

[Shri Satya Narayan Sinha.]  
Annexure No. 203.]—Second  
Session, 1952 of the Council  
of States.

(iii) Consolidated Statement. [See  
Appendix IV, Annexure No.  
204.]—Third Session, 1953 of  
the Council of States.

PROF. G. RANGA: Just now you  
were complaining, but here he has  
laid the statements showing the  
action taken.

SHRI RAJAGOPAL NAIDU (Mad-  
ras): Sir, is it not desirable to  
have copies of all these things  
supplied to all the hon. Members  
also?

SHRI SATYA NARAYAN SINHA:  
I think they are being sent at times.

DR. R. B. GOUR: When these  
statements are placed on the Table,  
may we now put the supplementary  
questions which we could not put  
then?

MR. CHAIRMAN: It is not general-  
ly done.

DR. R. B. GOUR: Can we do it in  
particular cases?

MR. CHAIRMAN: You may put  
different questions.

SHRI RAJAGOPAL NAIDU: What  
I submit is, there is only one copy in  
the Library and one copy on the  
Table of the House and so one can-  
not easily get a copy to study.

SHRI SATYA NARAYAN SINHA:  
Our office will make them available.

MR. CHAIRMAN: Yes, there is one  
copy in the Library and another on  
the Table and they are bulky docu-  
ments, I understand.

PROF. G. RANGA: Sir, there seems  
to be some misunderstanding. I  
remember to have received copies  
before.

MR. CHAIRMAN: Yes, when the  
documents are short ones

# THE INDUSTRIES (DEVELOP- MENT AND REGULATION) AMEND- MENT BILL, 1953—continued

MR. CHAIRMAN: Now we take up  
the further consideration of the  
Industries (Development and Regu-  
lation) Amendment Bill, 1953.

THE MINISTER FOR COMMERCE  
(SHRI D. P. KARMARKAR): Mr. Chair-  
man, yesterday, when I commenced  
to reply to the debate at this stage,  
I had occasion to observe that there  
were some matters which struck me  
as important but which were really  
extraneous to the immediate purpose  
of the legislative measure now under  
consideration, and the first of them to  
which I referred was the question of  
nationalisation. It is abundantly  
clear that the present Bill has one  
object in view, and that is the regu-  
lation of industries with a view to  
their better development and more  
efficient management. Though the  
question of nationalisation is  
extraneous to the purpose of this Bill,  
I propose to make known briefly my  
reactions to the various observations  
that were made here. There is  
naturally impatience from one sec-  
tion that the private sector of indus-  
try to the extent to which it is left  
untouched, is not sought to be  
brought by Government within the  
purview of nationalisation. This is  
naturally a very important subject  
and Government devoted consider-  
able thought to it, and the firm and  
definite policy of Government—and  
there is no change in that policy—is  
the one that was declared on the floor  
of Parliament by the Prime Minister  
in April 1948. We stick to that  
policy and we have no repentance  
for having stuck to that policy.

SHRI B. GUPTA (West Bengal):  
You never repent.

SHRI D P KARMARKAR There are no occasions for us to repent. The other side always has occasions to repent and therefore they repent.

Sir, this is a considered policy. When we consider a big thing like nationalisation we can make a double approach to it. One can do it in terms of a totalitarian government in which the government can come down with a ruthless hand in respect of both means of production and of distribution. But Government have not thought it proper to assume that totalitarian role. They do recognise that for a long time to come private industry and private enterprise have been contributing considerably to the development of the economic resources of the nation. But those items where Government felt that there should be nationalisation have been specifically indicated. It has been declared that in future, any undertaking in that regard will be by and on behalf of Government. These also have been specifically indicated. They have clearly indicated also the

SHRI B GUPTA It is bunkum.

SHRI D P KARMARKAR I think 'bunkum' and all such words are quite common with the other side. Yesterday when dealing with some observations and words of the

(Interruption by Shri B Gupta)

MR CHAIRMAN No, no. Courtesy is necessary not only among the postal employees but also among Members here.

SHRI D P KARMARKAR Sir, to go back to the point that I was trying to make. Government have also specified those sectors of industry where they thought it proper that those units should be regulated in the interest of the economic development of the country. They will all be given all possible help in the national interest and in the interest of economic development. And in accordance with the policy of the regula-

tion of industries, this measure has been brought before this House. So while it is open to any hon. Member to suggest that we should nationalise all sectors of industry, irrespective of the volume of that undertaking, irrespective of the relative importance which any particular sector has in the economy of the country, irrespective of the rational possibility of taking over the industry, irrespective of the handicaps which our State at present is going through in respect of capital and other financial resources.

SHRI B GUPTA. Nobody said that.

SHRI D P KARMARKAR irrespective of any other national consideration, to harp in season and out of season that nationalisation is the one panacea to all ills, is a suggestion which Government do not think it proper to accept.

SHRI B GUPTA Nobody made that suggestion.

SHRI D P KARMARKAR And so, Sir, people sometimes unwittingly in spite of themselves lend themselves to some suggestions which by normal persons are understood in that manner.

Now, Sir, there was another point; I need not dilate on that because it is not germane to the purpose of the Bill which is to regulate some industries and I should rest myself content with saying that it is in accordance with the Government policy only to regulate them and not to nationalise them. Whether we are wise or not, well everyone has a right to have an opinion on that. We considered the matter and we are firm in that opinion that at the present moment it is absolutely inopportune to nationalise any of these industries.

Now then, the second point that was raised—and it is often raised on the floor of this House on many occasions—is the question of foreign interests, foreign participation in industries here. On that also, Sir, Government have thought about the

SHRI D P KARMARKAR : matter immediately after freedom and we came to the conclusion that it is not desirable or in the best interests of the country to eliminate all foreign interests irrespective of the nature of those foreign interests. In the present context, under the present circumstances, situated as we are where we have a large manpower no doubt but where our other resources are limited Government naturally look upon this question in a manner different from those who are wedded merely to ideologies and, therefore, the Government attitude has been to make the best possible use of the foreign interests already operating here. Firstly and logically they did not want to touch the foreign interests that were already there. They did not want to discriminate against them in their operation in the country.

SHRI B GUPTA : That was your pledge.

SHRI D P KARMARKAR : I think I might be saved a little from interruption because when I come to the hon Member's speech he will know.

MR CHAIRMAN : He agrees.

SHRI D P KARMARKAR : I hope he will be able to stick to his decision.

SHRI B GUPTA : You never do.

SHRI D P KARMARKAR : On that Government chose deliberately not to interrupt the operation of foreign interests here which had already started some industries. Had we had the destiny of things when those interests began to operate here long long back, maybe we might have taken a different decision. Take tea for instance of which so much is made, take jute for instance. Assuming that we had full sovereignty when those interests had begun to operate, our decision might have been a different one. But, history had been written; industries had

developed, some of the industries important to our economic life, and then we thought that it was not good to disturb, in a manner hostile to the interests of the country, those foreign interests already operating in the sector of industries. Now, Sir, on that also, there might be a difference of opinion and I am not prepared to challenge the legitimacy of that opinion though I can well be pardoned if I challenge the wisdom of it. It might as well be said that immediately you got political independence you should have had economic independence also. It does not matter if it results in economic collapse, it is not our concern. It is like that, Sir, to cite what I might call a very ordinary instance. Maybe it might be thought that it might be unworthy of citing on the floor of this House but I could not resist the temptation when I hear observations from the other side tirading against the continued existence of foreign interests here. It is the story of a doctor whose operation was successful but for the little fact that the patient died, it may be that death may be welcome for certain people of certain groups, maybe there may be chaos and that chaos may itself serve for further operational activities.

SHRI K S HEGDE (Madras) : That is the object.

SHRI D P KARMARKAR : In any case that is not our object.

DR R B GOUR (Hyderabad) : Chaos is due to foreign interests operating here.

SHRI D P KARMARKAR : Here is a State that had come newly into being emerging from political bondage into political freedom. We have assumed sovereignty and we have evolved an economic programme. Here are these foreign interests—vested you may call them because they are vested—they are operating in this country. It was possible for us to eliminate completely bag and

baggage. We thought that our economic conditions should receive as small a jerk as possible if we have to tide over our difficulties. Situated as we were, we thought it best that we should allow the existing foreign interests, those that existed when we achieved freedom, to operate in a free manner. We decided not to discriminate against them. This Parliament is sovereign and tomorrow, if it likes, it can scrap all foreign undertakings in this country. In our opinion to do that would be unwise. That is also a considered decision; It is not as if somebody hastily dreamt and that followed. Now, this decision is not naturally welcome to the others; people who are habituated to borrow from a foreign ideology are naturally impatient of anything foreign. We are not so much touchy.

SHRI B. GUPTA: Sir, his speech is becoming much too provocative.

SHRI D. P. KARMARKAR: I have no intention to be sarcastic and even if I tried I will not be able to touch the fringe of what my esteemed colleagues indulge in. I am not in competition with him at all. I am making a serious point of view.

Sir, in those circumstances, we have followed a rather free way of thought; we are not tired of foreign interests if those interests have proved helpful to us. We had not eschewed Parliament because it came from the West and, therefore, Sir, if foreign interests who want to exist in the country could be utilised for the economic good of the country, we have, in spite of being open to obvious criticism that we are still entertaining foreigners in industrial and economic phases in this country, taken courage and have said, "Look here, this is our definite policy. We are not going to discriminate against the foreigners so far as the existing industries are concerned." After that, if anyone wants to come into this country, we have stated conditions that there will be a majority of

Indians, that the substantial management will have to be in Indian hands. There are also others who say "Why don't you make it 100 per cent. Indian?"

SHRI C. G. K. REDDY (Mysore): If I may interrupt the hon. Minister, even that part has not been conformed to in many cases.

SHRI B. GUPTA: Standard Vacuum Oil Company.

SHRI D. P. KARMARKAR: I am coming to that.

Sir, in unessentials, not in absolute essentials, we do not worry about these conditions. In essentials, where we consider that an industry is necessary and no Indian concern is going to put it up, and the economic interests of the country are not affected by departing from those principles, we have departed, but, then, we have made very very few exceptions. It is also true as in the case of the Oil Refineries where we considered the matter essential we did depart from that rule. I think we have departed from that rule to a larger extent than normally we might be tempted to but we have deliberately taken that decision in the best interests of the country itself. Now, on that also, there might be difference of opinion. I mean there is also bound to be difference of opinion on everything that we do but that is a considered step. So, Sir, Government at the present moment are not conventionally barred, do not go by emotional considerations. As we have said, political freedom cannot stand compromise. We cannot have any political interests in the country controlled by foreigners but in the economic field we have found it to be necessary, in the best interests of the country, to come to a small compromise. That is not an unconsidered action taken by Government. We have stood by that platform; we are continuing and the country has thought it fit to consider everything taken as a whole. What counts, is the principles underlying the plans of a particular party,

[Shri D. P. Karmarkar.] that is placed before the nation. The nation has considered them—maybe some individuals or a small group may not consider them—and does believe them to be in the best economic interests of the country. Under very strict conditions, the activities being hedged in in a manner as we have done, there is nothing deleterious to the interests of the country from foreign interests being let in. I will not dilate on that point further, Sir.

Then one of our esteemed colleagues had a jibe at mixed economy. I will omit reference to individual Members whether belonging to the other side or the Government side because the Member commenting might have his own personal view. But what does matter is the view of the Government taken as a whole and Government, as Professor Ranga very happily put it, is quite on the correct path in following a mixed economy. Mixtures may be unpalatable to people. You might have undiluted restoration or undiluted poison but we believe in mixed economy because situated as we are, with our limited resources, with our limited capacity for development, owing to want of technical personnel, owing to our limited powers and in that sense owing to the limited strength with which we pursue our goal in the matter of economic freedom and economic prosperity we have believed in mixed economy. Sir, if that mixed economy does not appeal to some friends, well, all that I can say is that we very much differ from them. So these are the three points that were really extraneous for the purpose of this Bill.

SHRI C. G. K. REDDY: If my hon. friend will allow me to make a slight interruption, I had pointed out yesterday that I can well understand the Government's policy regarding foreign interests although I do not agree with that policy but I had added if there is no case for discrimination against foreign interests, there

is no case whatever for discrimination in favour of foreign interests and I quoted one or two examples. I should like to hear the Government's reaction in the matter. I should like to have at least an assurance that such a thing will not take place as it does now.

SHRI D. P. KARMARKAR: Very respectfully let me say that I have always held it undesirable in the course of a general discussion to pick up isolated questions and isolated cases. I am prepared to discuss that with my hon. and esteemed colleague and I am prepared to say that if we find anything wrong in the disposal of cases we are prepared to correct it.....

SHRI C. G. K. REDDY: They are not isolated. I quoted that as an example for the hon. Minister's information and even during the discussion of this Bill I made the general point as to how the Commerce Ministry and its wings have been discriminating against our interests in favour of foreign interests.

SHRI D. P. KARMARKAR: I am prepared to discuss every case with the hon. Member if he is prepared to bring to my notice such cases. Whether it is wise for him to cite such cases on the floor of the House, it is not for me to say. It is for the Chair to decide. So far as I am concerned I propose to deny myself the pleasure of entering into individual cases because that would set up an undesirable precedent in my opinion. It would enable anyone of us to put up individual cases, whether right or wrong. Except in so far as an individual case is proved beyond reasonable doubt, I should not like to discuss individual cases, and this is a case where I am not prepared to accept the conclusion of my hon. and esteemed colleague. He mentioned two cases. One is the Metal Box Company and the other is the Imperial Tobacco Company. Now, Sir, I am going into that question thoroughly and so far I do not find

anything along with the administration in that regard. But even from the Treasury Benches none of us can hold that everything done from the topmost to the lowermost officials is always sacrosanct, that it is always correct. On the other hand, being human beings it is probably likely that there will be an error of judgment. I am not prepared to hold any brief on behalf of Government and say that what Government have always been doing is always bound to be correct in the past and in the future. Now that is precisely where the vigilance of a House like this is extremely useful to Government. We welcome all sorts of criticism in respect of any case. If any single case is brought, not of a trivial character but which has any bearing on the correct administration, in respect of this Ministry my hon. friend very well knows that we go into the matter and try to remove the defects. So far as policies are concerned they are laid down by the Government who come to a considered decision. In respect of good administration I am bound to accept that administration is a common concern of all and it is in the interests of the country that everyone of us whether sitting on this side or on that side should help in the purity and the integrity of the administration. So far as individual cases are concerned, so far as our Ministry is concerned I am prepared to apply to every case the best possible judgment and come to a conclusion. Maybe sometimes it does happen that some facts only are available to hon. colleagues and before the whole set of facts is known we have to take a decision. If the decision is wrong we have oftentimes corrected it. When all the facts are placed before us we correct the original decisions if they are wrong.

Then I would proceed to a very strange suggestion which was thrown out. Professor Ranga very vigorously pleaded for it and there is much in that suggestion, Sir, namely that as the State begins, in a sense,

to interfere in any sector in the interests of the country, it should evolve able personnel for such interference, for such regulation. Now that we are regulating much more vigorously than before our private sector of industry, it is entirely necessary in the national interests to evolve also a cadre of officers who are able to bear the burden of such regulation. There could be no two opinions about it. I entirely agree with the suggestion that as time goes on, along with the work itself we should be able to find out competent people. If they require training we will give them the training for the purpose and make them see that the objects of this Bill are carried out in an efficient manner.

Sir, as the House knows it, we are embarking on new ventures in these new fields, especially after freedom. Earlier just as it happens at present, discussion in respect of broad policies vested at the top and all that the other cadre of officers had to do was to follow that policy and carry it out, and there was much less of administrative complication than there is today. In every field of administration, as circumstances require and as circumstances would warrant it we shall have to go on developing a cadre of officers for this purpose. While admitting that, Sir, I am not prepared to accept the rather broadside charge made against our Development Wing. Within the limited experience that I have had of the work of this wing I have come to look upon our Development Wing with a certain amount of esteem. I have watched their work in respect of Import and Export Control in connection with which many big industrialists have come, many small-scale industrialists have come and many cottage industries have come to the Development Wing and made their complaints. If there is any complaint it is the Development Wing to which it is referred for action. They have gone against conventions and they have been bold enough to advise us in a manner in which

[Shri D. P. Karmarkar.]

we were not thinking before. If a particular item is being manufactured in this country they are the earliest to give us the advice or tell us the progress. Happily for us in our Ministry we have up-to-date statistics. That is the one centre which is richly equipped with statistics where we are exactly in a position to say the production in a particular range of industries. From that point of view I am afraid that the observations made by our hon. and esteemed colleague was rather a little wide of the mark. Now whether their decision in a particular case is wholly right or not is absolutely another matter. But as I have said there is always scope for an error in decision. In so far as the error has been there or might have been there, if it is brought to our notice in the Development Wing, we will be in a position to correct it. Subject to that general observation, Sir, I should think that our Development Wing is serving a very useful purpose indeed in respect of the promotion of industry.

Then I come to the point as to why this Bill was brought when we recently had a measure on record. Sir, the fact that this Bill has been brought is in itself an evidence that Government thought about bringing the various provisions of the Bill into operation. We had to give our best thoughts to this matter and therefore deliberately we had to be tardy in the establishment of the Development Councils. Professor Ranga castigated us for not having gone further. "Why don't you go further?" he asked. Another hon. colleague of ours here complained that in the U.K. these Development Councils had been found to be useless. "Why do you try this experiment here over again?" he said. I think one observation meets the other. The reason why we have not been hasty is this that ultimately this is a matter where if adequate progress has to be achieved we have to see how these Development Councils progress precisely, to what extent they are helpful, what

would be the drawbacks, what would be the lacunae in working and it is those precise reasons that have tempted us not to venture further until we gained sufficient experience. My hon. friend Professor Ranga, while on the one hand complaining that our cadre of officers is not as efficient as we would like it to be, he ill brings that other suggestion of his. If that is a fact, it becomes impossible for us to proceed except cautiously. I do not accept his first observation at all. But even so we have been deliberately cautious. My hon. friend can watch us work for another year and then tell us whether we have been tardy in the working of this Bill. As my esteemed colleague, the hon. Minister for Commerce and Industry has already explained, we thought that if we had to function efficiently we have to have more powers.

Much has been made—a complaint has been made—of the absence of compulsory consultation of the Central Advisory Council in the action that we have been taking. Consultation means delay—so many interests and things like that. Ultimately the whole issue amounts to this. Here is a measure by which Government seek to have larger powers. And what is it that we have done by this Bill? We have denied ourselves compulsory consultation of the Central Advisory Council in this matter. My esteemed colleague has already assured the House that no Government can function except by consultation. We chose the omission of the privilege given to the Central Advisory Council in this matter because we should not be bound in every case to consult the Central Advisory Council before we take any step. Secondly, Sir, it would facilitate the taking over of an undertaking. The former procedure was a little cumbersome. We had to issue the direction and if that direction were not fulfilled, then we could come on the scene and all that. But we might come across a case, as we do visualise, where this warning business should be dispensed with in

the interests of the country itself. Ultimately in a measure like this, certainly the cases where Government will have to interfere will be the exception. If they were the general rule, well, one might as well have said: "God help us." Why do we want to promote this measure before Parliament, because we do believe that the number of cases where we might have to take this extreme action will be limited in character. Now in that limited circle if we come across a case where swift action is necessary, we must take swift action. We have also suggested that in the first instance we would take it up for five years. That might serve as a sort of salutary warning to the parties concerned. They will know that if an undertaking leaves their hands it will be for a period of five years within which they can cure themselves of their defects which they could very well do, as it has happened in the case of one concern where we gave notice. That is a good thing. It is welcome. Ultimately it is not penalising in character. It is not a backdoor method of nationalisation. We do not want to employ any indirect method for taking over control. In fact, under the present scheme of things it is really a nuisance to take control. Either the control is badly managed if it is a successful concern or if unsuccessful, the defect is inherent. Therefore it is no pleasure for Government at all. That is why Government have taken larger powers than what were given to us by the earlier Bill. We have also made the liability to punishment for any default under this Act a little more comprehensive so that people may not offer scapegoats and themselves escape. We have proceeded in this matter on fairly accepted lines. We have had before us the provisions in the Forward Contracts Bills and other like measures and we have made the responsibility to get itself fixed where it ought to. Ultimately the whole thing comes to this. As a result of this measure Government will be granted a little more power

for attaining the objectives of this Act which are accepted on all hands. Apart from certain interested parties where they want to dilute the powers given to Government normally it is accepted on all hands that regulation of industry being a matter of great importance, this should be there. What we are doing is that instead of leaving any loophole for remiss parties to escape, we are having larger powers and ultimately what does it mean? Taking larger powers means making ourselves amenable to the scrutiny of this House to a larger extent. If we did not have those powers, we might as well say: "You have not given us powers. How can we exercise them?" So by taking larger powers we have rendered ourselves more and more responsible to this House and also the other House. Sir, I would like the House to appreciate one thing. Whether it arises from an impatience or from a quality that we have inherited from the previous regime, i.e., a conventional disinclination to grant any power to Government, or whether it arises from a spirit of what I might call an instinctive opposition to Government, there is always a certain impatience exhibited on behalf of certain sectors of public opinion whenever Government wants to take certain powers. I think this impatience discloses firstly the diffidence and secondly, if I might put it, very respectfully, a little ignorance about the effectiveness of Parliament over whatever Government does. From that point of view the powers that Government seek to take by this measure are really very limited and are very modest. No section of this House, whether it is impatient to the progress that is being made or whether it believes that the Government are rather running too fast, can have any reason to feel that Government are doing anything that is improper. So the reason why this Bill was brought before the House was that we felt that the old horse was a horse. It was good enough to ride. But it would not go so fast and in addition it had one foot lame. What we do try by this measure is to en-



[Shri D. P. Karmarkar.]  
able that horse to take its rider safely to the destination. This measure will enable us to move more vigorously in respect of regulation of industries.

Now, I would briefly refer, Sir, to the absence of provisions for consultation of the Central Advisory Council. My hon. friend Mr. Parikh, with the balanced way in which he states his views sometimes makes it difficult for me to understand whether he is supporting the measure or opposing the measure. "I venture to suggest"—he has put it very modestly—"that it might be advisable to consult somebody." He says that we should consult somebody. To consult x, y, or z parties would land us into an anomaly which we are not prepared to accept. I just now had occasion to explain why we have thought it necessary to omit compulsory consultation of the Central Advisory Council in respect of action that we may take under the provisions of this Bill and I would like to restate the assurance given by my esteemed colleague, the hon. Minister for Commerce and Industry that in all important matters we will have consultations if Government feel it is necessary and desirable to consult the bodies set up under this enactment.

I may skip over the point about managing agents. Something was said for it and something against it and so that need not hold our attention for long at this time. There was another question raised, I think, by Mr. Dutt that it is futile to have price control. I wish he had said, that, what is necessary, is a correct administration of price control. I do not think it would be possible for us to do away with price control for a long time to come until the parties concerned voluntarily themselves accept a sort of self-imposed price control. It will be long time before the interests concerned, will find it beneficial in the national interest, to rigidly control

their own prices. Wise industrialists, wise businessmen, in other advanced countries, many a time consider it absolutely in their own interests to follow a policy of price control in the interests of the consumers and in the interest of the nation. Till that habit develops here, I think, Sir, Government will have to have powers of price control. Ultimately, these are not new powers. The powers already exist and they are only continued. Those powers exist under other enactments and what this Bill seeks to do in respect of price control is to take over those powers as part of the scheme of industrial regulation.

Then, Sir, my esteemed colleague Mr. Dube—if I mistake not—was a little worried about the penal clause. Lawyers, naturally, are tempted to have the penal clauses a little less stringent. But in such cases, so far as the burden of proof is concerned, we have to put the proper burden upon the proper shoulders, so that the really guilty party may not escape punishment. We shall have to have the punishment also adequate, otherwise the Act will not have a very salutary effect so far as the public is concerned.

SHRI RAJAGOPAL NAIDU (Madras): Not by summary trial.

SHRI D. P. KARMARKAR: Yes, Sir; sometimes that also is necessary. It is something far less serious than martial law trials. It is certainly not so serious as to cause any anxiety in the mind of any hon. Member of this House.

Sir, I have finished with the important points, and, I think, the other points also. There are many others with which I need not detain the House by treating them in detail. I was waiting for my hon. friend Mr. Bhupesh Gupta to give us some constructive suggestions. Sir, I belong to a temperament which always looks to the opposite group for constructive suggestions. I have always tried to benefit

by them, because ultimately the opposite group has always had the advantage, if not of an objective mind, at least of an interested mind, always scanning everything that Government does with a certain amount of suspicion. We do require a certain amount of salutary advice like that, because we are benefited by it. Hon. Members on this side of the House may be partial to us, and may ignore some things which we might be doing, or might not be doing.

PROF. G. RANGA (Madras): Not all,

SHRI D. P. KARMARKAR: Not all of them. Particularly Prof. Ranga. He always pats us on the back a little, and lest the Minister might get inflated, he always sees that the latter half of the sentence is a qualification of the earlier half. That also is welcome because it enables us to strike out a middle path.

My hon. colleague Mr. Bhupesh Gupta rather left me cold. I expected from my hon. friend some constructive suggestions. I expected a little more of constructive suggestions from that side, because, whatever ideologies separate us, there are certain things that have to be common between us. Firstly, I suppose my friend accepts the premise that before he can convert the State to a particular ideology, there has to exist a State—a politically free and economically free State. And it does not help the health of that State if at every stage, when the State is just recovering from the economic point of view, you tell that State, in season and out of season that all that we are doing is entirely wrong. I am waiting to have one constructive word from my hon. friend opposite. Of course I am not indulging in personal criticism. This is absolutely impersonal. My hope was aroused by his use of one word. He gave me a ray of hope—just a ray—when he interjected and he purported to say that although he had no great hopes, he happened to agree, by a little slip perhaps, that the Minister had

an "inkling", and he thought that that might be a very big concession—that inkling. He immediately said, of course, that it was a "distorted" inkling. Whether it is distorted or not, since it is an inkling and he admits it, we are really happy that he has discovered something constructive. We are now at a stage where I think we have to accept certain elemental things—both the supporters and the opposers of Government, whatever political party they may belong to. Ultimately we have to accept certain elemental things, and one of these is this, that, just as we have emerged from political bondage into political freedom, we must take our economic prosperity a definite fact. So far as constructive efforts are concerned, if Government has to be goaded, if Government has to be coaxed, into doing something, I accept that position; but then, acknowledge the little progress that Government might have made in the matter, in the midst of so many difficulties. Since the hon. Member who is not only a person but a representative, paid me the empty compliment that I had some inkling, I also welcome that gesture, and I hope that that inkling may develop into a vision some time in the near future. So far as the present Bill is concerned, I have no worries, because the other side has given unstinted support to this measure.

MR. CHAIRMAN: The question is:

"That the Bill to amend the Industries (Development and Regulation) Act, 1951, as passed by the House of the People, be taken into consideration."

The motion was adopted.

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

[MR. DEPUTY CHAIRMAN in the Chair.]

MR. DEPUTY CHAIRMAN: Motion moved.

"That clause 2 do stand part of the Bill."

SHRI KISHEN CHAND (Hyderabad): Sir, I move:

"That at page 2, lines 11 to 16 be deleted."

MR. DEPUTY CHAIRMAN: Motion moved.

"That at page 2, lines 11 to 16 be deleted."

SHRI KISHEN CHAND: Mr. Deputy Chairman, in moving this amendment I have to explain what is meant by "new article". Clause 2 relates to definitions, and among the definitions a new definition has been added of the expression "new article," because under the amending Bill the production of new articles is going to be banned, and therefore it was essential to define the expression "new article". The definition of "new article" consists of two paragraphs. The first paragraph (a), says:—

"any article which falls under an item in the First Schedule other than the item under which articles ordinarily manufactured or produced in the industrial undertaking at the date of registration or issue of the licence or permission, as the case may be, fall;"

This clause requires that every industry appearing in the First Schedule has got to manufacture articles of that type only which falls in the list in the First Schedule for which the company was licensed. In so far as that is the definition of "new article" as stated by clause (a), I have nothing to say. It is perfectly right that one industry should not be allowed to manufacture goods of another industry coming under some other class. But the definition of "new article" in clause (b) introduces a very great hardship on industry. This definition reads as follows:—

"any article which bears a mark as defined in the Trade Marks Act

1940 (V of 1940), or which is the subject of a patent, if at the date of registration or issue of the licence or permission, as the case may be, the industrial undertaking was not manufacturing or producing such article bearing that mark which is the subject of that patent."

Sir, it is a well known fact that in the pharmaceutical industry or in the chemical industry every day new articles are found which are beneficial in the production of other articles or, in the case of drugs, in the treatment of diseases. Such articles are always patented and before they are  
10 A.M. patented, the matter is thoroughly gone into by the Patents Department. By introducing this definition of 'new article' and restricting its production it will really discourage all research in industry. The underlying idea of research is to advance production of new or latest type of articles beneficial to the country and therefore, I submit Sir, that if this clause (b) is omitted, the definition of 'new article' will be complete and whole and that definition alone should suffice for the purposes of this amending Bill. I would request the hon. Minister to kindly accept this amendment of deleting this additional definition of 'new article' and thereby encouraging the industrial development of the country.

MR. DEPUTY CHAIRMAN: Amendment moved:

"That at page 2, lines 11 to 16 be deleted."

SHRI D. P. KARMARKAR: Sir, our difficulty is that the manufacture of articles under a patent or with well-known trade marks present certain peculiarities and it is necessary for Government to be fully posted with their use where such trade marks are put and the manner in which it is done. With that object that has been included there. So we oppose the amendment.

MR. DEPUTY CHAIRMAN: I will now put the amendment to vote.

The question is:

"That at page 2, lines 11 to 16 be deleted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: I will now put the original clause to vote.

The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

MR. DEPUTY CHAIRMAN: Now clause 3. There is an amendment by Mr. Kishen Chand.

SHRI KISHEN CHAND: Sir, I move.

"That at page 2, lines 17-18, for clause 3 the following be substituted, namely:—

'3. Amendment of section 4, Act LXV of 1951.—In section 4 of the principal Act, for the word "capital" the words "total working fund" shall be substituted.'

Mr. Deputy Chairman, in this connection I will read out section 4 which is sought to be deleted by this clause of this amending Bill. Section 4 of the original Act reads as follows:

"4. Saving.—Nothing in this Act shall apply to an industrial undertaking if the capital invested therein does not exceed rupees one lakh."

The underlying idea of this 'saving' clause was that small-scale cottage industries may not be affected by the regulations of this Industries (Development and Regulation) Act. In our country, when we want to develop cottage and small-scale industries, the

number of such industries is so large—running into several lakhs—that by imposing the operation of this Bill on such industries the task of the Government will become excessive. The hon. Minister, at the time of introducing this Bill, pointed out that abuse was made of the word 'capital' and that there were a large number of industries which had a capital below one lakh of rupees but they borrowed money from other concerns and carried on business to the extent of Rs. 4 lakhs or Rs. 5 lakhs. His whole idea in deleting this clause in the amending Bill is to overcome this difficulty of capital being restricted to one lakh of rupees and yet the concern employing several times that amount in the working of the industry. But, Sir, I have moved an amendment that instead of the word 'capital' if the total working fund invested therein does not exceed Rs. 1 lakh is substituted, it will overcome the objection of the hon. Minister and yet give relief to such concerns. My sole object in moving this amendment is that small-scale and cottage industries do not come within the purview of this Bill and be inconvenienced thereby. The resources of the small-scale industries are so limited that they cannot approach the Government with all the forms and all the figures that may be required under this Regulation Act and therefore it is a great hardship on them. I beg to move my amendment and I will request the hon. Minister to accept it.

SHRI B. K. MUKERJEE (Uttar Pradesh): Sir, I stand to support the amendment just now moved by the hon. Member. I feel that this amendment should be accepted by the hon. Minister because the whole idea of this amending Bill will probably be vitiated by the existing clause, clause 3, which has been sought to be omitted by the hon. Member who has moved this amendment. Now in this Bill the idea is to give more power in the hands of the Government with a view to develop industries. 'Industries' does not mean only the big industries. Small-scale industries also have got to be

[Shri B. K. MUKERJEE.]

supported so that they can develop the entire country. The object of the Regulation is to develop industries. It is not to cripple the industries. But if we regulate the industries with a view to cripple them, then the whole idea of this amending Bill or the principal Act is vitiated.

I find in clause 29B which is a new clause, the Government has not defined "the smallness of the number of workers employed" or "the amount invested in any industrial undertaking". They should be defined as we find in the principal Act. In the principal Act section 4 wanted to give a concrete figure; they did not like to keep it fluid in order to enable the Government departments to interpret it in their own light. We have got the experience of interpretation which has been exhibited here. Many hon. Members expressed the idea that the Bill is intended to develop the industries in order to give the maximum amount of benefit to the maximum number of people in this country. But the Departments, as we have seen, interpret it in their own light which gives the maximum benefit to the minimum number of people. Therefore if this section 4 in the principal Act is omitted, it will lose all the worth of this amending Bill. So I request the hon. Minister to accept this amendment moved by the hon. Member in order that the small-scale industries may also thrive in competition with the large-scale industries. That is my submission.

SHRI D. P. KARMARKAR: Sir, with regard to this thing, the idea is obviously to bring within the purview of this measure all industrial undertakings. Now as a saving we have provided, where we do not consider it necessary or desirable, a new section 29B. Under this, power has been taken to exempt special cases. The new section 29B says:

"If the Central Government is of opinion, having regard to the smallness of the number of workers employed or to the amount invested in

any industrial undertaking or to the desirability of encouraging small undertakings generally or to the stage of development of any scheduled industry, that it would not be in public interest to apply all or any of the provisions of this Act thereto, it may, by notification in the Official Gazette, exempt....."

So, in effect it comes to this that this will enable us to bring within the purview of this measure only such industries as are considered desirable to be brought within its purview. Various categories have been specified and under the circumstances, we do not think that an amendment of that kind will serve any purpose. On the merits of the question itself, the amendment proposed the substitution of the words "total working fund" for the word "capital". The working fund will fluctuate from time to time and cannot therefore be a criterion for exemption of small undertakings. We have got powers to give suitable exemptions under the new section 29B. I oppose the amendment.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 2, lines 17-18, for clause 3 the following be substituted, namely:—

'3. Amendment of section 4. Act LXV of 1951.—In section 4 of the principal Act, for the word "capital" the words "total working fund" shall be substituted.'

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

MR. DEPUTY CHAIRMAN: Clause 4. There is an amendment by Mr. C. G. K. Reddy, but he is not here. Motion moved:

"That clause 4 stand part of the Bill"

SHRI B. K. MUKERJEE: Sir, I want a categorical statement from the hon. Minister as to why this deletion is required. In an industrial undertaking there are three interests, the interests of the owners or the capitalists, the interests of the workers and then the interests of the consumers. I find now that only the interest of the workers have been ignored in the amending Bill, whereas they should have given more power to the second interest in industrial undertakings, more power to those who are responsible for production and for the quality of the produced goods. I want to know from the hon. Minister why this deletion is sought.

SHRI D. P. KARMARKAR: Sir, my hon. friend himself has partly indicated the reason why we have deleted this section. On the Advisory Council there are various interests, and if there is any party who can decide in the name of all the parties, it is the Government. Supposing a case where in the interests of labour itself, the Government feel that it is necessary to take speedy action, the intention of my hon. friend will be thwarted if we go on consulting the Advisory Council. In some circumstances consulting the Advisory Council will prove a handicap. As my esteemed colleague has assured this House, normally the Advisory Council will be consulted at all necessary times, but in many cases it may be expedient to take action promptly in the interests of labour itself without consulting the Advisory Council.

SHRI B. K. MUKERJEE: I am talking about the composition of the Central Advisory Council. Clause 5(2)(b) says, "persons employed in industrial undertakings in scheduled industries." Now, this is deleted. The owners and consumers will remain, only the workers go out. I want to know why this is required.

SHRI D. P. KARMARKAR: I am sorry my hon. friend is bringing another point. The amendment is that in sub-section (4) of section 5 of the principal Act, clause (b) shall be omitted. The reason for it is this: Normally the Government will see to it that the interests of labour are satisfied, and if my hon. friend had given me a little more time for tabling an amendment, it would have been much better, but I can assure him that the Government will always look after the interests of labour. The hon. Member knows this fully well but he wants a little re-assurance from me on that account.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

MR. DEPUTY CHAIRMAN: There are no amendments to clause 5.

The question is.....

SHRI K. C. GEORGE (Travancore-Cochin): There is an amendment of mine to clause 5.

MR. DEPUTY CHAIRMAN: It is for clause 6.

SHRI K. C. GEORGE: It is incorrect. It is actually for clause 5.

SHRI D. P. KARMARKAR: I do not think so. Revocation is clause 6.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 6 stand part of the Bill."

**SHRI K. C. GEORGE:** Sir, I move:

"That at page 2, line 40, after the word 'Government' the words 'after giving sufficient opportunity to the owner to show cause why the registration of the undertaking should not be revoked' be inserted; and in line 45, the words 'after giving an opportunity to the owner of the undertaking to be heard' be deleted."

**MR DEPUTY CHAIRMAN:** Amendment moved:

"That at page 2, line 40, after the word 'Government' the words 'after giving sufficient opportunity to the owner to show cause why the registration of the undertaking should not be revoked' be inserted; and in line 45, the words 'after giving an opportunity to the owner of the undertaking to be heard' be deleted."

The amendment and the clause are now open for discussion.

**SHRI K. C. GEORGE:** My amendment is only to see that justice is meted out. Provision has been made in the section that the Central Government may revoke the registration after giving an opportunity to the owner of the undertaking to be heard. My amendment is only to see that no doubt arises on this point. I would like the section to read "If the Central Government, after giving an opportunity to the owner to show cause why the registration of the undertaking should not be revoked, is satisfied that the registration of any industrial undertaking, etc." The object is to see that no confusion arises and justice is meted out to the persons concerned. Whenever a revocation order is given, the person against whom action is taken must be given sufficient opportunity to show cause why such action

should not be taken against him. It is not sufficient that justice is done. People should feel that justice is done. As it is, Government should merely satisfy itself that the revocation of registration is necessary. My only objective in moving this amendment is to see that the person concerned should be given sufficient opportunity to show cause why the registration should not be cancelled, and I would ask the hon. Minister to accept this amendment.

**SHRI D. P. KARMARKAR:** Sir, the amendment sought to be made in that clause does not at all improve matters. In fact it is a little reactionary in one respect. In fact the provision says 'after giving an opportunity to the owner of the undertaking to be heard'. I presume this means even personal appearance in addition to the statement that may be made by him. I wonder whether the hon. Member has considered that. Otherwise the amendment also suffers from other defects. Who is to judge what is sufficient opportunity and whether he means sufficiency in the nature of time or he means representation by Council or he means sufficiency for cross-examination? Under those circumstances, we feel compelled to oppose the amendment.

**MR. DEPUTY CHAIRMAN:** Do you wish to press your amendment, Mr. George?

**SHRI K. C. GEORGE:** Sir, I desire to withdraw my amendment.

The amendment was by leave, withdrawn.

**MR. DEPUTY CHAIRMAN:** The question is:

"That clause 6 stand part of the Bill."

The motion was adopted.

Clause 6 was added to the Bill

Clauses 7 to 12 were added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 13 stand part of the Bill."

SHRI KISHEN CHAND: Sir, I move.

"That at page 5, at the end of line 2, the following words be added, namely:

'subject to the condition that no liability is created on the undertaking in any way and the original management will not be responsible for losses incurred by new management.'

MR. DEPUTY CHAIRMAN: Amendment moved:

"That at page 5, at the end of line 2, the following words be added, namely:

'subject to the condition that no liability is created on the undertaking in any way and the original management will not be responsible for losses incurred by new management.'

The clause and the amendment are open for discussion.

SHRI KISHEN CHAND: Mr. Deputy Chairman, Sir, in moving my amendment I beg to point out that in this amending Bill this clause 13 has inserted a new Chapter IIIA the heading of which is direct management or control of industrial undertakings by Central Government in certain cases. In 18A it may be pointed out, power is given to the Central Government to assume management or control of industrial undertakings in certain cases. In this, it is pointed out, that the Central Government may, by notified order, authorise any person or body of persons to take over the management of the whole or any part of the undertaking or to exercise in respect of the whole or any part of the undertaking such functions of control as may be specified in the order. In the discussions on the first reading, it was pointed out by several

hon. Members on the Congress Benches that this section is really going to be applied to an industrial undertaking which is running in an anti-national way or running at a loss or causing injury to the interests of our country and that such an undertaking should be taken over by Government and for the running of that undertaking it may appoint any person or persons as Managing Director or Managing Agents etc. The hon. Members pointed out that if the undertaking was running at a loss naturally there would be no funds at the disposal of the Company and for the further running of that concern money would have to be provided by somebody. I had shown in the first reading that in Hyderabad there is an Industrial Trust Fund which tried to run industries which were running at a loss. Their experience has been very bitter. The Government has lost in one undertaking, in a small undertaking—The Taj Glass Works—a sum of nearly Rs. 25 lakhs. A glass factory is generally supposed to be a small concern and the total working capital should not normally exceed Rs. 10 lakhs. If the Government can lose about Rs. 25 lakhs in a small concern it will be an eye-opener to everybody that the result of this power in the hands of the Government will be that the work will be entrusted to any person or to any managing agent. Naturally they will not invest their own money into the concerns but will borrow on the security of the assets of the company. Normally speaking in medium-sized industries the shareholders are generally the middle-class persons and they would have normally thought in such a case that the undertaking should go into liquidation and they may be able to salvage what little of the share capital that may be had out of it. But with this provision if the concern is continued to be run at a loss and the assets of the company are mortgaged, the net result will be that there will be no assets left and after a few years' time the new managing agents will give up the concerns and the shareholders would have lost their money entirely. Some hon. Members took up the rosy view that every undertaking which



[Shri Kishen Chand.]

was running badly or running at a loss when taken up by the new managing agents will be boosted up and will make huge profits and what justification exists that after running it for 5 years it should be returned to the principal owners. Sir, this is not the experience generally. It is the other way round. Except in very small number of cases, the usual result will be that the concern will go on losing and frittering away its assets. In such a case is it fair to the poor shareholders that their capital be wiped out? Therefore I have sent in an amendment which is a very simple one. It says that the new managing agents should have some stake in the concern. That is all I want. I want the managing agents not to play with somebody else's money without investing a single pie of their own. Let the new managing agent take some interest in the concern. Therefore I have suggested in my amendment:

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

I submit that if there is a concern which somebody wants to take up, he must take it up as a trustee. The trustee should not really play with the money of the minors—so-called minors—who are really the original shareholders. Therefore if we don't impose such a condition, we will be really giving an opportunity for inexperienced people to learn the industry at the cost of somebody else. I submit that this is not fair. Some hon. Members have pointed out that it is really against the fundamental rights of the common man of this country. The shareholder who has invested his money can say that this concern has no future prospects and that this should go into liquidation. The Government comes round under this Bill and says 'No, the concern should not go into liquidation but it should be run' and the net result is that after a few years the

concern is worth zero. Is it fair to that shareholder? Can that shareholder go to the Supreme Court and file an appeal for writ and ask the Supreme Court that his fundamental rights of closing an institution or a factory which is not possible to be run on profitable lines are being abrogated? Therefore I submit that before such an eventuality arises, we should take good care that the amending Bill is suitably modified by the insertion of this additional clause after line 2 of page 5 and therefore I request the hon. Minister to accept my amendment.

SHRI M. P. N. SINHA (Bihar): Mr. Deputy Chairman I rise to support the amendment proposed by my hon. friend Shri Kishen Chand. The amendment actually wants to put in additional safeguards and these safeguards are very necessary. I have seen with my own eyes in my province of Bihar things being done in a way which no concern should do. For example I have seen a big cotton mill at Gaya and another mill, a sugar mill at Bihta closed due to financial difficulties and also due to certain quarrels among the directors, but mainly, I think, due to bad management. These mills, as I said, were closed down and two or three years after, they were—separately of course—opened and I think managing directors were appointed by Government. But the effect was that the condition of these mills went from bad to worse and both these had to be closed down due to further mismanagement. This sort of thing will exactly happen if the safeguards mentioned by my hon. friend are not there. Unfortunately for us, we have our pets and the pets are also there with the high-command of the Government and with the men in charge of the affairs. Therefore, it is our genuine apprehension that advantage will be taken of this opportunity, to provide for those people whom they want to benefit and who, unfortunately, are no good for such management, to provide them with a bungalow, a motor car and money so that they may gain experi-

ence at the cost of somebody else. As was remarked here, it will be a case of the barber learning his trade by experimenting on the head of somebody else. There is no harm in accepting this amendment and I strongly support it.

SHRI RAJAGOPAL NAIDU: Is the clause also open to discussion?

MR. DEPUTY CHAIRMAN: Yes.

SHRI RAJAGOPAL NAIDU: In that case I would like to say a few words. My grievance is about the inclusion of Chapter IIIB in this Bill. There is an analogous Act, namely the Essential Supplies (Temporary Powers) Act of 1946 with various amendments and the extensions of life made from time to time. The House will be aware that the life of the Essential Supplies (Temporary Powers) Act of 1946 has been extended to some time in the beginning of the year 1955. Sir, in Chapter IIIB, clause 18G of the Bill deals with the power to control the supply, distribution, prices etc. of certain articles. These articles or classes of articles relate to the scheduled industries. Sir, in this Bill we are essentially concerned with the development and regulation of certain scheduled industries, the industries which find a place in the Schedule attached to the parent Act. Now, we find a little deviation from the very object of that Act and a new clause is now introduced as clause 18G, which deals not with the regulation of any industry but with the power to control the supply and distribution of articles which are produced by such scheduled industries. Sir, it also goes a little further. There is a provision made not only for the purpose of controlling the distribution of articles produced by the scheduled industries, but also for the distribution of articles similar to them, that are imported into the country. I cannot understand Sir, how it will be within the object of this Bill to control the distribution of articles that are imported from foreign countries and which are

similar to those produced by these scheduled industries. Clause 18G in Chapter IIIB has been introduced here, but there is an exactly similar provision in the Essential Supplies (Temporary Powers) Act which deals with exactly the same powers namely the power to control supply, distribution, price, etc. of certain articles, and the articles which find a place in this Bill also find a place in that Act of 1946. Now, my point is, if anybody commits an offence, will he be prosecuted under the provisions of this Act—after it is made into law and is put on the Statute Book—or will he be punished under the Act of 1946? There is no need for both the enactments. We need have only one of them. My point is that if there is an analogous Act, namely, the Essential Supplies (Temporary Powers) Act, which is a very comprehensive Act, what is the object in including a clause like clause 18G?

Apart from that, there seems to be another minor Act, namely the Supply and Prices of Goods Act of 1950. The object of that Act is exactly the same as that of clause 18G of Chapter IIIB, namely for the control of prices of certain goods, the supply and distribution thereof. The Essential Supplies (Temporary Powers) Act is a measure which contains more or less the provisions which were found in the Defence of India Act. Those provisions were copied into this Act of 1946 in a modified form though they had been given up in so many countries. Although those very countries had given up those laws we find that in our country those laws are still in force in the provisions of the Essential Supplies (Temporary Powers) Act. And not content with that, we find analogous provisions being made by the inclusion of clause 18G in Chapter IIIB here. Therefore, my point is, either the Essential Supplies (Temporary Powers) Act should remain or this clause 18G should remain. But both cannot remain at the same time, because a man cannot be punished for the same offence under two different Acts.

[Shri Rajagopal Naidu.]

We find it mentioned in the Statement of Objects and Reasons at page 13 of the Bill as originally introduced:

"At present the power to control prices and distribution of various goods under this Act is confined to industrial undertakings registered or licensed under the Act. In all other cases, it is necessary to have recourse to powers derived from the Essential Supplies (Temporary Powers) Act, 1946 and the Supply and Prices of Goods Act, 1950. Both these enactments have a limited period of life. It is proposed to add a chapter taking power to control the distribution and price of goods produced in scheduled industries and of similar goods even though they may be of imported origin."

Sir, let this clause remain. Then what Government should immediately do is to repeal the Essential Supplies (Temporary Powers) Act completely, so that there may be only one Act under which any person who had committed any offence—that is to say, Chapter IIIB—can be punished.

SHRI D. P. KARMARKAR: Sir, first of all, with regard to the amendment itself, it is a sort of veiled opposition to the whole scheme of the Act itself—if I may say so. If things go wrong and if it is considered necessary, the Government comes into the scene as the trustee, the trustee for the national interests. When any action is taken and something untoward happens due to causes inherent in the circumstances of the case and if some loss occurs, then that loss has to be faced. Under those circumstances when Government steps in in the role of trustees and if there is any *bona fide* loss, that loss has to be borne. Ultimately this does not arise out of any contractual agreement as my hon. friend will appreciate. It is in the nature of an action taken by Government in the national interest in the interest of the public. So in those circumstances, just as when a trustee

in the management of a property incurs a loss, when a *bona fide* loss is incurred, that loss has to be borne, so also here the loss has to be borne by the undertaking.

The second point is the one raised by Shri Rajagopal Naidu who suggested that it was undesirable to have clause 18G here. Now, if he goes through the wording of the provision, he will see.....

AN HON. MEMBER: Sir, on a point of order. May I ask a question of the hon. Minister?

MR. DEPUTY CHAIRMAN: Yes.

AN HON. MEMBER: Under the Trusteeship Law, the management is responsible for their good or bad acts. The hon. Minister just now said that the Government is here as trustees. Will those laws apply here also?

SHRI D. P. KARMARKAR: Yes, in the case of *bona fide* or *mala fide* loss somebody has to be responsible and the general law provides for all that. It does not require an enactment here. The hon. Member seems to be of the view that any addition or accretion to the property of the undertaking is to be welcomed, but that if in the course of the management of the undertaking some *bona fide* loss is incurred for that he would not be responsible. The undertaking would not bear the loss, but at the same time he should be handed over the gain.

From the ground to the roof is mine and from the roof to heaven is all yours. That will be the type of thing that will result. Therefore, Sir, we oppose the amendment.

To return to the point made by my hon. friend, regarding 18G, the position is this. I hope he will appreciate that the development and regulation of industries is widely connected with control of prices also; control of prices not only in the case of goods produced in this country but also prices of imported goods because I am quite sure

that he will be able to appreciate that any depression or inflation in imported prices is bound to have favourable or unfavourable effect on local industry itself. Supposing you dump a large amount of goods inside the country and that damages the indigenous industry, then the Government comes in to control prices, because in these days development and regulation of industry go with price control.

Sir, I regret that I do not find anything inconsistent in having this provision; on the other hand, it is an absolutely very valuable concomitant to the powers that we shall have. Secondly, I am advised that legally there is nothing wrong in having this provision to the extent that this 18G refers to the items in the Essential Supplies Act. My hon. friend need not have any apprehension that there is any likelihood of any person being attracted by both the Acts. If anything happens and which finds a provision in this, he will find from the wording of 18G that the provisions of only this Act will be applied.

SHRI RAJAGOPAL NAIDU: What I mean to say, Sir, is that there are certain essential commodities described in the Essential Supplies (Temporary Powers) Act and the same articles find a place in the schedule of the parent Act which is now under discussion in the amending Bill. Now, Sir, when that particular Act is comprehensive, when it includes all articles mentioned in the Essential Supplies (Temporary Powers) Act, is it necessary at all for the Essential Supplies (Temporary Powers) Act to remain as good law? It is only that point, Sir. I want to stress.

MR. DEPUTY CHAIRMAN: That Act contains some more articles which are not covered by this Act.

SHRI RAJAGOPAL NAIDU: I beg to be corrected, Sir. I have gone through the list of articles carefully and I find all the articles in the schedule mentioned as essential articles find a place in the parent Act.

MR. DEPUTY CHAIRMAN: There are some more articles in the Essential Supplies (Temporary Powers) Act.

Does the hon. Member want to press his amendment?

SHRI KISHEN CHAND: Yes, Sir.

MR. DEPUTY CHAIRMAN: The question is:

"At page 5, at the end of line 2, the following words be added namely:—

'subject to the condition that no liability is created on the undertaking in any way and the original management will not be responsible for losses incurred by new management' "

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 13 stand part of the Bill."

The motion was adopted.

Clause 13 was added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 14 stand part of the Bill."

There are two amendments. Are you moving your amendment, Mr. Kishen Chand?

SHRI KISHEN CHAND: Yes, Sir. I beg to move:

"At page 9,—

(i) for lines 1 to 6 the following be substituted, namely:—

'14. Amendment of section 23, Act LXV of 1951.—Section 23 of the principal Act shall be renumbered as sub-section (1) of that section and the following new sub-section shall be inserted thereafter, namely:—

[Shri Kishen Chand.]

(2) If, for the purposes of this Act any question arises as to whether—";" and

(ii) for line 11 the following be substituted, namely:—

'the Central Government shall refer the matter to a Committee of three members, one representative of Government, one representative of the concern and one neutral judicial person.'

MR. DEPUTY CHAIRMAN: There is another amendment of Mr. George. Are you moving it?

SHRI K. C. GEORGE: I do not move, Sir.

MR. DEPUTY CHAIRMAN: Motion moved:

"At page 9,—

(i) for lines 1 to 6 the following be substituted, namely:—

'14. Amendment of section 23, Act LXV of 1951.—Section 23 of the principal Act shall be renumbered as sub-section (1) of that section and the following new sub-section shall be inserted thereafter, namely:—

(2) If, for the purposes of this Act any question arises as to whether—";" and

(ii) for line 11 the following be substituted, namely:—

'the Central Government shall refer the matter to a Committee of three members, one representative of Government, one representative of the concern and one neutral judicial person.'

Both the clause and the amendment are open for discussion.

SHRI KISHEN CHAND: Mr. Deputy Chairman, in moving my amendment, I

beg to state that the original section 23 of the Act read as follows: "QUESTIONS RELATING TO AMOUNT OF CAPITAL INVESTED IN AN UNDERTAKING TO BE DECIDED BY CENTRAL GOVERNMENT: If, for the purpose of section 4, any question arises with respect to the amount of capital invested in an industrial undertaking, the decision of the Central Government thereon shall be final". In the original section 4, it was stated that any undertaking with a capital of less than one lakh will not come under the purview of this Act. Now that this section 4 has been deleted, naturally there was absolutely no need for this section 23. So, instead of deleting section 23 section 23 is supposed to perform a new function. Now, a new definition of the new article has been given and, therefore, section 23 is really going to relate to the definition of a new article. In clause 14, the new section 23 will read as follows: "If, for the purposes of this Act, any question arises as to whether—

(a) there has been a substantial expansion of an industrial undertaking, or

(b) an industrial undertaking is producing or manufacturing any new article,

the decision of the Central Government thereon shall be final". My amendment is really related to and in continuation of a previous amendment which I moved. At that time I had pointed out that new articles are continuously manufactured by many industrial undertakings which have got research departments and are continuously improving the quality of their products. The Government, by its present amending Bill is trying to curb the spirit of research in any industry. They do not mind the foreigners sending articles under slightly new names and slightly new trade marks. There is a tendency in the market to think that, after some years, a trade mark becomes old. People think a new trade mark, with the backing of publicity, has produced better quality of

goods. The hon. Minister has no objection if the foreigner takes advantage of it. But in the case of our country he wants restrictions to be placed on the expansion of industrial undertaking and on the manufacture of new articles and the decision of the Central Government thereon shall be final. That means the undertaking will not get any opportunity of really representing to the Government for referring the matter to a judicial tribunal and therefore I have submitted, Sir, that instead of giving the final authority to the Central Government which means to any Joint Secretary or Under Secretary in that Department, the matter be decided by a tribunal consisting of three persons, one representative of the industry, one representative of Government and a third neutral judicial person. If such a body of three persons after going into the merits of the case really decide that any undertaking has expanded its production out of all proportion to the rated capacity of the plant or that it is manufacturing any new article which is really not the same article under a new patent or a new trade mark, certainly there should be control over it, but if that committee or the tribunal decides otherwise, the industry may have an opportunity of representing its viewpoint, and, therefore, Sir, while giving the power to Government we want fairness to be shown to the industry also. I would request the hon. Minister to at least accept this amendment of mine and with these words I beg to move my amendment.

SHRI D. P. KARMARKAR: I regret I am not in a position to accept at least this amendment because the matter is rather a vital one. There may be substantial expansion and there may be new articles coming up, but I do not agree that such cases should be referred to a third party for arbitration. Sir, I think in all these matters Government are holding themselves as the final arbitrators. They are one party and their object is nothing except the national interests. They do not belong to this side or that and therefore Government

are not prepared to substitute in their place three arbitrators. Also, Sir, arbitration is unsuitable for deciding such cases. Now arbitration may be all right of course where there are two parties to a dispute. Government in this case do not place themselves as a party to a dispute. There is no conflict between it and the people. Under these circumstances we do not consider the amendment to be reasonable and we oppose it.

MR. DEPUTY CHAIRMAN: Do you press your amendment?

SHRI KISHEN CHAND: Yes, Sir.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 9,—

(i) for lines 1 to 6 the following be substituted, namely:—

"14. Amendment of Section 24, Act LXV of 1951.—Section 23 of the principal Act shall be renumbered as sub-section (1) of that section and the following new sub-section shall be inserted thereafter, namely:—

(2) If, for the purposes of this Act any question arises as to whether—;" and

(ii) for line 11 the following be substituted, namely:—

"the Central Government shall refer the matter to a Committee of three members, one representative of Government, one representative of the concern and one neutral judicial person."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

~~Bill.~~  
"That clause 14 stand part of the Bill."

The motion was adopted.

Clause 14 was added to the Bill.

Clauses 15 to 18 were added to the Bill.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 19 stand part of the Bill."

There is an amendment.

SHRI RAJAGOPAL NAIDU: Sir, I want to say a few words with regard to clause 17.

MR. DEPUTY CHAIRMAN: It is over. You are too late, Mr. Naidu. Are you moving your amendment to clause 19, Mr. Kakkilaya?

SHRI B. V. KAKKILAYA (Madras). Yes, I am moving it.

I beg to move:

"That at page 12, after line 32, the following new item be inserted namely:—

'(43) Gold mines'."

MR. DEPUTY CHAIRMAN: The amendment and the clause are open to discussion.

SHRI B. V. KAKKILAYA: I shall not take much time on this as this matter came up before the House during the Question Hour when the Minister for Labour was asked whether the Government were aware of the closure of the Oorgaum Mines in Mysore State and of the public statement recently made by the General Manager of the Mine, even after the Government had appointed a committee to go into the question of the closure of the mines, in which he said that the mine would be closed on the 31st of May. The Deputy Minister for Labour said he was not aware of it and declined to say that steps would be taken to stop the closure of the mine. The closure of this mine means unemployment for 3,600 workers and so much of suffering for their dependants. It is not only a

question of unemployment for these workers and suffering for their dependants but it is also a question of national loss. All the gold mines in our country, Sir, are owned and managed by British capital. I am not very enthusiastic about including all and sundry industries within the purview of this Bill. As an hon. Member the other day pointed out, this Bill is a double-edged weapon and how the powers that are given to the Government under this Act will be used will depend upon the industrial and economic policy of the Government. If they want to help the industrial development of the country of course they can use the Act to a certain extent to help the industrial development but when we know the policy of the Government as it is being pursued during the last several years we are not very enthusiastic as to how the Government would use the powers vested in them. But gold mining industry is a special case, fit to be immediately taken over by Government for proper management.

Now coming to the specific question of the gold mines I should say that the gold obtained in our country is obtained almost entirely from the Mysore State. There are, of course, other mines in Hyderabad State, for example, there are the Hathi Gold Mines which produce a small quantity of gold. Then come Madras, U.P., Bihar and Orissa and in these provinces also there are small mines but the production there is negligible. Almost entirely the production is from Mysore State, from the Kolar Gold Fields. The gold mining companies in Kolar Gold Fields are owned by four British companies but they are managed by one single agent namely John Taylor & Sons. John Taylor & Sons for the last half century have been exploiting our natural resources and our manpower. Even our own Government that came into power in 1947, instead of curbing such exploitation by these British capitalists, aided these capitalists to exploit the more. The Mysore Government repealed the Gold Duties Act thereby

making a present of nearly 40 lakhs of rupees per year to John Taylor & Sons. The gold mining companies are not satisfied with these concessions given by the Central Government as well as by the State Government. They want almost to blackmail the Government. That is why now and then they are threatening us that the mines would be closed. Now coming to the particular case of the Oorgaum Gold Mine, let me say that in the statement which was publicly made by the General Manager of the Company, he said that the production of gold had gone down. But recently I got some notes from the research section of our library. That note says that in 1950 the average monthly production of gold in Oorgaum Mines was about 2107.25 or so fine ounces. Taking the figures of production in January, February and March of 1953 we come to the conclusion that the average monthly production in 1953 has been about 2353.33 fine ounces. Production in fact has increased but the General Manager says that the production has gone down. According to the balance-sheet of the company for the year 1951-52, one lakh tons of gold ore had been reserved for operation in 1953 and in 1953 up-to-date they have operated only about 80,000 tons of ore. That means that the ore is there and the labour power is there. There is the possibility of producing more gold but the company does not want to work the mine. It is not that the company is running it at a loss. They have been making huge profits. Even during 1951-52 the company pleaded that they were running it at a loss and this they did because the workers demanded bonus. On that plea they refused to pay bonus. Only after a lot of pressure they agreed to pay one month's bonus. Then the matter was referred to adjudication at the resistance of the Champion Reef Labour Association and the adjudicator found out that the companies were making huge profits and he awarded four months' bonus. That conclusively shows that the companies are making huge profits. Now take another question. There is a contract

between these gold mining companies and the Government of Mysore. Under this contract these companies have agreed that they will progressively Indianise the staff and technicians but the facts are otherwise. Instead of Indianising the technicians and staff they are importing more and more engineers, more and more technicians and even clerks and others for the staff.

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Since 1948 the proportion between the Indian employees of the company and the European employees has been changing to the detriment of the Indian employees. The British employees of the company are getting huge salaries. A doctor, if he is a British national, gets something like Rs. 800 per month, whereas an Indian doctor with similar qualifications and with the same efficiency gets only something like Rs. 200. And in the hospitals there are separate wards for European employees and for Indian employees. In the wards that are used for Indian employees, human beings cannot seek admission and have any treatment. This is the way in which these companies are running these industries. I can understand the threat given by the General Manager to close the mine in this way. The gold mining company wants to throw out these 3,600 workers from the mine, while they want to retain the British engineers, officers and members of staff and they want to transfer these people—the British staff and technicians—to the adjoining mines, that is, the Champion Reef or Nandi Drug which are also managed by John Taylor & Sons. They want to exploit the gold in Oorgaum through the adjoining mines. They want to earn larger profits by throwing out these 3,600 workers into the streets. This is the game that they want to play. And that is why I have moved this amendment. If the Government is really serious about helping the industrial development of this country, they must take over the management of these mines. I had put a question in December 1952, to the Finance Minister to supply me



[Shri B. V. Kakkilaya.]

with the information about the capital invested by the mining companies, the profits earned by them and also the amounts remitted abroad by them every year. The Finance Minister said he was collecting the information and it would be laid on the Table of the House. To this day the information has not been supplied. But the Finance Minister was categorical on one point. He categorically stated that Government was not contemplating to take any steps to prevent or check the remittances of profits and earnings by these companies and their employees. That means every single pie of profit by the mining companies and all the wealth that is produced in these mines is being remitted abroad. The wealth that is produced there is not available to us for the industrialisation and economic regeneration of our country. That is why I urge on the Government to take over the management of these gold mines and run them in the interests of our country and of the workers and prevent the outflow of the wealth of this country so as to make it available for our development.

SHRI D. P. KARMARKAR: Sir, Gold is a tempting subject, but I will not take long. Gold mines are already regulated under Mines and Minerals Development Act. We have not therefore thought it necessary to include it in this Bill. Sir, I oppose the amendment.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 12, after line 32, the following new item be inserted namely:—

'(43) Gold mines'."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 19 stand part of the Bill."

The motion was adopted.

Clause 19 was added to the Bill.

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

SHRI D. P. KARMARKAR: I beg to move:

"That the Bill be passed."

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be passed."

Well, I have to inform the House that the Business Committee has decided that all stages of the Bill should be finished by 11-15 A.M. There are only five minutes left and I will leave it to the Members.

SHRI D. P. KARMARKAR: Sir, I would require two minutes to reply.

MR. DEPUTY CHAIRMAN: Yes, the hon. Minister will require a couple of minutes for his reply.

DR. RADHA KUMUD MOOKERJI (Nominated): Mr. Deputy Chairman, I think we are all agreed that the object of the Bill is to increase production in the country, but I am afraid that the agencies that are engaged in the work of production are not taking very kindly to this Bill, as was expressed by the exponents of big business in this House. I think, Sir, there is some kind of misgiving about the effects of the Bill. I would like to suggest that its administration should be made as rational as possible. For instance, Government intervention will become necessary where the industry fails to come up to the productive standard—both in quantity and quality. Then Government may go into the causes for the deterioration of the standard of output and then there is a case for Government intervention. Secondly, Sir, the decline of industrial output may be due to the very fundamental fact that most of the industrial machinery and plant are out of date.

Their immediate replacement in industries like textile and jute is very very necessary to step up the production in the country. So I think that Government should have a list of priorities which would justify their industrial intervention. In regard to industries which are falling short of the mark, they may perhaps invite public notice by saying: "Here is this list of circumstances under which Government will give effect to this Bill." Now about other cases, there is some hardship when a private concern is taken over by Government without giving an opportunity to its shareholders to effect ~~the~~ necessary reforms. So I suggest that it would be better, perhaps in the first stage before this drastic action is taken by Government, that is, before assuming control of a private concern, that the private concern is asked by Government to conform to certain principles of reform within a certain time limit. And in that case Government intervention may not at all be necessary. These are the only points that I have to make. As regards the administration, I think there should be a time limit of about six months within which the lapses of the concern may be remedied.

I have no further suggestions to make. I repeat that the country is passing through an economic crisis and unless production is increased in every sphere, there is no hope for us to make the country richer and richer. It won't do for us to legislate in the air, but we must put our shoulders to the wheel and find out how production in various factories may be really increased by applying these remedies, especially the remedy of having replacement of plant and machinery. It may then be possible to produce maximum results.

SHRI B. GUPTA: It does not seem to be very fair that we should have only five minutes for the third reading of a Bill. If that is so, it is better to eliminate third reading altogether. After the debate, in the reply of the hon. Minister which has taken quite a

long time, he has raised certain very important points and it is only fair that the House should be given a little more time to discuss questions of principles at this stage. Now, it seems that your ruling divests us of the opportunity of any discussion and all that we could now have is to hear a speech from the hon. Minister which would mean very little and would not at all inspire anybody.

MR. DEPUTY CHAIRMAN: The Business Committee has decided the question. And all the parties are represented on the Business Committee.

SHRI B. K. MUKERJEE: Sir, I want only a clarification before the hon. Minister starts. I won't take long. This Bill is a very important Bill for the labour and working class interests are going without proper representation. The new clause added to section 15 of the principal Act, "any industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest" relates to the workers because this section in the principal Act deals with the working conditions in the factory. Therefore when you deal with this 'public interest' am I to understand—I shall be highly obliged if the hon. Minister clarifies this point—that the labour interest is included in public interest?

SHRI S. N. MAZUMDAR (West Bengal): Sir, we would have been able to sit in the afternoon to discuss the third reading of this Bill. It is very.....

MR. DEPUTY CHAIRMAN: The Business Committee must have examined all this

SHRI S. N. MAZUMDAR: There are speakers who want to take part in the debate. In the Business Committee we were agreeable to sit in the afternoon also.

MR. DEPUTY CHAIRMAN: That point must also have been considered.

SHRI D. P. KARMARKAR: I should like to say that I associate myself fully with what my hon. friend Dr. Radha Kumud Mookerjee said, that ultimately production is the principal thing to be looked after. I also agree in principle that the labour interests should also be looked after. I accept the principle. (*Interruption.*) I should like to abide by the ruling of the Chair.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

#### ANNOUNCEMENT BY THE DEPUTY CHAIRMAN

MR. DEPUTY CHAIRMAN: The Business Advisory Committee met today to consider the programme of Legislative Business pending before the Council during the remaining part of the current session.

The Committee agreed to the timetable as indicated hereafter for the discussion of the following Bills:

Name of the Bill	Date and Time
1. The Patiala and East Punjab States Union Legislature (Delegation of Powers) Bill, 1953 (Consideration and passing).	12th May 11.15 A.M. to 1.15 P.M. (2 hrs.)
2. The Delhi Road Transport Authority (Amendment) Bill, 1953 (Consideration and passing).	13th May 9.15 A.M. to 9.45 A.M. (30 min.)
3. The Air Corporations Bill, 1953 (Consideration and passing),	13th May 9.45 A.M. to 1.15 P.M. 14th May After question time up to 1.15 P.M. (8 hrs.)
4. The Tea Bill, 1953 (Consideration and passing).	14th May 5.45 P.M. to 8 P.M. 15th May 8.15 A.M. to 12 noon (6 hrs.)
5. The Vindhya Pradesh Legislative Assembly Prevention of Disqualification Bill, 1953 (Consideration and passing).	15th May 12 NOON to 1.15 P.M. 16th May 8.15 A.M. to 10 A.M. (3 hrs.)
6. The Special Marriage Bill, 1952.	16th May 10 A.M. to 1.15 P.M. (8½ hrs.)
7. The Hindu Marriage and Divorce Bill, 1952.	

(Reference to Joint Select Committee).

This programme contemplates an afternoon sitting of the Council from 5 P.M. to 8 P.M. on the 14th May.

SHRI K. B. LALL: These two Bills will be referred to Select Committee on the 16th?

MR. DEPUTY CHAIRMAN: Joint Select Committee.

SHRI K. B. LALL: Will the motion for reference to Joint Select Committee be concluded on the 16th?

MR. DEPUTY CHAIRMAN: We will see about that.

#### THE PATIALA AND EAST PUNJAB STATES UNION LEGISLATURE (DELEGATION OF POWERS) BILL, 1953

THE MINISTER FOR HOME AFFAIRS AND STATES (DR. K. N. KATJU): Mr. Deputy Chairman, I beg to move:

"That the Bill to confer on the President the power of the Legislature of the State of Patiala and East Punjab States Union to make laws, as passed by the House of the People, be taken into consideration."

Sir, as you have just announced that only two hours have been set apart for the consideration and passing of this Bill, I do not want to take up, as I would have liked to do, a good deal of time in recommending this Bill to the attention and consideration of the House. It is a very short measure. We discussed the other day the whole question of the President's rule in PEPSU. The pros and cons of it were discussed at length and ultimately the House approved of