

**ANNUAL PER CAPITA EXPENDITURE ON
ANTI-MALARIAL MEASURES**

134. SHRI S. MAHANTY: Will the Minister for IRRIGATION AND POWER be pleased to state:

(a) what is the annual per capita expenditure on anti-malarial measures in Hirakud and Burla; and

(b) what is the average incidence of malaria in those places?

THE DEPUTY MINISTER FOR PLANNING & IRRIGATION AND POWER (SHRI J. S. L. HATHI). (a) About Rs. 3.

(b) No survey of the area has been conducted¹ with a view to finding out the malaria incidence. At present there are about 8 cases of malaria out of every 100 patients attending the hospitals at Burla and Hirakud.

**MESSAGES FROM THE HOUSE OF
THE PEOPLE**

I. The Air Corporation Bill 1953. II. The Tea Bill 1952.

SECRETARY: Sir, I have to report to the Council two messages received from the House of the People, signed by the Secretary to the House:

I

"In accordance with the provisions of Rule 115 of the Rules of procedure and Conduct of Business in the House of the People, I am directed to enclose herewith a copy of the Air Corporations Bill 1953 which has been passed as amended by the House at its sitting held on the 8th May 1953."

II

"In accordance with the provisions of Rule 115 of the Rules of Procedure and Conduct of Business in the House of the People, I am directed to enclose herewith a copy of the Tea Bill 1952 which has been passed 12 C.S.D.

as amended by the House at its sitting held on the 9th May 1953."

Sir, I lay the Bills on the Table.

PAPER LAID ON THE TABLE

**MINISTRY OF COMMERCE AND INDUSTRY
ORDER No. S.R.O. 744.**

THE MINISTER FOR COMMERCE (SHRI D. P. KARMARKAR) : Sir, I beg to lay on the Table a copy of the Ministry of Commerce and Industry Order No. S.R.O. 744, dated the 22nd April, 1953, made under section 15 of the Industries (Development and Regulation) Act, 1951. [Placed in the Library, see No. S-63/53.]

**THE INDUSTRIES (DEVELOPMENT
AND REGULATION) AMENDMENT
BILL, 1953—continued**

MR. CHAIRMAN: Mr. Parikh.

SHRI C. G. K. REDDY (Mysore): May we know, Sir, whether we are sitting in the afternoon today?

HON. MEMBERS: No. no.

SHRI C. P. PARIKH (Bombay): When I was speaking the other day I pointed out that under section 18E the rights of the shareholders were abrogated and that the winding up procedure cannot be taken by the shareholders, as suggested by the hon. Dr. Srivastava. If the winding up proceedings had to be taken, they should have been taken earlier when there was no power to prevent the shareholders. With regard to section 18D, it is mentioned¹ in the proviso that no person who ceases to hold any office or whose contract of management is terminated shall be entitled to any compensation for the loss of office or for the premature termination of his contract of management provided that nothing contained in this section shall affect the right of any such person to recover from the industrial undertaking moneys recoverable otherwise than by

[Shri C. P. Parikh.] way of such compensation. Therefore the rights of creditors, Sir, are also safeguarded.

Then, Sir, a point was also raised with regard to contracts which were outstanding and which were entered into by the concern. With regard to that, Sir, the new management will take over all contracts except those which are entered into in bad faith and which are against the interests of the company. If the concern had entered into contracts in bad faith those contracts could be varied or cancelled.

Then, Sir, the provisions in section 17 of the principal Act were not adequate, nor very clear and¹ they were the subject matter of legal interpretation and therefore these provisions are put down here in section 18B of the amending Bill. These provisions are necessary in order that Government may take over the management without any legal complications.

Now, coming to section 18A, it is mentioned that a concern when it is taken over, the maximum duration will not exceed five years and if the period is to be more, the relevant notification will be placed before both Houses of Parliament so that, Parliament will have an opportunity to discuss the necessity for such a step by Government. That safeguard is there. If Government feels that management is to be continued for a period beyond five years, then adequate powers are taken so that the concern is properly run or stabilised and run in a way which is in the best interests of the country. But the controversial provisions are sub-clauses (a) and (b) of section 18A. This arose out of the original section 15. And what does that section say? It says that investigation is necessary when a concern is run in a way which is highly detrimental to public interest. What are the conditions for such an investigation to be made? The Government can cause an investigation to be made if it is of

opinion that there is a fall in production and there is no justification for it having regard to the economic conditions in the country. So it is expressly mentioned that there may be a fall in production for which there may be causes which are not justifiable. Only when there are no causes justifying a reduction in production Government will investigate into the matter. The other condition mentioned is marked deterioration in the quality. There also, there is a qualification— "which could have been or can be avoided". If the concern is not exercising proper care to improve its quality or allows its quality to deteriorate, Government will step in. The next cause is undue rise in the price for which there is no justification. There may be causes operating in such a way that there may be a rise in the price and an investigation will be made when there is no justification for rise in the price. Government may also think it fit to investigate into the matter for the purpose of conserving any resources of national importance. If the undertaking fritters away resources of national importance, then Government interferes to see that such resources are not frittered. These are the conditions laid down under which Government will cause an investigation to be made.

Now the great lacuna in this is that when this report is submitted to Government, no opportunity is given to the unit which is charged with these defects. A unit may have its own difficulties and must be allowed to make its representation. If the investigating officer does not incorporate these facts in his report, then naturally Government will not be seized of all the facts which are relevant. The investigating officer may omit the representation made by the unit which is under investigation. So I think, Sir, the right of representation to the unit should be there, and it is more so when section 5 (4) (b) is being omitted. Section 5 (4) (b) states: "The Central Government shall consult the Advisory Council in regard to the exercise by

the Central Government of any of the powers conferred upon it under section 16 or sub-section (1) of section 17." Under the original Act the Central Advisory Council was to be consulted and the Central Advisory Council could very well point out to Government that full representation of the units should be there and that the Government should try to understand what are the difficulties and what are the handicaps under which the unit is suffering. Without fully realising those things, it is no use charging a concern and accusing it of certain defects which may be only in the imagination of the investigating authority. Therefore, Sir, it is very necessary that some authority should be there in order that the unit under investigation may have full right of representation either to the Advisory Council or to any other body. Or it should be expressly mentioned here that this report of the investigating officer will be submitted to the unit concerned and the representation of the unit will also be considered before Government takes any action. In such matters the unit under investigation should have the right to approach the Minister for Industry. Here there is no protection given to the unit to represent its case and therefore, Sir, this defect should be remedied either by having a small sub-committee or by consulting the Central Advisory Council or giving the concern a chance to be heard.

With regard to the omission of subclause (b) in section 5(4), I do not know how it is drafted, because omission of sub-clause (b) leaves sub-clause (a) and when there is a sub-clause (a) naturally it is presumed (b), (c), (d) are there. There cannot be a sub-clause (a) alone. I do not know whether it is a legal defect. Although I have passed my law examination, I have not practised law, and I do not know how this should read

Then, under section 5 sub-section (4) there is another provision. The Government may consult the Advisory Council in regard to any other matter connected with the administration of

the Act. The words "any other matter" are also retained in this subsection. The word "other" was there when section 17 and section 16 were there. Then the Central Advisory Board may be consulted in regard to 'other' matter. When clause (a) is omitted, the word "other" is not necessary, and I think the phraseology requires some amendment. This is a late stage, but this Chamber is a revising Chamber, and I think this is a defect, and if it is, then the hon. Minister for Commerce and Industry may look into the matter and see how this Act as it is amended will read with the deleted clause which he has suggested.

I now come to proposed section 18A clause (a). There it is proposed that if after investigation provided for in sections 15 and 16 it is found that the industry has not shown any improvement after directions being given then, if Government thinks fit, it can take over the concern. Here, there is ample time left for Government to consult any body of people—either the Central Advisory Council or any sub-committee. There is no hurry about it, unless circumstances have drastically changed, in which case the concern will come under sub-section (b). But under sub-section (a) there is sufficient time for the concern to improve, there is sufficient time for Government to give adequate notice, and there is sufficient time to consult the Central Advisory Council. Therefore, the final decision in taking this drastic step of taking over the concern, even when directions are given by the Central Government to the industry to improve, should not lie with Government alone. When the concern has defaulted, Government should put the case before some committee. That committee is constituted statutorily under this Act. But that committee is ignored. There will be no delaying tactics, because naturally all these matters can be disposed of quickly. I know it is not the intention of the hon. Minister to do things without consulting the committee. But when it is statutorily provided that

[Shri C. P. Parikh.] there may not be consultation, it naturally means that the committee will not be consulted, and it is presumed that Government will arrive at a decision by itself. I know that the hon. Minister will not do that. But there are certain apprehensions in the minds of those who are concerned that innocent persons may be penalised. Therefore, if Government gives an assurance that they will consult the committee, either formally or informally, then it will be satisfactory. I think the hon. Minister has given this assurance at one place or the other, and if he gives the same assurance here, that will go a long way in removing misapprehensions from the mind of the industrial community as regards the working of this measure.

Now, as regards sub-clause (b) of section 18A, this provision, in the opinion of many people, and especially to the opinion of the industrial community, is drastic, arbitrary and revolutionary. I say that one need not have any apprehensions on this account, because the words used here are "is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest". I think that when the words "highly detrimental" are used, there should be no misapprehensions in the mind of the industrial community that the hon. Minister will act without a *prima facie* case. He will take action only if the facts are apparent, only if the facts are manifestly clear. On Friday I pointed out to him cases where a situation had arisen which brooked no delay in taking over the concern. A situation may arise where a concern has not paid its workers for months. Situation may arise where labour itself is taking charge of the management. Such cases have occurred and are occurring. Therefore, the hon. Minister takes upon himself the responsibility, on account of the facts being clear, of taking over the concern. And I think even when he takes over, he will consult, formally or informally, the members of the Coun-

cil whom he can take into confidence. I may mention here that there are six members on the Central Advisory Council who are Members of either House of Parliament, and Parliament sits for seven months in the year, and I think when he takes this step he will consult some of the members formally or informally. Various interests are represented here, and I think there should be no misapprehension in the minds of the members of the industrial community that this step will be taken in haste or without waiting for proper facts to be placed before Government and without weighing those {acts. When such a situation suddenly arises, it takes time to consult the Council or any committee and the mischief may have occurred and it may not be possible to remedy the damage afterwards. This provision is only in order to deal with rare cases. The hon. Minister has given an assurance that he does not contemplate using the power in a general way. If that assurance is acted upon, then, there is no apprehension of any kind

But I may point out that the misgivings of the industrial community" are based on various other grounds. I would request him that when he receives the reports of the administrative staff, he has to be very cautious. When he listens to the report of the administrative staff, he also has to listen to what is the opinion that exists in the country and the opinion of the industrial community, which is also-governed by certain methods and certain facts and this will also go a long way in helping Government. On the Central Advisory Council he has appointed many Parliament Members of his own choice. I may mention the names here. One is Dr. Ramaswami Mudaliar, the second is Pandit Kunzru, the third is Shri Khandubhai Desai, the fourth is Shri Harihar Nath Shastri, and the fifth is myself. These are no-appointments made by any association: all members are of his own choice. There are also members from the general public. When this is the case, I say, let him consult some of those who are available to him before

he takes any drastic step, and that will allay any misapprehension that may be in the minds of the people. That is very necessary when we want public co-operation in the formation of capital, when we want industrial development in the country, and when we want that capital should not be shy. Capital should not be made more shy by methods which are objectionable.

This amending Bill is of a revolutionary nature. It should be of a revolutionary nature. It is however justified¹ on various grounds. This Bill is not for nationalization of industry. This Bill is for the regulation of industry so that it may not have to be nationalised. Out of the 1,500 units in the country, only about 30 or 40 units may be mismanaged. With regard to the rest, they have no cause to fear and honest units will be taken over. With regard to the 30 or 40 units, if they are managed in a better way, or, in other words, if they rationalize their management, then nationalization will be avoided. If the industry is run in the larger interests of the country, Government will have no cause to nationalise it. Therefore, this step, which is largely for rationalization of management, is to be welcomed by all persons who want to carry on an undertaking honestly in the interests of the industrial development of the country. There should be no misapprehension on that score. The amending Bill may be of a revolutionary nature. But the days of *laissez faire* are gone, and in this Schedule the industries which are shown are all protected in one way or other. Imports of products which compete with these industries are restricted. Therefore, these industries are enjoying protection at the hands of Government in one way or other, and the consumers are paying for that. That aspect must be understood¹ by those who are critics of this measure. When Government take the step of controlling imports in order to protect the industry, then it stands to reason that the methods of costing, the methods of quality manufacture, and the methods of rationaliza-

tion of management should also be controlled in the interests of industrial development, not only for industrial development but also for regulation. For, proper development will come when there is proper regulation. Some of the misgivings in the minds of the members of the industrial community arise because of the actions of some administrative officers. Administrative officers at higher levels are quite honest and of great integrity and they take great pains. But the fact is that reports are prepared by the lower strata of the administrative service. When the lower strata of the administrative service prepare reports, I have found on many occasions that the higher administrative staff support what is done by the lower administrative staff. That, Sir, is a great defect in the present Administration and the hon. Minister should enquire into this fact and take suitable steps in this direction. Then, Sir, there will be no cause for misgiving. I was, Sir, in charge of the industry in Ahmedabad for three years and I found, Sir, a number of cases where the highest administrative officers have tried to support their department and the representations which were made even by honest persons, who may be disinterested¹ or who may have no axe to grind, were not enquired into by them.

SHRI B. GUPTA (West Bengal): But some Secretary is being tried.

SHRI C. P. PAFJKH: Sir, I do not want to lay the line of demarcation. I have said 'higher' and 'lower' and you can give your own judgment on them. Well, Sir, this is the position that is obtaining at present. You must trust some people also outside.- your Administration and then you will be in a position to improve your Administration and that is the remark that I am making here in order that this Bill may not be called by the industrial community drastic, arbitrary or revolutionary and if proper steps are taken, they will be welcomed and the industrial community will be satisfied that their case is represented and it is

[Shri C. P. Parikh.] heard. If there are honest persons, persons with integrity, ability and experience, in the Administration, in the other spheres also people are equally honest, equally competent, equally experienced and I say, Sir, that their knowledge should be more relied upon than the knowledge of those coming from the lower administrative strata. I know, Sir, many concerns have suffered in the past. From my experience in Ahmedabad I have found that there is a lot of harassment caused to the industrial community on the part of the lower grade staff and when I brought my complaints to the higher authorities, only then the situation was remedied. But the lower administration has a great audacity to take many measures as to cause much harassment to the people. And, Sir, if the hon. Minister goes deep into that matter, he will find that there will be a number of cases in which by listening to the other side, he will be really doing a great deal in improving his Administration.

Now, Sir, there is a great responsibility charged on the hon. Minister for Commerce and Industry when he takes over any concern. Concerns may be of two kinds—economic and uneconomic. He has mentioned in the other House that he will take over only the economic concerns because financial obligations or financial responsibilities will not be there and when the concern is economic and it is mismanaged, it is very easy to improve it. I do not know, Sir, whether he will stick to the statement which he has made, but in a large number of cases, greater production is required to relieve scarcity and uneconomic units will also have to be run. And there should be no delay in improving the mismanagement existing in the uneconomic units. He says, "I will not take over the uneconomic units", but, Sir, when there is a serious fall in the production in the country and when the prices are rising, then he will have to take over those uneconomic units also. That is what I can visualise.

Then, Sir, the method of his taking over is very important. With regard to the economic units he has mentioned—in section 18B—that he will appoint managing agents, directors or a body of persons. I congratulate him again on putting in the words "managing agents" because it shows that the Government has still confidence in the managing agency system. The present industrial development of the country, I can assure you, is built on the managing agency system and not on the directorate system'. The directorate system.....

SHRI C. G. K. REDDY (Mysore): Who introduced this managing agency system? Surely it came from England.

SHRI C. P. PARIKH: It has proved very useful for the development of this country. That cannot be denied, Sir, because the industrial development of this country means the elimination of foreign imports or the non-existence of foreign products in the market. And those persons who have been managing agents of industries in this country have saved this country from exploitation by foreigners. If that is not admitted, Sir, I think the reason is quite clear.....

SHRI B. GUPTA: How do you discover it?

SHRI C. P. PARIKH: In this country, Sir, I see that the managing agency system is at fault in this way that there is an excessive remuneration paid to the managing agents for the work they are discharging. For that, Sir, the Company Law amendment is coming and I hope that their remuneration will be reduced to a degree which is reasonable. But the institution of managing agents will remain and I think, Sir, it is a very good thing that it has been recognised. We know how the managing agency system is very important. The managing agents are devoting almost all their time to their concerns. The managing agent knows when to buy, when to sell and when to renovate or recondition or modernise his concern. You will find S.;

there are various units of the same size and the earning capacity in each case differs and it differs on account of the managing agent who is there. The ability, experience and knowledge of the managing agents have to be recognised and it is therefore, Sir, that the hon. Minister has thought it fit to put "persons who can make the concern better and not worse". The hon. Mr. Srivastava pointed out that by taking over it may happen that concerns are made worse. I think, Sir, the hon. Minister does not want to take over for the fun of it. If the concerns are not managed in the way in which it is desired that they should be managed or if it is not an improvement on the past management of those concerns, then the steps that he has taken will be found to be absolutely wrong. Sir, the hon. Minister takes a responsibility and there may be a question before the House and even a short notice question can be there as to why wrong steps have been taken. So, his responsibility is greater and I know that these steps will be taken only in very rare cases—only about 15 or 20 concerns out of the total number of 1,500 concerns which are existing in the country.

Then, Sir, as regards the industrial cadre and the industrial managing corporation, which were also suggested by some Members, Sir, they cannot be built up in a day. Secretaries or departmental officers will not be able to govern the concern so well as a man, who is responsible for governing it and who has his own stake in the business, will be able to do. "Own stake" is a very important phrase which I am using. People who have no stake in the business wish to go when the time is 5 o'clock and leave the concern. That is what is happening in the jute mills. But if you look to the other type of persons, they spend almost all their time in their concerns. They know where they can buy cheapest; they know where they can sell dearest; they know the market very well; they know when to modernise the industry. All these cannot be done effectively by

an industrial cadre. You may have any number of secretaries; you may have any administrative staff; still you cannot do it so well. The Indian businessmen have proved very well in competing with other persons; they have faced the British competition; they have faced the Japanese competition. We can find some persons, some capable persons, who have made their mark not only in this country but also outside. Therefore, Sir, I am pointing out that the industrial cadre alone will not be sufficient. Then, Sir, it has been suggested that the industrial managing corporation should be there in order that they may have funds and may possibly manage better. Who will represent this industrial managing corporation? That is the main thing. Sir, the experience, the ability and the knowledge of the concern, the knowledge of the market, the sense of the market, these are all important things and only persons in business who devote all the 24 hours to these things, can do this work better. I have heard of many doctors, lawyers, economists and others entering into business and losing all their money, which they had earned in their vocations.

SHRI B. GUPTA: Because of the monopolists.

SHRI C. P. PARIKH: They have lost on account of their merely theoretical knowledge. The days of the monopolists are gone. There can be no monopoly after this Bill. The whole field is now open to the hon. Member and any critic. He can enter it.

SHRI B. GUPTA: Never.

SHRI C. P. PARIKH: And let him see how he is able to run the show. It is easy to criticise but it is very difficult to work an industry on pro. per lines, on lines by which you can stand in competition, by which you can be at the top in that business.

SHRI B. GUPTA: It is because they have captured everything.

SHRI C. P. PARIKH: I will go to the next point.

MR. CHAIRMAN: You have already taken a long time, Mr. Parikh.

SHRI C. P. PARIKH: I only want to say a few more words in order that the hon. Minister may assure the industrial community that the industrial development of the country will not be retarded. Sir, I may point out that the jute industry is not managed well. Even though the Government are taking steps to improve the jute industry, it must be emphasised that it is an industry in which we had captured foreign markets which we are now losing fast. We should explore the causes why we cannot maintain those markets which we were enjoying. The policy should be to maximise the export of jute goods from this country. As it is, we have neglected the jute industry by cutting down the number of hours and by the imposition of export duties. I would particularly invite the attention of the hon. Minister to the need for looking after our jute industry.

With regard to the measures in the Bill, I can say that industry has nothing to fear on this account if the measures are exercised in a proper manner. Nationalisation should better be postponed. Many hurdles are there; many other misgivings are there, which ought to be removed.

The next point is about foreign interests here. This Bill has been brought forward to see that foreign interests do not make such headway here as to be prejudicial to national interests. The original section 11 says:

"A licence or permission under sub-section (1) may contain such conditions including, in particular, conditions as to the location of the undertaking and the minimum standards in respect of size to be provided therein as the Central Government may deem fit to impose in accordance with the rules, if any, made under section 30."

So, this Act regulates the entry of foreign capital into this country, and no industry can start without a licence from the Government.

SHRI B. GUPTA: What about the existing ones?

SHRI C. P. PARIKH: Before an industry is established in this country, the Government will see whether it is in the interests of the country, whether it is an industry which can be built up by Indians themselves. These are the factors that are gone into. All agreements which are entered into by foreigners are examined by the Licensing Committee and great control is exercised on the foreign capital which may come into this country. Government studies whether we can stop imports by asking foreigners to establish their concerns here.

SHRI B. GUPTA: And import their capital.

SHRI C. P. PARIKH: This Bill gives special exemption to the three oil refineries in the country. The sections of this Bill will not be applicable to the oil refineries. This is the only exception made. Before this exception was given, the Government considered well and satisfied itself that this industry could not be developed by Indians themselves and that the capital required and the technical skill required would not be available within the country. There is no point in imposing restrictions which the foreign *concerns* will *not* accept, so long as the industry itself is in the larger interests of the country. All these questions are considered by the Licensing Committee on which sit Members of this House as well as Members of the other House. I can testify to how the Licensing Committee is treated by the hon. Minister. 82 crvses were put before us for licensing industries in the country. 80 were recommended by Government. Two were left to the decision of the Committee. In one case we approved and in the other we disapproved, and the Government carried out our recommendations. Therefore

I want to say that the Government does not act in an arbitrary manner which will be prejudicial to the interests of the country.

I may point out to the hon. Minister that instead of taking drastic action under section 18, a mere warning will be sufficient to improve a concern. First, he must warn the concern to behave in a proper manner. He himself quoted the case of the Indore Mills. He warned the Indore Mills that if such and such improvements were not made by the management, the concern would be taken over. The management took heed of the warning and carried out the necessary improvements. Therefore I have to ask him that a mere warning will be sufficient and should be resorted¹ to in the first instance.

^ He must also examine why a concern is not earning. It may be a case of surplus labour in the industry. There are cases in which different concerns of the same size have different strengths of labour. One concern employs 1,000 men and a similar concern employs 1,500 men. The hon. Minister should examine how much of labour a concern can actually stand. This should not be examined by the lower administrative staff.

SHRI B. K. MUKERJEE (Uttar Pradesh) :
Having the same sort of machinery?

SHRI C. P. PARIKH: Yes, having the same sort of machinery. Only the management should not retrench labour in such a way that the labour will be in the streets. (Interruptions from Mr. B. Gupta.)

MR. CHAIRMAN: Mr. Gupta is making up for his long absence.

SHRI C. P. PARIKH: I will be able to give a reply to whatever he says. With regard to surplus labour, Sir, it must be investigated, and! this should not be considered as a ground of inefficiency. The management might be taking all steps as enunciated by the

Planning Commission in regard to labour, by trying to find out alternative employment, etc. Only labour should not be thrown out in the streets. Then, there might be over-production also at times. It might be a case of seasonal work or seasonal demand. Government should not try to take over an industry simply because of overproduction or under-production. These things should not ipso facto be made grounds of inefficiency. These things might happen in the future and therefore I appeal to the hon. Minister that these factors should be taken into consideration before he considers a concern as mis-managed or inefficient.

Now, Sir, I will come to the small undertakings for which the amendment is also made. Now the hon. Minister has wisely taken also the industries which have less than Rs. one lakh capital under its purview under this Bill. It means factory employing 50 or 100 persons, 50 with power and 100 without power. Therefore it is covered by the definition of factory. He has provided exemption under clause 29(b) because some small concerns are wiped out by large undertakings. He wants to study these small undertakings and if they are going on properly, he wants to encourage them. The policy of the Government seems to encourage small industry but this section is to see that these small undertakings don't take advantage by producing spurious drugs, or adulterating drugs. If they take undue advantage, should the Government not have some control on them? Therefore they are brought under this section. He has tried to define it by saying that no new article can be manufactured without the consent of Government. That important provision is necessary because the Ministry of Commerce and Industry have big responsibilities. Some small concerns manufacture articles which are not conducive to civil liberty such as explosives which are not considered desirable for public safety. Therefore control is necessary.

Before I close I wish to go to Chapter IIIA. The industry is controlled in

[Shri C. P. Parikh.] matters of management. As regards control on labour, the Labour Relations Act is there. But the prices and other factors are also of great importance to the country and therefore he has brought in here although the Essential Supplies Act and the Supplies of Goods Act are existing. Those acts are expiring in 1954 or 1955. But the Amending Bill will be permanently on the Statute. Government, in a controlled economy, has to see that there is proper distribution and that the prices are reasonable.

Section 24A is very punitive. For the technical offence of one employee all the Directors of the Company are made liable. That is not fair and just. The Directors sometimes do not know what technical mistakes are made when they employ, 1,000 to 1,500 persons.

■ SHRI C. G. K. REDDY: What is the Company Law on this matter, whether the entire Board of Directors are liable or not?

SHRI C. P. PARIKH: They are liable under the Factory Act and this act also puts a seal on that. I am pointing out to him that it is no use involving the Directors unless they have knowledge of the mistakes. It is no use penalising all the Directors. Because I know, with the existing provision, many Directors refuse to come on certain concerns and they say 'why take such responsibilities'? Why should they be penalized for one worker's fault? Therefore I would ask the hon. Minister to examine this. Even though it is a late stage, if he wants capital formation in this country, if he does not want to harass the people promoting industries, then these factors should be taken into consideration and unless the intention or knowledge is there, the man should not be penalised.

There is another clause dealing with substantial expansion and articles manufactured. It is right that they are also brought within the purview of the discretion of the hon. Minister.

It is no use entering into litigation as to what is substantial expansion. The Government's judgment should be final. There must be some confidence in the Government especially when it is conducted on democratic lines.

Sir, with regard to one amendment which 23 brought forward by Shri Kishen Chand I would like to say this. He says:

"Subject to the condition that no-liability is created! on the understanding in any way and the original management will not be responsible for losses incurred by new management."

Sir, if the original management is responsible for the losses which are incurred in the old year, then naturally when the new concern is taken by a new man, he will take one or two years' to do it properly and how can he be held responsible for losses which are inevitable and which he would have incurred even though the old agent was managing? Therefore we must have some trust in Government in these matters.

With these words, I support the amending Bill.

SHRI C. G. K. REDDY: Mr. Chairman, Sir, I will not go into the details of the Bill. In fact I have tabled one or two amendments and when the occasion arises, I shall certainly refer to them. But in discussing this Bill, a good deal of principles have been brought in by hon. Members and I should also like to make my contributions in so far as those principles are concerned. I was rather surprised, not exactly surprised, by my friend Mr. Ranga when he said that he has become convinced after 5 years of independence that there is no case for nationalisation. He said! in passing, that because of the fact that there has been a paucity of trained personnel to run these nationalised industries and also because of the experience that, he seems to think, has been gained* during the last 5 years through the

nationalised industries, he thinks that we should go very slow and be very circumspect so far as the policy of nationalisation is concerned.

Sir, the faith in the principle of nationalisation is not dependent on any temporary conditions. If we have not the staff, it does not mean that our belief in nationalisation should be come any the less. Our responsibilities and our duty should be to train more and more staff so that the nationalisation of which we are convinced and which, I think, even the Government, following its general policy, half-heartedly accepts, may go forward. So our responsibility and duty under these circumstances.....

SHRI H. P. SAKSENA (Uttar Pradesh) : We are committed to it.

SHRI C. G. K. REDDY: So the Congress Party says, but by their actions we can well see that they are not committed to it. They are committed to skipping it at every corner. Having said that, I would like to say that so far as I am concerned or the greater section of the Opposition is concerned, we are fully behind this Bill that there must be some restrictions put on the development and there must be regulation of industries in the country,

[MR. DEPUTY CHAIRMAN in the Chair.]

because one of the articles of our faith is planned economy. But I am sorry to say that although the Government have introduced this Bill, they don't seem to appreciate what exactly the implications of planned economy are. You cannot have half-hearted measures, you cannot take a measure and stop half-way. You cannot take measures which would not have the full effect of a planned economy. This may be a piece of one of the few steps that can be taken towards planned economy but planned economy cannot be introduced or laid down in this country or any other country through one of those acts. Each act must fall into its place and the whole thing must come together. Therefore, I feel, that although I am going to support this Bill and although

we should see that Government or some agency should regulate and see that help is given to develop the industries in the country, we should also not forget the fact that merely because we are passing this amending Bill into an Act, we are taking a big stride forward; towards planned economy or towards nationalisation or towards any other thing that we believe in. I am stressing this fact because every time when a question of nationalisation comes, every time regulation of industries or restrictions to be placed on industries in the interests of the public come forward, the Government turn round and say "Look at the Bills that we have passed and the Acts that we have put on the Statute Book. We have the powers to regulate and when the time comes, we shall regulate."

As the hon. Minister in charge of this Bill has himself told us, ever since 1951 there have been only two cases which have come under the purview of this Act. In spite of all his experience, in spite of his own inclination, this is the position. It is not as if there have not been any occasions for bringing this Act into operation. In spite of the fact that there have been occasions for that, we find that only two cases have been brought under the operation of this Act. Now I should like to ask the hon. Minister why he wants to take additional powers if he does not want to exercise even those he actually has now. If he is convinced—and I take it that he is convinced—that conditions in our country today are such that a good deal of regulation, a good deal of assistance and other developments under governmental auspices are necessary, why does he not take advantage of those powers which he already has? If he does not use even those powers, what is the meaning of giving him more powers or in his asking for these additional powers? By these facts and by your own past performances we are convinced that you are not going to exercise these powers at all. Then what do you want them for? Do you want them just to make a show of your regulating industries?

[Shri C. G. K. Reddy.]

Is it because you want to show that under governmental auspices the development of these industries is going on? As far as we are concerned, I may assure the Government that we are not to be fooled by such professions. All that we can say in supporting this Bill is that there are occasions for controlling the development of our industries and all these powers of control will have to be fully used to prevent haphazard development of our industries. The uneconomic industrialisation, that has been carried on during the last few years and that is still continued to be carried on, should be checked in the national interest. When I say that I am only giving expression to the fact that the country is fully prepared for a planned economy where every activity of industry is properly regulated not by Government but by the people of the country. That is the difference between nationalisation of the Government brand and the nationalisation or the socialisation of our brand, of the brand of the people.

Having said that, I would like to ask the hon. Minister what exactly the development councils and more especially the development wing of the Commerce Ministry have been doing all these years. We have heard that this development wing has been in existence for nearly twelve or thirteen years now. It is supposed to examine the conditions under which a given industry is working and in the event of defects existing, it is also supposed to recommend ways of improving it and to give it facilities for importing of essential supplies or devising other methods of ensuring their supply to the industry. But as far as I am concerned, I feel the record of this development wing is the saddest and probably the worst of the Commerce Ministry. I do not want to make the accusation that on many occasions this development wing has sold the country to foreigners. I do not want to go so far as that; but they have been partial to foreigners and under no circumstances can that be

excused. And it is all the more regrettable that this development wing under the very nose of the hon. Minister and the Government here should go on being partial to foreigners. I shall quote only a few examples of how they have shown partiality to foreign interests in one industry or the other. Sir, naturally as an Indian citizen who is interested in the indigenous industries, I am totally opposed to giving foreign interests advantages over our own interests. If the 10 A.M. Government thinks—though I do not subscribe to that view—that for the time being we should encourage foreign interests here, in the interest of the development of our industries, I am willing to concede that they should also be given certain facilities. But what reason is there for saying that they should be treated with the utmost partiality? If any partiality is to be shown at all, it should be shown to our own industries against those of the foreigner. But what is actually the case?

If I may quote one example, let us see the affairs of the Metal Box Company of India which is established in Calcutta. It is not as if it is a premier factory which has been manufacturing cans and such things for the last one hundred years or so. Comparatively it is a new factory. It came into existence in 1933. And as we know, if it is a metal box factory or any other factory which is dependent for its production on other primary industries, there is almost always an indirect interest and an indirect control of this particular industry, and I find that the Metal Box Company of India is also controlled in one way or other by Messrs. Carreras or other concerns which use cans that are supplied by the Metal Box Company of India. We have seen after the war, although this company was only five or six years old, but as we can expect when a foreign government was here, this Metal Box Company of India got tin plate for something like 80 or 90 per cent, of its rated capacity, whereas the other companies which

have been established much earlier and which are as efficient and which also have been supplying their products during the war and have proved their efficiency to be able to supply all that the Government needed, they did not get anything at all. Whereas the Metal Box Company got about 80 to 90 per cent, of the tin plate that is absolutely essential for the manufacture of the cans and boxes, the other concerns controlled by Indian interests sometimes got only 15 per cent, or sometimes only 10 per cent. This is what happened till 1947. I do not hold this Government responsible for what happened before 1947. But the same people who were there before in the Development Wing of the Commerce Ministry are there, they continue to be there and even today I find the same partiality that was being shown to foreign concerns is continued to be shown to them. I have a letter here sent by the Iron and Steel Controller sometime in 1947, in fact on 9th January, 1947. I am aware that the hon. Minister and the present Government is not responsible for

SHRI B. GUPTA: Was not the interim government there?

SHRI C. G. K. REDDY: It was there, but I shall continue my story. As I have said the Government had¹ to give the quotas of essential materials and in this case they had to give quotas of tin plate to the can manufacturers. The Metal Box Company of India which, in my opinion, should along with other British interests have been shunted out of the country, continued to get as much as 80 to 90 per cent, of the quota that they used to get. Not only that. The letter says:

"To Messrs. Tinplate Company of India Ltd., Calcutta.

Dear Sirs.

I hereby authorise you to release to Messrs. Metal Box Company of India Ltd., Calcutta, all surplus Tin-plate stocks that you may have from time to time under advice to this office. Payment will be made to you by the Company."

I said this letter was written in 1947, January. This Government was not there and they may say that though the interim government was there, they were not entirely responsible. But if this thing continued till 1952, surely Government is responsible. They have received written demands and they have got representations from our own industrialists in the same industry protesting against that order, against that letter. But what has the Government done? If they want to be partial, they must show partiality to our own industrialists. Have they done that? No, the Metal Box Company of India, this British firm continues to get the extra partiality, this extra favour from our own Government. Is that the manner in which the Government expects to regulate and develop our industries?

If the powers taken in this Bill are going to be used so that the Metal Box Company of India or any other Company in any industry of the country which is controlled and owned by British interests can prosper, then I shall say that it is better you do not take these powers. It is better that we contend against them in the free field rather than that Government should take the powers under this Regulation & Development Act to see that foreign interests against our own interests should enjoy those privileges which our own interests do not enjoy.

If I may clarify further, Sir, it is not as if the capacity of the Metal Box Company of India is larger than any other company or of all the other companies put together. If you take the rated capacity you will find that there are one or two other companies owned by Indian interests who can manufacture not only the same quantity but could also manufacture a wide variety which the Metal Box Company could not manufacture. In spite of that, you continue to show this favour and then, after having shown the favour, you come here and ask us to give you more powers, for what I am entitled to ask. Is it because that you allowed the

[Shri C. G. K. Reddy.] Development Wing of your Ministry to go on selling the country to the foreigners? As I said, I am not willing to accuse the Development Wing to that extent but I am within my authority to ask "Why did the Development Wing do it? Under what conditions did it do it, and why does it continue to do it even today?"

That is only one part of the story. Let me quote another instance. Again and again when the Opposition points out *to* the Ministry—it is not as if we are not interested in our country; we are as much and, perhaps, even more interested than the Government in power—we have again and again asked "Why does the Government assist the British interests in this country? Why does it go on pampering British interests? Why does it go on encouraging more and more British interests to come in?" I see that the hon. Minister is nodding and saying 'No', but, in view of these facts, what is the answer that he is going to give, I shall be very much interested to know.

Sir, the other day I asked a question about the incorporation and institution of a Mill in West Bengal, The Tribeni Tissues Ltd. I asked if the Imperial Tobacco Company of India had any interests in it; not that I was not sure of it. I know that M/s. Akser Lawrie of London who are the principals of Balmer Lawrie & Co. of Calcutta are the sole buyers and suppliers of the Imperial Tobacco Company of India and Balmer Lawrie & Co. are the Managing Agents of this mill. I asked the hon. Minister when this Mill which manufactures cigarette paper produces up to its rated capacity, whether it would be the policy of the Government to stop all further imports of cigarette paper, and the hon. Minister said without any hesitation whatever "Of course, we *will stop* as soon as indigenous production will be able to supply the demand".

I want the hon. Minister to understand and the Government to under-

stand the implications of the insidious invasion of our economic field by the British interests. It is a good policy that as soon as indigenous production comes up to a certain figure, when it can supply the demand of the country, it is a good policy, a very patriotic policy, to stop all further imports. But, if the supply here is dependent entirely on, and controlled entirely by, British interests, it is no more a patriotic act; it is going to put us into all sorts of difficulties. Now, Sir, the Imperial Tobacco Company of India is not a little company operating in a by-lane of Calcutta. It is a world monopoly and if the hon. Minister and the Government is interested in the history of the Imperial Tobacco Company, they will know that whenever they went into a country, they saw to it that every cigarette manufacturing company either sold out to them or they were snuffed out. Since it may be rather difficult for them in this country to follow such a monopolistic policy which they have proved to the hilt so far as we are concerned in every country that they invaded, they have stopped this tactic knowing full well Government's policy in the matter, but seem to have adopted an indirect, but insidious policy. Now, the hon. Minister is going to stop all supplies of imported cigarette paper. We have our own national cigarette manufacturing industries who will be forced to go on taking their supplies from Tribeni Tissues Ltd. which is another name for Imperial Tobacco Company, as I have already indicated. Sir, if I may go into a little technicality: the quality of a cigarette, to a great extent, depends on the quality of the cigarette paper. If the quality of the cigarette paper is a little less than what it should be, is a little below the standard, then the entire cigarette, whatever the quality of the tobacco may be, is ruined. What prevents Messrs. Tribeni Tissues Ltd. tomorrow from supplying to one of our own manufacturers cigarette paper which will ruin its market? What prevents Messrs. Tribeni Tissues from knowing, from the demand that is made by a parti-

cular company on them for cigarette paper, the entire production figures of that particular concern and in what manner that concern distributes it? All these things, we are presenting to them. These are the conditions in which, with a great deal of complacency, this Government comes and tells us "Don't think of things as they were in 1947 and before".

I am not talking of conditions before 1947. In many fields and in many respects I shall say that conditions to-day are far worse than what they were under the British Government. I was in Calcutta before the War; I knew the European population in Calcutta; I knew also the influence that they had at that time and it was of considerable regret to all of us that the premier city of this country should be controlled, almost, even socially, by the European population at that time. I would only invite hon. Members who had visited Calcutta in 1935 and before, to go and have a look at Clive Street and find out what more influence has been brought to bear for the British interests in this country. We are not talking of before 1947; we are not talking like children who do not know how things are. If the Government want to be complacent about the British, it is only right that I should point out that their complacency is going to land us in greater danger. To me, one of the prime purposes of Regulating and developing industries in this country should be in favour of our own indigenous industries.

It is not a matter of law. According to law you can say that a European firm incorporated in India must have an equal footing with an Indian firm. That may be in theory; that may be in law; that may be in any other thing but practically, as a patriotic move, it is our duty to see that our own industries come up and every power that we take should be to see that our industries—not ten years later, but now—start progressing in a manner that we may be entirely self-sufficient in every respect and that we could be proud in every field of industry.

Now, Sir, I have only one more point before I sit down. Sir, there was a suggestion made in the other House by a very prominent Member and an ex-Minister of the same Department. He suggested the institution of a Board of Management whereby, if there are certain units which are about to collapse because of inefficient or bad management, the Government could supply the necessary personnel to lift up that unit. It sounds very very good indeed, but those who understand the workings of economics know that this will land us in a greater mess. When I started my speech, Sir, I said that planned economy does not mean patchwork. I know that the Cabinet is a fine team of patch-work masters and they do not believe in the fundamentals of these things nor do they understand the implications of patch work. Now, Sir, take for instance, the soap industry where again one foreign concern supplies 70 per cent, of the demand of soap in India, namely the Lever Brothers. Even the biggest industrial houses in the country, like Tatas, are nothing compared to Messrs. Lever Bros, and the thirty per cent, has to be shared by the others.

Now, let us apply this principle of rushing efficient management to the rescue of derelict soap manufacturers. Sir, you cannot touch this 70 per cent. You do not intend to touch it by your past performance and your present intentions. The Government does not want to touch this 70 per cent, which has been reserved for Messrs. Lever Brothers Ltd. Out of the 30 per cent, we have something like 100 or 120 units, excluding the little cottage units which manufacture soap. Now, Sir, if, for instance, one factory collapses because of lack of efficiency and lack of good management, the Government rushes with the personnel to bolster it up. If you lift up one unit which is about to close down, then some other unit which is less efficient than this must close down. So eventually you will have to start rushing about from unit to unit to bolster up production which possibly may be higher than what we actually need. This will naturally land

[Shri C. G. K. Reddy.] you in a great deal of mess. When they accept a suggestion which looks to be good on the face of it, I want the Government to examine the implications of it whether any action that they contemplate is really in the larger interests of the country, and whether it will stand the test of time. You may, as I said, be able to help one small unit somewhere by rushing to its help, but by rushing to the help of that unit another unit is affected and must need close down. That is the law of economics. You cannot keep one unit down, so that the other unit may survive. So unless this regulation is properly done in all its aspects it is not going to succeed.

Take for instance the control of capital issues under the Finance Department. If you are taking powers under the Commerce Ministry to regulate and develop industry, and the Joint Controller of Capital Issues goes on acceding to every application for the establishment of an industry, then it is bound to be a failure and whatever powers that you may exercise under this Act will be nullified by the acts of the Controller who may indiscriminately give permission for more and more factories to come up. Therefore, what I would suggest is that every policy of the Government in every department must be dovetailed. Unless it is a co-ordinated policy, a concerted policy, a policy which takes into consideration all aspects and conditions in this country, any little power that you may take and in whatever manner you may exercise it—even the most vehement exponent of such a policy will admit by itself it will not cure our ills, and as I have indicated already it may land us in a bigger mess than what we are in already.

Therefore, Sir, although I give my full support to this Bill I must impress upon the Government that this Bill by itself cannot do anything. It may do something worse. Unless the Government comes out with a comprehensive legislation whose main objective and

main aim is for a completely planned economy, it will not be possible for us to see that the industrial field in this country is properly regulated and properly developed so that we may, in the shortest possible day, look back and be proud of the achievements so far as the industrial field is concerned.

SHRI B. R. DUBE (Orissa): Sir, I welcome this Bill as a whole but I have got certain objections to the provisions made in some clauses, I mean to certain penal and procedural provisions in connection with the Bill.

Now so far as the proposed section 25 is concerned, it is very necessary because as a lawyer I have experienced the difficulties arising from the absence of the provision made hereunder, so far as the delegation of power to the State Government is concerned, in the Essential Supplies (Temporary Powers) Act, as in that Act there was no provision for the officers of the State to give directions themselves and even if any act was done under the direction of the State officers the offenders were escaping openly. They won't be able to do so because there is now the provision in section 25(2) according to which any power exercisable by a State Government can also be exercised by any officer or authority subordinate to that State Government.

Now I shall deal with section 27. Formerly the provision was that without the sanction of the Central Government no prosecution could be launched but according to the proposed new section 27 on a report in writing of the facts constituting the offence made by a person who is a public servant as defined in section 21 of the Indian Penal Code, it can be done. This is an improvement so to say.

Now so far as the proposed section 28 is concerned I have great objection to its incorporation in the Act for the reason that the burden of proving that he has not contravened any order under Section 18G is put on the person prosecuted. My submission is that

this is against the principle of jurisprudence, under which a person is taken to be innocent unless the contrary is proved. But here in these provisions we find that it is presumed that the accused is being prosecuted for violation of section 18G; he is presumed to be guilty unless the contrary is proved by him. I submit, Sir, that provision is derogatory to the principle of criminal law. So I submit, Sir, that this provision should not be there. The ordinary principle of criminal law should find a place in the Bill itself.

SHRI RAJAGOPAL NAIDU (Madras): May I point out to my hon. friend that similar provisions are found in the Essential Supplies (Temporary Provisions) Act and the Supplies and Prices of Goods Act where the burden of proving the guilt of the accused does not lie upon the prosecution but it falls upon the accused to prove that he is innocent.

SHRI B. R. DUBE: Maybe. But what I say is that what was not there in the original Act is sought to be put in here in the proposed section 28 according to which the burden of proof of innocence is put on the accused. Therefore my objection, and I say that such a provision should not be necessary. Of course, I have not put in an amendment to this effect but I feel that it will be doing an injustice to the accused who will be tried for contravention of the provisions of section 18G.

Then I come to the proposed section 29(2) and I object to the summary way of dealing with the offences and meting out punishment. The punishment provided is to the extent of six months' imprisonment and Rs. 5,000 fine. In the original Act we do not find such a punishment. Summary procedure may be all right in case of imprisonment of three months only but not in a case where the offender shall be punishable with imprisonment which may extend to six months, or with fine which may extend to Rs. 5,000, or with both, and, in the case of a continuing contravention, with an

additional fine which may extend to five hundred rupees for every day during which such contravention continues after conviction for the first such contravention.

I submit, Sir, that ordinarily under section 260 three months' imprisonment is the punishment. But here there is provision for imprisonment for a period of six months and a fine of Rs. 5,000. I submit that this is a very stringent punishment. Sir, there are two procedures—one is the summons procedure and the other is warrant procedure. So far as summons procedure is concerned, the person is punished by imprisonment for a period of six months whereas under warrant procedure the imprisonment is for more than six months. But in a summary procedure the bare statement is taken down and no opportunity is given for cross-examination as in warrant procedure where there are three stages for cross-examination. Under a summary procedure merely the substance of the statement is taken down and the accused is not in a position to defend himself properly and he is not in a position to cross-examine suitably. So my submission, Sir, is that in such cases where the punishment goes to the extent of six months' imprisonment and a fine of Rs. 5,000, the adoption of summary procedure is very stringent. I submit that this is a very drastic provision.

Then I come to section 29A of the amending Bill. It says: "Notwithstanding anything contained in section 32 of the Code of Criminal Procedure, 1938, it shall be lawful for any Magistrate of the first class and for any Presidency Magistrate to pass a sentence of fine exceeding one thousand rupees on any person convicted of any offence under this Act." Ordinarily if it is necessary to impose a fine exceeding Rs. 1,000, the case will have to be transferred to a Magistrate who has got powers under section 30 of the Criminal Procedure Code or have to be committed to the Sessions Court for trial. So my submission is that these penal provisions are very stringent. When we are attempting to

[Shri B. R. Dube.] develop and regulate industries, when we are taking up such a matter, it is not desirable that we should adopt such stringent provisions and I appeal to the hon. Minister in charge to take into consideration the suggestions I have made. I realise that I have not put forth any amendment, but for the sake of equity and good government. I submit that the hon. Minister should take into consideration my suggestion and delete these clauses so far as summary proceedings and special powers regarding fines are concerned.

SHRI RA.TENDRA PRATAP SINHA (Bihar): Mr. Deputy Chairman, Sir, the industries have a definite role in our planned economy. They have to come up to certain standards of efficiency and production and have to work in a planned manner according to the pattern set out in the Plan.

Now, Sir, in the year 1951, Government brought forth this legislation—the Industries (Development and Regulation) Act with the principal object of enabling it to implement the policy of development and regulation of industries along the lines recommended by the Planning Commission. Sir, under this Act the major instrument was the institution of Development Councils which were to function in a manner to bring the industries to conform with the development pattern set out in the Plan. This idea of Development Councils, Sir, was borrowed from the U.K. Act of 1947. The entire composition and function of the Development Councils was taken from that Act of U.K. Now, Sir, we find that the U.K. experiment has completely failed. The hon. Minister has himself stated in his opening speech that in the country in which these Councils were first started, they have not had smooth sailing, and out of a number of Councils started, only two remained, out of which one was almost in the process of being extinguished. So, Sir, only one Development Council, namely the Cotton Board, has so far succeeded in England. But there are special reasons for its success. Thi=

Board was in existence long before the 1947 Act came into operation, under a different statute and under a different name. Therefore, Sir, I submit that the Cotton Board cannot be a correct criterion for judging the success of the Development Councils' experiment in the United Kingdom. The chief causes, Sir, for the failure of the Development Councils in the U.K. may be summed up, as follows. The very idea of the Development Councils of statutory nature has not yet found favour with the industries. Then, Sir, the manner of their composition, that is to say, nomination of the concerned interests—employers, employees and also of the general public—has not been favoured either by the employers or the employees who look upon these nominated members as not being responsible to them. Then, Sir, as I said, the industrialists have not viewed the Development Councils with favour, and have not given their unstinted support to this idea because of their inherent dislike for governmental and outside interference. In the United Kingdom the idea has now gained ground that old and established trade associations were more useful and better suited to deliver the goods than the Development Councils which merely duplicated their work. Lastly, Sir, the Development Councils have failed to assist the weaker units and less efficient units, because the more efficient and stronger units have not liked the idea of sharing their trade secrets with their weaker brethren which might lead to more severe competition between themselves.

Now, Sir, an impartial study of the conditions prevailing in this country will prove that similar factors are operating here which were responsible for the failure of this experiment in the United Kingdom. The hon. Minister said that they had appointed a foreign expert to advise them on the formation of Development Councils. We are not aware of the report of this foreign expert; but we take it that his advice must have been in favour of the Development Councils and therefore the two Development Councils in

this country were constituted. But we would very much like that a copy of the report of this foreign expert should be placed on the Table of the House so that we may see it for ourselves. To me it appears a very fantastic idea that we should go on pursuing experiments that have failed in the United Kingdom. Does the Government consider that the conditions operating here are quite favourable for the growth of Development Councils although they are not in England? Then, Sir, are the Government aware of the recent trends in the United Kingdom? The movement there now is towards a sort of halfway house—a type of body with similar functions, but less formal and not a statutory basis, like the Joint Advisory Committees on Wool and China Clay, which have been formed on a voluntary basis and not under the Act of 1947. Is it not a waste of time and money if we insist on pursuing the experiment of Development Councils, which we borrowed from the United Kingdom, when they have failed in the country of their origin?

Sir, the machinery of the Development Councils may have failed, but the purpose for which they were intended still remains to be implemented. The positive, the creative and the constructive role of the law, which is the most important aspect of this law, still remains to be fulfilled. Therefore, I submit that we should now strike out a new path and evolve some new machinery instead of pursuing these Development Councils, in order that the situation in the industry may be met, and properly tackled.

The other aspect of this law is the regulative aspect, which has in its turn two aspects—preventive and curative. On the preventive side, the Government has started the licensing system for new industries and for expansion of existing industries, so that the country's resources may be diverted in a particular manner. But, Sir, the preventive aspect does not end there. There are other steps that have

to be taken. I will give you only one example. It is common knowledge that our industries have frittered away their profits and resources. They have not cared to set apart a portion of their profits for purposes which need greater attention than the payment of disproportionately high dividends and high managing agents' remuneration. In other countries we find that the following purposes are also entitled to a share out of the profits, and they are given higher priorities even to the payment of dividends. These are: Research work; replacement of machinery; adoption of new techniques; improvement of productivity of labour; greater amenities to labour. These are completely ignored here, and no provision is made out of the resources and profits of our industrial undertakings for these purposes. To support my contention I will refer you to "The Industrial Profits in India during 1936-1944" published by the Research Department of the Federation of Indian Chambers of Commerce and Industry. At table VI they have given trends of dividends paid, contributions to reserve funds and managing agents' remunerations, in terms of percentages of net profits. I will not go into the details, but will simply give you their conclusions drawn from this table:—

"Our table shows that the majority of these industries have followed a policy of distributing their profits by way of dividends rather than building up reserves over the greater portion of the period. It cannot also be asserted that over the whole period they have adopted a conservative policy in regard to dividend payment having regard to their postwar needs and problems. Iron and steel and cement have kept back very little of their earnings from their shareholders, for both of them have distributed nearly 90 per cent, of their profits in this manner."

Sir, I consider that the Government should take immediate steps, under the powers now given to them, under this Act, to regulate the distribution of-

[Shri Rajendra Pratap Sinha.]
 profits and prevent the frittering away of the resources of our industries, which are national resources, and if it is necessary, they should amend the Companies Act in order to prevent these industries from frittering away their resources in this manner. Government should examine this point immediately and introduce such amending measures in the relevant law as they think proper in order to prevent this waste.

Now, Sir, taking the curative aspect of this law, we would like to know from the Government in what manner they want to operate this law. There are various categories of concerns which need to be looked after. Does the Government consider that they will only act in a case of emergency, when an undertaking is about to collapse? But there are other important situations in which they must act and improve the management of a concern. There may be efficient units and they may have the installed capacity to increase their production and thereby lower their cost, but they may not have the necessary finance. Then there may be uneconomic units which need expansion. Then there may be out of date plants which need to be renovated before they could give optimum production at lower cost. These cases may be there because of different reasons. It may be that some of the managing agents may be completely incapable, or it may be that these managing agents may not have enough credit in the market to raise sufficient funds to effect the changes that are desirable. In other cases there may be genuine difficulties in raising finance. Then, as I have pointed out, there may be managing agents who may be only concerned with their remuneration and dividends, and in spite of the resources that they may have, they may not care to improve things. Are the Government thinking of getting a survey made of all such situations and acting as the situation may demand?

The next question which arises is this: Who is going to manage all this? In this connection, I would support the arguments which were advanced by my hon. friend Prof. Ranga for the creation of a cadre of industrial and commercial services. We all know that the big business houses in this country have their own cadres of services which grow up with them. They learn by experience, they develop a certain amount of insight and foresight in the management of business. We cannot just do away with that and start managing either the private concern or the nationalised concern without an experienced cadre of industrial and commercial services. I would strongly support Prof. Ranga in this that the Government should take early steps to establish such a cadre. In the beginning they should take to emergency recruitment from among the private business houses in the highest cadre of executive posts in this service.

Then, Sir, lastly, with all humility and respect, I would like to submit one point to you. Well, my hon. friend Pandit Kunzru raised the question of consultation by the Government of the Advisory Committees in some matters. The hon. Minister, for whom I have great regard, said that the House was still labouring under the old legacy of foreign rule and Government. I must submit, Sir, that the hon. Minister seems to be labouring under a misconceived idea of governance. He seems to propound, Sir, that because there is a responsible Government, there is no need for consultation and discussion. His thesis appears to be always "Take me or remove me". But, Sir, I submit that that is not a correct attitude. That is the very negation of parliamentary government which is based entirely on discussion and consultation. There is no question of either taking him or removing him. We simply want that he should afford opportunities for ample discussion and consultation not only in this House but also outside this House and I may quote him from a pamphlet which gives

how the Industrial Development and Organisation Act is functioning and from where we have borrowed our own Act:

"The Act says that the Minister making the order is to consult with organisations representing employers and workers in the industry before an order is made. The practice followed has been to hold preliminary discussions, then to issue a draft order on which comments are invited and finally to make the order itself in the light of these comments. Each order must be approved by Parliament by affirmative resolution so that there is opportunity for debate on each individual case."

I submit, Sir, that the United Kingdom Government take to such an elaborate method of discussion not only inside the Parliament but also outside the Parliament. They are also a responsible Government and are functioning in the orbit of parliamentary democracy. Now, Sir, if this House insists that opportunities should be given for ample discussion, then we are told that we do not understand the meaning of 'Responsible Government'. Sir, I submit to you that if this is how they are functioning in U.K., there is no point why we should not function and operate our Acts in the same fashion. Thank you, Sir.

SRI K. B. LALL (Bihar): Sir, at the very outset, I beg to say that I hold no brief either for the industrialists or for the labour. I purely speak from the point of view of how the public can be interested in and affected by this piece of legislation. (*Interruption.*) Surely, the term 'public' is so wide that it can include any class of person, even those who identify themselves with separate groups. And so I have to make it clear how from the public point of view this piece of legislation will work. Of course, the hon. Minister has not spoken about nationalisation and the other parties also have kept silent over this as modest people. However, whether it is nationalisation

or not, there may be a dispute over regulation and development also. I heard a whisper coming from somebody that it is much less a regulation of the industry and it is more a strangulation of the industry. I did not mind even that, because there are different angles from which people may be looking at things. Some may say it is strangulation and some may say it is regulation. But what struck me most is that the Government is gradually and step by step going towards nationalisation. I would have very much welcomed nationalisation pure and simple rather than nationalisation by driblets as it is affecting the economy of the country in some respects. As we have seen, Sir, and perhaps you might have seen how the capitalists and industrialists have expressed themselves, and how actually Sir Srivastava was speaking. He said that with his tears in his eyes he had come to express his views and then there was another friend who spoke and about whom some remark was being made by somebody in the lobby that the industrialists do not give their support through their heart but through their cap. These remarks as to whether it is the support through the cap or through the heart may have some casual effect. But all the same some support is given to this measure which aims at the development and regulation of industries. What I fear is that there should be no need of being afraid of the word 'nationalisation' and when I thought over this, it reminded me of the story of a king who got a beautiful parrot and entrusted it to his Ministers and servants to take care of it and at the same time told them: "Mind you, if any of you came to me to report that the parrot is dead, then it will not be all well with that person and that person will be hanged." After a few days even in spite of the good care that they took about the parrot, the parrot expired. Now who was going to report about it to the king? At last a Minister came to the king and told him: "The parrot is lying in the cage with its hands and feet stretched, with its

[Shri K. B. Lull.] eyes sunk and mouth wide open." After hearing this description the king asfeed the Minister: "Do you mean to say that the parrot is dead?" The Minister replied, "No. Sir, it is what you said". So here also we find the same thing. The nationalisation is coming in driblets. But when we embark upon nationalisation, we should be very careful and we should take note of the responsibility of nationalisation also.

Not only here but in regard to a good many other things, the Government try to lay their hands but they do not take full responsibility. As somebody said, it looks as though they do this more to satisfy their power-hunger rather than with any idea of helping the industry, of helping the cause of the country. If they try to lay their hands on many things and fight shy all the time of the consent such action, then they become open to the charge made. If you sit down and put your hands on everything without caring for the consequences, the people are left to shed their tears while this nationalisation by driblets rily goes on. Here, they do not seem to have foreseen how the people engaged in the industry would be affected. As I have already stated. I have not scrutinised each section, and I am not going to suggest like a lawyer that a comma should be placed here or a full stop should be placed there. Nor have I tabled any amendment. There is no point in giving notice of amendments when we see that this House cannot have its way even on constitutional issues, and any measures which come here after being passed by the other House are bound to go through here in spite of any talk. However, I want to place before the Government that in the operation of this Bill, as they say, it is not nationalisation, it is not strangulation. *it* is regulation and development of Industries that is sought, and so we should see how the provisions will affect the persons who are engaged in industry, and the penal clauses that

are contained here can give no sense of confidence to the people who are engaged in industry. No amount of polishing the Act can remedy the psychological effect that is there. We are seeing that this stands in the way of capital formation, against people investing their money in industry. If people have got money, they want to conceal it and keep it to themselves, as they do not know when even the bank balances will be nationalised, when they will be told, "You do not require so much money. You do not require so many houses; you do not require SO much of capital." Actually there is a war on already between capitalism and nationalisation, and course the party which is not in power now and which is aspiring to come into power, is finding that their purpose is being served by such Acts by which those who are engaged in business are being harassed. They are already feeling in their heart of hearts that this process is only helping their tiesign.

11 AM.

SHRI B. GUPTA: Whose?

SHRI K. B. LALL: They are very happy that this situation is being created. Personally I am a believer in Mahatma Gandhi's way of thinking

SHRI B. GUPTA: So are they!

SHRI K. B. LALL: If we want to mould society on Gandhian lines, we must be very careful before we put our hands on anything, and if we do like this, we would only fall into the trap of the party there. Of course, we are surrounded on all sides from the ideology that is coming from the West, industrialisation, nationalisation, the ideology of materialist relations.....

SHRI B. GUPTA: Will the hon. Member kindly explain what is meant by materialisation?

SHRI K. B. LALL: Gandhiji taught us that he could take the wind out of the sail of these Marxists by shaping

our society on the lines of the Communism that is preached in our philosophy, in the Gita, which was so dear to Gandhiji. If we believe in the theory of trusteeship of Gandhiji, if we really want to mould society on those lines, then we must fight this materialistic Communism that is coming from the West. If we want to establish that equality of mankind which was so dear to Gandhiji, we must not follow the path and methods of the Westerners in regulating our industry, in making so many laws and in coming over the neck of the industrialists and finally liquidating them. Before we adopt the methods of the Westerners which they apply in strangulating the so-called private enterprise, in strangulating the industries that are in the hands of private enterprise when they feel that private enterprise is the enemy of society and is leading to its destruction, then we should be careful to see whether we want to follow the path chalked out for us by Gandhiji or those methods. If we follow those Western methods blindly, we will be only falling into the trap of the party there.

SHRI B. GUPTA: Are they all boobies to fall into booby traps?

SHRI K. B. LALL: I thought you will surely come with a compliment to the Government and congratulate them but I find that you are never satisfied with anything done by the Government. I don't hold any brief for the industrialists. I have the least knowledge of any industry and am least expected to espouse the case of this or that industry but industries as a whole in the country, the capital as a whole in the country and how they should be regulated or controlled—these are the concerns of every man whether he is a learner or a big industrialist, as they affect all and when you tread on the path that takes you away from your own ideology, then it is surely a thing for everyone of us to think but I am not one of those who feel dissatisfied with or am jealous at the wealth in the hand of any particular man or the business community but I really feel that the money-hunger or the wealth-

hunger on their part is surely digging their grave. This is a problem for the Government, and for the people. This has roused the people also but how to checkmate the over-greediness of the industrialists who are managing the industries of the country? Their way of life is surely a thing of jealousy for those who are the have-nots and that is generating a feeling of animosity against them. The greediness on the part of some industrialists and capitalists in whose hands the wealth has accumulated or who have become the custodians of the wealth of the country and the way in which they are spending money over their own luxuries have surely given grounds for attack by those who are under the influence of the Western philosophy of Communism and they would even shoot them down if they come to power and they will confront these people with the fate that the family of the Czar met in Russia.

SHRI B. RATH: Have you a soft corner for the Czar?

SHRI K. B. LALL: At least I never thought that there should be such brutality on the part of men whether he is a Communist, or a Socialist or a capitalist. That is not the philosophy of Gandhiji. I believe and I don't believe that in the path that we are treading we should confront the people with that fate. Of course, they are making mistakes and they are surely guilty. I feel that the capitalists are making themselves the target of attack from all sides but those who are the custodians of Mahatma Gandhi's philosophy and teachings should not fall into the trap of the philosophy coming from the West and confront the people with that fate. Of course, it is on that ground that the Government has taken up the question of regulation of industries so that they may be changing the course of events in course of time but whether that will change the course of the country or it will fall at the industry itself is the question. I am afraid the way in which the regulation has been taken up and with all these clauses and halts—will help them carry on the big industries in the

[Shri K. B. Lall.]

natural way. Perhaps we don't take into account how the capitalists and the industrialists feel in their hearts. I don't know whether it will come within the scope of this Bill. Instead of bringing about such regulations and such methods or halting round their necks, there should be some other method to bring them to their proper senses and also regulate the industries properly because it is admitted on all hands—and even the Government, which has brought about this Bill, are convinced and they also feel in their heart of hearts that all at once the nationalisation of industry would not be possible by them and they will not be able to carry it out. There have been arguments placed before the Government from the side of the industrialists that private enterprise cannot flourish by such laws like this. Government also feel that they cannot create men with such incentive industries. Mr. Sinha also perhaps said the same that the persons engaged in business know how to run it, not the men in office or with technical qualifications who may be invited by the Public Services Commission for running of industries to carry on these industries. The industry cannot be carried on in that fashion. Government is also conscious of this fact that our people trained in these industries cannot carry on with that sincerity, with that ability with which even in Russia they have carried on their industries. After all they are businessmen and they only know Pounds, Shillings and Pence. They have no other feelings. Even God has been dispensed with and there is no other sentiment with them and even in our country businessmen—the bania class of people, I don't cast any aspersion on them—they know the business and they have got the insight and foresight of business. Because their very culture and *agnakar* is in that way. So they know they can apply their mind and energy in bringing the business to a proper level but a man who has not got that business tradition in his family or in his community, a man

who has the tradition of service in the family cannot be a good businessman and everybody should agree with it. A servant who has always got his own paid salary, his own allowances and his own pleasure and comfort is the least man to make any sacrifice for the sake of his industry. The businessman has to sacrifice traditionally. He earns and also spends for the business. He knows when he has to apply his mind and how he has to apply it, how much energy he has to put and how much of hardship he has to take upon himself. They have built up a tradition. The servants class cannot build up a tradition of business. The Westerners have been brought in the tradition of Pounds, Shillings and Pence and nothing else and they attach very little value even to family life, their family consists of husband, wife and two minor children and not even father or brother or anybody else. So if we put into operation that philosophy, that has emanated from the Western countries, here in our country, there is danger.

SHRI B. GUPTA: But you are going to ride in the Coronation procession.

SHRI K. B. LALL: In our country we have not gone down to that condition up till now. So we have to build up our own traditions and not walk into this path and I am afraid if we walk that path now, we will lose our own ideology, our tradition, our philosophy of life that our Mahatma taught us. As a warning I am saying these words and I submit that although we support this Bill, these points that I have referred to should be taken into consideration before we walk into the parlour of our friends in opposition.

SHRI B. GUPTA: The parlour will disappear at the sight of you.

SHRI K. C. GEORGE (Travancore-Cochin): Sir, the hon. Minister for Commerce and Industry was trying to paint a rosy picture of the future industrial development of our country through the implementation of this measure. But as far as I am concerned, he was unable to convince me.

The object of this Bill is to implement the industrial policy of the Government. In the words of the Planning Commission itself the Industrial Development and Regulation Act of 1951 is designed to enable the Government to carry out its industrial policy. And what is this industrial policy of the Government? The Planning Commission says what it is. I do not want to quote the whole passage here. It is there in the Commission's report and is known to the Members of this House. It says that the essence of that policy is to establish strict control over the private sector of our industry. But I think this control goes far beyond and it goes to the extent of taking all the powers into the hands of the Government and I wish to make it clear that we do not support this policy of the Government, by which they exercise such control over the private sector of our industry at this backward stage of our industrial development. At the same time I want to make it clear that we do not mean that Government should not have any control whatsoever at all. In fact, our complaint today is that Government is not controlling the industries properly and with a view to safeguard the national interests, the interests of the consumers and the interests of the producers. But my point is that at this backward stage of our industrial development the control contemplated by this measure is not conducive to the industrialisation of our country. Although I do not agree with many things that Dr. Srivastava said the other day, I feel that he rightly stressed the point that it is neither possible nor advisable for Government to implement this Act at this stage. I am not with him when he says that there should be no control at all. The provisions contained in the original Act or in this Bill can be understood only in the light of the industrial policy that is being pursued by this Government. Sir, what is the policy that the Government has been following up till now in the matter of industrial development? It is still, I should say, one of imperial preference, by whatever name or manner you may

call it. I am sure some hon. Members will object to my calling it imperial preference. They may call it by different names, but the fact remains that it is imperial preference. An examination of our tariff Acts and our tariff policy will show that twenty industries of national importance are given imperial preference and I wonder how under these conditions one can hope to develop our own industries here. I would like to give a few instances to show how our own industrial ventures are being squeezed out of existence because of foreign competition under this very policy of the Government. I mean this policy of imperial preference. I would like to take first the case of the soda ash industry. In this industry the United Kingdom enjoys preferential tariff. The result is that there is so much of soda ash imported into the country that our industrial concerns are always forced to work below installed capacity. In 1951-52 our Government allowed 85,000 tons to be imported of which 65,000 tons was from the United Kingdom. All the same we should not forget that our own requirement is much below our own capacity which is only 54,000 tons. Next I take the case of iron and steel wood screws. Here also there is a preference and the result is that we are producing only to the extent of one-third of our capacity and that to an account of large-scale imports. Though our capacity is 2,000 tons, Government allowed 2,700 tons to be imported in one year, that is to say, in 1951-52 when our actual requirement was only 2,500 tons. Other industries like belting industry, the pencil industry, they all show the same thing. I will be able to cite many more instances to show how on account of our preferential tariffs in favour of the United Kingdom our own indigenous industries are languishing and even dying out. This shows that the present policy of the Government does not help the development of our industries and the industrialisation of our country. The industrialisation of our country is not possible as long as our Government's policy is what it is today.

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Now, what about the tariff protection given to the industries? Here also the real protection is given to foreign concerns. It is a fact that 50 per cent, of the capital invested in India belongs to foreigners and the so-called protection is really working only in favour of these foreign industrialists, or those working with Indian label only. What is the result? The result is the same as that of imperial preference. This is the result of the policy of favouring and patronising foreign capital. The ■ industrj is an instance in point. The Sen-Raleigh concern established in Calcutta, the Hercules concern established in Madras speak loudly against the future development of our indigenous cycle industry. Government recently allowed the Parker Company to establish a concern here and this also shows how our small industries like fountain pen ink are thrown to the mercies of foreign concerns. I also understand that as recently as 1952 alter this Act came into existence. Government have allowed the Dunlop Company to open a belting concern in Calcutta to the disadvantage and ruin of the existing concerns there. The industrial policy of the Government being what it is, as I have already pointed out, namely, one of favouring ■the foreign capitalist as against the indigenous ones, I am afraid this Act also will be used in the same direction and for the same end. The greater powers that are now placed in the hands of the Government, the provision for licensing, for registration and the revoca-tiori of registration etc., etc. are such that they may at any time be u againsl the unfà oured indigenous industries in our country.

Sir, if that is the fate of industries, what about the consumers? It is argu that section 18G is meant to safeguard the interests of the consumers. I do not want to read the whole section here because it has already been cited. An examination of it shows, Sir, that it confers very wide powers on the Government to act in favour of the consumers if the Government really wants to. I have no doubt about that at all but, is it due to lack of sunVief

powers, I ask, that the Government in the past was not interfering in favour of the consuming public? No. The Essential Supplies Act, the Prices of Goods Act, were already on the Statute Book but they did not work and they did not work in favour of the consumers. So, it is not a question of having more powers in the hands of Government. It is a question of the policy itself; it is a question of the attitude of the Government. The industrial policy of Government being what it is today, what is most likely to happen is that these provisions also will be used against indigenous industries and in favour of foreign industrialists in the name of protecting the interests of *the* consumers. There is another provision; in the name of regulating the supply and distribution, the Government can ask any industry to close down or cut down production and the natural result will be ruin of those industries and unemployment workers with no benefit for the consumers, if not the burden of high prices. Sir, under this policy of Government, our market has become a speculative market; blackmarketing becomi the order of the day. Did the Government make use of the Essential Supplies Act and the Prices of Goods Act to save the people. I a I say that it has not done that. The present. Bill is also going to have the same fate in the hands of this Government as far as the consumers are concerned. What is going to happen. Sir, is that the indigenous industries will be steam-rolled in the name of consumers. This is my fear and apprehension.

Now, what about the producers, the working classes? The policy pursued by the Government towards the working classes does not give us the assurance that this Bill is going to help them: in fact, it speaks otherwise. The policy of the Government has been and still is one of consciously suppressing them, to help the employers, to cut their wages and to retrench them to increase their workload in the name of rationalisation of industries. The policy of the Government is to throw the whole burden of the economic crisis resulting from their pro-impe-

rialistic industrial policy on the consumers and the workers and since that is the policy, the provisions of section "Z of this Bill will be another instru- ' ment. I am afraid, to be used against ■workers and not for the development i of our industry. Sir, I shall cite some I very recent instances to show how the ' policy pursued by the Government is not in keeping with the avowed object of this Bill and how, for safeguarding foreign interests our own Government is prepared to sacrifice the interests of our own people and our working classes.

On April 12, the Madras white bosses suddenly closed down the tram services there which, it should not be forgotten is an essential service and a concern which employs more than "2.000 workers.

MR. DEPUTY CHAIRMAN: It is not an industry, Mr. George.

SHRI K. C. GEORGE: I am illustrating the policy of Government towards the working class. This is a Bill, according to the hon. Minister, to help the consumers and (he workers also.

MR. DEPUTY CHAIRMAN: In industrial concerns; Madras Tramway is not an industry. Please confine yourself to the Bill.

SHOT K. C. GEORGE: T1 is only as an instance that I want to bring to the notice of the Government to show how it is pursuing a particular policy with regard to the working cl generally. The Government did not raise its little finger though nearly 2.000 workers and the public were concerned. The interests of thousands of the public were no concern to Government and though it has started a case now, it has not utilised existing law against them. I would even ask why did not the Preventive Detention Act work against them, which is used always against the Opposition? It is therefore not a question of having more powers in the hands of Govenv ment to safeguard the interests of industrialists or of the consumers or of the working classes. I will cite another instance. Tn Visakhapatnam re-

cently 813 workers of the Hindustan Shipyard have been summarily sacked as a measure of retrenchment. Government did not have any money to pay to these workers but the foi French experts in the Shipyard continue to be paid Rs. 3 lakhs. The retrenchment policy of the Government does not affect them at all. Government have enough money to pay huge sums of the order of Rs. 10 lakhs to the French firm of Naval Engineers and it is only for the workers that the Government cannot find money. This is taking place in one of the most important industries of this country and a most vital industry.

Again, Sir, 2,000 workers of the Cooper Engineering Works at Satara have been locked out. The managements says thai engines are lying unsold: I admit that it may be a I but who is responsible for this accumulation? It is none but our own Government. The policy of our Go ernment is to import engines from Britain and America into this countrj

tilting in the ruin of our indui and the employees beinj thrown of employment.

Sir, these are only some of the instances to show how the industrial policy of our Governmeni is going work under the Five Year Plan and how our industries and the consumers and workers alike are all made victims of the pro-imperialist policy of the Government. If they are at all serious about the industrial development of our country, a Bill of this type is not going to be useful unless and until they alter their industrial policy basically. Is the Government prepared to accept a policy which really helps the indigenou industry, a policy that at the same time safeguards the interest consumers and producers? In that case it is not a Bill like this which at to itself all powers that would be necessary but one that would really control the industry for the common good of the country; but, such a policv will demand of the Government to abolish imperial preference and confiscate all British capital. It will mand of the Government to ban import

[Shri K. C. George.]
of all industrial goods which are produced by indigenous industries profitably to meet our demand. Sir, today during the question hour it has been brought out that the Government is not prepared to do this in spite of the fact that the hon. Minister had made a statement in the other House. So, this really shows what the policy of our Government is. I should say, Sir, that the Government should control the prices and fix the prices of commodities to suit the purchasing capacity of our consumers. It will be one of our demands that the Government should fix fair wages for the workers. Without taking these steps—and others that are necessary to raise the purchasing powers of the vast masses of our people—it is moonshine to think, I should say, of any industrialisation of the country. It is no use trying to hoodwink people with this sort of legislation. I would rather say, Sir, that it is because the Government is not prepared to do these things and others that I have already mentioned, that they are in need of such a Bill as this.

Sir, before I conclude, I should like to point out that the Government is not serious about implementing the provisions of this Bill. Some of the hon. Members of this House have already raised this question. The Five Year Plan contemplates the immediate setting up—I should say the word 'immediate' is important—of Development Councils for seven industries. The paragraph in the Planning Commission's Report reads like this: "Development Councils along these lines are to be set up immediately for seven industries, namely, heavy chemicals (acid) and fertilisers, heavy chemicals (alkali), paper including newsprint and paper board, leather and leather goods, bicycles and parts thereof, glass and ceramics, and internal combustion engines and power-driven pumps". Now strangely enough, Sir, the word 'immediately' has been given the go-by and it has no significance at all. The hon. Minister says that they have set up only two Development Councils

and they propose to establish more after gaining some more experience and after carefully watching the working of these Councils. I am not surprised at this, Sir, because we never believe that this Plan is going to be worked out seriously. In fact I have already stated that this Plan is a planless Plan and as such any legislation undertaken to implement that Plan is bound to have the very same effect which we are experiencing now. The hon. Minister stated the other day, Sir, that the original decision was to establish six Development Councils but the portion that I have already cited now says that it was seven. Am I to understand that the hon. Minister has decided to go back on the decision of the Planning Commission itself or is it only a simple error? From the way it is being implemented, Sir, I am inclined to think that the former is the case. Sir, this is how things are going on under our Five Year Plan and it is bound to be such as long as the Government is not prepared to change its industrial policy basically. I am sure the development and regulation of our industry is not going to be achieved by this Act as long as the Government pursues its present policy.

Sir, before I close I want to make one thing clear. It is not all the provisions of this Bill that I oppose but the policy of the Government that would make it impossible to implement it in the real interests of our country and of the people at large. If the Government changes its policy many of the provisions of this Bill could be made use of, if not, the old order will continue and this Bill will serve no good to our people. With these words, Sir, I conclude.

SHRI GOVINDA REDDY (Mysore):
Sir, I support the Bill. I would like first to take up the point of nationalisation of industries for which various pleas are put forward on the floor of this House. It is true, Sir, that for any welfare government controlled economy is of the first essence and if we have to succeed as a welfare government we have to see that there is controlled economy both in the sector

of industry and in the sector of agriculture which are the two sectors of primary concern in promoting social welfare. While conceding, Sir, that controlled economy is the essence of our social welfare Government and that controlled economy is necessary to promote social welfare, we have to examine, Sir, how far nationalisation of our industries is practicable in our country and in the circumstances how far it will achieve the object for which we are going to adopt it. It is not as if we can nationalise the industries here by a stroke of the pen. If we can expropriate all the industrial owners today, all the industrial establishments today and can take control of the managements, then possibly one can say that we can nationalise. But can we do it under the Constitution? Sir, if we have to take over full control of the industries including ownership of industry we have to comply with article 31 of the Constitution. In any case of expropriation for public purposes we have to compensate the owners of those interests in a just manner. Well, Sir, by any ordinary estimate of the industrial capital investment of the country today we have to compute it at not less than 1,300 crores of rupees. Is the Government in a position today to pay back the 1,300 crores to the industrial concerns—I mean to the owners of those concerns? We are not. It may be argued that we need not pay in cash all these Rs. 1,300 crores and that we may pay it in the shape of bonds spread over, say, ten years, twenty years or thirty years. Even supposing, Sir, it is possible, then should we not have resources to run those industrial concerns? These resources are of various kinds. We have to need working capital. We cannot run industries simply because we have taken them over. We have to maintain them and meet the running expenditure, buy raw materials and all that. We cannot do so on credit. We have to pay for them. So, Sir, in order to maintain these industries in a running condition we need at least ten times the capital investment that we have in the country today. Where can we cover that amount? That is another difficulty. And the third diffi-

culty is, Sir, that we need the requisite personnel to run those industries. It is a well-known fact that we are technically deficient. We have several hundreds of joint stock concerns in India today in which no special technical skill is involved. Even here it has to be said that we have not been very successful. Most of the joint stock companies either have not succeeded according to our expectations or have completely failed. That is, because this is a new thing in our social life. We have not had the requisite experience and we are not in the position of a country like England where the people have business instincts and have good business methods and there is a corporate way of doing business. But this is new to us and we have to gain experience. Of course, we are making good progress. In a question of taking over all the industrial concerns by the Government, it is a problem, Sir, for the Government to consider whether we command the requisite personnel today even to merely administer. I am speaking at this stage of merely administering the industrial concerns apart from technical assistance, technical skill, etc. On the point of technical skill it must be admitted that we have had recourse to foreign countries for getting technicians. We have had all sorts of technicians from foreign countries and even in respect of those national concerns which we are working today we have had to get foreign experts and we have entrusted to foreign concerns the management of most of these concerns because we ourselves could not get the competent personnel.

AN HON. MEMBER: Question.

SHRI GOVINDA REDDY: Well, it is a fact. For the National Instruments Factory and the Telephone Factory and then for the Machine Tool Factory and for all these things we have indented foreign technical concerns for managing them. That being the case it is worth while to examine the question whether, if we were to nationalise, we could command the requisite national technical personnel and even supposing that we could do all these, are we

Shri Govinda Reddy] in a position. Sir. to exploit our national resources? It is not a question of being satisfied with a number of industries we have today. In fact the industrial field is exploited only to a very limited extent. We have of course vast national resources and they have to be exploited if national wealth is to be increased and in order to do that can we today find the capital, technical personnel to exploit the un-exploited resources of the country and develop them in order to increase the production of national wealth? I can say without fear of contradiction. Sir. that we are not in that position today. And taking all these factors into consideration Government should be absolved of the blame that while it is committed to nationalisation, it is unwilling, it is hesitating and it is avoiding it and so on. This is not true, Sir. Government have made the best attempt possible. In fact, the blame on the Government is that they are planning too much to control the industries. I am sure, Sir. some of those representatives of big industries here, if they are asked, they will say: "We have not got any initiative left with us. Your taxation takes away much of our profits and so we have nothing left for us. There is so much of control on our undertakings that we find it not our while to run them." So, in fact, the charge on Government is that there is too much of control on industries. Although that charge cannot be sustained, it must be said that a cursory look at the original Act and the amendment that is now sought to be made shows that Government have adequate powers to control industries. Sir. if we want our industrial resources to be directed properly and to be conducted in a manner as to increase national welfare, then no more powers than those which are now sought are necessary for Government. It is not a question of widening these powers. My point is, it is a question of putting these powers to effective use.

Well, Sir. looking at the Schedule, we see that most of the scheduled industries are protected industries. Government have a plan about these pro-

protected industries. They have accorded protection to them to develop. Looking at these protected industries, let us see how far this Act has been applied to them. Well, Sir. as we can see today most of the articles that are produced for consumption are not articles which are supplied by the manufacturing concerns in the right spirit. We have spurious articles in the market. In items 14, 15, 22, 25, 27 and 29 in which I have some experience, I find that we are not getting articles of a satisfactory standard. Let us take electric motors. I must say that all these scheduled industries are industries which have to face very severe competition from foreign countries. Of course, I should have expected that anybody who could lay hands on the production of electric motors would do well. But to my surprise I found that those who had purchased, out of patriotic motives, motors produced in India, had found them to have failed. Either there is something wrong in the lining or the wiring

SHRI RAJAGOPAL NAIDU: Certainly not; my experience is different.

SHRI GOVINDA REDDY: I do not say all the motors are like that, but some concerns are producing very defective ones.

SHRI RAJAGOPAL NAIDU: They are far more efficient than those of many foreign firms.

(Interruption by Shri B. Gupta.)

SHRI GOVINDA REDDY: Some are equally efficient while some are equally defective. In heavy chemicals there is mixture. In pharmaceuticals and drugs, we find that spurious articles are coming up. Anybody who uses Neem toothpaste or any Indian toothpaste could find that an oily black thing is mixed up with it. I have had much experience of buying these things and I am sure several friends must have had also. In fact, if this Act is applied and if there is active machinery to look after production and to keep up the quality then these spurious things will not be coming up. In vegetable oils we have complaints;

in batteries we have complaints. I do not mean to say that all these industries are to be discouraged because they are bringing out defective articles. My point is that there should be no complaint about the quality of these articles. We have power to regulate the quality, to regulate the production and to see that prices of these articles are kept in such a way that they do not injure the public interest and that they do not affect the consumer. All these powers can be used not only in order to improve these industries but also, in order to encourage the development of these industries.

I would like to make an observation with regard to another point—that is, with regard to the powers taken by the amending Bill and also in the original Act for taking over the management of Indian companies. One point was made by the hon. Mr. Parikh and another hon. Member that we would not do well to take over so much power when we take over the management of these concerns. The hon. Dr. Sri-vastava went to the extent of saying that it would be impracticable for Government to take over and that Government would not be able to manage them if they took them over. I do not agree with him at all. If there are difficulties in management for the owner himself, then certainly the same difficulties are there for the Government as well. Simply because Government takes them and entrusts them to a particular body of persons or a managing agency, it does not mean that all those difficulties have increased. The only point to be considered is whether Government will be able to command the requisite experience in order to run these industries. I think Government will be in a position to do that. And Government takes over only when they fail to observe or comply with the directions issued by Government under the Act. If those people do not comply with the directions of Government, then, of course, Government will take over but that would be as a last resort. With regard to taking over the powers of Directors, that power also is perfectly justified. You cannot run a joint stock company

without having control of the management and you cannot have a full control of the management of a joint stock company unless you are in a position to control the Directors and also to have your own Directors. So to that extent the shareholders must lose their rights. The shareholders cannot have their own Directors; the Government will have to have their own Directors.

The other point I wanted to make was about the managing agents. It is said that a managing agency alone will lead to success of a commercial concern and not a managing director. Sir, on this point I have some experience. I should say that managing agents, if they are well experienced and if they are concerned with standing and social position, will run the concerns with success, but in the very nature of things managing agents will have almost autonomous powers over the company. Although the Board of Directors will be there, still the day to day management rests on the managing agents. If the managing agents want to exploit a joint stock concern for their own ends, they can do so. There will be very little control left with the shareholders or the Directors to check in any practical manner the greed of the managing agents. So I should say that if the managing agents could succeed, the Managing Director who has technical experience of running the company can as well succeed. So it is not as if the managing agency alone should be there if our joint stock concerns are to succeed.

With reference to Development Councils I find they have adequate powers. But I do not know; only one is said to have succeeded. I should say that if these powers are exercised by these Development Councils, they will be able to regulate the industries. There is some sort of duality in the Central Advisory Council and the Development Council. I would suggest to Government to explore the possibility of having one body to regulate the industries. According to the Act, Development Councils have to submit their reports to Central Advisory Councils. The Central Advisory

[Shri Govinda Reddy.]

sory Council does not take any action. It is the Government that takes action. If the Government should take action about the Development Councils, it means that it is only the Government that would look into the details of the working of the industrial concerns to which that Development Council applies. If that is so, what is the position of the Central Advisory Council? I cannot make it out. In any case, it seems to be quite unnecessary. So, either a proper co-ordination should be brought about between these two bodies investing the Central Advisory Council with more powers of regulation, or one of them should be abolished and the other should be retained.

With these few suggestions, I give my support to the Bill.

SHRI KISHEN CHAND (Hyderabad): Mr. Deputy Chairman, we are discussing a very important Bill. When we are considering this Bill, we should concentrate all our attention on the economic consequences of this Bill to this country. The original idea of an Industries Development and Regulation Act was all right to a certain extent. But I am afraid the same cannot be said of this amending Bill, which is giving too much power to the Government to interfere in industry. I think that the economic experts know only two types of economy—either the nationalised industrial economy, or the policy of *laissez faire*, a capitalist economy with complete lack of control. There is no halfway house. I find that this Industries Development and Regulation Act is entering into a very controversial field, and indeed a very, difficult field. It is almost an uncharted sea, and we are undertaking regulation which, instead of benefiting our economy, may completely ruin it.

In a capitalist economy or a *laissez faire* economy, it is the rule of the survival of the fittest. It is efficiency and price competition that determines the success of any concern. If the management is bad, the concern goes down. The shareholders keep a watch on it. On the other hand, in a nationalised industry in a planned economy, the

Government thinks of the total requirements of the country and considers how many concerns are required to produce any particular goods, and the concerns are spread out properly in the various parts of the country having regard to the easy availability of the raw material. But in this Bill we are not following either of the two economies; we are just trying to impose some sort of regulation on the industries as they exist at present. Therefore, I submit that this type of regulation, instead of improving our economy, is going to go against any kind of regular progress.

12 NOON.

We generally follow what is done in the United Kingdom, after an interval of few years. There was a similar Industries Development and Regulation Act in the United Kingdom in 1947, and therefore we must also have a similar law in our country. If we look into their experience of the working of this Act, what do we find? I have a pamphlet issued by the Planning body of U.K. It says that out of the four Development Councils set up in Britain, only one has been successful. As regards the future, it says that there is no likelihood of any Development Councils being established. Without comparing the conditions in the two countries, we simply imitate what they do. In the United Kingdom industry is highly organised on a very large scale. In our country we want cottage and small scale industries. We do not want highly organised large scale industries. And yet we follow the rules and regulations that have been adopted in the United Kingdom. Some big industries in our country may have abused their position. Just because some few industries have abused their position and indulged in anti-national activities, we should not for that reason introduce this type of Industries Development and Regulation Act.

I admit that the managing agency system has been the curse of our country, as it has been the curse of all industries. Mr. Parikh and several other Members have tried to pay glowing tributes to the managing agency

system. But it is a fact that the managing agency system has not permitted the development of an industrial civil service class in our country. The managing agents work in their own families and in family groups and they have managed to run industries fairly but not to the maximum standard of efficiency. In a family, the young children, as they grow up in the environment of the particular industry, gain some knowledge of managing that industry, but not being fully qualified, they cannot introduce the newest and latest methods of progress into the industry. So the industries which are under the managing agency system at present are continuing to exist. But if we had taken proper steps, say, 30 or 40 years ago, to replace the managing agency system by managing directors and other highly qualified managers and created a class of industrial civil servants, our industries would have been in a much better condition today. Just now, due to this managing agency system, we do not have that class. A change will have to be made some day, and the sooner it is made the better. Therefore, if the hon. Minister utilises his powers under this Act in curbing the powers of the managing agents; it will be all to the good. But there are so many clauses in this amending Bill that I suppose his attention will hardly be focussed on the managing agency system.

One hon. Member has pointed out how the foreign firms are having a stranglehold on the economy of our country. Shri C. G. K. Reddy has pointed out that in 1939 the economic and industrial life of Calcutta was dominated by the European and British firms. But he has also depicted that in 1952 the picture is much worse: the domination has increased, and it is going on increasing every day. He has quoted the case of soap and said that 70 per cent, of the soap industry is controlled by one foreign firm. The other day another hon. Member quoted the case of the match industry and said that one foreign firm was controlling 80 per cent, of this industry. That means, in the field of soap, only 30 per cent, is

left open for our nationals, and in the field of matches only 20 per cent. During the war years, due to the demand of the market, there had been a growth of factories manufacturing these two articles. I am giving here only two examples—soap and matches. What is the Government going to do under this Industries Development and Regulation Act? If these indigenous industries which carried on production during the war are encouraged to produce to their maximum capacity," in the soap industry alone they can fully satisfy the internal demand. And yet they have got only a 30 per cent, field for them. What is the hon. Minister going to do in this situation? Is he going to ask or force these foreign firms to bring down their production from 70 per cent, to 30 per cent, and leave 70 per cent, field to the Indian industry for making soap? Or is he going to keep one or two or three or four of them and ask the rest of them to close down? These are, Sir, the immediate problems before the hon. Minister.

Now, under the original Act the small-scale industries were exempted from the operation of the Act. That is, all industries with a capital of Rs. 1 lakh or less were exempted from the operation of this Act. Now that clause is sought to be deleted. That means that every factory, every industry in the country is going to apply for registration. While introducing the Bill the hon. Minister stated that thousands of applications have been received and he has not been able to register them. It only shows that either this Bill will be effective by neglecting all small-scale industries and not registering

! them or if this Bill is fully brought into operation, it will be such a big task that our Government will not be able to cope with it. And, therefore, Sir, what is the point in introducing that type of amendment which is going
i to negative the very purpose of this
j Bill?

Then again, Sir, in this amending Bill if we look to the definition of 'new articles', we find that it is ; going to operate against the interests

[Shri Kishen Cha of the indigenous industries. The Government is not going to permit the introduction of any new trade mark etc. without due registration. The delay that occurs in obtaining this type of sanction, is very well-known. The net result will be that the expansion of Indian industries and Indian companies will be retarded and all encouragement will be shown to foreign firms.

Again, Sir, it is sought to introduce price - control. Price control is a very good thing, but it has to be imposed in certain type of market conditions. The price control in a seller's market is a very good thing because the consumer is at the mercy of the seller. The seller holds up the goods and goes on increasing its price and at that moment when the Government steps in, it is a step in the right direction. But in a buyer's market when the goods are stocked up in the shops and when there is paucity of purchasers, in such a market, if we have price control, it is detrimental to our national economy. The price control in such a market is only going to curtail production and when the production is curtailed, naturally the price goes up and therefore it is going to affect the consumer adversely.

Sir, under another clause inserting sub-sections 18A to 18F, the Government has taken the power to take over any industry which is not running properly. In this connection, Sir, I may point out the case of the Hyderabad State where there is an Industrial Trust Fund which has tried in the past to take over several concerns with very adverse effects. There had been concerns which were losing money and the Government of Hyderabad took them over and sunk lakhs and lakhs of rupees without doing any benefit to the concerns or to the general public or to the labouring class. I suppose there are similar experiences in other States also. What is then the purpose of the Government taking over a losing concern? If the

Government entrusts a losing concern to a managing agency or a managing director, then as long as the managing agency or the managing director is not enforced to have a stake in the concern, he will just borrow money on the assets of the company and go on squandering away the money. The net result will be that the poor owners of that concern will lose everything and the nation will not benefit thereby. Therefore if an undertaking is to be entrusted to any managing agency, the Government should impose a condition that at least 20 per cent, of the share capital be taken up by the new managing agency or the managing director. That there is some stake of the managing agency in the concern and they feel that if the concern is run at a loss, they will also lose some portion of their money. Otherwise, if there is no stake of the managing agency in any concern, it is going to lead to the ruin of that industry. It has been our general experience that in the management of an industry which is running at a loss the interests of labour are not properly safeguarded. They are the greatest sufferers in such bad management of the undertaking. And therefore I suggest that when an industrial concern is entrusted to a managing agency, the Government should see that the interests of labour are fully safeguarded so that there may be continuity of service and the industry actually runs.

On a careful perusal of this Bill, it will be found that a large number of new clauses require careful overhauling and amendment. I sent in a few amendments and the occasion arises. I will give greater details, but just now suffice it to say that though I am entirely with the spirit of the Industries (Development and Regulation) Act, I do not think the amendments proposed in this amending Bill will help the development of industries.

SHRI H. P. SAKSENA: Mr. Deputy Chairman, I rise to support the Industries (Development and Regula-

tion) Amendment Bill, 1953. I look upon the measure as of heroic nature in that perhaps for the first time, Government is thinking of dealing with the mismanaged and badly managed industrial undertakings and taking them over in the interests of the public. At the outset, Sir, I may inform the House that my hon. friends Dr. Srivastava and Mr. Parikh represent the *vested interests* and I am a humble representative of the interests, known as *public interests*. This expression "public interests" was very much troubling Dr. Srivastava the other day when he wanted to put so many interpretations on that expression and those interpretations perhaps in his own favour. But that is not going to happen now. So far as I read the writing on the wall, industrialists will do well to have an introspection and decide once and for all that they have only as much share in the profit of their industrial undertaking as the share of each and every worker of that undertaking. To make my point clear, the day is not far off—and I long for it—when if in an industrial undertaking there are 4999 workers and one industrialist, *i.e.* the owner of the industry, the entire net profit of that undertaking, after paying all dues, income-tax, •super-tax, interest on capital, provision for reserve fund, etc., if it happens to be Rs. 5 lakhs, it will be divided equally into five thousand shares of Rs. 100 each and one share -will be given to each of the 4999 workers and the same amount will be given to the industrialist also, but no more. That day is not far lone. Sir, I should like to go a urther and say that the present-day industrialists are responsible for most of the unemployment that we find today, for all the poverty and "hunger that stalk the land, and I warn them that unless they mend their ways, the day is not far off when all the industrial concerns will peacefully be taken possession of by those who man them, *i.e.*, the labourers.

Sir, there was a talk about trusteeship and Gandhi.ii was quoted. What he meant when he used the word

'trustee' was that he wanted the industrialists and the capitalists and the moneyed classes to treat themselves as the trustees of the money that was placed in their care and custody. I invite my industrialist friends to let me know if there has happened any change of heart among them and if they have takea any lesson from the interpretation of trusteeship that Gandhiji gave. Are they pursuing the policy of giving more and more share and better conditions of work for those on whose labour they have been fattening for such a long time.

My humble submission to those friends who sit on the opposite benches is that taking into consideration the interests of the country as a whole, of which I hope they are also proud, they should discourage as far as possible that one fatal thing in industrial matters which is known as 'strike'.

Here I may make a digression, Sir, and point out that when I went through the Select Committee's report on this Industries (Development and Regulation) Amendment Bill. I found that on the first page there were 38 Members of the House of the People on that Committee, but not one member from this House. The hon. the Prime Minister explained the other day that the two Houses are equally independent, one is in no way dependent on the other, but when such important Select Committees are formed, not one single Member is taken from this House. That was. as I said, by way of digression.

So far as the Bill itself is concerned. I find that there is too much of regulation and very little of development. Regulation is good in its own way, but if development means only taking over those industrial undertakings which are not being properly managed, if it has only this restricted meaning, I have no quarrel, but my interpretation of the word 'development' is that many more industries will be established, all the

[Shri H. P. Saksena.] money that the industrialists have hoarded will be forced to come out and get employed in new industrial concerns. There will be industries in each and every district and as the result of it, all the foreign industrialists will have to run away. I equally long for the day when, as my friends on the opposite side also have been insisting, no foreign industrial concern will remain in this beautiful and lovely land of ours.

SHRI B. GUPTA: Fight for the day.

SHRI H. P. SAKSENA: I work for the day. You talk about it.

I invite, Sir, your attention to section 18(f) of the Bill in which it is stated that the mismanaged industrial concerns, after having been taken over, will, after a period of 5 or 6 years, be handed back to those to whom they belonged. I don't see the fun of it. You take over an industrial concern which was being hopelessly 1 managed, inefficiently managed and when you set it right after spending energy and money during a period of 4 or 5 years, then you return it back to those who mismanaged it, so that they might mismanage it once again and then again there may be a necessity for you to take that concern over! This is a very ridiculous state of affairs and I could not, for the very life of me, understand the purport and the meaning of that clause 18(f). What I would therefore suggest is that a sort of annuity should be fixed for that person to whom that concern belonged and the Government should in future deal directly with the shareholders.

I am glad that in section 18(b) autocratic powers are not to be exercised by those under whose charge the undertaking is placed and the Central Government shall guide and control their activities. But, Sir, it is a very great responsibility that the Central Government is taking upon its shoulders and I hope it will be efficiently and faithfully discharged.

Sir, these industrialists require the Government to render them all possible assistance and to save them from the competition of foreign undertakings. Well and good, but what about their profit motive? Have they succeeded in changing their attitude, their approach towards the profit that they make? Have they ever thought of investing this pile of money that they make out of their undertakings? They claim that they have done it with their own brain and with their own skill. All right. I say to them, "I want you to share that skill of yours and that brainy power of yours with the rest of the country. You are not to put it to yourself, to keep it for your own interests, selfish and personal interests. It is not to be used for your sons and grand-sons but for the entire country".

This measure would have been unnecessary if the Act of 1951 had been prepared with greater care. I find, however, that this is an improved measure. There are no drafting blunders and the thing has been set in a proper manner. Now so far as the managing agency question is concerned, as has been rightly pointed out, it has been planted into our land from the West. We are not fond of this system nor am I here to accept that dictum that none else but agency system alone can take charge of these industrial undertakings. We have had our own industrial undertakings. It is not necessary for Government to adopt the very same methods. Government can devise its own ways and means for looking after these industrial undertal which they take over.

Sir, I have again and again referred to the industrialists whose greatest fault and offence is that they are making the capital shy. That is why we are handicapped. They have, by their methods of hoarding money and concealing and hiding it, made other moneyed people also so suspicious that the money which we need so badly is not coming forward for investment in the Five Year Plan and

in other measures of upliftment and progress of the land. I have given them sufficient warning and I hope they will take lessons.

SHRI B. GUPTA: But who listens?

SHRI H. P. SAKSENA: Sir, I submit that the Central Government, when it takes over any industrial undertaking, should take it over with a stout heart and deal with it in the manner in which a Government should deal with it. I do not want to go into details of the match industry, the lock industry or any other industry. What I want is that there should be an overall progress and improvement of our industrial matters and our industries should progress and flourish as the industries of the United Kingdom and the U.S.A. are progressing and flourishing. Now, we cannot do that by pious wish. We shall have to put our shoulders in order to achieve our desired end. In this matter, I invite my industrialist friends, my moneyed friends and the capitalists to have a share because now is the time and the opportunity, and this opportunity may not recur.

SHRI H. C. MATHUR (Rajasthan): Mr. Deputy Chairman, I have only two points to refer to and I shall do so very briefly.

There is no denying the fact that this Industries (Development and Regulation) Amendment Bill takes us very far in controlling and regulating industries, and we are definitely placing a very strong weapon in the hands of the Government. But, Sir, I wish to remind Government that it is a double-edged weapon. It is a weapon which can be used to help small industries; but again, it is a weapon which can paralyse and ruin the development of the industry.

It all depends on how this weapon is used and I wish to be very clear in inviting the attention of the Government that Government has not given a good account of themselves in the past. The Ministry as well as the Secretariat have given a very bad account of themselves in conducting

the affairs of this Commerce and Industry Ministry and those two unhappy instances are still stinking. The whole public atmosphere is so and what is of prime importance is that the Government should first inspire confidence in the public mind and they should make the people feel that they will give an account of themselves in this matter. Sir, it is expected that the officers will have to play a very important part in the regulation and development of these industries and in ilie operation of this Bill. I might submit, Sir, among the Government servants we have two classes of officers: there are officers who are really honest but, we must not forget that most of the' honest officers under the present set of circumstances in which they find themselves are not prepared to take any responsibility and any risk and the other set of officers, who are corrupt and inefficient and about whom we have talked so much, are, of course, a menace. So, it falls double on the shoulders of the Government to create a proper machinery, a machinery not only of the honest officers but such honest officers who-"will be able to take responsibility and who will be able to act. It is our common experience, Sir, that the Government machinery is so slack and slow that it takes them months on end to dispose of files. It could have been tolerated in certain spheres of life but particularly in business, particularly in industry, it is the-essence of things that we are very prompt and very expedient. You will have to be alert and vigilant and the time factor counts so much that until and unless Government is able to have a really sound machinery it is an honest apprehension that the operation of this Bill instead of helping and stimulating industry will only damp the spirit of industrialists..

Well, Sir, the other point to which I wish to refer and to which I wish to refer, of course, with a small" reluctance is this: one of the most prominent congressmen no less bigger than the Cabinet Ministers, one day told us that the big businessman

[Shri H. C. Mathur.]
is the shroest of the lot. He used to invest fully with the ruling party, with the Congress because he had the foresight and he knew that this party was a going concern. The whole thing has now been reversed. He is now most beggarly in his help to the organisation of the Ruling Party and this Bill which is going to be enacted very shortly will definitely be a permanent threat to most of the businessmen to squeeze money out of them for the various funds

MR. DEPUTY CHAIRMAN: You are making insinuations, Mr. Mathur.

SHRI H. C. MATHUR: I am not making insinuations; I am merely stating facts. I am only giving the warning that Government must take a very good care to see

MR. DEPUTY CHAIRMAN: Don't make insinuations against anybody.

SHRI H. C. MATHUR: I have no such intention but I wish to be very honest and very frank in my statement that this is a serious apprehension in the minds of the people and I think it is a very serious apprehension.

SHRI B. B. SHARMA (Uttar Pradesh): Is it lagonian honesty?

SHRI H. C. MATHUR: I do not know where the shoe pinches but my only submission is that this sort of feeling is there; there is no denying the fact and I think we should be able to rise above it. And we should be able to give a very good account of ourselves and we should be able to create a sort of confidence in the minds of the industrialists that this Bill is not going to be a sort of threat but this Bill is there to stimulate and help the industry. Sir, if Government is successful in this forward step that we are taking in the development and regulation of the industry it would be really a very great thing and it is our great wish and earnest desire that the Government will make it a great success by creating confidence in the minds of the people and also in the minds of the

industrialist that the Bill is intended in the best interests of the public and I should warn the Government that they are definitely on their trial. Thank you, Sir.

DR. SHRIMATI SEETA PARMANAND (Madhya Pradesh): Mr. Deputy Chairman, it might sound strange that not being an industrialist I have risen to speak on this subject. But I feel, Sir, that this subject of commerce and industry also has to be viewed from the point of view of a common man, from the point of view of a real common man—be he a man or a woman not the type of common man as the hon. Member from Kanpur Dr. J. P. Srivastava said and referred to himself as being a common man. In that case, Sir, we would have to change the definition of the 'common man' and we could wish that the whole country were full of such common men of the substance the hon. Member from Kanpur Dr. Jwala Prasad Srivastava is made of.

Sir, I congratulate the Government on their having brought this Bill but I wish it had been still more comprehensive as the hon. Members Dr. J. P. Srivastava and Mr. Saksena had remarked about this amending Bill, and the 1951 Act. In respect of the 1951 Act, it was said that if Government had been more careful they could have brought out that Bill in a comprehensive manner without rushing to pass it in such a hurry and again coming now with an amending Bill. I would say the same thing about this Bill because there are so many things still left to be introduced even in this Bill and I am quite sure within a short time—may be within a year—Government will be again coming forward with another Bill.

Sir, I would like to ask, here, before I go into some of the points which are more directly connected with the Bill, as to what use is the Members of the Council discussing measures of this type which particularly have been referred to Select

Committees of the other House because, Sir, the suggestions we might make here cannot possibly be incorporated in this Bill. That is understood, as there is no time left for it. Then one might expect, as the hon. the Minister for Industries, Mr. Krishnamachari, has pointed out, that Government would bear in mind the criticism of hon. Members and not use all the powers it takes ordinarily except in respect of those people who are determined to commit the offences. This might be so as far as the Minister responsible for introducing the measure is concerned. What guarantee is there that his successor will not make use of these powers? The fact that a Minister was responsible to the Members of this House and the people outside was enough guarantee. It is necessary for this purpose, Sir, that the hon. Minister should have been here to listen to what criticisms are made and what questions are asked. The debate on this Bill is going on for these two days but the Minister in-charge is not present here. Most probably he would go through the notes made by his representative in his absence of the points made by the Members and he would refer to them if he has the time. But will he have the time? That is a question. He might possibly be expected to go through the whole debate and see the points made in the debate. One might as well ask what use these notes would be taken as they would be from a different point of view. from the point of view of the Secretariat; Had they been able to look at the suggestions made here from the people's point of view or had they been able to understand the needs of the people, then Sir, most of the complain:-that exist today would not have existed at all. I would in this connection mention the point made by the hon. Mr. J. P. Srivastava when he charged Government for its failure in not being able to run most of these industrial concerns, because he said that the necessary experience and honesty were lacking. I would ask the hon. Member from Kanpur why he **and** people like him—men

who have been successful business people—did not put the experience that they have gained at the disposal of the Government. These business people should also practice the great principle of our culture, namey, leading a selfless life of *vemprast-hashram*. even in business, by not looking for their personal gain and by putting their experience at the disposal of the country. They should help the eminent in running these concerns instead of twitting the Government for his failures for want of practical business experience. By helping Government they would be able to take credit for themselves for success in this new venture that Government have to undertake, namey, nationalising indusl

rttaliy L. Cvvei-a-ment also, Sir, to make some effort through the Education Department and through various other means at their disposal to raise the moral stature not only of the common man but also of persons in their offices, who should learn to look at these things from a national point of view and that way make them to put the in them at the disposal of the country. If it were to be done, it would not be possible for us to bring complaints against Government personnel who are in charge of industries. It is very unfair I think to blame Government for the failure of various concerns, because for the individual Minister howsoever capable he may be, whether he has previous experience in business or not, it will not be humanly possible to look into each and every factor that arises in various concerns, and it is for that reason that it is absolutely necessary that the officers who are entrusted with the supervision of these various concerns have to look at things from a national point of view. I would give the example of Japan. Why has the Japanese nation, within the last 70 or 90 years—and 70 years is **not** very long in the life of a nation—been able to come up to the standard of western countries in business? She has not only reached that standard **but** **outdone** those countries. Why

I Dr. Shrimati Seeta Parmanand.] should it not be possible for us, for our country, to do the same and increase the wealth of the nation? Sir, there is something lacking in the character and education of our country and that is why from the point of view of the common man, from the point of view of educationists, I would like Government—every Ministry of Government—when they deal with any nation-building programme to do things in co-ordination with education department. Unless all the Ministries chalk out their plans in co-ordination and unless the basic foundation for achieving success, namely, national character, is raised, it is not possible in spite of all your plans—five year or ten year—for the country to make any progress. For this reason, Government should, I would suggest, do one or two things. They should start immediately, say, classes for salesman and teach them how to deal with their customers, how to show politeness and how to be honest towards their employers, they should not do just as is happening in restaurants and other places where the bills are kept back and the money is also kept back in their pockets and thus rob the owner of his legitimate dues. That is what happened in the Railway Department. Catering has always been a profitable business, but still in a simple Railway catering establishment Government lost Rs. 70 lakhs in catering. So it is absolutely necessary for the Commerce and Industries Department to start really their campaign for raising the morals of the people in different ways. They could also appeal to the people to be national-minded and to buy swadeshi. That will be the only way in which things in our country should be produced, purchased and consumed. Even if they are not as good as foreign goods, they can appeal to the businessmen not to take undue advantage of the short supply of superior quality goods and raise the prices. They can induce the businessmen not to practise deceit in the production of articles and cheat customers, because they would be found out ultimately

and lose in the long run. These are some of the ways in which Government, if they want to make their business policy a success, must tackle this problem, so that all their efforts and all their money would not go down the drain and disappointment would not result.

I will now take one or two instances which are connected directly with this Bill. Under this Bill Government is going to take control. It is a good thing, and, as I said, we must congratulate the Government on this method of gradual nationalisation. Although Members of the opposition have criticised Government for not going far enough, we have to admit that this is a first step towards nationalisation. If Government have taken all these powers with a view to raising the standard of articles and also seeing that business concerns do not go into liquidation on account of the dishonesty of those who run them, Government should have also taken care to see that there was no cut-throat competition. In these days of controlled economy, it is possible for Government to gauge the needs of the country, to see what the demand is, and then, according to that, regulate and divide the supply among many concerns. What happens is this. Certain moneyed people find a certain business profitable. An instance was mentioned the other day by Dr. Dutt that in Calcutta, when they found that the ice manufacturers were doing good business, a big ice factory was set up by Birlas—I made enquiries—who started ice manufacture in their huge factory. The result is that the small ice vendor is ruined and is going out of the market. Government could make it a condition, calculating what the requirement was, that only so much capital could be invested in a particular industry, and that capital above a certain amount could be invested without the previous permission of Government. It might sound arbitrary, but if we are going to see that the small investor is not going to lose

by cut-throat competition, this measure also is quite necessary.

I would like to mention one thing about the denationalised character of our businessmen and high officials even in the higher stages. I do not want to make general and sweeping remarks, but I would like to give one or two instances. I think one instance was given by Mr. C. G. K. Reddy about the tin-plate industry. This industry is about 60 years old in our country, and during the war, as was to be expected, it got great impetus. Foreign concerns in this industry were given so much encouragement and so many facilities that, it would be difficult to believe that out of the 170 concerns in this trade, two concerns got 70 per cent. of the quota of tin-plate distributed, and only 30 per cent, was left for the remaining 168 firms. The result has been that, as enough quota was not given to the small indigenous firms on account of the glaringly partial treatment given to two firms, those people have lost heavily. The hon. Minister has come, and I would point cut to him that this is a matter for enquiry, and I do hope that he will inquire into this scandal. that the remaining firms in this business, who for the last five or six years were not able to *get* an adequate quota of tin-plate, had to keep their factories running for only—one or two days in a week. These were not very big business people. They were people who had invested Rs. 15 or 20 lakhs in the industry. As a result these people have lost heavily. And when now Government has found that they have lost heavily, they want to increase their quota. It is like giving. Sir, a tonic to a man, who has been starving even of food, at a stage when he is about to die. It is no use giving a tonic then. Government must be quick in all such cases. Government must find out which are the officials who hold back representations made and who are the officers who do not even allow the representations to reach the Ministers. Ministers, when they go to that place where representations are made, must

be able to spend sufficient time and should not have the excuse that they are pressed for time and so they cannot go into the matter.

Sir, another thing in this tin industry is this. When foreign countries are not able to use what is called "waste-waste", our Government imports it to such an extent that the ;< firms have no other alternative except to use this waste-waste tin. This waste-waste, Sir, is very harmful for making tins for food. This is a very serious matter. As a matter of fact, ultimately Government could be held responsible for the death of people who die of ptomaine poisoning. So Government has to see what type of tin is supplied and it is the duty of Government to support our small indus-Government should see that dually foreign capitalists who in this particular industry are making a profit of about 1\$ crores of rupees per year, reduce their capital because it is in this type of industry. Sir, that ;i high-scale capital is not required. People with a small capital, with a lakh or two, will be able to make headway and will naturally be able to reduce the. problem of unemployment.

Sir, I have pointed out these one or two things and I would appeal to the hon. Minister on the floor of this House and to all the officers in high places that not only is it necessary for those honest people to carry on their duty as they are doing, honestly and loyally, but it is equally their duty to Government, to the people and to the nation, to bring to book, in the interest of the country as a whole, those people who are responsible for creating such a situation. I would like to point out at this stage that there are innumerable cases and it is the duty of the Ministry of Commerce and Industry—in which naturally there is supposed to be a greater scope for dishonesty and which can be fully used by those who have got the brains and opportunity to do so—to take courage **in**

[Dr. Shrimati Seeta Parmanand.] both hands and launch prosecution in five or six cases. It does not matter if the prosecution fails but it is then-duty to bring some officers to book by launching cases against them and striking terror into the hearts of the other people.

Thank you, Sir.

SHRI B. GUPTA: Mr. Deputy Chairman, much has been said on this subject. It is very good that for the first time since this Parliament came into existence we have got an opportunity of discussing the policy of the Government relating to- the industrial development of our country. It was quite interesting to hear the two industrialists speaking almost as if they were opposed to each other. I have in mind the hon. Mr. Parikh and hon. Mr. Srivastava. But we know, Sir, that when it comes to the voting, both of them will vote the same way. If Mr. Srivastava was criticising the Bill, he was only trying to shake up the Government so that the Government would not use the powers it is going to invest itself with against the capitalist class, especially those at the top. If Mr. Parikh was praising the Bill, he knew very well that this measure would not at all be used against his class. Therefore, the seeming difference disappears into the background of division of job in this particular debate. I have heard on the other side gentlemen, hon. gentlemen, claiming to be Gandhi-ites and speaking in the name of Gandhiji and urging upon the gentlemen who decorate the treasury benches not to fall into booby traps. They are apprehensive that by bringing in such measures probably the hon. Ministers of Cabinet rank would slide into some kind subversive creed. They need have no fear on that account. After all, we know that this Bill will be a washout in practice, because we have got the experience already of two «years. This measure has been on the Statute Book for no less than two years, and only two cases have been dealt with under this measure. Now, we know what has happened. There

has been no industrial development. There have been regulations, but these regulations existed even at the time even our British imperial bosses used to rule from Delhi, even before the Congress emerged into the foot-lights of the Delhi imperial palaces. Now, we are not concerned with it. We only want to know whether there has been any departure in the basic policy. Unless you have your basic polity changed, you cannot get very far by means of these regulations. We are not in principle against rules and regulations. They are required for the direction and control of our economy, but at the same time it becomes incumbent on the part of the Government when it comes forward with special legislation to convince the country that they are going to change the basic economic policy, the policy that was enunciated in April 1948, a policy that in the course of the last five years has proved to be a total failure, a policy which has created a crisis in the country, a policy which has aggravated the economic situation in the country. There is no such indication here that this policy would be changed. Now, Sir, regulations for whom? Directions which way? All these questions are very pertinent questions. We are living in a particular reality. We are not living in the air. Our economy, we know, is bound hand and foot to the imperialist economy of Great Britain. There is still the old British domination in the economic life of the country. Some Governors and their ladies may have departed from their gubernatorial houses, but the old imperialists who came to this country and plundered our national resources are still here. Have you touched them? Have you got any control over them? Have you put them in straitjackets? Have you freed us from the stranglehold which these British imperialists have over the economic and social life of our country? You have not. We find that in the jute industry the Englishmen are controlling. I should have thought that an intelligent businessman, an Indian businessman, would have

realised this, but I found Mr. Parikh saying that the jute industry was in the control of the Indians. I do not know where he got this information from, but I can tell him it is not so; and I can refer him to CAPITAL published by the British Chamber of Commerce which will show him that nearly 81 per cent, of the loom strength of the jute industry is in the hands of 14 British Managing Agents controlling nearly 60 miles out of a total of about 112. I don't know if he reads the British papers but he should do well to do it. Gandhiji taught them, I suppose, to read at least those things so that they might become more Swadeshi and put in more money behind the Civil Disobedience Campaign, especially the campaign against the foreign goods. They have forgotten all about it. The Minister comes and tells us something which is not true in fact at all. Now this is the position. If you are to control and develop your industry, then why not go and control the jute industry, strike against the Managing Agents who throttle the industries of our country and which has a monopolistic grip on our industry? Somebody was saying that the Constitution comes in the way. After all you have the power to change the Constitution only, if you will have the will to do so. You have got the strongest possible majority in the country on that side of the House and whenever you will, within two minutes, you can change that particular clause in the Constitution so that you can have all the British mills taken over in the Indian hands and thus prove your Swadeshi bona fides. You are not doing any of these things. The engineering industry, for instance, is still in the grip of the Britishers whereas the Indian Engineering industry is going out of existence before the fierce competition of the Britishers. What are you doing to control them? It is no use making protestations and trying to tell the world that you are trying to nurse industries when those monopolists or foreign interests who have not the good of the Indian people at heart, or those whose heart lies somewhere else, are holding the major sectors of our industry. If you are so minded, why not go and control and direct the major tea industries which are in the hands of the British? Why not control the tea industry? After all here is an industry which not only employs a million of our labour, here is an industry which still earns you so much foreign exchange; here is an industry which occupies a vital spot in the economy of our country. That industry at the lower base is doomed to extinction. The hon. Minister the other day admitted in the House that about 112 tea plantation gardens have closed down and they were mostly Indian—almost all of them were Indian—whereas the British at the top are going on fine and the newspaper 'Statesman', the organ of the British business here writes that the smaller and medium gardens have no right to exist. Where were you then? Why don't you come forward and try to help the smaller gardens who are not communists, who don't believe in the "Western materialism" but believe in your spiritualism and who go to temples and mosques in the same way as you? Why not come to the rescue of these people and take control of those industries from the hands of the British? Here again the power is in your hand. Only if you will use them, you can deliver the goods. You are not doing it. Banking, insurance—I mean particularly foreign banking and foreign insurance—are again in the hands of the British and you don't touch them. In the cycle or any other industry wherever you look, you find the heavy hand of Imperialism is bringing ruin and disast but you, who pretend to be the friend of India, do not care at all to save your country because you have given your word to the Commonwealth master that you would not touch them. That is my conclusion. Therefore I know this measure will lie in the archives of your Secretariat to be looked at the sweet will by some members of the Secretariat, if not

[Shri B. Gupta.] by the Ministers. Now beyond that, nothing will happen. After all what do we want today? We want development in particular directions and we do not want dependence of our economy on the British. Why not strike against them- Take courage in both hands, go out and strike against the British monopolists. The Indian interests, the capitalist class are seen in Gandhi caps but they have forgotten the pledge that they once took in their relatively unde-generate days when they stood for Swadeshi and wanted to establish their national industry. It is the country's sacrifice that built up your Ahmedabad cotton mills. Sir, today it is your duty since power has been given to you, to drive away the British, to make the Indian industry prosper in the economic field. But you have forsworn your own pleases. You do not see the right light. For you the light emanates from the Court of St. James. That is the treble with you. But the most important point is, you must make up your mind and see whither the country is going.

Secondly, it is not a question of just giving help to certain industries that are down and out, just on the noint of going out of existence. It is also a question of helping those industries which are still on their feet •so that they can withstand foreign competition. But you are not doing that at all. You have turned a deaf ear to the entreaties coming from small and medium industries. Look at your Industrial Finance Corporation. It does not bother to help the small man. The State Financial Corporation, wherever it has come into existence, has become a sort of a racket for certain politicians to get on with their political designs and mobilise support behind the Party in power. Therefore, I say, powers for direction and control there must be, yes, that you must have, but only *if you* use them for the development of the small industries, the medium industries, the industries built up by the toil and sweat of our labour so that India may prosper. You don't

bother about the working classes at all. The working classes do not come into your consideration. You are advised to carry on with a policy of retrenchment. Retrenchment and industrial development may be the logic of those people who hope to flourish in a state of chaos and decay and in a decomposing situation; but such cannot at all be the argument of-a reasonable and sensible man. May I tell, Mr. Deputy Chairman, these capitalist gentlemen who are still basking in the sunshine of their prosperity, that if they pursued this policy, before long, they will have been devoured by the American and the British millionaires who are much stronger and much more powerful than these tiny little ones.

KHWAJA INAIT ULLAH (Bihar): You are not addressing the Chair.

SHRI B. GUPTA: I am addressing the Chair and through the Chair, these Members. I look at their faces for I would like to read the reaction in these little faces.

Well, the hon. Minister is not doing that at all. He does not promise that sort of thing.

SHRI R. U. AGNIBHOJ (Madhya Pradesh): Please talk about the BiL

SHRI B. GUPTA: The whole scheme is understood in a very narrow and mechanical way and we now find that some behind them also criticise it. Of course, they will criticise it and say you do not want to utilise it for the benefit of the country. Taking advantage of the present weakness they criticise it and condemn you before the country so that you will be forced to withdraw the measure or put it in the cold storage. But is that the way to develop the industries of the country? I tell you, if you really want the industrial development of the country, the path is very clear.

KHWAJA INAIT ULLAH: The Russian path.

SHRI B. GUPTA: I say the path is very clear. I am not asking the hon. gentlemen there to tread along the Communist path because they will topple over if they go on that path. All that I tell them is to tread their own capitalist path, but an independent capitalist path. You tread that path and strike against those who put barriers across it. I have in mind the British and American capitalists and their collaborators, the collaborating multimillionaires at the top here. (*Interruption*).

MR. DEPUTY CHAIRMAN: Order, order. No disturbance, please.

SHRI B. GUPTA: I will finish soon. Now we hear of developing industries. But what about the market? How can you develop industries in the country if there is a crisis in the market?

If one has to produce more goods you must find customers for them. The development scheme does not take that into account. It is not merely a question of price control. You have had enough of price control but you have not thereby solved the crisis in the sales market and you have not thereby stopped the decline in the fall of the consuming power of the people. Therefore, you have to create a field for industry. What you require is to ensure living standards for the people and to put consuming power into the hands of the people. If you go the way of Mr. Parikh, you will make the people more poor so that you will not have the market, the market will be shrinking. Therefore, it is essential that you should so direct your industries or develop your industries that in the process of development people get the consuming power in their hands, the workers are well paid and the peasantry are in a position to buy things that are produced in the industries; that is what you have to take into account.

You have got an economist in Shri Chintaman Deshmukh who is supposed to be the master mind of the

Congress economy and who has trotted out his fantastic theory of mixed economy. We know, Sir, this mixed economy is only a mixture of deceit and pretensions. After all, this mixed economy is essentially a monopolist economy in which the Imperialist has a superior voice. Therefore, it is no use telling us about the mixed economy. You may try this thing and fascinate Prof. Ranga who sits here. He says he is fascinated by the mixed economy.

SHRI H. P. SAKSENA: Why are you pointing your finger towards me?

SHRI B. GUPTA: We are disgusted with this mixed economy business. After all, it is the biggest hoax that Shri Chintaman Deshmukh is trying to put across the country. Forget about all this sort of rubbish and nonsense and face the reality. The reality is that you have to strike your own path and strike against those forces that are coming in the way of development of our industrial economy.

KHWAJA IN AIT ULLAH: Like you who are coming in the way.

SHRI B. GUPTA: You will never understand such things because it is beyond you but try to listen if only for amusement's sake, I am trying to reach out to those gentlemen there. The Minister seems to have some understanding, distorted understanding of some economic theories. Even so, I would like to submit a few things so that some day he may realise that he is being led up the garden path by his economic theories which are false and pernicious. Therefore, Sir, I would beg of them, if they really want to get anything, if they want to get people's co-operation, to use this measure immediately in the direction in which this should be used. They should try to use this for the development of the industries and not for pleasing either Mr. Parikh or Mr. Jwala Prasad Srivastava. They have been placated enough and five

[Shri B. Gupta.] years of that mutual admiration and adulation has produced the greatest disaster India is facing today. Turn away from them; look to our side; take counsel from us and try to develop a new policy; a re-orientation in your policy is what is called for. Without this re-orientation all these measures are but moonshine . and moonshine only.

With these words, Sir, I finish my speech.

MR. DEPUTY CHAIRMAN: The hon. Minister. •

THE MINISTER FOR COMMERCE (SHRI D. F. KARMARKAR) : May we continue the next day?

MR. DEPUTY CHAIRMAN: You start; we have still three minutes more.

THE MINISTER FOR COMMERCE (SHRI D. P. KARMARKAR): Mr. Deputy Chairman, the ground that has been travelled during the course of the discussion has been really extensive. Matters pertaining to this Bill directly as also matters which may have been discussed more relevantly on some other measure have been introduced during the course of the discussion.

Sir, properly speaking there have been two or three remarks which may have been really ignored for the purpose of this Bill. The point made out by the last speaker has been put earlier also by other speakers, namely, the point of

nationalisation. To my mind, it looked as if the question as to how far foreign enterprise should be permitted in the economic development of the country in the present conditions is wholly extraneous for the purposes of this Bill. There are two issues now: one is taking industry as it exists today in what best manner it could be dealt with in the economic interests of the country; there is the other issue when we consider the industry operating within the confines of the country It is also relevant but on some other occasion to consider in what manner and to what extent foreign interests should be affected with a view to strengthen our economy. I think, Sir, it is not very wise; of course, it may serve some purpose, where Members try to oppose everything saying everything that can be said, relevantly or irrelevantly, about any measures that the Government might bring.

KHWAJA INAIT ULLAH: They do not understand it.

SHRI D. P. KARMARKAR: I think I will be a little more charitable to them; they understand and still do it.

MR. DEPUTY CHAIRMAN: The hon. Minister may continue tomorrow. The House stands adjourned till 8-15 tomorrow.

The Council then adjourned till a quarter past eight of the Clock on Tuesday, the 12th May 1953.