

THE INDIAN POWER ALCOHOL (AMENDMENT) BILL, 1952

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

That the Bill to amend the Indian Power Alcohol Act, 1948, as passed by the House of the People, be taken into consideration.

Sir, the Indian Power Alcohol Act, 1948 enabled Government to take powers in respect principally of two things. One was about the regulation of production of power alcohol and the second was to direct the use of power alcohol as motive power. Now, Sir, these powers were taken in respect of certain areas and the present Bill wants to extend the area of its operation to the remaining parts of what is now called the Union of India.

Sir, the Indian Power Alcohol Act, 1948 was passed as it was found in the public interest that the power alcohol industry should be developed under the control of the Central Government not only for effectively utilising as much of the by-product, molasses, as possible, but also for developing a substitute fuel. There are today 19 power alcohol distilleries in the country, 12 in Uttar Pradesh, 2 in Bihar, 2 in Bombay and 1 each in Mysore, Hyderabad and PEPSU. The use of power alcohol in these areas has been regulated so far only under the respective State Acts where such Acts have been promulgated. It was only recently with effect from 1st October 1952, that the first step in the direction of implementing the Central Act in the State of Uttar Pradesh has been taken.

On the basis of even a production of 400,000 tons of molasses per annum, a quantity of 25 million gallons of alcohol could be produced, of which at least 20 million gallons should be power alcohol. Even on the present basis of lower yields of alcohol per ton of molasses current in most of the factories today, the total production of alcohol possible is about 18/20 million gallons, of which about 16

million gallons could be power alcohol. The installed capacity of all the factories is nearly 15.7 million gallons of alcohol, of which 13 million gallons would be power alcohol, the balance being weaker spirits simultaneously produced.

On the basis of using blends containing at least 20 per cent. alcohol in the mixture on a wider scale, the problem of disposing of the entire production of power alcohol from the total output of molasses should not offer much difficulties; but under present conditions, when 12 of the 19 distilleries, are situated in Uttar Pradesh with a capacity to produce 8.6 million gallons of power alcohol, it becomes necessary to get the same used also in areas outside that State, since the demand for internal combustion fuel in that State is not able to absorb the entire production of power alcohol from all the distilleries in that State.

On the basis of a larger production of nearly 1.5 million tons of sugar and about 450,000 tons of molasses in the country in the immediate past season, a substantial quantity of which has come from the State of Uttar Pradesh, the quantity of molasses which has become available for producing power alcohol has also increased. On the basis of effectively utilising such increasing quantities of molasses for power alcohol production, it is anticipated that more than 9 million gallons of it could be produced annually in Uttar Pradesh alone. The present demand for such alcohol in Uttar Pradesh and Delhi, areas in which the use of power alcohol has already found its feet, might be of the order of 5.5 million gallons. On the basis of expanding its use to certain parts of the Punjab, some arrangements for which are already afoot, an additional demand upto 1.5 million gallons could be developed. This would still leave over 2 million gallons of power alcohol to be got utilised in other States and areas round about Uttar Pradesh.

It has also been noticed that the offtake in other States such as Bihar

in the immediate vicinity of the distilleries may not be in keeping with the production possible from the entire molasses resources available. In the Bombay State, although the installed capacity for 1.1 million gallons has come into existence, demand for it has still to be created on the basis of getting it used in the most suitable areas in that State or outside in its vicinity. In Hyderabad, against a capacity of 7.16 million gallons, actual production has lagged behind due to poor offtake. By increasing the proportion of alcohol in the blend, it should be possible to develop a further demand. This aspect and others necessary for stepping up production for using up the entire molasses resources available in that State with expansion of its sugar factory require to be handled on an all-India basis. Even in the State of Mysore, which was a pioneer in introducing power alcohol, production has lagged behind capacity and the question of re-introducing the use of blend containing power alcohol, which was temporarily suspended some time back, requires to be pursued.

It will therefore be seen that for effectively utilising power alcohol resources fully and for getting it used in the form of fuel, it is necessary to provide ourselves with means which could be applied not only to areas in Part A and Part C States as already exist in the present Act, but also to contiguous territories in the Part B States wherever found necessary in the future. Uniformity in practice throughout the country is also essential for getting the mixture effectively utilised. In view of all these diverse factors, it has become necessary to amend the Indian Power Alcohol Act so as to make it possible to extend the operation of the Act over the whole of India including Part B States.

Sir, it was not necessary, for the purpose of the present Bill, to have gone into all these details, but I thought that a useful purpose might be served incidentally by giving the House an idea of the utility and the possibilities of power alcohol.

Sir, advantage has also been taken of this opportunity to introduce one or two technical amendments which we thought were necessary. But they are only of a very technical nature required by certain wording in the Constitution. I have nothing further to add, Sir, as it is obvious that the Bill is of an extremely useful nature enabling us to take the best advantage from the power alcohol resources in the country as a whole.

SHRI C. G. K. REDDY (Mysore): I want some information, Sir. Could the Government kindly confirm if a mixture of 1 : 5 of petrol and power alcohol has been found to be—either by our scientists or the scientists abroad—almost as good as, if not better than, pure petrol itself?

SHRI D. P. KARMARKAR : I am very grateful to my hon. friend because that is a very interesting question. I had an occasion to go into that myself and it has been found that this mixture is working better than petrol because an experiment showed that when petrol was used, it left something behind and when power alcohol to the extent of 25 per cent. was used, it not only helped the machine to go forward but in the process cleaned up the machine. But this is a scientific matter and I feel myself diffident about it. But it has been proved that power alcohol mixture has in any case not been harmful. It has proved beneficial.

MR. DEPUTY CHAIRMAN :
Motion moved :

That the Bill to amend the Indian Power Alcohol Act, 1948, as passed by the House of the People, be taken into consideration.

SHRI RAJENDRA PRATAP SINHA (Bihar) : Mr. Deputy Chairman, this Bill is before us primarily for two purposes. Firstly it confers powers on the Government to extend the operation of the Power Alcohol Act to Part B States as well, which was not provided for in the Act of 1948. Secondly it seeks to regularise certain actions taken under the 1948 Act and powers

[Shri Rajendra Pratap Sinha.]

exercised by the officers concerned. The Power Alcohol industry is a very vital industry in the economy and the defence of our country. This industry developed out of the exigencies of the situation created by the rapid expansion of the sugar industry to which a protection was granted in the year 1932. By the year 1937 the country was producing about 3 lakh tons of molasses as a by-product to the sugar industry. Out of this production of molasses about one lakh tons were used in various ways and for the balance two lakh tons of molasses it was a problem for disposal by the sugar industry. In order to utilise this surplus molasses and thereby to bring down the sugar prices, the power alcohol industry was advocated and developed in this country. The various committees that have been put up either by the State or the Central Government have recognised the great importance of this industry in our economy. Power alcohol, as the hon. Minister has just said, is meant to be used as a motor fuel as a mixture along with petrol and in a proportion of 1 to 5. We are short of petrol. Our consumption of petrol is about 20 million gallons per year. We have to depend upon foreign sources for importing our petrol. This industry if developed, will serve well both in times of peace and of war but the previous Government have not done much to develop this industry. I could well understand that. They were not free enough to follow a national policy. There were vested interests in the oil companies who were distributing petrol in this country, and who did not favour the development of this industry. The expansion was thereby hampered. The first power alcohol plant in this country was put up in the year 1938 at Mysore. The Second came in Hyderabad in 1940 and the third was put up at Meerut in 1941. The last war gave a great fillip to this industry and many plants fabricated in this country were put up and it was found that the plants which were fabricated in this country were as efficient and good as the imported plant and they were cheaper too.

It is evident therefore that for the rapid expansion of this industry we are not dependent upon foreign imports of the plant nor do we need the foreign exchange nor the technical know-how. Therefore this industry has a unique advantage for its development in this country, but we regret to find that the Government have failed to achieve the target production which was set for this industry. The problem of the disposal of the molasses continues. *The Indian Sugar Statistics* gives the interesting state of affairs of this industry. This is a Government publication. We find that in 1945-46 we had produced 328,000 tons of molasses. Then in

In thousands

1946-47	...	...	318 tons.
1947-48	...	...	411 "
1948-49	...	...	373 "
1949-50	...	...	357 "
1950-51	...	...	386 "

Then in U. P. which gave about 300,000 tons of molasses, only 28 per cent. of the molasses were utilised for the production of power alcohol. We have the necessary installed capacity which is also surplus. According to the figure of the installed capacity just now given by the Minister in charge of the Bill and also given in the other House in reply to a question by the hon. Commerce Minister we find that in 1950 the installed capacity was 9.33 million gallons. As against this the production in 1950 of power alcohol was only 4.5 million gallons. In the year 1951 the production was 5.8 million gallons. The installed capacity in 1952 has increased to 10.93 million gallons and the production up to September 1952 was only 5.45 millions. We find that practically we had been working at half our installed capacity and allowing our molasses

to go to waste. I would now read out to you from the Indian Tariff Board Sugar Industry report, 1950 as to what has been fixed as the target for the production of power alcohol. It says :

"The Government of India have fixed a production target of 10 million gallons of power alcohol for 1950 which would roughly consume about 1.66 lakh tons of molasses. Government expect the production to increase to 23.6 million gallons in the next five years."

That is to say, by the end of the year 1955.

We find however that by the end of the year 1952, we have achieved nearabout 50 per cent. of our target for production which was planned for the year 1950. Sir, this is a sorry state of affairs. Is this the way that the planned development schemes are going to be implemented in this country? The Power Alcohol Act was passed in the year 1948—March 1948. But the Governments did not take any action under this Act and displayed utter apathy towards the development of this industry. It was this year, i.e., March 1952, after a lapse of four years, after the passage of the Act in 1948 that the first action under this Act was taken and a few tehsils in the State of Punjab were brought under the compulsory mixture scheme. Sir, all this goes to prove that this Government, like the Governments of the past, have not taken any serious steps to foster this industry. A period of four years is not a small period to achieve the targets set for this industry by the Government. Sir, the indifference of the Government has resulted in a great national loss in more than one way. Firstly, the installed capacity has been allowed to remain idle ; secondly, the surplus molasses have been allowed to go to waste, and thirdly, the relative sugar price cannot be decreased, and the consumer is allowed to suffer, the consumer for whom the Government have often shed crocodile tears. Lastly, Sir, we have lost a good amount of foreign exchange, which would have been saved if we had produced power

alcohol to our installed capacity and enforced the mixture along with petrol, thereby, limiting relatively so much of import of petrol. This short fall in actual production to the installed capacity is equivalent to a loss of fifty lakhs of rupees of foreign exchange per year. Sir, if we had stepped up our production according to targets laid down, and reached even part of the 20 million gallons, we would have saved an additional amount of 1.5 crores of foreign exchange. I now leave it to this House to judge if this is a happy state of affairs for this industry, and whether there is any room for complacency on behalf of the Government. Sir, I would have very much welcomed it if the hon. Minister had come forward with his statement explaining the reasons why the production lagged behind the target figures and what steps the Government were contemplating to take in order to implement and to achieve the targets of production set for the year 1950, and whether we shall be able to achieve the target of 23.6 million gallons of power alcohol which is the target fixed for the year 1955.

Sir, let us examine the impediments that have to be cleared before we go to the road of progress. Many countries, both in the East and in the West have made a bid to develop alternative motor fuel, by using power alcohol, and within a very short time they have achieved spectacular results. They have subsidised this industry in more than one way. The cost of production, Sir, of power alcohol in those countries is very much higher than the cost of production in this country. Not only that, Sir. Their cost of production is very much higher than the imported cost of petrol ; whereas, we are so fortunately situated that we can produce power alcohol at a very much cheaper cost—so much so that we can compete with the imported petrol. In this connection I shall again refer you to the Indian Tariff Board Report in which they have given interesting statistics regarding the cost of power alcohol in

[Shri Rajendra Pratap Sinha.]

other countries and compared it with the cost in this country:

Comparative prices of alcohol (1936)

	Per gallon	
	Rs.	▲ P.
Austria	1	10 3
Czechoslovakia	2	3 0
Australia	1	8 0
France	0	12 6
Germany	2	3 0
Italy	2	8 6
India	0	6 0
Poland	0	8 9
Sweden	0	14 3
U. S. A.	0	12 0

Sir, although the cost of power alcohol in other countries is so high as compared especially with the imported petrol, they have by legislation compulsorily enforced the mixture of the two as motor fuel. But we find, in our country, the Government, instead of subsidising and encouraging this industry, has subjected it to the same treatment with regard to the imposition of excise duty as petrol. And, they have allowed the distributing companies, especially the foreign petrol companies to charge a very high distribution and storage charges, i.e., -/8/3 per gallon. On the top of it the State Governments take a profit of Rs. -/3/9 per gallon on power alcohol. I have got these figures out of the Tariff Board report.

Sir, the policy of the present Government has been that of a step-motherly treatment to this strategic industry. The Union Government and the State Governments are not prepared to forego a single cent out of their revenues in order to encourage this industry although they know fully well that the incidence of the excise duty on this power alcohol industry has crippled the industry. If part of the excise duty, or even a part of the unearned profits of the State Governments is given up, then it will be easier for this industry to develop.

In this respect I will give only one example. It costs very much to trans-

port this power alcohol to the port towns where the consumption is expected to be heavy. It is not remunerative to take the power alcohol either from U. P. or from Bihar to the port towns as the prices after paying the heavy transport charges will not be at par with petrol prices to permit of the mixing. If Government had cared to reduce the excise and used its good offices with the Provincial Governments to reduce their share of the profit, this mixture scheme could have been enforced in all the port towns and the offtake could have increased and the production could also have been stepped up. This could not have meant any loss to Government either, for the increased production should have given them increased revenue.

Then, I understand that excise regulations are hampering production. The Sugar Panel has recommended their relaxation; but nothing has so far been done, as far as my knowledge goes.

Then again, the hon. Minister has already pointed out the planlessness in the matter of location of the industry. The Sugar Panel in their Report of 1946 had suggested the re-grouping of the distilleries in order to get the best production out of them. But nothing has been done in that matter, Sir, so far. The Government have the power to issue licenses, but they have not issued the licenses with proper discretion.

The storage capacity of molasses, both at the distillery and at the sugar factories is not enough so as to store the molasses properly and keep them safe from deteriorating as they will do if kept in the open. But this is what has happened and huge quantities of molasses deteriorate by being kept open to sun and rain. The amount of national loss is great because the distilleries reject such molasses and this loss due to rejected molasses is colossal. The Sugar Panel had recommended that Government, out of the profits that they get from this industry, should build at least 50 per cent. of the covered

torage tanks required. They have said this because due to the low margin of profit that was given to the industry, it was not possible for them to put up such covered storage tanks. May I know what steps Government have taken in the direction of facilitating this production ?

The oil companies have not played their part well. They have been resisting the introduction of power alcohol since the very beginning. They have deliberately delayed the change that is required in the distribution system of the petrol in order to permit of the mixing. The Experts report that not much of a change is required and whatever change is required could be effected quickly and easily. But they have taken much time to effect the changes and on this plea, they have delayed the introduction of the mixture system. On the top of that, they have been charging 8 as. 3 ps. as distribution charges which is a very high figure. I have not got the figures with me here, but I am told reliably that the cost of the imported petrol even does not come up to this figure. It is interesting to note what the Tariff Board has said in this respect and we shall also be interested to know what action the Government have taken in this connection. They say :

" In our opinion, there is considerable scope for reduction in these distribution and mixing charges, and we recommend that steps should be taken to arrive at a reasonable settlement with the petrol distribution companies in this matter. In the event of their unwillingness to reduce their charges, it is imperative that a separate organisation should be set up for the purpose under the control of the Central Government. A scheme for marketing power alcohol on an all-India basis was recommended by the Sugar Panel, and we recommend that its possibilities should be carefully examined by Government without delay."

This Report was published in 1950 and we would like to know what steps the Government have taken in this connection, and why such high cost of distribution charges to the foreign oil companies are being allowed. We think that they are making a huge profit out of this distribution system. Sir, if necessary, Government should have brought forward a legislative

measure in order to enforce fair distribution charges by the companies. Or, as was suggested by the Tariff Board or the Sugar Panel, they should have set up a separate organisation as has been done in the State of Mysore for the distribution of power alcohol.

There is one point more that I would like to submit to the House. We could have earned a good deal of foreign exchange even out of this industry. Lot of molasses is now going to waste. It is a problem for our Commerce Minister as how to balance the foreign trade and we are short of such commodities by which we could earn foreign currency, especially dollar. I understand that there is a good demand for power alcohol and rectified spirit in foreign countries, especially in the dollar areas. If the Government had remitted even a part of their taxes, it would have been possible to earn a good amount of foreign exchange.

There is one point more which I would like to stress. It is that the time has come for the Government to consider the possibility of alternative sources than the molasses for the manufacture of power alcohol. We shall be requiring about forty million gallons of power alcohol if we enforce the mixture system all over the country. Even if we reach our target production there will not be available more than 23 million of gallons, and as such we shall be short by a considerable quantity. There is another product in the sugar industry which is allowed to go waste and which could be very profitably used for the manufacture of power alcohol. All that is necessary is to put up a pilot plant for the distillation of power alcohol from the *bagasse*. But it is imperative that there should be research work done before we could think of distillation from *bagasse* on a large scale.

SHRI RAJAGOPAL NAIDU (Madras) : What is this *bagasse*?

SHRI RAJENDRA PRATAP SINHA : It is nothing but the fibrous part of the cane, the part which is the waste. But we could use it.

AN HON. MEMBER : Is there a cheaper fuel?

SHRI RAJENDRA PRATAP SINHA : In our Province, we save a lot of *bagasse* and it is by research that we should find out whether there is a cheaper fuel or not. All this means that the money must come from the Government to carry on the research work. I hope that the Government will look into all these points that I have raised in this debate.

SHRI RAJAGOPAL NAIDU : Mr. Deputy Chairman, the House should be very grateful for the very valuable contribution which Mr. Sinha has made and I do not want to add anything more with regard to this industry. But I would like to deal a little with the constitutional aspect of this Bill. The usual procedure is that offence under the Criminal Law cannot be made *ex post facto* or retrospective. Our Constitution provides, Sir, under article 20 that "No person shall be convicted of any offence except for violation of a law in force at the time of the commission of the act charged as an offence, nor be subjected to a penalty," etc. Under clause 4 we find that by enacting this Bill, or by making this Bill into law, certain acts have to be validated and certain indemnities in respect of them have to be provided for in respect of Government servants. We find in clause 4 that "All acts of executive authority, proceedings and sentence which have been done, taken or passed with respect to, or on account of, power alcohol during the period commencing on the 26th day of January 1950, and ending with the commencement of the Industries (Development and Regulation) Act, 1951, by the Government or by any other authority in the belief or purported belief that the acts, proceedings or sentences were being done, taken or passed under the Indian Power Alcohol Act, 1948, shall be as valid and operative as if they had been done, taken or passed in accordance with law, and no suit or other legal proceeding shall be maintained or continued against any authority whatsoever on the ground that any

such acts, proceedings or sentences were not done, taken or passed in accordance with law". Now, what is otherwise an invalid act is to be validated by clause 4 of this Bill, which, I at once submit, is repugnant to article 20 of our Constitution. And coming to the Fundamental Rights, Sir, if I may invite.....

MR. DEPUTY CHAIRMAN : Order, order. You may continue in the afternoon. The House stands adjourned to 2.30 P.M.

The Council then adjourned for lunch, till half past two of the clock.

The Council re-assembled after lunch at half past two of the clock, MR. DEPUTY CHAIRMAN in the Chair.

SHRI RAJAGOPAL NAIDU : Mr. Deputy Chairman, I was trying to say this morning that this clause 4 in the Bill is opposed to the Fundamental Rights. Sir, a person can be convicted of an offence for violation of a law in force at the time of the commission of the offence but to convict a person of an offence for violation of a law which was not in force is certainly, in my opinion, opposed to all principles of justice. Sir, I suppose I had invited the attention of this House this morning to article 13 (2) of the Constitution wherein it is stated that the State "shall not make any law which takes away or abridges the rights conferred by this Part". Article 20 forms part of Part III and article 13 (2) also, Sir, forms part of Part III. Under these circumstances, Sir, I would suggest that we cannot validate an act which is otherwise invalid and we cannot make offences under criminal law retrospective.

I will have no grievance at all with regard to the indemnity that is provided for to the Government servants in this case though I would submit here that that would also not be justifiable but, it is not opposed to law. It is only the first part of clause 4 of the Bill, namely,

validation of certain acts, especially with regard to the proceedings and sentences in criminal cases, that is objectionable. I will have no objection to validating all the executive acts but I will certainly have objection, Sir, to validating all proceedings and sentences. I mean, the position would be this : If a person is convicted of an offence which, according to me, before the passing of this Bill, was not an offence, you are trying to validate, by passing this Bill and say that the act with which he is being charged was an offence. It is only in this point of view, Sir, that I say that the first part of clause 4, with reference to the proceedings and sentences, should be deleted and it should not find a place in the Statute Book.

Then, Sir, this point has been taken in the Lower House also and the reply of the hon. Shri T. T. Krishnamachari, in my opinion, was not at all satisfactory. A question has been raised as to why the Attorney General's presence could not be insisted upon to explain this position of law, especially this law which, if enacted, will be certainly opposed to the Fundamental Rights, will certainly be opposed to Part III of the Constitution. In the Lower House, opinion, which has been given in writing by the Attorney General, has been read out. That is what I find in the proceedings of Lower House and I frankly submit that I am not at all satisfied with what has been read out in the Lower House as opinion.

Well, Sir, with regard to the industry itself, of course, I welcome this Bill. While welcoming this Bill, Sir, I find that this power alcohol, especially in the States where there is prohibition, is being misused. That has been taken, Sir, as a substitute for alcohol and I do not know what the Government would do, as public health is involved in this case. I find barrels of this power alcohol being consumed as a substitute for alcohol and it is high time, Sir, that the Government does something to see that the public health is safeguarded.

SHRI C. G. K. REDDY : Scrap prohibition.

PROF. G. RANGA (Madras) : Scrap prohibition.

SHRI RAJAGOPAL NAIDU : Of course, I am not here to suggest an alternative for it. A friend here suggests that prohibition should be scrapped. Of course, I am a staunch believer in prohibition. I do not want to say that it should be scrapped on this account, but, I would suggest that something should be done to see that this power alcohol is not used as a substitute for alcohol in areas where there is prohibition.

Sir, I would like to say something more, in the third reading, after hearing what the hon. Minister says about the constitutional issue which I have raised.

MR. DEPUTY CHAIRMAN : Mr. Sobhani.

SHRI D. P. KARMARKAR : May I interrupt for a moment? Is it my hon. friend, Mr. Naidu's contention that this present amendment is *ultra vires* or it goes against the spirit of the Constitution?

SHRI RAJAGOPAL NAIDU : So far as the Fundamental Rights conferred under article 20 go, my submission would be that no person shall be convicted of any offence except for violation of a law in force at the time of the commission of the offence. Now, you are trying to punish a person under a law which was not in force at that time. That is why, Sir, I find that you are trying to validate all acts of the executive authority, proceedings and sentences which have been taken or passed in respect of power alcohol during the period commencing on the 26th day of January 1950 and ending with the commencement of the Industries (Development and Regulation) Act, 1951. Whatever offences have been committed during the period, namely the 26th January 1950 to the passing of the Industries (Development and Regulation) Act of 1951, if any sentences have been

[Shri Rajagopal Naidu.]
passed, they are *ultra vires* and, now, you are trying to validate those sentences that were passed during that period.

SHRI D. P. KARMAKAR : That is to say, in other words, Parliament has no right. The sovereignty of Parliament is limited by that provision. Is that correct ?

PROF. G. RANGA : The Courts will say.

SHRI C. G. K. REDDY : It is for the Courts to say.

SHRI RAJAGOPAL NAIDU : It is not for the Courts to decide ; it is for us to say and decide as to whether we can make criminal offences *ex post facto*.

PROF. G. RANGA : How can you do it ?

SHRI O. SOBHANI (Hyderabad): Mr. Deputy Chairman, as we are deficient in indigenous petroleum, we welcome any measure the object of which is to take steps to achieve self-sufficiency with respect to liquid fuels. Having said that, Sir, and having risen in support of this Bill, I would have liked to refer to some points, but I find that most of the points that I had thought of speaking about have already been referred to by my hon. friend Mr. Sinha, who has made a thorough study of the various reports and has made very valuable suggestions.

Sir, we have a power alcohol factory in Hyderabad which was established by the Government of Hyderabad in 1939 or 1940 and we have our own Power Alcohol Act. As far as the question raised by Mr. Reddy is concerned, regarding the suitability of the 20 per cent. mixture, I can assure him that that mixture is quite suitable and,...

SHRI C. G. K. REDDY : No assurance needed.

SHRI O. SOBHANI : I would invite him to refer to an article that appeared

in the November issue of the journal of the Indian Institute for Scientific Research.

SHRI D. P. KARMAKAR : Mixture in petrol? :

SHRI O. SOBHANI : Yes, mixture of petrol and alcohol.

There are a few things more to which I would like to invite the attention of the hon. Minister for Commerce and they are these. In Hyderabad, Sir, the Power Alcohol Act applies only to the cities of Hyderabad and Secunderabad. Now, with the production of the Nizam Sugar Factory double, the Power Alcohol Factory production will also be doubled and, therefore, just before I came, I wrote to the Commerce and Industries Minister in Hyderabad that he should take steps to apply the Act to other cities in Hyderabad so that the extra alcohol produced could be consumed in the State.

My friend, Mr. Sinha, has referred to the distribution charges, and the excise duty and, so, I shall not cover the same ground again.

But I would request the hon. Minister to consider one point, and that is that the consumers of this mixture of power alcohol and petrol should be given some concession in price. We established this power alcohol factory in Hyderabad in 1940 at a cost of something like Rs. 7,80,000 and that factory has made very handsome profits. The feeling among the consumers, who are not all rich—there are a lot of buses that travel all over the State—is that people who consume the mixture instead of petroleum should get some benefit and that all the profits should not be taken by the mixers and the Government and the companies that are distributing the mixture.

I have also noted with satisfaction that in the State of Hyderabad the Industrial Trust Fund, which is similar to the Industrial Finance Corporation that we have here, recently sanctioned

a proposal put forward by the management for the manufacture of carbon dioxide, and it is expected that the power alcohol factory will make considerable profit from that. Another thing that I would like to suggest to the hon. Minister is to have the yeast produced in these factories examined by the research laboratories. In Hyderabad, I understand, over a maund of yeast is thrown away every day. I am sure that if properly examined, it will be found suitable for human consumption and we could put it to very good use. I am not an industrial chemist and I do not know what other by-products can be made, but during my recent visit to the Industrial Research Laboratory in Hyderabad I was told by the Director that you can also make calcium lactate. These are some of the suggestions which I pass on to the hon. the Commerce Minister and I hope he will have them examined.

With regard to the capacity, Mr. Sinha has already referred to the fact that we can even now produce 10 million gallons. Our target is 23 and odd million gallons, which, I hope, the Government will see, is soon achieved. Mr. Sinha has already referred to the fact that in India the price per gallon of power alcohol is only six annas, which is very much lower, in comparison, than the cost of power alcohol in other countries. That is an additional factor in support of my suggestion that the price of the mixture should be reduced as far as the consumers are concerned. I would also request the hon. Minister for Commerce to see that the distribution charges by the companies are considerably reduced, because I do feel that eight annas and three pices per gallon is really very high.

With these words, I support the Bill.

SHRI J. R. KAPOOR (Uttar Pradesh) : Mr. Deputy Chairman, I welcome this measure and extend to it my wholehearted support. This measure will lead to considerable development of an

industry which will bring advantage to the country in various ways. What those various advantages which this measure will bring are has been very ably and lucidly and elaborately pointed out to this House by my hon. friend from Bihar.

This industry is very closely associated, as has been rightly pointed out by the hon. Minister piloting this Bill, with the sugar industry, because power alcohol is made out of molasses, which is a by-product of sugar. Naturally, therefore, the States in which the sugar industry is flourishing are particularly interested in this measure. The State of Uttar Pradesh, which I have the honour to represent here, is particularly interested in this study, because, as was pointed out by the hon. Minister, Uttar Pradesh is the largest sugar-producing State in the country. Not only that, so far as production of power alcohol is concerned, as many as 12 out of the 19 distilleries are situated in Uttar Pradesh. Two more are situated in Bihar, and the remaining five are located in various other parts of the country. Naturally, therefore, the State of Uttar Pradesh is very much interested in this industry and in this Bill. I, coming from that State, therefore extend my wholehearted support to it.

Sir, a constitutional point has been raised by my hon. friend Mr. Naidu to the effect that so far as clause 4 of this Bill is concerned it is *ultra vires* of our Constitution and that Parliament has not got the right to enact a clause embodying the provisions of clause 4 of the Bill. I am glad, however, that so far as the Bill itself is concerned, he is not opposed to it, but he only wants to safeguard the Fundamental Rights which have been guaranteed to us by the Constitution. Now, so far as that view of his is concerned, that we must always be very vigilant and that we must always see that Parliament does not enact any legislation which goes against the provisions of the Constitution or which encroaches upon Fundamental Rights, I am entirely at one with him. This House must always

[Shri J. R. Kapoor.]

be vigilant on that account and we must see to it that the Fundamental Rights guaranteed to every citizen by the Constitution are not infringed in the slightest measure. But so far as this particular point is concerned, I would submit that though clause 4 of the Bill is not happily worded, and I would have been happy if it had been slightly differently worded so as to avoid all possibility of any such doubt as has been raised by my hon. friend Mr. Naidu, yet I find that on a close scrutiny of the constitutional provisions in articles 20 and 13 which have been referred to by Mr. Naidu, and also on a close examination of the wording of clause 4, you would come to the conclusion that though clause 4 is not happily worded, yet it certainly does not encroach upon the Fundamental Rights as guaranteed under article 20 of the Constitution.

What is it that clause 4 of the Bill seeks to do? What it says is that with regard to the law which was in force hitherto—I advisedly use this expression “the law which was in force hitherto”—if anybody has the slightest doubt with regard to the validity of that law, then that doubt is hereby removed and it is expressly provided in clause 4 that it shall not be open to anybody to say hereafter that the law which was in force until today was not a valid law. Secondly, clause 4 seeks to give protection to all officers of the Government, judicial officers and executive officers; it seeks to give protection to one and all of them for any acts which they had done in accordance with the provisions of the law which has been in force hitherto under the belief and surely under the conviction that it is a good and a valid law. This is all that it seeks to do. It does not seek to create an offence retrospectively. If that were the object of this clause, or even if that object could be easily and conclusively inferred from this clause, I for one would have opposed it *in toto*. Let us first of all refer to article 13 (2) of the Constitution. So far as that article is concerned, there cannot be any dispute about it. That article says

that the State “shall not make any law which takes away or abridges the rights conferred by this Part and any law made in contravention of this clause shall, to the extent of the contravention, be void.” Surely that is a very good article, and it will not be contended by anybody that Parliament has the right to enact any law which contravenes any of the provisions of Part III of the Constitution.

But then the question is whether this Bill or part of clause 4 thereof does, even in the remotest measure, contravene any of the provisions of the Chapter on Fundamental Rights and in particular the provisions of article 20. Now, Sir, article 20 reads thus :

“No person shall be convicted of any offence except for violation of a law in force.....”

These are the very relevant words of the article, Sir.

“.....except for violation of a law in force at the time of the commission of the act charged as an offence, nor be subjected to a penalty greater than that which might have been inflicted under the law in force at the time of the commission of the offence.”

Now, Sir, the question is whether there was any law in force hitherto or not. It may be contended, Sir, that though there was a law in force, yet it was not a valid law. Now, there is a good deal of distinction, Sir, between there being no law in force, there being no act punishable by any law in force and the law being in force which is not a valid law.

SHRI C. G. K. REDDY : How can it be?

SHRI J. R. KAPOOR : So far as the existence of a law is concerned, certainly there was a law. Now the question is whether that was a valid law or not. Now doubts there may be in the minds of some, there might be a difference of opinion as to whether the law that was in force then was or was not a valid law and in order to remove any doubt on this subject clause 4 is being enacted.

So, Sir, my submission is that it is clear enough that there was a law in

force. There was an offence properly defined according to that law and any commission of that offence according to that law was punishable then and according to clause 4 of this Bill that offence under that law would continue to be an offence hereafter and would be definitely made, beyond any shadow of doubt, as a regular and properly defined offence under that law. Now, therefore, I submit, Sir, that technically speaking there is no infringement of article 20 of the Constitution. But then, Sir, as I have already submitted, it will be certainly much better if clause 4 were otherwise worded, so that all these doubts that have arisen in the minds of some hon. Members here and probably in the other House, would not have arisen because in our attempt to remove a doubt we should not create yet another doubt and that is what virtually it amounts to. I therefore cannot subscribe to the view that it is not open to us to enact clause 4 as it is, or it would be *ultra vires* of the Constitution.

Sir, one other point was raised by my hon. friend Mr. Naidu that barrels of power alcohol are being consumed by drunkards in place of pure consumable alcohol. Well, I do not know, Sir, if there is much basis for this belief of his. Well, in an illicit way some people might be consuming power alcohol but then I do not think that this evil is prevailing to any very great extent, because let it not be forgotten that this power alcohol is not freely sold in the market. It is supplied under permits and licences. May be, Sir, some of the workers in the factory might be drinking this power alcohol as I am sure workers in the other alcohol factories do. Well, that probably cannot be easily checked or helped. But beyond that I do not know how it may be possible for the man in the street to purchase power alcohol and drink it.

SHRI C. G. K. REDDY : In another form.

SHRI J. R. KAPOOR : May be, Sir. Being never myself used to

drinking. I do not know how it could be drunk. So far as that is concerned, I am prepared to get information from my hon. friend Mr. Reddy.

However, Sir, now while I welcome this Bill, I must submit that I consider it to be a considerably belated measure. It would have been much better if this Bill had been introduced very much earlier and the provisions of it extended to Part B States very much earlier than now. Let us see what exactly is the position with regard to this industry. As has been pointed out by the hon. Minister in charge of this Bill, Sir, the production of power alcohol is now about 7 million gallons. I speak subject to correction. But that was what I got from him. But the producing capacity of the various distilleries in the country is, if I heard him correctly about 16 million gallons. Well, I am rather hesitant to make a definite statement in this matter because from the various sources that I had occasion to look into, I find that there is a good deal of confusion with regard to the maximum producing capacity of power alcohol distilleries in the country. Somewhere I found it mentioned as 11 million gallons. And today, Sir, to my pleasant surprise, I hear the hon. Minister say that the maximum producing capacity is 16 million tons. The other day, Sir, in the other House in answer to a question by Mr. Jhullan Sinha a statement on the subject was laid on the Table, which stated thus :

“ There has also been an increase in the installed capacity from 9.33 million gallons in 1950 to 10.93 million gallons in 1952.”

This was stated at the end of that statement.

This was as recently as 18th November 1952, Sir. Of course a few days have intervened from 18th of November and.....

SHRI C. G. K. REDDY : Is that production or capacity?

SHRI J. R. KAPOOR : Capacity. Not production. The production is only about 7 million gallons.

[Shri J. R. Kapoor.]

3 P. M.

This is the producing capacity. I don't know what is the cause of this discrepancy between these two statements. Whatever it be, I would be happy to be reassured that the maximum producing capacity of these distilleries is 15 million gallons and not only about 11 millions as was stated in the lower House. That being so the Government should have woken up much earlier than now firstly to see that this maximum producing capacity of the distilleries is properly utilised and that all these 11 or 15 million gallons that may be produced may be readily consumed in the country. What is the process by which large quantities of power petrol could be consumed ? It is only by extending the provisions of the Act 22 of 1948 not only to Part B States but to all Part A and C States. So far as Part B States are concerned it was not open to the Government to do it until it came forward with an amending Bill of this nature but may I ask from the Minister as to why did they not extend the provisions of this Bill to all the Part A and C States. I would like to have a categorical statement from the Minister on this subject and I would wish him to tell us in which particular States of the country under category A this Act of 1948 was in force. The operative portions of that Act are contained in sections 4 and 5. Under section 4 production of power alcohol is regulated. Now that is all right so far as it goes. I am sure that clause 4 may have been applicable everywhere in the country without its being specifically enforced by the Government but according to section 5 the Central Government had to issue a notification in the official gazette directing that power alcohol admixture shall be used for the purpose of vehicles. Now I ask why was it that section 5 of the Act was not enforced all over Part A States in the country, and if it were done I am sure these distilleries would have much before now produced all these 11 or 15 million tons of power alcohol. The only way to encourage this industry is

to extend the field of consumption of power alcohol. So I would even now submit that the Central Government should extend the provisions of that Act and also the provisions of this new Bill when it becomes an Act to every State in the country—A, B and C. I realize that there may be some difficulty in making an admixture of power alcohol with pure petrol in distant places because of the transport difficulty. As has been pointed out by the hon. Minister 12 of these factories are in U. P. and only a few are in the rest of the country—only 7. The bulk of the power alcohol is being produced in U. P. and it must necessarily be transported to distant parts of the country if it is to be consumed there and this raises the cost of the transport. That is so. It is unfortunate that we could not put this industry on a planned basis. If it were so, then many distilleries would have been located in different parts of the country so that the transport difficulty may not have arisen to the same extent. Of course you cannot install power alcohol factory unless there are sugar factories close by but there are a good number of sugar factories in Bihar and there are some in other parts of the country and so some of these distilleries could have been located there but it is no use regretting over the past. We may see to it hereafter that any distillery if it is to be established at all, is established in a place where there is a market for power alcohol also but then so far as the present position in the country is concerned, Government should adopt, in order to encourage the consumption of power alcohol in parts far away from U.P., a policy whereby they should see to it that the transport charges are reduced, not throughout the country, but the longer the distance which has to be covered, the greater should be the concession in the matter of transport charges. That is a thing which I would earnestly urge on the hon. Minister to seriously consider. Power alcohol if it is to be sent to Madras from U. P. it should be seen to it that the transport charges are not prohibitive and if that is done, I am sure a good quantity of power

alcohol would be consumed in the distant parts of the country.

I have yet one more suggestion to make and that is very much the same as put forward by my hon. friend from Bihar. He suggested that the excise duty—the revenue to Government—derived from it must be lowered. I would not go as far as that. It may not be lowered on a uniform basis on the entire power alcohol produced by the distilleries but the Government can certainly consider the suggestion that such part of the power alcohol as is consumed in places say beyond 500 or 700 or thousand miles from the place of the distillery—duty on that much power alcohol may be reduced considerably. So that if these two concessions are given—one, reduction in the freight for long distance transport and second, reduction in the duty in respect of power alcohol consumed in far off places from the place of the distilleries

SHRI C. G. K. REDDY : How can that be done ?

SHRI J. R. KAPOOR : It should not be difficult to do it. Because it is all licensed and not sold in the open market and there is also the Government Excise Inspector who knows where power alcohol is going—whether it is going to Madras, Bombay or Calcutta. There is no difficulty in that respect. I don't see what difficulty my hon. friend Mr. Reddy is faced with.

THE MINISTER FOR COMMERCE AND INDUSTRY SHRI T. T. KRISHNAMACHARI : There is no difficulty at all. At the present moment, all the power alcohol produced, is consumed nearby. The question of transport cost does not come in at all. If U. P. distilleries produce more power alcohol it can be mixed with petrol consumed in the U. P. All the petrol that is consumed in the U. P. does not contain the same percentage of power alcohol as for instance it is round about Meerut or Bareilly. The problem of trans-

port is not the present problem—it might become one when we increase the output of power alcohol.

SHRI J. R. KAPOOR : I am glad the hon. Minister for Commerce and Industry has intervened and said there is no difficulty at all. But he seems to be arguing virtually in a circle. The position today is though the maximum producing capacity of the distilleries is 16 million gallons, yet they are not producing so much because there is no market for it and in order that they can produce so much there should be market and there can be market only if it is made possible for large quantities of petrol to be transported to different parts of the country and that can be made possible only if you make certain concessions in the matter of freight and duty. It is no use asking—I say this with all respect to my friend Mr. T. T. Krishnamachari—whether if all the 12 distilleries in U. P. produce the maximum quantity of power alcohol that they are capable of producing, all that will be consumed in U. P. I for one would be very happy if that were the position but what I could gather from Mr. Karmarkar was that the consuming capacity of U. P. is about 5.5 million gallons. That is the impression that I gathered from his speech. Surely the producing capacity of 12 distilleries in U. P. is very much above 5.5 million gallons. The question therefore is, where will all this extra production go ? So if we have to encourage this industry, we have to see that its production finds a ready market and for that I suggest that these two things must be done.

Sir, I have another suggestion to make—I have already made this suggestion—that the provisions of this Act—the present Bill when it becomes an Act—should be extended to all the States in the country—Parts A and B, including, I submit, the State of Jammu and Kashmir. Sir, I see no reason why the provisions of this legislation should not be extended to the State of Jammu and Kashmir.

SHRI T. T. KRISHNAMACHARI : There are constitutional difficulties.

SHRI J. R. KAPOOR : I know that that would be the answer that would be coming from the hon. Minister. But is there really any constitutional difficulty ? Is it so difficult for us to do anything with regard to the State of Jammu and Kashmir, that we cannot touch it even with reference to the Constitution ? I know Sir, that there is article 370 or 371, according to which the State of Jammu and Kashmir acceded to the Indian Union in respect of three subjects, Defence, Foreign relations and Communications. Now Sir, with the help of this touchstone, let us see whether this question comes within these three subjects at all or not. I have with me the White Paper on Indian States issued by the Government of India, so far back as 1950, and I find therefrom that so far as the Instrument of Accession with regard to Jammu and Kashmir is concerned, it is exactly the same as the Instrument of Accession with regard to any other State.

AN HON. MEMBER : The position has considerably changed.

SHRI J. R. KAPOOR : The position has considerably changed. I am not unmindful of that at all. Let not my hon. friends remind me of that unnecessarily. I will explain the whole position shortly. I have no doubt that within a few minutes I will carry the whole House with me with regard to this suggestion. Let my hon. friends, and particularly my friend, the hon. Minister have a little patience and hear me. Now Sir, so far as that Instrument of Accession is concerned it lays down these things.

SHRI T. T. KRISHNAMACHARI : Sir, it raises a wider question. It is different altogether. All the measures should apply to Jammu and Kashmir according to my hon. friend.

SHRI J. R. KAPOOR : Far be it from my mind, Sir. I should not be understood to say anything like that.

I do not suggest on this occasion that the whole of the Constitution should be made applicable there. Of course, every one will be happy if that be the position. For the time being I am only confining myself to this Bill being made applicable to Jammu and Kashmir. May I submit Sir, that even to the little extent to which Jammu and Kashmir has acceded to the Union of India, viz., in respect of the three subjects already mentioned, this Act can be made applicable to the State. I am arguing at the present time, whether this Act can be made applicable to the State of Jammu and Kashmir within the scope of the Instrument of Accession, and within the framework of the order which the President has issued notifying each particular subject, under list 1 or under list 2, in respect of which we can legislate for the State of Jammu and Kashmir. That is the little point I am arguing and not the wider point as to what should be the relations of the Union Government with regard to the State of Jammu and Kashmir. According to that Instrument of Accession, and with reference to article 370 of the Constitution, the President has issued the order in 1950. I am referring to pages 378, 379, 380, and 381 of the White Paper of the year 1950. Now Sir, herein, we find defence of India and every part thereof including preparation for defence as a subject for which we may make law for Jammu and Kashmir. Now may I ask Sir, whether the hon. Minister does or does not consider whether the question of petrol, the question of power alcohol, has a very direct bearing on the question of defence and preparation for defence ?

Can you make the slightest preparation in the matter of defence unless you touch petrol, unless you touch power alcohol ? That is my point, Sir. You cannot make your armies effective unless and until, these days, you have an absolute and effective control over the consumption of petrol. If you do not apply this Act to the State of Jammu and Kashmir, the pure and neat petrol consumed by our armies there will be a waste. But we

can make a very effective saving to the extent of 20 per cent. by making this act applicable there. It is not in a trivial way that I am making this suggestion. I am raising this point with all the earnestness, with all the seriousness, that this question demands. It is an important question. Should you not go forward with a legislation to stop such a huge waste ? That is my point—whether you can enforce your this legislation on the State of Jammu and Kashmir, in the context of what I have said.

DR. D. H. VARIAVA (Saurashtra) : Does the State of Jammu and Kashmir prevent our army from using this power alcohol ?

SHRI J. R. KAPOOR : It cannot. But the question is what sort of petrol would be available in the State of Jammu and Kashmir. We can send our petrol to the army mixed with so much of power alcohol, but if and when the necessity arises for the army to purchase petrol there, in the open market, they will be going in for pure petrol rather than the mixture, until and unless you make it obligatory on everybody there to sell it in its mixed form. Then again Sir, it is not a question of the State of Jammu and Kashmir being able to prevent it or not. The question is, should you not avail yourself of every possible opportunity available under the Constitution to legislate for Jammu and Kashmir. Then there is another thing under the President's order we can legislate with regard to the air force and the navy. We can legislate with regard to the carriage of passengers, and goods and all that for Jammu and Kashmir. Certainly, the carriage of passengers, goods and all that has to be done by vehicular traffic in which petrol is used. I therefore submit Sir—I do not want to elaborate this point very much more—that the Bill be also extended to the other States in the country including Jammu and Kashmir.

MR. DEPUTY CHAIRMAN : I am sure, the hon. Minister has caught you.

SHRI J. R. KAPOOR : But I want to catch him. It is not very easy to catch him because, both the hon. Minister for Industries and the Minister for Commerce are very slippery beings. That is my submission Sir; that in order to encourage the industry it is necessary to extend the operation of this enactment all over the country, including the State of Jammu and Kashmir, for which I do not see the slightest constitutional difficulty. And even if you cannot do that straightaway, is it not worthwhile to put yourself in touch with the State of Jammu and Kashmir—you need not do it in a rough-shod manner—but certainly you can put yourself in touch with the State of Jammu and Kashmir on this subject, as in respect of other subjects where the State has acceded to India. And you can legislate by means of the President issuing a notification in consultation with the State of Jammu and Kashmir. Surely, therefore, by a process of mutual consultation this could have been done. If this method had been adopted, I am sure the State of Jammu and Kashmir would have readily agreed to being governed by the provisions of this Act. I say this because our interests and their interests do not clash in this matter, as we have identical interests, in the matter of defence, transport and so on. Even now, I wish, in the larger interests of the country and in the interests of the State of Jammu and Kashmir particularly, Government should contact that State and with their consultation, enforce this law by an amending Act. I would have wished very much that for the time being they had said that this shall be applicable to the whole of India, and they need not have said that it shall not be applicable to Jammu and Kashmir, for even if they had done that, this measure would not have been immediately applicable there, because in sub-section 3 of section 2 it is stated that this Act or such portion thereof shall come into force in such areas and on such date as the Central Government may by notification in the official Gazette specify in this behalf. So this Act does not become operative anywhere unless a notification in that

[Shri J. R. Kapoor.]
behalf is made by Government. Therefore, nothing would have been lost and very much gained if this procedure were adopted.

I do not know what the ultimate reaction of my hon. friends over there would be to this suggestion. I do hope still that they would look at the subject in no light-hearted manner.

I would like to know one thing on this occasion. As a result of operations going in Sundarbans, I am given to understand, Sir, and we read in the papers too, that there is the possibility of some petrol being found in the Sundarbans and that some experiments are going on. We are all naturally very much interested in these investigations and their result and I would like to know.

MR. DEPUTY CHAIRMAN : We are here concerned with the Power Alcohol Bill.

SHRI J. R. KAPOOR : Certainly, Sir, that is what we are concerned with now. But if I were to be told today that a lot of petrol deposits may at no distant date be found in the Sundarbans, I for one would not wish very much for the development of this industry here, because then we would have pure petrol there. If I were told that there are good prospects of petrol being found in the Sundarbans, we shall not only be happy, but we shall also withdraw many of the criticisms—though they are all gentle criticisms and I hope the hon. Ministers would not mind them—and we would have contented ourselves with the present position of this industry, for we will then be able to get good petrol from the Sundarbans.

Sir, there are just one or two suggestions that I would like to make, before I conclude my remarks.

My information is that our distilleries are suffering under two hardships. One of them is that there is no rational allocation of molasses. The second is that there is transport difficulty. So

far as the allocation of molasses is concerned, I have been told on many previous occasions during casual talks with people, that it usually happens that a particular distillery situated at a place is not allotted molasses of the sugar factory that is in its vicinity but it is allotted molasses from a distant place some three hundred or four hundred miles off; and the molasses of the sugar factory that is situated nearby are allotted to yet another power alcohol factory which is five hundred or seven hundred miles away. This complaint the hon. Minister may enquire into if there is any basis for it or not, whether there is any truth in this grievance or not. If there is any truth in this grievance, then it deserves to be seriously looked into. For not only does it lead to extra cost of transport but it leads to transport difficulty also if we transport molasses from one place to another place some 500 miles off instead of allocating it to a distillery close by. That only shows, if it is true, that there is no proper planning and no proper method and that all this leads to a good deal of corruption also and therefore, this must be seriously looked into by the hon. Minister.

As regards the second difficulty, namely, that of transport, I hope the hon. Minister in charge of the Bill will see to it that the Railway Ministry affords the necessary facilities in the matter of transport so that this industry may not be handicapped but may grow from strength to strength.

I hope, Sir, the suggestions which I have ventured to make will be seriously considered by the Government. With these few words, Sir, I once again heartily support this measure.

SHRI L. H. DOSHI (Bombay) : Sir, the Bill before the House is a simple one, extending the provisions of the old Act to certain new areas of the Part B States. However, the principle involved in it, namely, the encouragement of the manufacture of power alcohol and the utilisation of it as fuel along with petrol is a very important one. Sir, the manufacture of power alcohol was started some

years ago as an industry side by side with sugar production. When protection was granted for sugar in 1931, it was hoped that with the development of the sugar industry, the manufacture of power alcohol also would commence. However, the manufacture of power alcohol had a very chequered career, largely due to the policy of very tight control on power alcohol. Sir, when certain factories started manufacturing power alcohol, it was necessary that this power alcohol should be mixed with petrol, and there was considerable resistance from the oil companies to allow the mixing of power alcohol with petrol. The vested interests were opposing this move. However, the U.P. and Bihar Governments insisted that power alcohol should be mixed with petrol and the oil companies had to yield ultimately and accept this decision. Yet the distribution charges that were demanded by them were heavy and the ultimate costs of manufacture of alcohol including the distribution charges and the insistence by the Central Government in charging the excise duty which they levied on petrol also on power alcohol, made it very difficult for the power alcohol manufacturers to produce as much as they wanted. The limited supply of molasses at the factories where power alcohol was manufactured was a limiting factor for these factories. They had, therefore, to obtain molasses from the adjoining factories and the transport cost was very high, because one ton of molasses can produce hardly 60 gallons of power alcohol. Therefore the transport of molasses from one factory to another where the manufacture of power alcohol is undertaken resulted in a considerable addition to the cost and naturally became a handicap for the production of power alcohol. The industry appealed to the Government for not levying or at least partially foregoing the excise duty that is levied on power alcohol along with petrol.

The cost of manufacture was considerably high and involved considerable risk. They felt that if a little help or assistance was given by

the Central Government in the form of remission, partial remission, of the excise duty it would be helpful and it would encourage an additional manufacture of power alcohol. I think, Sir, looking to the wastage of molasses and the increasing demand for petrol and so much of foreign exchange paid, this request from the industry was fairly justified. However, the Central Government thought otherwise. They were prepared to lose revenue on power alcohol even though power alcohol was not sufficiently produced, but were not prepared to increase the production of power alcohol by giving a certain reduction in the duty.

I would therefore request the hon. Minister for Commerce and Industry to consider this question from all its aspects. The production of molasses in the country is mentioned as three lakh tons. My calculation is that it exceeds four lakh tons. If we take the figures of last year's production of sugar, it will be calculated that our production has brought nearly six lakh tons in last year, that is, 1951-1952, when we had the record production of sugar of 15½ lakh tons. Besides that, there is production of molasses from other sources also and the very low quality gur which fetches a low price can also be utilised for the manufacture of power alcohol. The power alcohol can be produced to the extent of nearly 25 million gallons, because even if we use 10 per cent. we can utilise 25 million gallons of power alcohol. The consumption of petrol in this country has reached 250 million gallons a year. Therefore, we can by encouraging the manufacture of power alcohol in this country, even though we have to sacrifice the whole excise duty on power alcohol which is nothing but a local product, save so much, firstly, on exchange and secondly, we can supply to the public a product which is superior to the inferior quality of petrol that is being supplied to this country. The mixture of 20 per cent. of power alcohol with 80 per cent of petrol gives you a better quality of fuel for automobiles. And I am sure it would be a gain to the

[Shri L. H. Doshi.]
user. But there is a lot of controversy created on this subject and the public mind gets sometimes wrong information regarding the usefulness of this mixture. Sir, I would, therefore, request the Government to investigate this question and utilise the molasses which is either being wasted at present or is being used for illicit distillation in the manufacture of power alcohol. There are, no doubt, other uses of molasses. But those uses are very limited. For example, molasses is used for curing tobacco. The use of molasses for such purposes is very very limited and therefore, it would be in the interests of the country to use every means in encouraging the production of power alcohol whereby the wasted product could be best utilised and our dependence on foreign supplies of petrol can be minimised to the utmost. I therefore request the Government to give this matter their fullest and sympathetic consideration.

SHRI C. G. K. REDDY: Sir, my hon. friend perhaps very ably gave a case for the extension of the jurisdiction. But I will not go into that. What I feel is that any further extension in jurisdiction, even if it is desirable, is not going to be very effective until the Government decide once for all that they are indeed going to bring into operation the operative sections of the original Act, namely, sections 4, 5 and 6.

Sir, this Act came into force sometime in 1948. One of the main reasons for its passing, I take it, was to see that the production of power alcohol would progress and would be helped by this Act. Therefore, I should like to know from the Government what steps they have taken from time to time during the last four years to help production of power alcohol and also for its economic use in the country. As far as I can gather—and I am speaking subject to correction—the Government has not at any time taken any steps throughout the country especially with regard to section 6 for the use of power alcohol

as motive power during the last four years. This section has been there since 1948 and during the last four years, the Government has not at any time taken any step to see that power alcohol is used as a part of the motor fuel or the fuel for motive power in the country.

My hon. friend Shri Sobhani wanted to assure me that if there is a certain percentage of power alcohol in the fuel for internal combustion engines, it would be as good as if not better than petrol. I needed actually no assurance. It would have been well if he had given that assurance to the Government which seems to be in need of that assurance. I asked for some information from the hon. Minister. I wanted to find out from him whether the Government was not putting into operation section 6 out of ignorance or with knowledge. If it had been out of ignorance, I would excuse the Government, because, after all, we are aware what colossal ignorance the Government is capable of. But when they do know that a mixture of power alcohol with petrol in the ratio of 5:1 or 20% is even better than the use of pure petrol, then I do not see what prevented them from bringing this section into operation. I shall try to anticipate in spite of the ingenuity of the hon. Minister who is piloting this Bill the reasons that he will give for not having put this into operation. He gave an indication by saying that there will be certain transport difficulties. For instance, in U. P. you have almost about 70 per cent. of the power alcohol industry concentrated. So far as South India is concerned, only 20 per cent. is situated there. Therefore he would argue—and since he will have to give us some reason—why he has not brought this into operation—he would say that since the location of the industry is so unplanned, it will not be possible to insist on the use of power alcohol as a part of the fuel for internal combustion engines, especially motor-cars which use petrol.

This is one of the reasons that he would advance. But, I should like

to tell him, if he does not know, that we do not produce—we hardly produce—any petrol in this country. If it is economical for the various oil distributing companies here to distribute petrol in all parts of the country, bringing this petrol from thousands of miles away, does he seriously intend to say that the power alcohol produced in Uttar Pradesh would be uneconomical to be carried as a part of petrol to the remotest corner of the country? It may be, Sir, that his way of calculating transportation costs and distribution costs is entirely different from mine, but, I am unable to see how it is more economical or more feasible to bring petrol from thousands of miles away, from foreign countries and distribute it only as petrol to any part of the country that they desire and how it is not so economical for us to insist that power alcohol produced in Uttar Pradesh should be sold in Hyderabad. That, I should think, is not a sound argument and which, I hope, after listening to me, he will not advance in his reply.

Secondly, he would say that the production of power alcohol is not enough or he may say, by producing figures during the last few years, that it has been so erratic that it is not possible for us to insist on the distributing companies, that a part of the petrol that they sell should contain a certain percentage of power alcohol. This appears to me to be a more feasible argument but, even if that argument were to be advanced, I would say that if the production of power alcohol has been as erratic as it has been, if it is not possible for us to depend on a constant supply of power alcohol, the blame for that is on the Government because, during the last four years, if they had taken steps, if they had exercised the power which they had taken in 1948, they could have seen that we produced at least the full installed capacity of power alcohol.

Now, Sir, these are two of the reasons that I anticipate from the hon. Minister in his reply and I have tried to show that they are indeed no

reasons at all. What I feel is that there are certain influences brought to bear on the Government to see that they do not bring into operation that section which is the most important thing in this Act. We are aware, Sir, and the hon. Minister will agree with me, of the more or less underground war that went on between the oil distributing companies on the one hand and our own sugar industrialists on the other. That time, it was a question of a war between our country, our country's products and those of the foreign distributing companies, and he is also aware that for a long time they were able to resist any insistence that power alcohol should be mixed with petrol before it is sold. But, ultimately, it was proved to them, although they tried to prove and they still try to prove—because it is in their interests to do so—that the use of power alcohol as a part of petrol is harmful to an engine. It has been established, not only by our own scientists but elsewhere also, that the use of 20% power alcohol in petrol as mixture not only is as efficient, not only contains all the properties of a fuel that is needed by an internal combustion engine, but what is more the great disadvantage of an internal combustion engine is, as far as I know, that after using that fuel, the fuel leaves behind certain deposits. There are certain things which corrode the metal of which the cylinder and the piston are made and which reduce the life of the engine. That is one of the reasons why we do not use kerosene but use petrol. But it is proved beyond doubt that if you use power alcohol the carbon deposit and other corrosive elements in the fuel are reduced to the absolute minimum. So, here is a fuel which is not only as economical, if not more, as others are, but here is a fuel which is also going to protect the capital investment of the country in the shape of so many motor car engines or any other kind of engines which use petrol or petrol mixture.

Now, it should have been a good enough reason for the Government to

[Shri C. G. K. Reddy.]

have seen to it as soon as possible after the passing of this Act that they took the power which has been given to them under clause 6, and they could have by executive order seen to it that in the entire country, petrol shall contain a certain proportion of alcohol. If you remember, in 1946, 1947 and 1948, in our own State of Mysore they did it. They did it, not as a matter of policy, because the State more or less owns the Mysore Sugar Company which produces power alcohol also, but because of the shortage of petrol during those years. The State was not getting an allotment according to the number of motor cars and buses and other vehicles plying in that State, so the Government thought that they would be able to get over the difficulty of petrol shortage by insisting on the oil distributing companies, Burmah-Shell and others, that they should have a mixture. If I remember aright, it was one-seventh—13 per cent. alcohol. At that time I well remember the whispering campaign which was set about by Burmah-Shell and other companies interested in petrol that our cars were getting ruined because of the alcohol. And this campaign goes about even today.

SHRI RAJAGOPAL NAIDU : It is a fact.

SHRI C. G. K. REDDY : Sir, it is very improper that I should make a charge that the Government is influenced by the oil distributing companies, but I should like the hon. Minister to believe me when I say that these oil distributing companies are operating under his very nose. They are the cleverest agency people who are operating in this country. Their sales policy is clever. They appoint as sales agents, not people who have got big bank balances, but those who have got political influence, those who have influence in the community. They appoint as officers those who are the sons or relations of the biggest people in the country. They also see to it that even their smallest petrol

bunk is operated by a person who can contribute something towards the sustaining of the Burmah-Oil Company in India. When I say this, I do not lay a charge against the Government. The Burmah-Shell Company has been here, operating not only here but in the whole world, long before 1947, and certainly long before the hon. Minister took charge of his office. So the entire administration even under his charge is influenced by the Burmah-Shell Oil Company. When I have said this, I want him to understand the magnitude of the problem. I want him to understand the facts as they are. It is absolutely necessary that we should produce to the maximum installed capacity. It is also necessary to encourage the installation of more distilleries which produce power alcohol. It is possible, and it will be the most economical unit for a sugar factory, to have attached to it a power alcohol distilling plant, because that would eliminate the transport of molasses, the use of molasses produced by one sugar factory by another distillery miles away. In many cases, most units like Parry & Co. in Nellikuppam in Madras, or the Mysore Sugar Factory in Mandya in Mysore State, have a distillery along with the sugar factory, so much so that hardly any molasses are wasted. But when you go to Bihar or Uttar Pradesh, you will see—I am told so : I speak subject to correction—that 70 per cent. of the molasses are thrown away. Of course as the hon. Member Mr. Doshi suggested to us, there were two uses : one for curing tobacco; and the other for using it as manure. But the use under these two heads is so very limited that such molasses as are not used for the production of power alcohol are thrown away.

Now, Sir, if these 70 per cent. or even 60 per cent. of the molasses which are not being utilised today because the factories are unable to sell them because of the transport and other difficulties, if that is used, then our full installed capacity could be set in motion. Not only that, but we would be encouraging the other factories to make it a more economic

unit. Not only will it be an economic unit in the production of power alcohol, but the unit as a whole becomes more economic. Sir, as I am given to understand, molasses per maund cost about 4 annas, if they can sell it. Most of the molasses—about 70 per cent. of the molasses—which are being wasted by most of the sugar factories, if they are utilised for distillation of power alcohol, naturally the whole unit becomes more economical and it may be possible, as I am sure it will be, to reduce the price of even sugar. Not only do we solve our fuel problem, but we will also be able to make the units more economical and we may be able, at some stage, to reduce the price of sugar also. When I am saying this, it may come as a surprise both to my friends on that side and also on this side that I seem to be pleading the case of the sugar industrialists. It may appear to be so, but what I feel is, here is an indigenous industry, here is an indigenous product which is being wasted. Whoever is going to profit by it, let us make use of that indigenous product, so that we may be able to do without some proportion of a foreign product for which we are paying through our nose.

Sir, not only does this question of power alcohol concern the economics of sugar factories and economics of sugar production and power alcohol production, it also is closely related to our security also. Sir, we are all aware that oil today—oil in the sense of petrol and petroleum products—plays a very big part in the international game. It is also one of the things that keeps the nation going. It is possible that some day if we do not act according to the particular dictates of one bloc or the other, our supplies of oil would naturally be cut off. It may be that in spite of our establishing refineries in Bombay and elsewhere we may not be able to get even crude oil to feed those refineries. We may find it difficult in lean periods to stockpile this essential commodity.

I would like the hon. Minister to work out or ask his Department to work out what would be the result

and how good it would be if the mixing of power alcohol in petrol is made compulsory throughout the country. We will be able to save no less than 40 million gallons of petrol per year. When I put the case for the use of power alcohol I have tried to trace the resistance with which these oil companies fought against the mixing of power alcohol. It may be that our scientists, uninfluenced by the oil interests, may be able to tell us that even a higher percentage of power alcohol mixed in petrol would be as good a fuel and would have better qualities than petrol itself. If that were to come about—even if that were not—we will be able to save 40 million gallons of petrol every year. So much of foreign exchange we will be able to save—so much of national wealth we will be able to save because indirectly by converting the molasses that you are throwing away today we will be converting that into a commodity for which the whole world is fighting, waging wars. We have in our country, fortunately, this particular product. Therefore, I would like to have a categorical answer. I don't want the hon. Minister to give me reasons for the Government's failure to set into operations Section 6—I don't want his arguments because those arguments will not be valid. But I want him to tell me, tell the House and tell the country that hereafter he will set into motion the power that he has taken under Section 6 of the Act and see to it that every internal combustion engine, which uses petrol whether it be in the fields or lorries or anywhere else or for the production of electricity, should use no less than 20% of alcohol. It may take some time to work it out but I want him to give a categorical assurance in this matter, that the Government's intention is at the earliest possible moment to take this decision which will be able to rehabilitate some of the wasted wealth that we are throwing away in the form of molasses, so that we will be able to save the hard currency that we seem to be hankering after day in and day out, so that we will be able to make one of our biggest industries viz., the sugar industry a

[Shri C. G. K. Reddy.]
more economic unit, so that not only our security but also our economy will be able to progress.

Before I conclude I would like to say one thing more to prove my case. Sir, whether it is the Burmah Shell or the Caltex or any other firm, the Government places at its disposal—I am told some of them own those wagons—but even otherwise, I am told, that they have a great amount of facility in transporting their petrol. As far as I am aware, not one tanker wagon is placed at the disposal of any sugar distillery or a distillery of power alcohol. If they are to transport this power alcohol, they have to do it in barrels. I may be wrong, but I am subject to correction, but certainly, not all that facility which is given to the oil companies is being given to the distilleries which produce power alcohol. I have seen it even with reference to the factory which is in my State—the Mysore Sugar Company—almost the entire production goes out in barrels and it vitiates against the economic exploitation of this product. In all these matters and also in such other matters that have been raised by my hon. friend Mr. Sinha who has so brilliantly put the case of power alcohol before us, I should like the hon. Minister to tell us that this Act, whether we extend it to Jammu and Kashmir or not, will certainly be made effective and thus our economy rehabilitated.

4 P.M.

DR. D. H. VARIAVA : Sir, on this Bill, I see that so many have spoken that I do not want to waste the time of the House any further by enlarging the arguments, which my friends have already advanced. I only want to touch upon one point, which was referred to by hon. Mr. Naidu I think, who said : “What about prohibition ? Will prohibition be affected by the production of power alcohol ?” Now, I say that we are making a fetish of prohibition. We are discussing a very im-

portant industry, which is vitally important to the country, and in this thing you bring in the ghost of prohibition. I think it is wrong. Because, we must have a balanced mind. Prohibition as a moral measure is very good.

AN HON. MEMBER : Is it the ghost or the saint of prohibition ?

DR. D. H. VARIAVA : I have nothing against prohibition. I am not discussing prohibition now, But whenever anything is discussed about alcohol, people are startled. I think this should not be the policy of our legislators at least. Because, if this is the attitude taken, I think, unnecessarily, other legislations will be introduced to prevent power alcohol being consumed by people, and unnecessary trouble will be created for all people. I might tell my friends here that alcohol could be produced out of many things. Take rice, take cashew-nuts, from all these things you can produce alcohol very easily. Then there is this cottage industry of illicit distillation. If you talk about prohibition in everyone of these things, we will injure the whole economy of the country. Prohibition as a moral measure is certainly appreciated by everyone. I am myself an admirer of it ; but you must not make a fetish of it. Prohibition does not interfere with the use of alcohol for medicines, in toilet preparations and in many other industrial preparations. I think we must respect this decision of the Supreme Court and should view prohibition in its proper perspective. With these words I support the Bill heartily.

SHRI B. P. AGARWAL (West Bengal) : Sir, so many able speakers have spoken on this matter that I would not like to add to the many points mentioned already on this Bill. One point which has been emphasised just now by Mr. Reddy is that the interests of the oil companies have been one way or the other, preventing the development of this industry in the country. Otherwise, Sir, thi

power alcohol industry should have been treated as a national concern, national industry, very useful for the defence of the country. Power alcohol is not a thing which should have been left to private development. In fact, this industry should have been taken over by the Government throughout the country and all the molasses which is a very useful material for the production of power alcohol, should not have been wasted, as is being done now. We have seen Sir, during the war period how vital petrol is. As has been explained, on petrol now-a-days entirely depends the defence of the country. Sir, if this power alcohol is declared as a basic national industry, then I think this industry will receive proper attention. As has been explained, a very good deal of molasses is being wasted. I have very close connection with the sugar industry. I know, Sir, how much molasses is being wasted in storage and in transport. Sir, very few factories, I mean sugar factories, have got proper storage facilities for molasses. A good deal of molasses is thus left in poor conditions of storage. Then there is the question of transport. Very few tank wagons are available for transport of power alcohol. So, if you want to save the waste you should increase the transport that is provided for molasses and power alcohol. Besides this, a large quantity of molasses is also being exported to foreign countries. I think this export of molasses should altogether be prohibited. Because, this is an item which should be utilised in the national interests, for the development of power alcohol. Power alcohol industry is not only important from the point of view of alcohol useful for mixing with petrol but, round about the alcohol industry there are so many industries the development of which should be undertaken by our scientists. I think, if our scientists are consulted on this matter, you will find that half the number of modern industries are revolving round about alcohol, and I think Sir, in this respect, work has been done in our country, which should receive the consideration of the Government. With these words, I strongly support this Bill.

SHRI KISHEN CHAND (Hyderabad) : I want to make only one or two suggestions, Sir, to the hon. Minister on this question. The case has been very ably put by Mr. Reddy and he has explained the importance of power alcohol to the country. He has pointed out that it is possible to fully utilise power alcohol, though the hon. Minister may suggest that transport difficulties will add to the cost of power alcohol. I may, in this connection, point out that the petrol that is received at port towns, has to be transported by tank wagons to interior places, like Uttar Pradesh, Punjab, etc., etc. If these wagons are going back to port towns empty, they can carry power alcohol.

The wagons which take power alcohol to the port towns can, on their return journey bring petrol to the U. P. and in that way we can reach an equilibrium. The petrol that comes to Uttar Pradesh can easily be missed with the power alcohol produced in Uttar Pradesh. On the return journey the same wagons can take the power alcohol to the port towns. I do not see why there should be any difficulty in the matter of providing tank wagons for the power alcohol transport.

Secondly I would like to draw the attention of the hon. Minister to the fact that the landed price of petrol at port towns is about 14 as. per gallon. If the hon. Minister insists on oil distributing companies to pay the same price of 14 as. per gallon for power alcohol, to the producing concerns in U.P. and other places, then the power alcohol producing distilleries will get a fair profit and will be encouraged to develop the production of power alcohol. Petrol distributing companies will continue to pay the same excise duty that they are paying at present to Government. The power alcohol distilleries do not want any concession as long as they get the same price from the oil distributing companies as is paid for petrol at the port towns. There need not be any difficulty caused by the petrol being landed at the port

[Shri Kishen Chand.]

towns and power alcohol being produced in U. P. or Bihar. The transport cost of power alcohol from Uttar Pradesh to the port towns will be offset by the transport charge of petrol from the port towns to Uttar Pradesh. Therefore, it will be possible to sell this mixture at the present price and pay the power alcohol factories the landed price of petrol, i.e., 14 as. per gallon. By this arrangement and the encouragement that the power alcohol factories will get, we can easily raise up the production of power alcohol to 25 million gallons per year. Further it has been pointed out by an hon. Member that *bagasse* contains about 1 1/2 to 2 per cent. of sugar and if this *bagasse* is also converted into power alcohol we will be able to increase the production still further. As much as 15 million tons of *bagasse* are left as a by-product in the sugar industry. If we can produce ten gallons of power alcohol from a ton of *bagasse* we will have nearly 150 million gallons of power alcohol produced out of the *bagasse* and rest of the bye-products could be used for fuel purposes. So, if we develop the production of power alcohol from molasses and *bagasse* we can have as much as 200 million gallons of power alcohol produced in our country and if we mix even thirty to forty per cent. we will be able to save nearly 7 to 8 crores of rupees in foreign currency.

PROF. G. RANGA : Sir, I wish to make only one suggestion. I am sure most of the hon. Members are in agreement with what my hon. friend Mr. Reddy has stated. They have also heard the remarks of Mr. Sinha who spoke in the morning. In the light of the observations they have made, with which we agree, I think it is only fair that the Government should agree to the suggestion that I wish to make that the Government should appoint at an early date a committee with Members of both the Houses and also with some of their own experts in order to study the various aspects of this particular question and

make proper recommendations to the Government so that Government may be able to take all necessary action in order to further this industry of power alcohol, its manufacture and the benefits that could be conferred upon the sugar industry as well including the sugar-cane growers and the consumers and for the industrial development of this country. I hope that my hon. friend the Minister in charge of this Bill will give his careful consideration to the matter. I think he will, if necessary, consider it at a higher level and take necessary action as early a moment as would be practicable.

SHRI D. P. KARMARKAR : Mr. Deputy Chairman, I may say at the outset—and I should not hide from the House the immense pleasure and gratification that this debate has given to me personally—that I am happy that very many suggestions have been made. I may say on behalf of the Government that they will benefit from the various suggestions made. It is not naturally possible for me to touch on every point that has been made during the course of this debate. I very much appreciate the almost fervent appeal and caution which my hon. friend Mr. Reddy gave firstly, relating to the full possibility of developing the power alcohol industry and, secondly—this is also an important point—to keep clear of influences from vested interests.

Sir, there have been one or two misapprehensions the removal of which might have enabled Members to avoid some unmerited criticism. As the hon. Members are already aware even after the first year of freedom, we had this on the Statute Book. It has been asked—and rightly asked also—as to what the Government were doing all this while. Now, Sir, hon. Members are aware that the various producing States were acting on their own in respect of this industry and we thought it advisable not to interfere where interference was unnecessary. As the hon. Members are aware, the present centres of production are only in a few States. In Uttar Pradesh it is very

large and there are three or four other States where this industry is carried on. Bombay comes in for a little. There is one mill in operation. We were closely observing the action being taken by these States, firstly, to develop production and secondly, to utilise this production by promoting mixture of power alcohol with petrol spirit. Sir, I should like to be quite frank with the House and say that we are, by and large, satisfied with the adequacy of the measures that the States were taking. Hon. Members will also have noticed that our production is slowly, but surely, increasing. In 1950, I find, 4 million gallons were produced as against 5.5 in 1951 and 5.7 million gallons during the first nine months of 1952. So, it is not as if the industry is not progressing. More needs to be done, but then, Sir, this industry particularly suffers from some small handicaps, the principal handicap being, as was rightly observed, that if you want to produce more, you have to find use for it. To a large extent, increase in its use will also involve an increase in the use of petrol. Whereas we should take the fullest possible care to see to it that this industry is developed to the fullest possible extent, hon. Members are also aware of the huge foreign exchange bill for the importation of petrol. Personally, I have been developing a feeling that in certain respects our petrol consumption needs a little reduction.

SHRI RAJENDRA PRATAP SINHA : That point is wrong, Sir. How does the increased production of power alcohol results in increased consumption of petrol ? As a matter of fact, it will decrease the consumption of petrol.

SHRI D. P. KARMARKAR : It will increase to the extent of 4/5ths. You will require 4/5th of more petrol. Suppose you want 25 million gallons of power alcohol to be utilised, we shall have to invite about 100 million gallons of petrol. This is a small point and I would not like to invite a controversy over this,

PROF. G. RANGA : It is only a matter of arithmetic.

SHRI RAJENDRA PRATAP SINHA : We are at present short of power alcohol and we can produce the maximum quantity of power alcohol without in any way inviting more import of petrol from foreign countries.

SHRI D. P. KARMARKAR : I appreciate it and I am quite sure that the hon. Member will permit me to pass to other important matters.

There has been some little misapprehension and I should take the House into confidence and tell those hon. Members who may not be knowing that we have got privilege of having in the Ministry a fairly competent Development Wing and that has been giving its best attention to this problem, amongst other problems. Sir, the House will be interested to know that last year, in the ECAFE Session at Rangoon we gave importance to this question in this manner. They were going to organise a seminar in respect of economy in production costs as well as development of the industry. Many hon. Members are doubtless aware that that seminar came off a month ago in Lucknow and we had very useful suggestions from some of the experts who had gathered there. For us, the development of the power alcohol industry is a very significant matter, firstly because, it will have utilised raw material which otherwise would go to waste, bringing at its best whatever we can have by exporting it outside. Secondly, it does supply us goods, since we are short of petrol—we do not produce any sizable quantities of petrol—and, therefore, it is of the highest importance to us, especially, from the point of view of developing this industry as such, as well as the savings of foreign exchange involved. We are very intensely interested in the development of this industry and I would very sincerely give the assurance, if an assurance is required on this point—in view of the active interest that we have been taking, naturally I think

[Shri D. P. Karmarkar.]

such an assurance is unnecessary—to Mr. Reddy and the hon. Members of this House that Government will do all in its power to prosecute the best efforts possible both for the development of the power alcohol industry and for its utilisation.

I am not unaware of the fact that naturally, just as small scale tailors are anxious and jealous about the large scale ready-made garment factories, to the same extent naturally, the interests that are connected with oil are naturally apprehensive of the larger use of power alcohol. It is but natural but we cannot allow a natural thing to impede our efforts in respect of the progress of an industry in the interests of the nation and I think, from what little study I have made, I am in a position to tell myself, in any case, and tell this hon. House that at no point have I found any sluggishness on the part of Government. Ultimately it all depends on the power of influences at work, but, it depends also on our power to resist. I do not find any cause for any apprehension that Government have been weak at any time in the least extent possible. Another very interesting point was made. My hon. friend Mr. Jaspat Roy Kapoor will pardon me if I do not dilate to the same extent that he did in respect of Jammu and Kashmir. Personally I have every sympathy with his contention as to the validity of certain doubts, but in any case this Bill is not a proper forum. When I was listening to his suggestion, I thought that so far as this Bill was concerned, he did not attach the same importance that was sought to be conveyed by his remarks, because otherwise I am quite sure he would have moved an amendment, as he could very easily have moved. But since he did not move any, I thought that all he wanted was to get back to one of the topics which has long been debated not only here but ever since the Constituent Assembly days.

SHRI J. R. KAPOOR : In matters like this, I do not want to take any cre-

dit myself by moving an amendment. I want the Government to take the whole credit.

SHRI D. P. KARMARKAR : I am happy to share that credit, or discredit, or whatever it is. But then this is not the occasion on which I should take the time of the House in dealing with the question in any great detail.

SHRI J. R. KAPOOR : Only please keep it in mind in future.

SHRI D. P. KARMARKAR : I think we are keeping in mind everything that happens in this hon. House.

The other point happened to be a point which, if correct, would have been crucial. No one is more anxious than Government that there should be no infringement of the Fundamental Rights that have been safeguarded by the Constitution, and if our advice has shown the least doubt about it we would not have brought this measure before this House at all, because ultimately, as weighed against a possible infringement of the Constitution, any measure that comes before this House cannot compete in importance with any infringement. We gave careful study to the subject and we came to the conclusion that what we sought for is, as my hon. friend Mr. Jaspat Roy Kapoor pointed out, and as I think someone else—for the moment I forget who—supported that proposition, not an infringement of the Constitution, because we are not doing anything against either the spirit or the letter of Article 20 of the Constitution. “No person shall be convicted of any offence except for violation of a law in force at the time of the commission of the act charged as an offence.” We are not doing that. Supposing there was a pending case today, and a certain thing had happened and we are prosecuting a person in a court of law today for what he had done in the past, there would be some legitimate ground for complaint that by doing that we were infringing the spirit or the letter of that Article. As was very rightly and ably pointed out, what we are trying

to do is—and ultimately also I am quite sure that my hon. friend Mr. Naidu realised exactly what we are trying to do.....

SHRI RAJAGOPAL NAIDU : May I ask this question ? In a case where a person is already convicted, if the matter is pending in any appellate court, when an attempt is being made to reverse the judgment of the lower court, will not this provision affect that case ?

SHRI D. P. KARMARKAR : That is problematic. As I said, that would be a point requiring consideration. What we are trying to do is this. The whole thing arose out of a very small—what I might call a nominal—difference in the wording. The Indian Power Alcohol Act, 1948, was passed with reference to entry 34 in List I of the Seventh Schedule to the Government of India Act, and that entry reads :—

“Development of industries where development under Dominion control is declared by Dominion law to be expedient in the public interest.”

Then, with reference to this particular entry, section 2 of that Act contains the following declaration :—

“It is hereby declared that it is expedient in the public interest that the Central Government should take over under its control the development of the power alcohol industry.”

Now, Sir, under the Constitution, the relevant entry is entry 52 of the Union List, the language of which is somewhat different—technically different. The spirit does not vary. The language is slightly different from the language of the corresponding entry in the Government of India Act. The present entry reads as follows :—

“52. Industries, the control of which by the Union is declared by Parliament by law to be expedient in the public interest.”

Now at the time the original Act of 1935 was passed there was a competent Legislature but technically speaking there was not the Parliament. It was a Legislature fully competent to deal with the affairs for the time being.

Now this Constitution, this particular relevant entry No. 52 makes it possible for us to control industries, the control of which by the Union is declared by Parliament by law to be expedient in the public interest. According to the Constitution, permission has to be given by Parliament by law. So here is the technical difference. Now it might well be urged with plausibility that the earlier power, which Government had under the earlier Government of India Act, was not a power that could come within the purview of this Constitution. The point that I am trying to make out, Sir, is this that this amendment does not affect the merits of the Act at all. It just makes it possible, makes it plausible technically where there is to be a conviction, where there is to be an action taken in between those two periods. It might be held to be faulty. Now, Sir, what is it that we seek to do ? My hon. friend will know that we have been very careful in the wording. Now, supposing our action was to affect any conviction, or supposing we were to disturb a conviction, then his plea would have some validity. Now, what is it that we are doing. At an earlier stage I sought to know whether there was anything in the Constitution preventing us from indemnifying for actions done in the past and that under a law passed by a regular Legislature. There is simply a technical difference. Now, Sir, in view of this technical difference of opinion we did not want, as a good safeguard, to expose any *bona fide* action taken under the Act which was a valid Act. It does not touch the merits of the question at all. It does not touch anything wrongly. Now, Sir, what is it that we want to do by this ? It simply says : “all acts of executive authority”. To that my hon. friend has no objection.

SHRI RAJAGOPAL NAIDU : Yes I have no objection.

SHRI D. P. KARMARKAR : Obviously because it is not wrong to do so. So then proceedings have been taken, sentences have been imposed.....

MR. DEPUTY CHAIRMAN: Have there been any prosecutions at all ?

SHRI D. P. KARMARKAR : I am not sure of that position at the moment. But some time later I will be able to tell the House. But I am not sure that any prosecution has taken place. I speak subject to correction.

SHRI RAJAGOPAL NAIDU : May I suggest to the hon. Minister, Sir, now that he himself is doubtful about that particular position, is it not advisable for him to consult the Attorney-General in this matter?

SHRI D. P. KARMARKAR : It is hardly necessary to consult the Attorney-General. (*Interruption.*) I am very much indebted to my friend Mr. Amolakh Chand. He points out to me that there is no prosecution whatsoever.

SHRI RAJAGOPAL NAIDU : That is different.

SHRI D. P. KARMARKAR : Yes, exactly, that is so, because even if there is no prosecution, there must have been some proceedings. There must have been some penalties. But apart from that, it does not touch the merits of the Act. Now, Sir, what we wanted to do was this. The proceedings or sentences have been taken or passed with respect to or on account of power alcohol during the period commencing the 26th day of January 1950 and ending with the commencement of the Industries (Development and Regulation Act)—26th January 1950 because on that day the Constitution came into force. In between those two days if there had been any proceedings or any sentence passed or any executive action taken, all that this amendment does is to indemnify it. It does not want to say that if anything has been done wrongly, it was correct. This does not touch the merits of the question. The whole difficulty arises out of what you might say is the difference in the wording of the Government of India Act and the Constitution. Supposing the proceedings

have been *bona fide*, would my hon. friend not like to indemnify such action ?

SHRI RAJAGOPAL NAIDU : I am not touching on the point of indemnification of any action that is done in pursuance of the Act. I am only pressing on the two words 'proceedings and sentence' being validated.

SHRI D. P. KARMARKAR : It simply puts it in technical language. That is all. It says 'Proceedings shall be deemed to be valid etc.' That gives us a logical basis for indemnifying. Unless an act is right there can be no indemnity. So what is sought to be conveyed is not to touch the convictions at all. The purpose is only to indemnify and the way to do it is to validate the proceedings. You can't say even though it is wrongly done, in spite of that we indemnify. That would be a wrongful indemnification. Therefore we have said, technically we have validated that action. We have not touched the convictions or the executive actions. It is likely that proceedings have been taken and it may be that some punishments had been imposed and all that we try to do is to indemnify it owing to this technicality. Had we noticed this, then we would have taken action but it is never too late to mend. Therefore when we realised that it might just be possible that there may have been some errors though in spirit, there is nothing as my hon. friend will agree, that it was only a technical point that was raised and we subjected it to the best scrutiny possible. We had no doubts in our minds at all. We simply sent it to the Attorney-General in order to make ourselves doubly sure in respect of the matter. In view of that I don't think that there has been any conflict with the Constitution. We don't want anyone to be punished or convicted except as laid down by law and we don't want any infringement either in spirit or letter of Article 20 of the Constitution.

That takes me to the various suggestions that have been made and lest I forget, I will take up the suggestion

of Prof. Ranga viz., the appointment of a Committee. I need hardly assure the House that we shall consider that carefully and if we think it necessary in the immediate future to have a Committee, it will be a pleasure, because Committees like this, when they go into all the facts from a constructive point of view, are very largely helpful in guiding our policies also. I will leave that point by saying that we shall give the suggestion the best possible consideration.

Some points have been made regarding the development of the industry, regarding, for instance, the cost of production of power alcohol. Now I find that this point was investigated by the Government Cost Accounts Officer who reported that under ideal conditions the cost would be about ten annas a gallon based on the prices for molasses. Actual conditions, however, are different to some extent due to the various standards of quality of molasses and coal and the number of working days and prices fixed for different raw products, for petrol and all that. Now, Sir, there was also another question raised calling upon us to give reasons for low production which, as I said in the earlier speech commencing the debate, is less than the installed capacity. Now the progress of this industry has varied during different times. During 1951 I find there were shortages of molasses in Uttar Pradesh. In 1952, though molasses were plentiful, the offtake could not be provided so as to run pace with the production for want of more centres for mixing power alcohol with others. There again a point was made as to why not take power alcohol from Uttar Pradesh to Mysore or Travancore or some other distant place and another point was sought to be made that if the petrol costs much more in Uttar Pradesh why not take power alcohol from Bombay. Now I find from information that is available to me that at the present freight rates power alcohol would be a little costlier than petrol in Bombay harbour or in the Bombay area. It is to be considered whether to saddle the consumer with the additional burden.

SHRI J. R. KAPOOR : So the suggestion is that the transport charges might be reduced slightly.

SHRI C. G. K. REDDY : Sir, may I intervene ? When I suggested it, I did not mean power alcohol going from Uttar Pradesh to Bombay etc. It is possible for us—if the hon. Member tells me I will work it out—to have a distribution system in such a way that even with the unplanned installations or distilleries as they are, we will be able to manage the distribution system in such a manner, that you need not go from Uttar Pradesh right down to Bombay. We will be able to manage it in such a manner that the distribution system will cost much less than the distribution of petrol from abroad to the interior. If the hon. Minister wants, I can work this out for him.

SHRI D. P. KARMARKAR : On that point there can be no difference of opinion. It is a question of transporting the power alcohol to an area where it meets our economic requirements. But what I am trying to put before the House for consideration, is that it is not always practicable, to carry power alcohol to an area where the cost might increase, because the excise duty on power alcohol and the import duty on petrol is the same.

It was also pleaded, Sir, by an hon. Member, Mr. Sinha, that there should be a reduction of excise duty. Sir, I have to inform the hon. Member that so far as the development of power alcohol industry is concerned, this question has not so far really arisen in such a serious manner as he represented before us. But still Government will keenly watch the position. However, I need hardly tell the House, it is hardly necessary for me to say that, if it assumes serious proportions, we will certainly do everything possible in collaboration with the Ministry of Finance, who so far as moneys to be received are concerned, are a very vigorous ministry.

About handling charges on petrol and power alcohol to oil companies,

[Shri D. P. Karmarkar]

my information tells me that the present rate is about Rs. -/6/3 per gallon which was gone into by an officer of the Finance Ministry, and this Rs. -/6/3 probably includes charges of distribution. I think, from our point of view, these charges are not very high.

SHRI C. G. K. REDDY : The Tariff Commission has reported Rs. -/8/3.

SHRI D. P. KARMARKAR : My information is Rs.-/6/3/. If there is a small margin of difference, we shall consider. But that is according to my information, according to my latest figures—and I hope my hon. friend will concede my accuracy so far as this particular information is concerned—*(Interruption)*—and I am glad Mr. Sinha also confirms my figures. But apart from that, we do not feel that this is a very heavy charge charged by the oil companies.

The scheme for marketing of this product on an all-India basis has been briefly touched upon. It is being used in Bihar, Bombay, parts of Hyderabad, Vindhya Pradesh and the Punjab. The expansion of this particular industry will depend on various considerations. One of them was referred to earlier and that is regarding the economic cost of the mixture as a whole. I think there cannot be any difference of opinion and Government also feel that power alcohol should be utilised to the full capacity and we should find out as efficient measures as possible for utilising power alcohol. On that point there is no possibility of any difference of opinion.

Sir, these are some of the important points that were raised. I say some of the important points, because there were others also which were raised. But as I said in respect of another piece of legislation, naturally all these points will be fully considered and I thank the House for the very useful debate that we have had in respect of the power alcohol industry. In the past this industry was left with the States partly because our hands were

full, and partly because we have first to see an industry grow and develop before we can start regulating it in any manner. Government felt, just as in the case of the sugar industry, so also in the case of the power alcohol factories, it would be better if these are located in better places. Wherever opportunities arise for such better siting of factories, doubtless, Government will take action to see that the industry is spread in such a manner that the production units are located at such points that they will give the best production results.

SHRI J. R. KAPOOR : Will the hon. Minister please throw some light on the operations in the Sunderbans regarding the prospects of finding any good petrol there ?

MR. DEPUTY CHAIRMAN : Order, order. That is not necessary.

SHRI D. P. KARMARKAR : With great respect, Sir, I entirely agree with the Chair ; and in any case I think it would be indiscreet for me to say anything about Sunderbans, because my hon. friend Mr. Kapoor has himself said that if there is a lot of good petrol coming from Sunderbans, then his enthusiasm for this Bill would dwindle and in any case I do not want his support for this Bill to decrease and therefore, I will deny myself the pleasure of telling him how far the Sunderbans will be yielding us any petrol. At least the matter relates to the hon. Minister for Production and there is also the ruling of the Chair which I accept.

I had the pleasure of jotting down many more points here and I will have them all looked into. One very important result of this debate has been to make ourselves and the country realise the very high possibility of the power alcohol industry. As I said earlier—and this is not said merely by way of a formality—this debate has been a highly educative debate to me and whether Mr. Kapoor is going to get any education from Mr. Reddy on alcohol or not, I am very grateful for this useful debate and for all the information that it has brought to me

(Interruption). I think Mr. Kapoor wanted some education from Mr. Reddy. Anyway I wish them mutual luck.

SHRI J. R. KAPOOR : In matters like this, I am always prepared to receive education from those who have experience in the matter, whether the Minister or Mr. Reddy.

SHRI D. P. KARMARKAR : I will, anyway, visit the nearest power alcohol factory and gather some more facts so as to enable me to discharge my duties to this House in a more efficient manner.

I think my hon. friend Prof. Ranga was absent when I made my reaction to his speech and I will not inflict on him a repetition of what I said—he being a very old friend of mine and an elderly Member of the House ; but he may refer to the proceedings next morning and if he does it, I am sure he will be happy to read those proceedings.

SHRI C. G. K. REDDY : Sir, I asked for an assurance from the Government as to whether they would be taking up the powers under section 6 and whether Government would seriously go into this matter, including the economic aspect and the distribution of the product all over the country ?

SHRI D. P. KARMARKAR : Surely, I thought I referred to it.

SHRI C. G. K. REDDY : A general assurance was given that the power alcohol industry will be looked after ; but apart from that, I want a specific assurance regarding exercising the power under this section and the saving of petrol imports.

SHRI D. P. KARMARKAR : Surely, that is our duty. It is no question of any assurance, that will be superfluous. It is the duty of the Government to look into all aspects of the matter and utilise power alcohol as much as possible in the matter of mixing with petrol. In this there is absolutely no

mental reservation at all and my hon. friend can rest assured that we shall take all possible steps in this direction.

MR. DEPUTY CHAIRMAN : The question is :

That the Bill to amend the Indian Power Alcohol Act, 1948, as passed by the House of the People, be taken into consideration.

The motion was adopted.

MR. DEPUTY CHAIRMAN : Clause by clause consideration of the Bill.

Clauses 2 and 3 were added to the Bill.

MR. DEPUTY CHAIRMAN : The amendment tabled to clause 4 has been ruled out by the Chairman. It is a negative amendment.

Clause 4 was added to the Bill.

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

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

That the Bill be passed.

MR. DEPUTY CHAIRMAN : Motion moved :

That the Bill be passed.

SHRI O. SOBHANI : Sir, I have spoken once and I would not waste the time of the House. But because the hon. Minister has made one observation that the increase in the quantity of power alcohol would bring about an increase in the import of petrol, I want to say a few words. We are importing 120 million gallons of petrol today.

MR. DEPUTY CHAIRMAN : That has been already explained.

SHRI O. SOBHANI : Then, I shall refer to another thing. I referred in my speech to some by-products of the power alcohol industry that could be utilised to the benefit of the country. I hope that the

[Shri O. Sobhani]

hon. the Minister will remember that and look into it.

There is another point, namely, the application of the Power Alcohol Act to the entire State of Hyderabad. We are now producing here 70,000 gallons. I have just been to the power alcohol factory and I found it very full and we can immediately go on to increase the production to two lakh gallons. There is also a ready market, because all over the State of Hyderabad a large quantity of petrol is used. I would appeal to the hon. Minister to issue directions to the Hyderabad Government to take the necessary action. Otherwise, molasses will be collected and you cannot keep them for a long time without a lot of flies getting in.

SHRI D. P. KARMARKAR : Sir, as my friend has made an appeal, I wish to make one counter appeal. We shall see that necessary action is taken wherever possible and admissible. I would like him to do what he can to appeal to the Government of Hyderabad to cooperate. Why I say this is,—when we asked for their advice in this matter, they kept quiet.

DR. P. C. MITRA (Bihar) : Sir, I want to say a few words.

MR. DEPUTY CHAIRMAN : There cannot be any speech after the Minister's reply. The question is :

That the Bill be passed.

The motion was adopted.

RESOLUTION REGARDING EXPORT DUTY ON MERCURY

THE MINISTER FOR COMMERCE (Shri D. P. KARMARKAR) : I beg to move :

“ That in pursuance of sub-section (2) of section 4A of the Indian Tariff Act, 1934 (XXXII of 1934), the Council of States hereby approves of the notification of the Government of India in the Ministry of Commerce and

Industry No. 35-T(1)/52, dated the 8th October 1952, by which an export duty of Rs. 300 per flask of 75 lbs. was levied on mercury with effect from the date of the said notification.”

Sir, this matter is a fairly simple one. Briefly, the position is this : In November 1950, the import of mercury was placed on the O. G. L. because it was then treated as scarce commodity and there were large scale import of mercury, happily for us. In 1949-50, the amount of mercury imported was 1793 flasks ; as against this, after the introduction of O. G. L. it jumped upto 37,660 flasks and in 1951-52 it was very much less at 59. Mr. Bhupesh Gupta is there. It is one of the advantages of having speculators. They entered into the market, bought much more than they could consume. This is one of the better effects of speculation. Because there was surplus, the import in 1951-52 was very much less at 59 flasks. Our annual consumption is estimated to be of the order of 4,000 to 5,000 flasks. Accordingly, there is still a large quantity of mercury in this country for which there is no immediate use. Repeated representations were received by Government to the effect that this large stock has blocked quite a considerable amount of capital and that export on a moderate scale would not only bring some relief to the stockists but also enable India to earn some precious foreign exchange.

After considering all aspects of the case, namely, the strategic importance of the metal, its manifold uses in industries and scientific researches, and that though the world production has of late increased, its supply can by no means be called easy, we came to the conclusion that we could easily spare 10,000 flasks without in any way affecting our supplies in the immediate as well as the near future. So, Sir, we announced a quota of 10,000 flasks for export. In the beginning, it was decided to issue licences for export to only those who owned or were in physical possession of the stocks of mercury on the 8th October