or Commonwealth, as I prefer to call it—Preference, it should be there; and if we stand to lose, it should go. Mr. Reddy has rightly referred that the hon. Minister made a statement in the debate on the Tariff Bill in the last session, that he was having a sort of study made of the effect of Imperial Preference on this country. I would like to know what stage that study has reached. We would like to know the conclusions at which we would arrive after that study, because if we know that we really stand to gain by the adoption of this preference, as my

friend Mr. Reddy has said, there should be no scope for hypothetical arguments or debate. The question should be judged on its merits. I would therefore urge the Minister to expedite that study and to place the result of that study before us.

I have nothing more to add. I think this is a proper measure and that we should accord our wholehearted support to it.

DR. SHRIMATI SEETA PARMANAND (Madhya Pradesh): Mr. Deputy Chairman, in rising to speak in support of this Bill, I would like to make only a few observations, because when the Bill comes before the Council of States, I think it is only a formal approval that is necessary; still we are supposed to offer suggestions, so that the next time the Government will take notice of them. I feel that when this type of Bill is placed before the House, it should be preceded by some sort of report so as to enable Members to judge what has happened during the course of a year; that type of report should be given at least a week before the Bill is to come before the House for discussion. Not only with regard to this, but I feel with regard to all Government Bills, particularly those which deal with taxation and Government policies, if a report on Government's work during the year were to be presented at least two weeks before, it would help discussion. I can understand if new proposals are treated as confidential, but there can be nothing confidential about giving Government's experience with regard to measures adopted during the year. Otherwise, criticism offered in the House can have no specific bearing and it has to be just a grouping in the dark, or a few suggestions thrown out at random.

Secondly, I would like to ask, with regard to protection, though Government mentions rules, whether Government adopts a firm policy so that our business people, who are usually inclined not to give up their profiteering attitude, would give it up if protec-

[Dr. Shrimati Seeta Parmanand.] tion is to be withdrawn. I would mention the example of sugar, which is more easily understandable by the common man. Today the protection which sugar enjoys, I am told, is in the form of banning of imports. But sugar in other countries where the cost of production would be higher is produced at a cheaper rate, and if it were to be imported into our country it could be sold here at a cheaper price, giving benefit to the common consumer in the form of cheaper price for his sugar. I do not therefore see why Government have not been able to insist on sugar producers that they should try every possible means at their disposal to reduce the working costs of sugar. I am told that the price of sugarcane in our country, for various reasons, is high, and that may be one of the reasons why the price of sugar cannot be reduced. But if occupied Germany and occupied Japan can, even with their higher standard of living, reduce the prices of commodities, I cannot see why we cannot. I will mention one example. In the case of common syringes for medical use, six months back the price of a syringe was Rs. 6 to Rs. 8. Now, with the import of syringes from Japan, you will hardly believe it, the price of a better type of syringe has gone down to Rs. 1/4. If that can be done by countries which are trying to bring themselves up to their old level in world economy, why is it impossible, when all our common people and all our labourers are prepared to co-operate, for our industrialists to produce the same results? That is a question which the Ministry and the Tariff Commission must, I feel, take up seriously with the industrialists.

Next, I would repeat, *ad nauseam* maybe, on every occasion that I get, that when Government gives industries a high percentage of protection, it is time that they insisted on acquiring a certain percentage of shares in those industries with a view to having better and closer inspection of those industries, with a view to gaining experience for Government per-

sonnel and with a view to finding out whether there really is some serious difficulty or whether the industrialists concerned ask for protection for longer periods than they need get.

And finally, Sir, much has been already said on the subject, but I was not in the House at the time, as I had to go out on some important engagement, and I only hope that I am not repeating what has been said, but I would like to add two or three points. I have heard the hon. Minister saying that three factors—price, quality and tariff—will have to be considered. But there is a fourth factor also which should be considered by Government—that the industries which get protection must, on a sliding scale, reduce their prices according to some agreed schedule. If these things are done, it would be possible for new industries to get Government help.

Lastly, I feel from some of the import duties levied by Government that Government does not seem to be following a firm policy with regard to imports. I would quote only one example—for instance, about increasing of duties on luxury goods and on cosmetics, and side by side Government has removed the restriction on the quantity of import of cosmetics. What is perhaps meant to benefit the country on one side is taken away on the other side by removing the restriction on import of cosmetics. That is absolutely unnecessary. With so-many foreign firms producing all these cosmetics in this country, it would have been appreciated by all people if not only had Government increased the duty on cosmetics, but (if they could not ban the import altogether) they had at least not removed the restriction on the quantity of such articles.

SHRI T. T. KRISHNAMACHARI: May I ask a question? Does the hon. Member say that we must increase the duty and not allow the goods to come?

DR. SHRIMATI SEETA PARMANAND: I made it clear that if Government had to increase the duty, it

should not at least have allowed the restriction *on* quantity to be removed. It would have been much better if Government could have absolutely banned the import of these articles in the interest of saving foreign currency for other articles.

I would not like at this stage, when we are dealing with this Tariff Bill, to go into other important matters, but I do feel that these two matters Government will kindly pay attention to, and that in future they will give us a report about the result of Government's tariff policy at least a week before such Bills come up for consideration before the House.

SHRI T. T. KRISHNAMACHARI: Mr. Deputy Chairman, I must at the outset express my gratitude to my hon. friend Dr. Ramaswami Mudaliar for his intervention and for his able exposition of the policy underlying protection. I felt that my task, when the hon. Member spoke, has been lightened. But I find, Sir, in spite of a very clear exposition of what the policy of the Government ought to be in this matter, my hon. friend the last speaker still has a certain amount of confusion in her mind, arising probably because of certain proclivities which are partly satisfied and partly not satisfied. Mr. Deputy Chairman, I am very glad that a person of the experience of my hon. friend Dr. Ramaswami Mudaliar as an administrator and as an industrialist, stressed on the need *to* realise that if protection is granted, it does not mean that Government is aiming at self-sufficiency. And secondly, the point that he stressed was that—a country like ours which is now an international trading country—we can export only if we are prepared to import. There is no point in our saying: "Well, we will export all the time; we won't import anything." Whether we build up sterling balances or dollar balances, the other countries are not going to tolerate this for a long time to come. After all, it is a two-way traffic. It

may be that we export what is most necessary so that there is no surplus. But we cannot do without importing something else. And I can assure you that no Government of my view can completely be oblivious to what is called the consumer's choice and that is exactly where my friend, the last speaker, has not understood the point. Well, Sir, I do not want to digress on this matter.

We have raised the customs duty very steeply no doubt. But we have done it for revenue purposes and for protective purposes. We want money so as to be able to run the administration. I do not allow the goods to come in if I am not satisfied; the tax payer is not satisfied about it. The hon. Members here and the public must realise that the door will be open for imports. It is not unrestricted; it is still restricted because the imports that we are allowing, in any case, are 30 per cent, and sometimes 15 per cent. After all, somebody says: "I am prepared to buy Chanel No. 5 Perfume" which my hon. friend may not like. If somebody was paying Rs. 14 for it and if he is prepared to pay Rs. 19 for it, well, I do not see any reason why that person should not buy it provided I get Rs. 5 in my pocket. And that is exactly how I view it. Government cannot be run on continued austerity. The proposition of continued austerity is a self-defeating proposition. There must be an end to austerity. We want, Sir, to restrict imports so that we can conserve exchange and get some necessities. And once that period no longer exists and we find that we are pumping in money into our foreign balances, we put a high duty on it so that there is a natural check without my putting up a check and imports are restricted. Only those people who can afford to pay can get those things. The hon. lady Member feels that she cannot pay Rs. 19 for Chanel No. 5 Perfume.....

SHM C. G. K. REDDY: May I know Sir, what is Chanel No. 5. Perfume?

SHRI T. T. KRISHNAMACHARI: My hon. friend's education is still in complete

SHRI C. G. K. REDDY: In that line, most certainly.

SHRI T. T. KRISHNAMACHARI: It is a perfume which is very much liked generally by society ladies all over the world. Anyway, that is the general point, but the principle is that protection should not mean self-sufficiency. We have also to see that the protected industries do maintain quality. So, Sir, the check to competitive element is there; the check on people producing substantial goods is there and at the same time the trade is maintained both ways. It is a two-way traffic. I hope, Sir, that the hon. Members will realise my point.

Then, Sir, my hon. friend Mr. Sun-darayya said—he incidentally mentioned—"Ban on everything". Yes, if I ban everything, I must only do trade on barter basis. Maybe a very useful thing, but from the point of view of economics or economic civilisation it will certainly be a retrograde step. (*Interruption.*) It is a retrograde step notwithstanding my hon. friend's surprise.

SHRI P. SUNDARAYYA: I only asked you to ban those things which are competing with our goods.

SHRI T. T. KRISHNAMACHARI: Sir, my hon. friend and I come from the same part of the country and there is a story, Sir, which goes like this. A man heard Ramayana all night and in the morning he was asking "What is the relationship between Ram and Sita?" So, Sir, the same is the case here. What I am saying is I am banning to a certain extent muc[^] against my wish. I am doing it because we have not got the foreign exchange. I do want to encourage our industrialists in this country. But I am putting a restriction on things that are being imported by executive authority and as I said it, it is much against my conscience. I do not know, I might be misusing it in some cases. My judg-

ment in some cases may go wrong, but.....

SHRI GOVINDA REDDY: If unrestricted imports are allowed, how are the industries to grow here?

SHRI T. T. KRISHNAMACHARI: That is precisely the point I am coming to. They go to the Tariff Commission. They want to take protection; they get a high tariff wall and that is how they get protection. The Government has nothing to do with the Tariff Commission. I cannot even ask the Tariff Commission to amend something because I treat them in the same way as any Government ought to treat them, according to justice. And that is the proper way in which protection is given by the Tariff Commission. The protection that you get by means of my restricting imports is an adventitious protection. It is incidental. It is not a permanent one. If protection is at all needed, the proper thing is that Tariff Commission should be the authority and I should not be the authority. During the war and subsequently we have had to use . our foreign exchange either to open the flood-gates or to close them.

DR. RADHA KUMUD MOOKERJI: Sir, one point. Is not the Tariff Commission an advisory body after all?

SHRI T. T. KRISHNAMACHARI: I will refer my hon. friend to read the Tariff Commission Act. Section 16 of the Tariff Commission Act says: —

"(1) Upon receipt of a report made to it by the Commission, the Central Government may take such action as it considers fit in respect of any of the matters dealt with in the report.

(2) A copy of every final report made to the Central Government, together with a report of the action taken thereon by the Central Government under sub-section (1), shall be laid on the Table of Parliament within three months of the submission of the report to the Central Government, if Parliament is

then sitting, or, if Parliament is not then sitting, within seven days of its re-assembly."

SHRI T. T. KRISHNAMACHARI: So, its advisory character is limited. It is for Parliament to allow me to treat it as advisory or not. But Parliament might say that we have not treated the Commission's report properly and so I am always afraid of Parliament. I feel that I have always to take action on the report of the Tariff Commission. If I do not take action on it, I have got to lay a statement before Parliament explaining the position. So, it is not in the nature of an advisory body that the Tariff Board was.

DR. RADHA KUMUD MOOKERJI: If the Parliament is sovereign, I do not see how the Tariff Commission's recommendations are absolutely binding on Government.

SHRI T. T. KRISHNAMACHARI: I only hope that hon. Members of Parliament attach a lot of weight to the Tariff Commission's report. I am presuming that, and so its reports are binding on us. It may not be binding on us statutorily but it is binding on us morally. The difference is rather faint. I only feel that if I do not take action on the report of the Tariff Commission, supposing I feel that I want some further elucidation

DR. RADHA KUMUD MOOKERJI: Can any Committee or Commission limit the sovereignty of Parliament?

MR. DEPUTY CHAIRMAN: Let there be no interruptions, please.

SHRI T. T. KRISHNAMACHARI: My point is that if I do not accept the recommendations of the Tariff Commission, I have got to report to the Parliament, explaining the position. Parliament may either accept or reject the report of the Tariff Commission. That means, to me it is binding.

I come back to the original position. I do want to take this opportunity to make the position of the Government very clear in this particular matter,

because I thought that what Dr. Ramaswami Mudaliar had stated was enough, but the hon. lady Member interfered. The general policy of Government in this matter is that we would not like to take responsibility normally. It is a responsibility that should be discharged by the Tariff Commission. Government in many things do give a fair amount of incidental protection to industries, but we would like a trickle of goods to come in so that the executive protection that we give shall not be abused. If the goods are of very poor quality, there will be dissatisfaction. The things may not be up to standard. This is the policy that I am slowly trying to build up. The import policy of the Government and the taxation policy of the Finance Ministry of the Government are interlinked.

The other question raised was by my hon. friend, Mr. C. G. K. Reddy from Mysore. Not only he, but both the Reddies are coming from Mysore.

MR. DEPUTY CHAIRMAN: There is still another.

SHRI T. T. KRISHNAMACHARI: He raised the question about the role of private industry and the pitfalls that the Government are likely to encounter. Now, we are functioning under what is called a mixed economy. Government has got a public sector, but it is not going wholeheartedly with starting industries in that sector for obvious reasons, partly personnel and partly money. So, we have to encourage the private sector, and it is very difficult these days to persuade people to start a specialised industry like this because they have to take a lot of risks. I might tell my hon. friend that during the last nine months I have been trying to persuade all kinds of people, including foreigners, because I want to start some industry in this country. Because I feel that it is an independent country that I invite them to come and start industries here. They bring their machinery here, put up the buildings and start production, but these they cannot take away. Any-

[Shri T. T. Krishnamachari.] thing that is started in my country provides employment to many young people. It may be that it is not very advantageous on the basis of price comparison, but nevertheless it is something started, some step forward, some progress made. So, I do propose, Sir, during the time that I am here—and I think my policy is being endorsed by my Government fully—to take advantage of every possible source of industrialisation. These popular prejudices have no play or no scheme so far as the action of the Government is concerned. I do propose to accept any help whether it comes from Birla or X, Y or Z, or even any foreigner. If a foreigner comes and says that he would like to start an industry, I am going to accept it. The hon. lady Member said that we should have a controlling share, as this would give us a voice. Even a 51 per cent, share does not give us a voice, because 51 per cent, shares may be divided over a number of people, and a man who has 20 per cent, shares may still control it.

DR. SHRIMATI SEETA PARMANAND: Things cannot be done surreptitiously.

SHRI T. T. KRISHNAMACHARI: Unfortunately my hon. friend forgets that the Government is omnipotent. No industry can function in this country without an opportunity for me to go into its working, without my calling for figures of costs or without my sending an officer to go and make an investigation on the spot. They have to come to me for import licences, for allocation of raw materials. Government's position may not be as powerful as that of the Soviet Union, but still the Government, without* having any responsibility, have all the power.

DR. SHRIMATI SEETA PARMANAND: The Income-tax Investigation Commission has discovered business houses

SHRI T. T. KRISHNAMACHARI: I can tell my hon. friend that today I Government, has all the power, with- j

out having responsibility for the industry. Supposing the prices are not satisfactory. I have got a right to go into the costing. I can refer it to the Tariff Commission. I might like to check it. In fact, that is being done. Recently the tyre prices were being enquired into. The Government has all powers virtually, I can assure my hon. friend. There need be no fear on this account and there need be no demand that we should acquire a controlling interest in order to have a voice. As it is, as I said, you have all the power without any responsibility. We are functioning under a mixed economy. The Government has decided on a mixed economy, a mixture unfortunately of 90% milk and 10% water. It may be that ultimately the water will dry up. I am only carrying out the policy of the Government. I will not allow my personal predilections to come in the way. Maybe I may be for nationalisation or I may be against nationalisation, but so-long as I am here, I have to carry out the behests of the Government, whose policy is mixed economy, whose aim is to raise the standard of the people, whose aim is to find employment for the young men of my country, and every source that is available to me, no matter whether it is Mr. Birla or X, Y or Z, I will make use of. This is the policy of the Government.

SHRI C. G. K. REDDY: May I request the hon. Minister to throw some light on the ball bearing industry as to how many units they have produced, how do they compare with other products or imports, etc. Whatever the hon. Minister says will be acceptable. •

SHRI T. T. KRISHNAMACHARI: I feel happy, rather I am grateful for the assurance that whatever I say will be acceptable. The point really is, this is a new industry and they have all teething troubles. Of course there were complaints about quality which were investigated by the Tariff Commission and they found that the basis of the complaint was more in using the ball bearing rather than the ball bearing itself. Initially in 1951, as my hon. friend the leader of the Com-

munist Party. Mid they produced 2,34,000 and in 1952 they produced 4,16,000 and I think it is not a negligible achievement when the optimum capacity is 6 lakhs. No industry really produces the maximum. It may be they are not working, it may be there is a strike, it may be some raw materials have not reached them. In this particular industry I would like to tell my friend the leader of the Communist Party that this factory of the National Bearing Company Ltd. closed for a short period in February 1952. Before it was closed, it employed about a little over 350 people. So 500 people could not be retrenched. On reopening, it employed about 250 and the number on its rolls now is 309. At 110 time did they employ 500 people and at no time 500 workers remained out. It may be that about 100 or 150 or probably 70 people are not employed but the fact remains that the total now employed is 309. At no time did it exceed very much more than 350.

As I said, there was some complaint about quality. Initially there were troubles. Later on the trouble was rectified. This is not the only industry. Later on another industry was started as the Tariff Commission has reported. As Dr. Mudaliar pointed out, it is a very difficult kind of industry. A certain amount of venture and capital has come in.

Then there was a point made that they are making enormous profits. I have no doubt that my hon. friend the leader of the Communist Party has not looked into the Tariff Commission's report. Otherwise he would have found.....

SHRI P. SUNDARLKYA: My papers are all scattered.

SHRI T. T. KRISHNAMACHARI: There are various items. The total of No. 110 is Rs. 2,585 of which interest on working capital, return on block, and variable royalty and other incidentals are 0'512 i.e., 8 annas. On the working cost of about Rs. 2/9, 8 annas happen to be all these costs. Raw

materials, conversion charges etc. make up the balance. On the ex-works price of Rs. 2/9 all these incidental charges, interest on capital, return on block and variable royalty etc. come to 8 annas. So the hon. Member would find that the profit on the whole thing is less than 20%. Therefore any charge that fabulous profits are being made by these people is not correct.

Next comes the question of Imperial Preference to which reference was made. It was said by my hon. friend that I said that I was investigating it. Yes, I did because we wanted to find out if the Imperial Preference or whatever you called it—British Preference or anything else—acts unreasonably on our trade. We found that we more or less strike an even balance. The advantage in one year is slightly more and on the other it is slightly less. For instance the advantage is a little more now on our side because of certain preferences we enjoy in regard to textiles. In a country like Malaya, we do face Japanese competition to an enormous extent but I would tell my friend that we have a variation of this in our relationship with Burma. They give an exclusive preference to our textiles. We do get a certain amount of preference so far as tea is concerned. This Imperial Preference, we have found, the advantage of it more or less breaks even. So far as the concept that Imperial Preference has something to do with British sovereignty over this country, I am afraid, we don't feel the same way about it. We feel that there is nothing like that. Actually we can give notice and terminate the agreement. Because it has obvious advantages to us, we are not doing it. We are not for any extension of it.

Then reference was made to GATT. GATT is not in the nature of Imperial Preference. It is an agreement on trade and tariffs for 35 countries. They come together and agree that on certain items they would not charge a certain duty. Here we are charging 5½%. We agreed to the GATT's sug-

[Shri T. T. Krishnamachari.]
 gession that we will not increase it beyond 10%. But it is not. like the Laws of the Medes and the Persians, immutable. In the next meeting we might say "We cannot have this like this as it is operating against us." We do hope to ask either for cancellation of this agreement or raising the duty as far as we want. It is a question of our agreement along with a group of nations by which we fix our tariff rates in regard to certain commodities. There is no inferiority complex associated with it. Nobody compels us to be a Member of the GATT. We can after giving notice quit it completely. There are certain advantages to be gained by international agreements. ' It is true that certain countries are outside it. Very possibly because their contour of trade is something different from our contour.....

SHRI GOVINDA REDDY: Are we obliged to import certain commodities under that agreement?

SHRI T. T. KRISHNAMACHARI: No. We are not obliged to import any commodity. The only thing is we agree to restrict the duty to particular ' prices. I can also mention that this scheme of import duty can be changed. Recently we found that in certain commodities we should increase the duty for revenue purposes. Very possibly in the next meeting of the GATT we will say "We find that revenue] duties have to be raised in these matters. We propose to vary the rates." So the only limit on us is to wait until the next meeting is held. It is not a matter connected with Britain alone but about 35 countries are concerned. I don't believe that there is anything very pernicious about it and naturally as the Tariff Commission I has recommended, we might ask at the next GATT meeting permission to vary these rates. Government will possibly take these steps.

In regard to the general powers and all that I think hon. Members have understood the position. Only my hon. friend from Bihar—I am afraid

his name is rather confusing and I think there is one hon. Member here bearing the same name—but it is quite right. He quoted from my speeches. I have no doubt somebody will quote his speeches sometimes. These in discretions when you are a light weight.....

SHRI C. G. K. REDDY: Indiscretions?

SHRI T. T. KRISHNAMACHARI: Yes. These indiscretions are sometimes thrown back at you. Nevertheless they have a very valid explanation. When that measure was passed, we did not have Section 16 of the Act. Here what happens is, we have to take action. It is obligatory on the part of Government to take action and to report to Parliament the action taken. So it follows a scheme or pattern. The present amendment follows a pattern which is demanded by Section 16 of the Tariff Act. I am grateful to Dr. Mudaliar once again for what he said about witch-hunting. It is rather bad but in this particular instance, the draft or redraft or whatever you call it is entirely my own making. I don't take shelter behind any Secretary, or Joint Secretary or Deputy Secretary or even Draftsman. I take full responsibility for this. In fact the method of it is a thing which only I knew because I come to the House and I have got to stand the criticisms from hon. Members. I know when the hon. Members will yield and when they will not. I can boast that I know the psychology of the House better than my Secretariat. So it is a matter for which I take the responsibility myself. I do not leave it to others. After all I have to deal with hon. Members here and I take the full responsibility myself, for the worcung, for the manner of putting it and the purpose behind it. It is all my own, right or wrong and I take all the responsibility and all the blame.

Sir, I think I have explained all the points.

SHRI C. G. K. REDDY: May I have a little clarification? I wonder if the

hon. Minister could give us, apart from a general review of the Imperial Preference, some more definite information about the working of this Imperial Preference at an early date so that we could go into it on another occasion? Dr. Ramaswami Mudaliar dispensed with it saying that it has not been detrimental to the country. He said that our trade—some 55 per cent, of it—is with the United Kingdom and so we have got to have it. But should we also not see that there is greater diversification of our trade and should we not see if this Imperial Preference stands against this greater diversification of our trade? This affects so many things, not only does our exchange position lies tied up with it but even our attempt at more diversification of our trade also is handicapped. So I would like to know from the hon. Minister why we should not get out of it, or what are the overweighing advantages that we get by continuing within this Imperial Preference, though it prevents us from having our trade diversified as much as possible.

MR. DEPUTY CHAIRMAN: I think it has been explained.

SHRI T. T. KRISHNAMACHARI: All I need say now is that there is no disadvantage to the country at present. When a final survey is made the House will be given an opportunity to discuss the whole thing. Of course we are for diversification of trade; but this Imperial Preference does not stand in the way of our trading with other countries. Merely because somebody gives you things at cheap rates or of a certain quality, you should not say that notwithstanding all that, you would go and trade with somebody else. I don't see any sense in that at all.

If my hon. friend goes into certain matters—the cost of imported manufactured goods etc.—my hon. friend who is a good student of international trade would himself find that Imperial Preference does not act as and would not be a bar to the diversification of trade.

MR. DEPUTY CHAIRMAN: The question is:

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

The motion was adopted.

MR. DEPUTY CHAIRMAN: Now we come to the clause-by-clause consideration of the Bill.

The question is:

"That clause 2 stand part of the Bill."

SHRI B. K. P. SINHA: Sir, I do not want to move the amendment to this clause that I had given notice of.

MR. DEPUTY CHAIRMAN: And so there are no amendments proposed. The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 3 stand part of the Bill."

SHRI P. SUNDARAYYA: Sir, I move:

"That in sub-clause (i) of clause 3 of the Bill, in the proposed item No. 72(35) of the First Schedule to the principal Act, the following be deleted: —

^c(b) not of Protec- Preferential late Dectm-
British tive. of duty ; ctually ber
manu- charged for the 31st,
facture. time being for 1954"
such products
of the United
Kin dom origin
plus three per
cent, ad
valorem.

[Shri P. Sundarayya.]

I move this amendment because in spite of the eloquence of Dr. Mudaliar and of the hon. Minister I am not convinced that the continuation of this preference or the levy of this extra duty on ball bearings got from other countries is to the interests of our country. If a certain portion of ball bearings has to be imported into our country, I do not see any reason why we should give preference to British manufactures as against the manufactures of other countries. The argument used by the hon. Minister is that if you allow some 10 per cent, or so of our requirements to be met by foreign imports then our indigenous industry would be more careful and would keep up its standards; the same argument can be used for importing the manufactured goods from other countries, other than the United Kingdom. These articles from the other countries may be of a higher standard and we may be able to raise our own standards to that level. The hon. Minister said that our imports and exports are mostly with the United Kingdom and therefore it will be advantageous to come to an agreement with the United Kingdom and so give concessions to their trade. This is an argument which we cannot understand at all. The hon. Minister just pointed out that we have an agreement with Burma, that we are giving them certain preferences and we are getting certain preferences to our goods. All that I can understand, for the very idea of a trade agreement is if they give us preference, we also give them preference. That is all right. But our difficulty is this. Instead of the Government saying that it is all in our interest, we would like them to say how much we have been losing by our trade relations being mainly with the United Kingdom, and how much we have been getting in return from them? These facts have to be given not only in terms of money but also in the volume of trade. If we had not this kind of agreement with the United Kingdom, if we had agreements with different countries for different goods then in that case, whether it will not be more profitable

for us than this kind of being tied up to one particular country. Unless this information is given to us we cannot decide properly. Also we allow our industrialists to have competition from Britain and this is a great hindrance to the development of our own industry. Whatever Government may plead and say that it is in our interests, we do not agree with them. Our opinion is that they carry on these things because they are forced under the mighty power of the British to remain in this arrangement. They are unable to get out, or maybe they do not want to get out.

SHRI T. T. KRISHNAMACHARI: We do not want to get out.

SHRI P. SUNDARAYYA: Because you want to hug British imperialism.

MR. DEPUTY CHAIRMAN: Time is up, Mr. Sundarayya.

SHRI P. SUNDARAYYA: For these reasons I commend my amendment to the House.

SHRI T. T. KRISHNAMACHARI: Sir, I do not accept the amendment. As I have already explained we do not drop Imperial Preference until we finally survey the position and finally drop it or amend it.

MR. DEPUTY CHAIRMAN: The question is:

"That in sub-clause (i) of clause 3 of the Bill, in the proposed item No. 72(35) of the First Schedule to* the principal Act, the following be deleted: —

"(b) not of Protec- Preferential rate Decem-
British tive. of duty actually ber
manu- charged for the 31st
facture. time being for 1954."
such products
of the United
Kingdom ori-
gin plus three
per cent, ad
valorem.

The motion was negatived.

Ma. DEPUTY CHAIRMAN. The question is:

"That clause 3 stand part of the Bill"

The motion was adopted.

Clause 3 was added to the Bill.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 1, the Title and the Enacting Formula stand part of the Bill."

The motion was adopted.

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

SHRI T. T. KRISHNAMACHARI: Sir, I move:

•"That the Bill be returned."

ME. DEPUTY CHAIRMAN: The question is:

"That the Bill be returned."

The motion was adopted.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 2 P.M. on the 25th of this month, OPP day earlier.

There will be no questions on the 25th.

The Hoiusi' then adjourned till 2 P.M. on the 25th of March 1953