

Mazhar Imam, Syed
 Misra, Shri S. D.
 Mitra, Dr. P. C.
 Mookerji, Dr. Radha Kumud
 Mujumdar, Shri M. R.
 Mukerjee, Shri B. K.
 Nagoke, Jathedar U. S.
 Narayan, Shri D.
 Narayanappa, Shri K.
 Nausher Ali, Syed
 Nihal Singh, Shri
 Onkar Nath, Shri
 Pande, Shri T.
 Parikh, Shri C. P.
 Pattabiraman, Shri T. S.
 Pawar, Shri D. Y.
 Pheruman, Sardar D. S.
 Pillai, Shri C. N.
 Prasad, Shri Bheron
 Puri, Shri M. L.
 Pushpalata Das, Shrimati
 Pustake, Shri T. D.
 Raghu Vira, Dr.
 Raghubir Sinh, Dr.
 Rahamath-Ullah, Shri
 Rajagopalan, Shri G.
 Ranga, Prof. G.
 Rao, Shri Krishna Moorthy
 Rao, Shri Rama
 Ray, Shri S. P.
 Reddy, Shri Channa
 Reddy, Shri Govinda
 Reddy, Shri K. C.
 Reddy, Shri N. Sanjiva
 Saksena, Shri H. P.
 Sarwate, Shri V. S.
 Savitry Nigam, Shrimati
 Seeta Paramanand, Dr. Shrimati
 Shah, Shri B. M.
 Shah, Shri M. C.
 Sharda Bhargava, Shrimati
 Sharma, Shri B. B.
 Shoila Bala Das, Shrimati
 Singh, Capt. A. P.
 Singh, Shri Kartar
 Singh, Shri R. K.
 Sinha, Shri B. K. P.
 Sinha, Shri R. B.
 Sinha, Shri Rajendra Pratap
 Sinha, Shri R. P. N.
 Sobhani, Shri O.
 Sumat Prasad, Shri

Surendra Ram, Shri V. M.
 Tajamul Husain, Shri
 Tamta, Shri R. P.
 Tankha, Pandit S. S. N.
 Tayyebulla, Maulana M.
 Thakur Das, Shri
 Thanhlra, Shri R.
 Vaidya, Shri Kanhaiyalal D.
 Valiulla, Shri M.
 Varma, Shri C. L.

NOES— 13

Abdul Razak, Shri
 Deshmukh, Shri N. B.
 Ghosh, Principal Devaprasad
 Gour, Dr. R. B.
 Gupta, Shri B.
 Imbichibava, Shri E. K.
 Kakkulaya, Shri B. V.
 Kunzru, Shri H. N.
 Mahanty, Shri S.
 Mazumdar, Shri S. N.
 Narasimham, Shri K. L.
 Rath, Shri B.
 Sundarayya, Shri P.

MR. CHAIRMAN : Ayes 123 ;
 Noes 13.

The motion is carried by a majority of the total membership of the Council and by a majority of not less than two-thirds of the Members present and voting.

The Bill is passed.

THE IRON AND STEEL COMPANIES AMALGAMATION BILL, 1952

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

That the Bill to make a special provision, in the interests of the general public and the Union, for the amalgamation of certain companies closely connected with each other in the manufacture and production of iron and steel, and for matters connected therewith or incidental thereto, as passed by the House of the People, be taken into consideration.

(MR., DEPUTY CHAIRMAN in the Chair.)

[Shri T. T. Krishnamachari.]

Sir, I do not think that it is necessary for me to tell the House all the background behind this Bill, because the matter has been before the country for quite a long time and was discussed in the other House as well. On the 29th October 1952, an Ordinance was promulgated by which the Indian Iron and Steel Co. and the Steel Corporation of Bengal Ltd. were amalgamated into one company. Hon. Members of the House will know that these two companies were under the same management, viz., Messrs. Martin Burn & Co. The Steel Corporation of Bengal being a subsequent creation was dependent on the Indian Iron and Steel Co. for the Supply of hot metal and all ancillary services, i.e. power, water and gas. The geographical situation of the two companies happens to be such that to all intents and purposes they look like one company instead of being two, except it be for the Kulti plant which is about 7 miles away. Sir, hon. Members will know that the retention price of steel has been fixed from time to time by the Tariff Board and later by the Tariff Commission. Almost from 1948, whenever the question of the fixation of the retention price of steel came up before the Tariff Board or the Tariff Commission, they have pointed out that the fact that there are two companies with two different managing agency commissions, the profit of the Indian Iron and Steel Co. also going into the cost of production of the Steel Corporation of Bengal, made not merely for the price being uneconomic but also for the unit being generally inefficient. In the summary of the recommendations made by the Tariff Board in their report of 1949, they have dealt with this aspect of the problem. They say :

"The works costs of the Steel Corporation are invariably higher than those of the Tata Company and the principal reasons for this difference are higher cost of material, higher expenditure on refractories and higher general works expenses."

Therefore they recommended that in the larger interests of the steel industry, amalgamation between the two companies would be desirable. They felt

that such an amalgamation would secure unified and coherent management and avoid duplication and waste, thereby obviating the tendency for the cost of production of steel there being, as I said, higher than the cost of the production of steel in the Tata Iron & Steel Co. In 1951, Sir, when this question of retention price of steel again came up before the Tariff Board, they devoted whole paragraphs to this question of integration of the two plants. In Paragraph 43A they pointed out that the Board had already recognised the difficulty in fixing a fair retention price because of the uneconomic working of the two plants and they recommended that the possibility of integrating the plants and amalgamating them should be examined. There was a further revision of retention price of steel this year because of certain increases in railway freights and production charges and the Tariff Commission in paragraph 11 of its report again raised this question of merger of the two companies and in doing so, they have categorically said that the relative financial position of the two companies and particularly the position of the Steel Corporation of Bengal will greatly improve if the revision of S C O B's retention prices for 1951-52 was accepted by the Government, and they therefore thought that that was the proper time for amalgamating the two companies and they felt that the principal gain from the national standpoint is that the merger will greatly facilitate the implementation of the expansion schemes of the Indian Iron & Steel Co. and the Steel Corporation of Bengal. The financial commitments involved in these schemes, in their opinion, was so large that neither company would find it easy to undertake them by themselves, and on the other hand the amalgamated concern with their combined resources would be in a much stronger position to raise the additional resources required for expansion. They therefore recommended that the companies should make a determined effort to bring about amalgamation of the two plants. Sir, it was just about this time that the Government were negotiating with these concerns in regard to

expansion of their plants. Certain tentative arrangements were made and informal agreements were entered into which, if implemented, would result in the combined plant producing 320,000 tons of additional steel and 380,000 tons of pig iron, or alternatively 400,000 tons of steel and 280,000 tons of pig iron per annum.

Hon. Members of this House would have been aware that the Government had already agreed to lend to this firm (SCOB) Rs. 5 crores for expansion on the usual terms under which Government lend money to such concerns, and certain developments were in progress, but it was felt that in order to achieve the targets mentioned by me more money should be given to the plants. One of the principal impediments in the way of those expansion schemes was lack of foreign exchange, and it was in this regard that the idea of negotiating a loan from the International Bank for Reconstruction and Development was taken up. A delegation of the Bank officials came here and discussed with the Company the problem of amalgamation and the nature of expansion and the technical experts of the Bank also discussed these problems with the experts of the Company such as the right method that could be adopted by which expansion could be most economically and efficiently done. It was as a result of these discussions that the Company was able to arrive at these two alternatives which the Government had approved. In fact in the original idea that the Company had in their discussions with the Government, it was possible that they might have needed a larger amount of finance and it is by reason of the fact that the experts from the International Bank had more or less focussed on the weak points and pointed out that the remedy of those weaker links would enable them to produce more steel at a more economical price and quickly, that the Government were able to reduce the amount of money needed for the expansion and at the same time augment the possibilities of producing more steel.

But then if the International Bank is to lend money, as I believe they are going to, to a private company here they don't do so except with the guarantee of the Government of this country and if the Government is to provide the guarantee in the interests of production of more steel, naturally we would like the unit which is to be lent money and which is guaranteed by the Government, to become more efficient and produce steel at a price which is economic, at any rate, at the same price as that of Tatas, which is considered to be a normally economic unit. Therefore Government also wanted this conference of amalgamation of these two concerns. I am happy to say that the management had agreed to the amalgamation. Ordinarily an amalgamation of two Companies would be carried out under the provisions of Sections 153, 153A and 153B of the Companies' Act. If that procedure was to be followed, there would be a considerable amount of delay in the amalgamation becoming effective. For one thing, it is well known that one of the scrips of the Company—Indian Iron and Steel Co.—it is probably the most highly speculative scrips in the share market and any shareholder would have stopped the process of amalgamation, at any rate, arrested it for some time and the delay would have been something which from the point of view of the national interest would have to be avoided. It is by reason of the fact that amalgamation was imperative and necessary and had to be undertaken as soon as possible and that the loan from the International Bank was contingent on the amalgamation, as our guarantee was also contingent on the amalgamation and thirdly promise of additional finance which we gave to the company was also contingent on the fact that the company became an efficient unit, Government had to undertake recourse to an Ordinance to amalgamate the two companies. In this procedure very naturally Government was not able to decide by themselves and it would be improper if they had so done—fixing the fair ratio between the shares of the two companies, and we thought that the best outside authority which

[Shri T. T. Krishnamachari.]
can deal with this matter was the Tariff Commission, particularly because of the fact that from time to time the Tariff Commission and its predecessor the Tariff Board had gone into the economics of this undertaking and they knew very well the financial position of the two companies. The question was therefore referred to the Tariff Commission and in their report, copies of which, I believe, have, been circulated to Members of the House, they had recommended that so far as the ordinary shares were concerned, the amalgamation should be carried out on the basis of 4 shares of Indian Iron and Steel Company for every 5 shares of the Steel Corporation of Bengal. So far as the preference shares are concerned, they are treated on more or less equal basis.

SHRI M. VALIULLA (Mysore) :
What about mortgaged shares ?

SHRI T. T. KRISHNAMACHARI :
I don't know about it. As a matter of fact if there are any shares mortgaged or otherwise, the shares would be treated on the same footing. The House might ask one or two more particulars because they would like to know what the position of the talks with the International Bank is today. I believe the talks are very near completion though I don't think the agreement has yet been signed. Questions may be raised as to the amount of control the International Bank will have. I could assure the House that the control would just be the ordinary lien on the property of the companies and particularly in view of the fact that the Government is guaranteeing the return there is nothing further that they would be able to do with regard to the working of the company. Reference has been made in the other House and elsewhere about the Government giving a loan to this company in addition to the 5 crores that they have already lent. True, we have agreed to give them another $1\frac{1}{2}$ crores on the same terms as the 5 crores that have been lent. In addition we have promised them up to 10 crores from a

Development Fund which is to be constituted. The main condition of that is that until the time the enlarged unit starts producing, we shall not charge them any interest. Naturally the rate of interest to be charged and how the interest is to be paid, whether there should be any increase in the retention price when they pay interest because interest becomes part of the stock would have to be determined by the Tariff Commission. It was also mentioned that there was a possibility of this loan not having a maturity period—more or less a gift. Nothing is farther from the thoughts of Government because Government cannot give away anything free—what is legitimately part of the Consolidated Fund and thereby belongs to the general revenues of the country. The question of repayment will have to be decided only after a time. Very possibly we might have to defer the question of repayment until other loans, which have a priority, are repaid and it has been also mentioned to the company as possibility that as soon as the market is favourable, they should go in for a equity capital. Then naturally this special loan would have priority in repayment. So there is no commitment on the part of Government, and no commitment could possibly have been made in regard to giving away the special loan which is to be interest free for a period. It is true that we can charge interest even now but the interest we charge on special loan during the period of expansion before the increased output comes into being would be an additional charge on the present production of steel and therefore the consumer will have to pay. We will have to fix a retention price. So the question of interest can be considered when expansion scheme is complete and additional steel is being produced. It all depends upon what the costs are and naturally when they are high it will mean additional burden on the consumer. That is all I have to say at the present moment.

I would say in conclusion that the Government have carefully gone into this particular matter. Somebody

in the other House raised the question of competence of the Government. We have consulted our advisers—our legal advisers—and we are quite convinced on what we are doing. There might be questions here and there. Nobody can provide against somebody questioning anything that is being done by the Government or Parliament. The only thing I can say is that such questions will be decided at the appropriate time by the proper authorities. Other questions like Finance might arise. The questions are legitimate—it may be that this might be an occasion for raising it also.

4 P.M. But at the moment Government propose to use these two units that are now there for the purpose of expansion of our steel capacity and steel production as early as possible. Government have under consideration the starting of other units. Very possibly, they might be under the Government's direct control. While the question of nationalisation of units is not altogether brushed aside, there is no question at present of nationalization of these units. That is why we have chosen to make these units more efficient and economic.

The question of profits and all those things arise. I would like to inform the hon. Members of this House that where there are controls over industrial units, the remuneration that is presented to the companies is fixed by an independent body like the Tariff Board and those companies who work on block capital get an 8 per cent. return. It is for the Tariff Board, from time to time, to review whether they should continue the same percentage or increase the percentage. Whatever that be, they fix it in accordance with the economic changes in the country and in accordance with the consumer's price. In these matters, the Government are not taking any decision either to injure or favour the companies. It has been left to the Tariff Commission. I therefore claim that what the Government is doing in this regard is without any bias one way or the other and without any definite affiliation one way or the other. They are solely guided by what they consider

to be the best in the circumstances.

KHWAJA INAIT ULLAH (Bihar) : How much production will be increased by this amalgamation ?

SHRI T. T. KRISHNAMACHARI : There are two alternatives. The possibility is that we might increase production of steel by 320,000 tons in which case we shall have a free pig iron capacity of 38,000 tons. In the alternative, the increase will be 400,000 tons in which case the free pig iron will be reduced. There are two alternatives and it will be decided as we go on. Any how, the maximum increase in yield is 400,000 tons steel and the minimum 280,000 tons free pig iron.

MR. DEPUTY CHAIRMAN : Motion moved :

That the Bill to make special provision, in the interests of the general public and the Union, for the amalgamation of certain companies closely connected with each other in the manufacture and production of iron and steel, and for matters connected therewith or incidental thereto, as passed by the House of the People, be taken into consideration.

SHRI RAJENDRA PRATAP SINHA (Bihar) : Mr. Deputy Chairman, Sir, this Bill for the amalgamation of the two Companies, namely, the Indian Steel Company and the Steel Corporation of Bengal is none too early, but, as a matter of fact, it is a measure that was long over due. I am very glad the hon. Minister has taken this step in the right direction in view of the repeated emphasis by the Tariff Board and the Tariff Commission for such an amalgamation.

There is no doubt, Sir, that this is a step in the right direction which will increase the steel production in this country. When we consider a little, we shall find that it is not the private affairs of these companies, but we shall find that the existence of these two companies, as separate entities, has cost the country tremendously

[Shri Rajendra Pratap Sinha.]

and to my mind, Sir, it is apparent from the reports of the Government that the existence of these companies, whose financial integration was almost complete and which were under the same managing agency was a great fraud played upon this country by foreign interests, with the set purpose of maximising their profits. The contention I am making has been amply made clear also by the speech of the hon. Minister and it will be further clear if I refer to some of the portions of the Tariff Commissions Report on Steel, 1951. But before I do so, I would like to acquaint the House with the share holdings of this Corporation, that is to say, the Steel Corporation of Bengal by the Indian Iron and Steel Company, which is mentioned in the Tariff Commission's Report on page 2 and 3 :—

“ The position in regard to SCOB is :

The Directors and their family members, staff and associates of this company held 35,580 shares ; Martin Burn Ltd., managing agents, 1,00,032 shares and the Indian Iron and Steel Company holding the Steel Corporation of Bengal, 1,10,000 shares ”.

Further, Sir, it is clear that a good majority of the shares are held by the foreign interests in both the Companies.

Sir, it appears from that the SCOB Company was promoted by the managing agents of the Indian Iron and Steel Company with a view only to make profits from this Company. Sir, the Managing Agents have been drawing a fat allowance of Rs. 15,000 per month and they would not have got this amount if the Indian Iron and Steel Company had manufactured steel as well.

Sir, let us see, as the hon. Minister has also said something about it, how the Indian Iron and Steel Company apart from the managing agents had been gaining by this great stage show of SCOB :

“ At Tatas there are no ‘inter-company’ charges and the intermediate products of each phase of the operations are charged into subsequent operations at the pure ‘works cost’.

At SCOB, on the other hand, the major raw material, pig iron, as well as certain others are purchased from IISCO at a price which includes certain elements of overheads and profits. Such additional charges in 1950 added approximately 17 per cent. to the charges for pig iron supplied to SCOB above the actual IISCO costs. The extra increment of cost of producing a ton of saleable steel which this ‘inter-company’ charge adds to steel produced at SCOB is approximately Rs. 14-6-0 per ton.”

SCOB also purchases a number of services such as fuel, water, power and steam from Indian Iron and Steel Company on a cost plus service charge basis. Then, Sir, I would like to examine how the work cost per ton of saleable steel in the Tatas and the SCOB has increased, and how the Indian consumer and our national Government, which is one of the biggest consumers of steel for its nation building activities, have been robbed by this foreign concern. The work cost per ton of saleable steel increased at both the works between the years 1948 and 1950, but the magnitude of the increase of each plant is very different. In the Tatas, the total increase amounts to Rs. 5.66 per ton. For the SCOB, however, the overall increase is Rs. 43.35 per ton. For the Tatas the increase in average cost amounted to 3.53% while the percentage increase of SCOB was 20.47. We find, Sir, that in spite of the increase in the cost of production, Tatas were able to hold down the prices of steel because of efficient management and because of their maximising the production to the installed capacity. Now what happens at this state—show business of SCOB ? The production of steel goes down and the Indian Iron and Steel Company does not find it profitable to sell the pig iron to the SCOB. This is also, Sir, evidenced from the Tariff Board's Report, page 36. “ The company was questioned at great length, both during visits to the plant and at the Board's hearings, as to the reasons for the decreased production. The gist of the company's answers was that the loss in production was entirely due to a shortage of pig iron during four months of the year when one of the two blast furnaces was out of blast for re-lining.

The company's contention has been carefully examined but we have arrived at the conclusion that shortage of pig iron was not a contributing factor to the company's failure to achieve the Board's production targets." Sir, "the management's share of the responsibility for the increased cost," the Board says, "amounts to Rs. 12 per ton together with the additional cost resulting from increased usage of materials due to lower yields which was caused by deterioration in technical and metallurgical practices which amounts to Rs. 6 per ton, which makes a total of Rs. 18 per ton." This is the portion of the total cost increases which resulted from failure to achieve the production and usage targets fixed by the Board in 1948. But, Sir, during all this time, the Indian Iron & Steel Co., was producing the pig iron. But what happened to all that pig iron that they used to produce? An answer to this question may not be given to those who are conversant with the pig iron trade. Sir, during this period truckloads of pig iron flowed from an invisible spring in the black area near Asansole. No wonder that SCOB was starved of its pig iron supply by the Indian Iron & Steel Company. SCOB on their part, robbed the Peter, the Indian consumer to pay the Paul, the foreign investor and the Managing Agents.

Sir, I have quoted this at length, in order to apprise the House, and more so, the Government, of the financial juggleries which the foreign capitalists in the country do in order to rob the Indian consumer. Sir, it is very good that the Government has brought this Bill to force amalgamation of these two companies, but at the same time, Sir, the Government owes an explanation to this House, as to why the recommendations of previous Tariff Board which were made as early as 1948 were not implemented in these 4 years time, in the interests of maximising the steel production from these two units, as explained by our hon. Minister. Sir, It is a well known fact that we

are short of steel supplies. Our consumption has been estimated at 2½ million tons whereas the production is only a million ton. Sir, the Indian steel prices are the lowest in the world, being Rs. 300 per ton in 1949, whereas the average price in 1949 for steel imported from abroad ranged from Rs. 600 to Rs. 640 per ton. Sir, it is a great negligence on the part of Government not to have given effect to the recommendations of the Tariff Board in these four years, in spite of the fact that they were aware of the difficulties India was facing in getting steel supplies from abroad.

Sir, it is good that the hon. Minister has clarified some of the press reports regarding the granting of loan to this company at a future date. But I have not been able to appreciate, Sir, his argument for considering to give a loan interest free; but I would not like to dilate on this point. This is still in a state of consideration, but I do hope we shall get an opportunity to consider it when the proper time comes.

It is very gratifying to note from the statement of the hon. Minister that the Government is thinking to put up a new plant for steel production in this country at an early date. The Planning Commission has also made provision for establishing a steel unit in this country. As you are aware, Sir, India is very fortunately placed in the matter of resources, and the States of Bihar and West Bengal possess very good iron ore mines, and they have also got coal by their side which enables them to produce the cheapest steel in the world, after Australia. Sir, I do hope that the hon. Minister will bear these economic factors in mind and accept the recommendations of the expert firm which is known as the Kopper's Report, and locate the steel plant mainly on considerations of economic factors.

In this connection I may be permitted to press the claim of Bihar

[Shri Rajendra Pratap Sinha]

for the location of this new plant. I request that this new plant may be located at a site in Bihar as recommended in the Kopper's Report, so that this may enable us to serve the country by giving you the best and cheapest steel.

SHRI B. C. GHOSE (West Bengal) : Mr. Deputy Chairman, I am not against the scheme of amalgamation as such. Everybody realises the importance of a basic industry like iron and steel and the urgent need for its expansion, and anything that serves that end naturally deserves support. But there are certain things in connection with this amalgamation on which I should like to have information. I presume that this amalgamation is being pushed through by this extraordinary procedure in the interest primarily of the public and not of the companies concerned. If that presumption is correct, then certain points arise and these points converge on the issue as to whether this is being done primarily in the public interest.

The first point, as the hon. Minister has pointed out is that the Tariff Board and the Tariff Commission had on many previous occasions argued in favour of this amalgamation. Why is it that—not the Government but the companies—why is it that the companies had not acted upon this advice so long? And what has happened today that the companies are agreeable to this amalgamation? In this context, I should like to read something from the speech which Leslie Martin delivered at the last annual general meeting of the company :

“With the growing shortage of iron and steel and the anxiety of Government to improve the supply of both, and with the visit of representatives of the International Bank, the question came to a head with the results with which we are now familiar. It is a splendid opportunity, whether from short or long term point of view, upon which shareholders of both companies may well congratulate themselves.”

I presume therefrom that in the earlier years the shareholders would not have congratulated themselves if such an amalgamation had taken place. How have things changed now in the interest of the shareholders so that the amalgamation is looked upon with so much favour? What has changed in the meantime? I understand that certain assurances have been given to the company that money will be provided for carrying on the schemes of expansion, and that in the determination of retention prices, things will work out more favourably for the company; and I am persuaded to that opinion from these observations of the chairman in the same speech. He says :

“The effect of acceptance by Government of the recommendation regarding retention prices, namely, calculation of retention prices on the same principles as have been applied in the case of Tatas will be that both companies when merged will benefit by receiving what may be considered an economic price for the hot iron and services which had previously been reduced entirely in the interest of the consumer who had never been at any time even in the picture when the agreement of 1937 had been made. Full overheads and profits will be calculated on the value of entire Hirapur block and included in future retention prices of steel. This will make a substantial addition to the amount of depreciation and return on investment at present allowed and will be included in calculation of retention prices.”

I should like to know from the hon. Minister as to what this implies. What was it that was always being done previously in the interest of the consumer to which they were; presumably in the opinion of the chairman, not entitled and which will not happen now? The hon. Minister knows very well and the Tariff Board has stated that in regard to the increase of cost, out of Rs. 44 in the increase on saleable steel manufactured by SCOB as much as Rs. 33 were due to deficiency in the general standards of technical and managerial efficiency. Is it implied now that although that situation will not very much improve, more profits will be obtained by the company owing to revised calculation of retention prices?

There is another observation which is also very interesting, in regard to the loans which these companies will have i.e., about Rs. 15 crores from the International Bank and about Rs. 16½ crores all together from the Government. Now, the shareholders of the company might be apprehensive as to how such a large loan will be serviced and what will be the effect on the company. Here is what the chairman says :

" It is true we are to carry a large burden of debt estimating at present to amount to Rs. 31 crores to carry out extensions. But the terms offered and now being finalised between the Government of India and the International Bank are expected to be such that you will not only be able to meet your liabilities both as regards the principal and the interest, but there may be a certain margin left which will help you to expedite the discharge of your liabilities. The position will be that when you have paid off your debt under these terms, you will have added to the value of your assets and your block many crores of rupees on which you will receive the usual overheads and profit without having had to make any financial contribution. I hope you will realise in what a fortunate position you are and in which you are likely to remain."

I have no doubt about the fortunate position in which the managing agents and the shareholders of the company will be. The hon. Minister stated that the retention prices may have to be recalculated when the loan will be paid and, one of the reasons why interest will not be charged for four years, that is up to 57 or 58, is, that otherwise, prices of steel may be enhanced to the consumer immediately. Now, Sir, here is a very important difference in the way industries are being treated. What it amounts to is this. I realise, in the case of this Company, it will never lose whatever may be the market condition. So far as this company is concerned, its profit is always assured because Government says that in the retention prices, all costs, including the interest and the servicing of capital will be taken into consideration. Therefore, what it amounts to is that you are assuring, whatever

the market conditions may be, a position to the company in which it will always make profits. That is, I believe, going too far in the interest of a company unless there are sufficient *quid pro quo* so far as the Government is concerned. Now, are there any *quid pro quos* so far as the Government is concerned in all these agreements? What is the Government or the consumer or the public gaining out of this scheme, apart from the fact, which of course, is desirable, that there will be expansion of production in steel? We know that and we have no quarrel with that; but, we would have also secured this result if certain other alternative arrangements were made. Therefore, certain questions arise. A question which the hon. Minister had also referred and also dismissed, namely, that of nationalization because, at the moment, Government are not prepared to take this up. I do not know for what reason; probably, because of the fact, that they have not sufficient administrative and technical personnel. But, that would also apply to any other new scheme that the Government might have in view. Have Government in the next place laid down any conditions in regard to the dividend that may be earned by this company or the commission that the Managing Agents may take. I see here that, for the last 3 years, the Indian Iron & Steel Company has been paying a dividend of 10%. Why should not that be reduced to 6% which is the rate of dividend permitted to companies which take loans from the Industrial Finance Corporation? Why should this company be placed in a special position? Cannot Government claim a share in the Managing Agency commission? They are supplying all the finance which is enabling the company to carry out this expansion which will bring it quite good profits. Without this Government assistance, the Company could not have done anything and, if that is the case—I do not know what the legal position is, but—why should not the Government have something in the Managing Agency commission? As everybody

[Shri B. C. Ghose.]

is aware, it is the financier in any concern who gets a major share in the profits of the company and here the financier primarily will be the Government because it will be either directly through Government agency or else through its guarantee that this amount of about Rs. 31 crores will be found. So, it is necessary to know as to whether the Government could get anything out of this company's profits.

This is the information that I should like to obtain from the hon. Minister as I feel that as the company is being reorganised or expanded on Government initiative, with Government resources, the Government and the public and not the company should derive the utmost benefit that may arise out of this amalgamation scheme.

Shri B. GUPTA (West Bengal) : Mr. Deputy Chairman, this scheme is to facilitate or expedite the amalgamation of two important companies. If it were merely a question of amalgamation of two business concerns, we would have probably ignored it but, we know, Sir, it is not merely that. Not that we are not interested in stepping up the production of steel ; we undoubtedly want and, if by any arrangement production of steel goes up, we certainly would like to be interested in that also. But, there are also other aspects to the problem which need to be discussed when we discuss a Bill of this sort. For instance, in the Bill it is stated, in the preamble, "whereas for the purpose of securing, in the interests of the general public and the Union, the efficient and economical expansion and working of the iron and steel industry in India, it is essential that the Steel Corporation of Bengal, Limited, and the Indian Iron and Steel Company, Limited, which are engaged in the manufacture and production of iron and steel, should be amalgamated." Therefore, the question of the public and the Indian Union is very important for our consideration. Sir, it has been stated by the hon. Minister

that both these concerns are under the management of one Managing Agency, viz., Martin Burn Co. Now, these three companies which are involved in this scheme of things are Martin Burn Co. and the two iron and steel companies, the SCOB, i.e., the Steel Corporation of Bengal, and the Indian Iron & Steel Company. As far as we know, Sir, these three companies make a family in which certain British multimillionaires and certain Indian multimillionaires are living in sin for the past two generations.

Sir, if you take the composition of the management of these three concerns, you will find that the same person happens to be in almost all the three. Mr. Leslie Martin happens to be the Chairman of the Martin Burn Co. He is also the Chairman of the Board of Directors of the Indian Iron & Steel Company. Mr. Biren Mookerji is on the Directorate of both these companies and is also the Chairman of the Steel Corporation of Bengal. In Martin Burns, there is Mr. L. Martin, Mr. Liveredge and Mr. E. G. Spooner. These are the three Englishmen and there are two Indians, Mr. Biren Mookerji and Mr. S. N. Mukherjee—I do not mean our Secretary here, that is a different man. Now, Sir, out of these 5, 3 are Englishmen. In the Indian Iron & Steel Company, there are Mr. Leslie Martin, Mr. Esplein, Mr. Methold and, there are four Indians. In the Steel Corporation of Bengal, you will find Mr. Elkins and Mr. Liveredge and, in addition, of course, there are the Maharaja of Burdwan and Mr. Biren Mookerji, the Chairman, and two other Indians. This is how they are intertwined as far as the management side of the whole concern is concerned taking the three as a whole.

Sir, again, it is stated in the report itself that the Indian Iron & Steel Company holds 11 lakh ordinary shares in the SCOB and those shares have a face value of Rs. 1,10,00,000

and, therefore, these two companies are inter linked that way also. Then again you come to the distribution of the shares. These things are stated in the reports ; but the trouble with the Government reports is this that whether it is Tariff Board or some other Board, they always throw overboard the facts that we want to know. Sir, if you look at this report, you will find that they have presented the facts in a particular manner. Out of these you can cull out certain facts which are vital and should interest anyone regardless of the party to which he may or may not belong. Sir, you will find that there are, in the Indian Iron & Steel Company, 25,52,596 ordinary shares of Rs. 10 each. Out of these shares, 3,31,084 shares are held by people outside India. We know that those shares are held by Britishers. Then, you come to the Steel Corporation of Bengal. There are 32,88,890 ordinary shares, again of Rs. 10 each. Out of these, 1,80,594 are held by these people—as they say, outside India. They do not divulge their nationality, but we know they are, almost all of them, Britishers. Now, in these two companies the shares held by foreigners, people outside India—Britishers—amount to Rs. 51,24,380. A large chunk of shares is held by people who live outside India. This is the first point.

Then again, you will find that in both these companies, banks, insurance companies and investment companies hold substantial shares. I should like to refer to page 2 of this report which deals with the ratio between the ordinary shares of the two concerns. In the Indian Iron and Steel Company, banks hold about 3,00,303 shares and in the case of SCOB, the number of shares held by banks is 2,46,140. Insurance and investment companies hold 3,06,583 shares in the case of the Indian Iron and Steel Company and 12,20,930 in the case of SCOB. It is not stated which are those banks and insurance companies. I can speak with a certain amount of knowledge in this matter—always sub-

ject to correction, because business is not my field—that most of these shares are held by foreign banks, and foreign insurance companies, and that the Indian element has a negligible shares. The lion's share goes to the foreigners, whether they are held by individual shareholders or by financial concerns or by insurance companies. This is another aspect which, I think, should be very carefully noted.

Then we come to the managing agents. We find that the directors and their families hold 31,448 shares in the Indian Iron and Steel Company and 35,580 in the Steel Corporation of Bengal. Martin Burn Limited again hold shares as managing agents of both these companies : in the Indian Iron and Steel Company, 27,441, and in the Steel Corporation of Bengal, 1,00,032. This is the position. Foreigners and a set of people organised in a managing agency, about whose mismanagement you have just heard from the previous speaker, control the whole show. Let us not think that Indian interests are properly represented. We know how these two companies operate. These two companies operate mostly in our part, and we know how they operate and what are their ramifications—I am talking of economic ramifications.

Now, to come to the dividends paid, that is given on page 4. I would like the Congress Members to read it again when they go home : they have read it once, I suppose. I have made certain calculations for their benefit, and I will disclose them to the House. Heavy dividends have been paid on ordinary shares. I am not talking about preference shares. Ten years' figures are given here. In the case of the Indian Iron and Steel Company, the dividends varied between 3 3/4 per cent. and 20 per cent. Mostly it has been 10 per cent. and in some cases it has been 20 per cent. 7 1/2 per cent. and so on. Very heavy dividends have been given. Out of these dividends the foreigners received, in the course of that decade, Rs. 38,40,642-8-0, according to my calculation. It may be a little mistaken ; but roughly they received

[Shri B. Gupta.]

Rs. 39 lakhs. The face value of those shares, incidentally, is only Rs. 33,18,000. That is to say, the foreigners holding shares in this company had, during the last ten years alone, drawn dividends which amount to much more than the total face value of their shares. This is the position in the case of one company. Take the other, the Steel Corporation of Bengal. In this case, the shares held by foreigners amount to Rs. 1,80,540, as I have said, with a face value of Rs. 18,05,400. They have, during the same period, drawn on their ordinary shares Rs. 11,73,861. They have not gone quite so far as the other, because they have not drawn within ten years the full face value of their shares, but they have drawn a fairly large sum. This is the extent of profiteering in an industry which is supposed to be a national industry, which is supposed to serve the interests of the people, which is supposed to help us to lay the foundations of our economy. And there we find that the foreign elements, whether as shareholders or as managers, are taking away a large part of the money, probably out of the country. Even if the whole of it is not going out of the country, we do not know where they are putting that money. We do not think the control lies with Indians. Whether something is got out of that by way of income-tax is a different matter. But the point is that the money does not come within the scheme of our things, so that we can profitably utilise it for development purposes. These foreigners have between them drawn during the ten years Rs. 51,14,503/8. Not a small sum. It is a huge sum, to have been drawn out of these concerns, when India is deficit in regard to steel, when we need to make every effort to make up the deficit, when Indian consumers have to buy steel at a very high price, and when smaller industries are starved for want of steel.

I should have thought that the Bill that has been presented to us would provide against the kind of thing that I have pointed out—if I may say

so, against the kind of theft that is taking place in the economy of our country. That should have been stopped. The hon. Minister has power to stop it. He can make provision in the Bill. Nothing of the sort has been done. It is a very important factor.

Much has been said about production. Before I deal with that, I would like to say something about management. The management is entirely in the hands of one family of Britishers—the Martin family—and one family of Bengal—the Mukerjee family. Let us have no illusions about it. It is not as if the ordinary shareholders are in control. I have pointed out that a large number of shares is held by the directors and their friends and families. And all businessmen know what that means. The whole thing is under the control of the Martin family and the Mukerjee family. And a son-in-law has come in, because Mr. Banerjee, who happens to be the son-in-law of that Mukerjee family, is also a big guy in that concern. Therefore, it is a sort of small family, a kind of clique. A few Indians and a few Britishers manage this show.

Now, if you come to the other side of the story, namely, the merger, we are told that production will go up. It is true that if certain things are done the production is likely to go up, and there is no reason why it should not go up. But I would like to point out what they say in this connection. Mr. Spooner, who happens to be on the Board of Directors of Martin Burn Limited, the managing agents of both these concerns, said at a press conference held in Calcutta on the 14th November 1952 that the scale of actual expansion of production with the utilisation of loans could be ascertained only in 1957-58. He would not make any commitment in the matter to the press men. He said it could be ascertained in 1957-58, although on some other occasions some figures had been given. Although some figures have been given, there seems to be some doubt in the

mind of the Martin Burn Company which manages these two concerns. I would like to draw the attention of the hon. Minister here to this kind of thing.

Now, Sir, you will see that when they amalgamate, certain gains will come to them. Of that they are very happy. They are gloating over it. The hon. Member here raised certain points about it in order to get enlightenment as to the implications of this amalgamation. Sir, the Indian Iron & Steel Co. does not produce steel and because of this reason, it does not get the returns on its Hirapur block of capital, which comes to about $7\frac{1}{2}$ crores of rupees. Now, as a result of amalgamation with the Steel Corporation of Bengal, they will get the returns on that block of capital at the rate of 8 per cent. This was stated by Mr. Leslie Martin himself in his speech to the shareholders of the Indian Iron & Steel Co. He said that "The Indian Iron and Steel Company and SCOB may be informed that should Hirapur Iron Works be amalgamated with the SCOB, the retention prices of steel produced by the amalgamated concern will be calculated on exactly the same principle as had been applied in the case of Tatas." Now, Sir, we have worked it out. It comes to about 60 lakhs of rupees at the rate of 8 per cent. on $7\frac{1}{2}$ crores. It comes to 60 lakhs of rupees without producing a single ton of steel, without increasing production. Just by a stroke of pen and with the blessings of this measure they will get right on the spot 60 lakhs of rupees as returns on their Hirapur block of capital. And they are very happy about it and they have said it in very many statements.

Then again, Sir, about the debts. Now, Sir, what are the terms of the debts? The Government of India would not charge any interest for four years and after that when the loan should be repaid, that would be left to them. No time has been fixed for the repayment of the loan and it has also been provided that if it is necessary to repay their loans, they can increase the

retention prices. That is to say, the consumers will have to be fleeced again through increment in the prices of steel. Now, this seems to be an impossible proposition to me. Now, if it was a loan, interest could have been fixed, time could have been fixed and Government should have seen to it that under no circumstances, the consumer's interests or the interests of the small producers who use the steel, were jeopardised or prejudiced. Nothing of the kind has been done. Now I am referring to Mr. Leslie Martin's speech at the shareholders' meeting published in *CAPITAL* dated November, 20, 1952. Sir, this is what he stated :

"But the terms offered and now being finalised between the Government of India, the International Bank for Reconstruction and Development and the Company are expected to be such that you will not only be able to meet your liabilities both as regards the principal and the interest, but there may be a certain margin left which will help you to expedite the discharge of your liabilities.

The position will be that when you have paid off your debt under these terms, you will have added to the value of your assets and your block many crores of rupees on which you will receive the usual overheads and profit without having had to make any financial contribution. Under these circumstances, I hope you will realise in what a fortunate position you are and in which you are likely to remain. You will be the owners of one of the largest integrated plants outside the United States of America with possibilities, if opportunity arises, for even further expansion."

Sir, there is reason to gloat over these arrangements because the arrangements are such as have not only fully protected their interests, but have opened new possibilities of making money without making any expansion and of drawing funds at the cost of the consumers. That is the position, Sir.

Now, Sir, they have sent Mr. Biren Mukerjee to the United States who is negotiating with the International Bank. About the World Bank what does Mr. Spooner say? He is the Director of the Martin Burns Company. What he says is quite interesting. He told the press men that tenders from foreign countries, which were

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capable of supplying the company's requirements, would be invited, but the International Bank would also have a say in the matter of placing orders. Now, Sir, this is a business concern which is supposed to invite tenders from all over the world. But, the International Bank will have a say in the matter of selection of tenders, in the matter of the acceptance or rejection of tenders.

It is again stated in the Economic Weekly of 29th November 1952, that "The World Bank has been critical of the comparatively low prices fixed for Indian steel." There you are. The World Bank is not satisfied with the low prices of the Indian steel, they are very critical. They want the prices of steel to be raised. Such is the World Bank's attitude towards the consumer and this is the World Bank's attitude towards the concern, towards the Indian producers who will not have full freedom in the matter of dealing with tenders. This is from the Economic Weekly.

SHRI T. T. KRISHNAMACHARI : The Economic Weekly is not in our confidence. 1

SHRI B. GUPTA : Sir, it may not be in your confidence.

Then, Sir, Mr. Spooner has also said something about.....

SHRI T. T. KRISHNAMACHARI : Maybe Spoonerism.

SHRI B. GUPTA : He should be in your confidence. Now, Sir, it is not a question of one being in your confidence or not. I am not going into that because that will be a waste of time. These statements have been made. They are published and I have only drawn your attention to them. This is all gathered from the reports which are by no means of political affiliation with which you totally disagree.

Sir, the Indian Government has been very generous with regard to the loan. But may I ask one question? Did you enquire about the financial position of Martin Burn and Co. before you advanced that loan? Sir, as far as I know, the Martin Burn Company is a very wealthy concern which has got wide business. They have got plenty of funds, money accumulated through a number of years. They can produce crores of rupees from other resources. Now if it had been found out that the Martin Burn Company could not find money from any other sources, the Government of India would have been justified in offering the loan free of interest for four years, but of course without leaving things to be decided and settled by the company at their sweet will. But I do not find any indication in any place that an attempt was made to find out the financial position of the managing agents themselves. My submission here, Sir, is this that the managing agents of that company are wealthy people and they can always find 5 or 10 crores of rupees from their own resources. What happens now? Now, these companies have decided—because we are short of steel—to compel the Government of India and the public in accepting a position where we have to offer them loans on their terms. In fact, Sir, the loan that has been offered to them has been 5 P.M. offered not in the interests of the people of India, nor in keeping with the interests of the consumer but in the interests of these multi-millionaires. If you read this report, you will find that nowhere is any mention made of the consumers or of the smaller producers who require steel for carrying on their trade or business or for running their small factories or industries. The whole thing has been conceived in a manner which should be put to question and calls for very severe criticism. I am not against amalgamation as such, but this particular amalgamation might have been effected in a different manner. My complaint against the Government of India is that in sponsoring this Bill they have not taken into account the interests of the people, the interests

of the workers and the interests of the small man in industry. On the contrary, they have gone headlong to meet the dictates and promptings of these multi-millionaires who had reaped so much profit, so much dividend, during the last several years. I do not want to go into painful stories, but this is the only occasion when we can discuss these things. Therefore I shall speak freely. In this Bill the interests of the people have been absolutely neglected. It is not production alone that matters. Production is very important, we want more steel, but we want steel on our own terms. We want the steel to reach the small man. We want steel to be produced at prices which the Indian consumer can afford. We want steel to be produced under conditions which do not put money in such huge quantities into the coffers of these foreign exploiters. We want steel to be produced no doubt, but at the same time we want it to be produced in our own way. But no provision has been made in the Bill in regard to these aspects. They talk of production, but what about the workers? So many workers are involved there. We know, Sir, that an assurance has been given that workers will not be retrenched. This assurance usually means nothing. After the business is clinched, they come down upon the workers and retrench them. That has been our most unfortunate and lamentable experience. We hear also that as a result of this economisation, there will be rationalisation, and rationalisation will bring in retrenchment of workers. When you talk of production, you must keep in mind the real producers, the workers. Their interests should have been safeguarded at least in the Bill which is now before Parliament. I can understand their interests being overlooked in a company report or the report of the chairman of a board of directors, but when a Bill is sponsored here, the hon. the Commerce Minister should take a little interest in seeing that such things as the interests of the workers are properly safeguarded. It has not been done. There are so many other things to say, but I would only mention one thing, and what I

say I want to be confirmed or denied by the hon. the Commerce Minister. According to our information, we find that 37½ per cent. interest in these concerns is in British hands. Therefore we are interested to know as to what will happen to them. Does it mean that after this amalgamation increased production would lead to increased profits for these people? As far as one could make out from the speeches of Mr. Leslie Martin and Mr. Spooner, one finds that their prospects are very bright. Now, they have not declared any dividends. Why have they not done so? Many people do not know. They have not done it because, according to my sources of information in Calcutta, they thought that if the dividends had been declared before Parliament had done with this Bill, it might lead to some repercussions, with the result that Parliament might be a little agitated about the huge patronage that was being given to them. Therefore, they have given a sort of interim dividend and a hint has been put across that everything would be very well with the shareholders. Whenever Mr. Leslie Martin makes a speech—I know from press reports, I have got plenty of clippings here—he seems to be very very happy. When I find an Englishman in his position being happy, I always smell a rat, and that is why I am drawing the attention of the hon. the Commerce Minister to the speeches that Mr. Leslie Martin has been making, since this amalgamation business has been on the agenda of the Government. Sir, this is the position. We know that, as usual, a nice speech will be made by the Commerce Minister in a somewhat Anglo-Saxon manner. Our Commerce Minister is a shrewd businessman. Having had wide experience in that field with Englishmen, he knows what sort of businessmen these Englishmen in India are. Therefore, I feel that at the bottom of his heart he knows what I am talking about. Probably the Bill, as I said, is so coloured and so tainted that he would not be in a position to unburden himself on the floor of the House, but even so, I consider it my duty to place the whole matter before the House. Pig iron used to be carted

[Shri B. Gupta.] away instead of being sent to the steel factory. Worse things may follow in the future. We have experience of these people. They live in my part and I know them and what they are doing. They have almost monopoly position in this industry, and now they want to enhance their financial resources. Already you hear them saying that they are the biggest unit after the U. S. A. and it is said that their assets would come to about Rs. 100 crores. This will place them in a very strong monopolistic position from where they can dictate terms. I think the hon. Members here should wake up to the realities. Amalgamate the concerns by all means, but separate the Indian from the British. This unholy relation, this unholy union, would only produce illicit results. We should not

SHRI T. T. KRISHNAMACHARI : Produce Anglo-Indians.

SHRI B. GUPTA : We should not put up with this sort of thing for any length of time. You should have made provision in the Bill itself to separate the Indian interests from the British. If this Bill is passed, the British interests will be in a very strong position. Their position has been strong for the past 25 or 30 years. If the Ministers come to Parliament to pass this measure, they should have made provisions to curb their power. Sir, this is a very important matter. I would point out to hon. Members of this House that this Bill is not as innocent as it looks. If you read between the lines, you would understand it better. Therefore, please do not be carried away by sweet speeches of the Commerce Minister here or by the wording of this particular measure. If you read it between the lines and also study this report which I have got here and also the speeches of Mr. Leslie Martin, you will find that an excellent arrangement is being made for profiteering, for getting more dividends and for removing the funds to underground channels, and finally out of India. We want protection against such a thing. We don't want our wealth to be drained out of this country.

We want the industry to flourish but at the same time we want the profits to be controlled and ploughed back into our own industry. It should not be allowed to go to those who hold the shares from outside and pull the strings and get the Ministers to say whatever they like to say. We want to put an end to such a state of affairs. The hon. Minister there in the other House was a little touchy about it. When I read his speech I found he was very annoyed with hon. Mr. Hiren Mukerjee and he made all kinds of remarks. He said Mr. Hiren Mukerjee and the capitalists in the country spoke in the same way.....

MR. DEPUTY CHAIRMAN : Mr. Gupta, what happened in the other House is not relevant. You have already taken 50 minutes.

SHRI B. GUPTA : I thought it was relevant because the relevant person is here. But I say that this kind of thing—wishy-washy statements and sarcasms are meaningless when you deal with an important Bill. The hon. Minister should have some responsibility to understand the implications of it and when we point out he should have the humility to consider this thing and should not have the temerity to come out with all kinds of observations or sarcasms against us. Therefore I say when he goes back home tonight he should consider this matter very seriously and go into it and come tomorrow to give a proper reply. The matter is one of vital importance. I know you are in a great hurry but we cannot allow you to run away like that. After all we are not in that bus. Therefore the position is that the national interests have to be guaranteed in every possible way.

MR. DEPUTY CHAIRMAN : You are repeating Mr. Gupta. No repetitions.

SHRI B. GUPTA : They may not listen to my repetition. Therefore I suggest that the measure should be reconsidered and all steps should be taken to guarantee the national interest.

that are jeopardised by the provisions of the Bill. Quite apart from the question of amalgamation as such there should be better provisions for safeguarding the Indian interests first, and then we shall consider about other matters. I hope the hon. Minister will consider this and if he does not make a provocative speech, I don't think I will speak at the third reading.

SHRI T. T. KRISHNAMACHARI : Mr. Deputy Chairman, I am grateful to Mr. Sinha for his very critical support. I have no doubt that much of what he said has to be considered by the Government at the appropriate time. We are not exactly determining now the location of the third and fourth plant. I hope he meant the 3rd and 4th plant. We will certainly take into consideration, not merely the recommendation of Koppers but also the other people Mekce and the third concern which submitted the report. The only fact is whether he would himself consider it proper to concentrate industries almost within an area of 200 miles. Perhaps he has also forgotten that the location of an additional plant in Bihar would mean an extra strain on our already over-strained railway system. So if my hon. friend would forgive me, it looks as though if and when the 3rd and 4th plant materialise, Bihar will have to wait for the 5th.

My hon. friend Mr. Ghose, as usual, put his finger on the weak spot and I recognize that a salesman that is to sell his wares is apt to exaggerate the quality of what he sells. I don't know Mr. Martin. I understood he is an aged gentleman. Apparently he does not come out very much and on the few occasions I go to Calcutta, I don't get an opportunity to meet him but he must be a very good salesman and my friend Mr. Biren Mukherjee will have learnt sufficient salesmanship from him. Personally I am unconcerned about what he says to his shareholders. If he paints to his shareholders a very rosy picture, he is welcome to do so. For take the claim that the new integrated plant would be the biggest one in Asia. You have only to go 120 miles to see a bigger plant

and if our expansion comes into being, the Tatas will be the biggest.

SHRI B. GUPTA : He said 'integrated plant'.

SHRI T. T. KRISHNAMACHARI : That is also integrated. The Tatas are not depending for the hot metal and their ancillary things on anyone. The Jamshedpur plant is much better integrated plant and it will produce another 180,000 tons in addition to the present capacity of 750,000 tons. They are producing to their capacity. So on one single fact, Mr. Martin is not accurate. I don't see why we should try to show him up. It is for his shareholders either to take in what he says or reject it but I would like to tell my friend Mr. Ghose that the letters addressed by the Indian Iron and Steel Company and the Steel Corporation of Bengal to the shareholders have been somewhat more circumspect. They have not mentioned all these claims which they made in the speech. Of course it is rather unwise to make a speech and get it published in the newspapers and at the same time not to put it in a document of this kind. I don't propose to attempt to refer to Mr. Martin's speech because I have not read it.

SHRI B. C. GHOSE : There were two or three points given about why amalgamation did not take place earlier and again he says something about retention prices—all these are probably facts.

SHRI T. T. KRISHNAMACHARI : On the question of the possibility of there being a larger block for the purposes of assessment of profit, should there be profit, he is perhaps right. At the same time he should not forget the person who has to approve of the retention prices for SCOB steel. I do happen to know that it is an inefficient unit. We are putting a lot more in the SCOB for the production of the same steel in comparison with the prices paid to the Tatas today. I would refer Mr. Ghose to the 1951

[Shri T. T. Krishnamachari.]
Report, page 17. He will find in
paragraph 14 the following :

“ Effect of differences in corporate structures
on works costs :

Such additional charges in 1950 added approx-
imately 17 per cent. to the charges for pig iron
supplied to SCOB above the actual IISCO
costs. The extra increment of cost of pro-
ducing a ton of saleable steel which this ‘ inter-
company ’ charge adds to steel produced
at SCOB is approximately Rs. 14-6-0.”

Then they go on :

“ SCOB also purchases a number of services
such as fuel, water, power and steam from
IISCO on a cost plus service charge basis.
The service charge is an additional, ‘ inter-
company ’ profit for which no corresponding
element of cost appears in the Tata works
accounts.”

Then they go on emphasising the
increase in cost emanating from differ-
ent corporate structures. They say :

“ These differences emanate chiefly from
what may be termed ‘ loose ’ accounting
practices at IISCO and SCOB, the result of
which is inaccurate allocation of production
and costs to departmental units and intermediate
products and ‘ distortion of the structure of
works costs.”

I will refer my hon. friend to page
19 of the same Report which says :

“ By following such a policy, the Tata
Company succeeds in holding down the ‘ ge-
neral works ’ costs to about 14 per cent. and
the charges for provisions to about 19 per cent.
of its conversion costs, in departments, sim-
ilar to those of SCOB. At SCOB, however,
these items constitute respectively approxi-
mately 27 per cent. and 25 per cent. and come
to a total of 52 per cent. of conversion
costs in comparison with a total of 33 per cent.
at Tatas.

I will refer my hon. friend to page 21
of the same report where compara-
tive costs are given. You will find in
the 1950 cost—I will take only one or
two items—the following :

	SCOB	TATA
Billets	Rs. 195.64	125.30
Heavy rails	Rs. 205.11	145.05

Further on, in the next page the
Report says :

“ Of even greater significance is the fact that
the spread in costs between the two works
has shown a steady increase each year as in-
dicated below : 1948—51.73, 1949—69.72
and 1950—89.42 ”.

Therefore, hon. Members will find
that while undoubtedly certain amount
of advantages will ensue because of
the compounding of the capital struc-
ture of the two companies in relation
to taking the block capital for purposes
of assessment and the over all profit—
that you might perhaps concede—we
have been paying and we shall pay
for another four years much higher
retention prices to SCOB on the basis of
cost as against TATAS which has an
integrated plan and where the account-
ing is legitimate and without any loose-
ness that arises out of the loose cor-
porate structure of the plan of the
SCOB. That course is a material
gain so far as the consumer is con-
cerned. Well, undoubtedly some bene-
fit will ensue; but my own feeling is
—and I have been advised to that
effect—that the benefit to the consumer
outweighs the benefit that will come
to the company, except that the capital
structure would be more solid and
stable.

I should like to tell my hon. friend
Mr. B. C. Ghose this fact—if they
will trust the Government in this
matter—I am voicing my individual
opinion on this matter. Our control
over costs today in all these scheduled
industries is so complete that you are
in a position to determine the cost of
the products in whatever manner you
want. Of course, you have to be fair
in doing it; but there is nothing to
prevent me from telling TATAS or
SCOB to morrow that I shall determine
the cost by sending a cost accountant.
If I give one rupee or two
rupees more, it will run to lakhs of
rupees, even crores. That is why
you use an independent body. But
there is nothing to prevent Govern-
ment, in all fairness, from laying down
the cost from time to time. If we ask
the Tariff Commission to morrow
and tell them, “ We feel that the profit
structure of the iron and steel industry

should be reduced to the same as in the textile industry, namely 6 per cent of the block capital," they have got to follow it and appraise their prices on that basis. But we give a differential rate because of certain factors that come into this particular industry. I would, however, like to give this assurance to the hon. Members—at any rate you will give us credit for being truthful when speaking in the House—that so far as I am concerned—and I have gone fairly thoroughly into this matter and ever since the time I took office some seven months back this is primarily my preoccupation—I have no doubt in my mind that in spite of the concessions that the company will enjoy and which they get by reason of the very liberal manner in which we have treated them, by providing the capital from the regular Budget, by guaranteeing loan from the International Bank, and by processing it ourselves—Finance and Commerce & Industries officers went to Washington for processing it—and our agreeing to give them interest free loan even before they start producing, so that the present cost may not increase, I still feel that we have done the very best to the nation in this matter. I may tell hon. Members that on the basis of 450,000 or 350,000 tons of steel and 380,000 or 480,000 tons of pig iron as the case may be, the new plant to be started may cost us more than Rs. 80 crores. Rather, the Rs. 80 crores plant would produce 350,000 tons of steel only and no pig iron. But here by getting about Rs. 12, 13 or 14 crores from the International Bank and giving another Rs. 18 $\frac{1}{2}$ crores, or in all about Rs. 32 crores, we nationalise the existing plant and make them produce what could be produced only if we spend more than Rs. 80 crores. Hon. Members will understand that this is saving some of the national wealth. That is what has made us very keen to persuade the people and to use that amount of pressure to make them fall into line and go ahead with the scheme. One of the advantages this country has is they have got a blooming mill to produce 550,000 tons, but today it is not being used for even half its capacity

and the blooming mill is practically a waste and the cost of the blooming mill goes into the production cost and puts up the cost. So we utilise some of the spare capacity in certain directions, at the same time producing steel at an overhead cost which from the national point of view, is very cheap.

Hon. Members may ask, "What is this concern?" The total capital structure is in the region of Rs. 4,48,00,000 for SCOB and Rs. 4,05,00,000 for IISCO, plus debenture of Rs. 1,58,00,000 in all something less than Rs. 10 crores, and less than the money you have to pay for nationalising the thing. It is certainly not worthwhile nationalising, if by giving this help you can make them produce this much of steel.

The question was raised by Mr. Gupta in regard to the European interest in the concern. Well, I was not surprised that the hon. Member raised it. I know he feels very strongly about the presence of European capital in this country. I can only say that I do not feel strongly about it, because this.....

SHRI B. GUPTA : That is the tragedy of our times.

SHRI T. T. KRISHNAMACHARI : I don't know, history has to judge whose is the tragedy, his or mine. But I am merely mentioning it and I will not controvert my hon. friend. For one thing, he himself said that if I provoke him, he will make a long third reading speech and I do not propose to provoke him. But I appreciate his point of view. After all there was a time, about ten years back, when friends like him and myself were more or less rubbing shoulders and having more or less the same views. He goes a little farther and I have probably receded a bit but, it does not mean that I cannot appreciate what he says. His objection is that there is European capital and that European capital will benefit to the same extent as the Indian capital. He knows, Sir, Biren Mookerjee and his other partner better than I do; they are all facts and can't be disputed. But, Sir, we propose to work with

[Shri T. T. Krishnamachari.] people who invest capital in this country and there the whole discussion stops. So far as I am concerned, I make an admission which he thinks is something against myself, but, having made the admission, why should I argue him out of his point which is absolutely unnecessary? I think, Sir, that point is understood that we have recognised that there is European participation by way of share capital in many concerns in this country and, we are welcoming European participation in concerns that we start, the only over-riding consideration being that the Government will have an absolute and the last say in any matter of profits and the running of the concern.

The hon. Member mentioned something about the International Bank scrutinising tenders and all that. Naturally, the International Bank has got experts who might be able to advise where to purchase. While we want foreign exchange, the foreign exchange is not limited to dollars alone so that we don't have to buy in the United States of America alone; we can buy from anywhere we like. Naturally, somebody will scrutinise the tenders; we are not going to allow the new Corporation to buy wherever they like and pay fancy prices.

SHRI B. GUPTA : Even if there is no legal obligation, this kind of deal leads to a kind of obligation which you cannot evade. It has been so; the experience has been so. Even if it is stated in the contract that you need not buy in the United States, the fact remains that the World Bank exerts its influence to buy from the U. S. A.

SHRI T. T. KRISHNAMACHARI : As a matter of fact, I can tell my hon. friend categorically that there is no obligation to buy from the United States nor do I feel that any loan obtained from the World Bank is hedged in with conditions which are intolerable. I think the Bank loans on the same terms and conditions as any bank

normally does and we do propose to go back to the World Bank for other loans for other plans and we think we need foreign exchange—foreign resources being scarce—and we propose to make use of every possible agency to get foreign exchange for our purposes and, therefore, it is a matter in which again we will agree to differ and, so far as I am concerned, I feel Sir, I have pride in my country and I have pride in my Government; I have probably pride in myself and as a Minister I am not going to mortgage my freedom to anybody where there is somebody else.....

SHRI B. GUPTA : You may even lose it in a state of absent-mindedness.

SHRI T. T. KRISHNAMACHARI : The hon. friend is provoking me, but, I do not propose to provoke him. The state of absent-mindedness does not normally come to people who have their feet in this country. I am always thinking about my country, about my people, about my Government, about my industries.....

SHRI B. GUPTA : We do not talk about the Moon; we also talk about our people and our land.

SHRI T. T. KRISHNAMACHARI : Well, these are all subjective factors. They cannot be objective. If my hon. friend thinks that we on this side always talk about the Moon or think about it, or, are subject to lunar influences, I wish he can think so. Very possibly we are sometimes, when we go on striving to do our bit and when we find that it is not appreciated, it may be that a man who persists is under the influence of the Moon; but, that again, is a matter of subjective calculation and you cannot project objectivity in it.

Sir, on the whole, I must say that my hon. friend, Mr. Bhupesh Gupta has been extremely kind to me and, therefore, my thanks are in a great measure due to him, but, he said that I am a misguided old man who is not able to see things from the proper perspective. Perhaps my glasses are wrong and,

when I find I cannot use them, I shall go in for a new pair of glasses but, he has been very kind and I assure him that I shall not provoke him. I do hope that hon. Members of this House, at any rate, have so ne measure of satisfaction. Government have not entered into this matter blind-folded but, with eyes open and, having done so, they feel that this is the best thing that can be done and, in the circumstances, possible. We know that we can produce 350,000 or 400,000 tons of steel with the many foreign investments and, at the same time make use of a particular plan which I would claim, Sir, is a national plan and owned by me and by nobody else.

MR. DEPUTY CHAIRMAN : The question is :

That the Bill to make special provision, in the interests of the general public and the Union, for the amalgamation of certain companies closely connected with each other in the manufacture and production of iron and steel, and for matters connected therewith or incidental thereto, as passed by the House of the People, be taken into consideration.

The motion was adopted.

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

Clauses 2 and 3 were added to the Bill.

MR. DEPUTY CHAIRMAN : There is one amendment for clause 4 in the names of Mr. Sundarayya and Mr. Bhupesh Gupta.

SHRI B. GUPTA : Sir, I move.

At page 2, after line 18, the following be added as a further proviso to clause 4 :

“ Provided further that no part of such profits shall be allowed to be remitted or transferred outside India.”

Sir, this is only a very simple amendment. I did not speak about it and I do not wish to dilate upon it.

I would request, if I may, the hon. Minister here, to accept this amendment because the profits that are made in this country as a result of the work should remain in India. The amendment is to that effect. I will just draw

his attention to one simple fact. The total capital invested by these two companies, the SCOB and IISCO amounts to, according to my calculations, Rs. 8,73,57,685 and the profits during the last 10 years between 1940 and 1950 come to Rs. 8,81,16,098. As I have said already, out of these profits, a huge amount has gone abroad. Sir, he will realise the total profits have been heavy. We should ensure, by incorporating this amendment that no part of the profits so earned goes outside the country. If the hon. Minister cannot control Mr. Leslie Martin, he can at least control him sending away the money abroad, outside the shores of India. I move, Sir.

MR. DEPUTY CHAIRMAN : Amendment moved.

At page 2, after line 18, the following be added as a further proviso to clause 4 :

“ Provided further that no part of such profits shall be allowed to be remitted or transferred outside India.”

The clause and the amendment are now open for discussion.

SHRI T. T. KRISHNAMACHARI : Sir, I am unable to accept the amendment because it goes contrary to the policy that has been laid down by this Government as indicated by the statement of the hon. the Prime Minister in 1949 in respect of foreign investment.

MR. DEPUTY CHAIRMAN : I put the amendment first: The question is:

At page 2, after line 18, the following be added as a further proviso to clause 4 :

“ Provided further that no part of such profits shall be allowed to be remitted or transferred outside India.”

The motion was negatived.

MR. DEPUTY CHAIRMAN : The question is :

That clause 4 stand part of the Bill.

The motion was adopted.

Clause 4 was added to the Bill.

MR. DEPUTY CHAIRMAN :

There are no amendments to clauses 5 and 6.

Clauses 5 and 6 were added to the Bill.

MR. DEPUTY CHAIRMAN : Now we take up clause 7. There is an amendment to it.

SHRI B. GUPTA : Sir, I move :

At page 3, line 7, for the word "five" the word "three" be substituted.

It is only to reduce the percentage on the cumulative preference shares. Here it is provided that 5 per cent. be given. I say it should be 3 per cent. It will not speak on this subject. The less the better, as far as these people are concerned.

MR. DEPUTY CHAIRMAN : Amendment moved.

At page 3, line 7, for the word "five" the word "three" be substituted.

SHRI T. T. KRISHNAMACHARI : I am not accepting the amendment.

MR. DEPUTY CHAIRMAN : The question is :

At page 3, line 7, for the word "five" the word "three" be substituted.

The motion was negatived.

MR. DEPUTY CHAIRMAN : The question is :

That clause 7 do stand part of the Bill.

The motion was adopted.

Clause 7 was added to the Bill.

MR. DEPUTY CHAIRMAN : There are no amendments to clauses 8 and 9, and amendment No. 4 to clause 10 is consequential.

Clauses 8, 9 and 10 were added to the Bill.

MR. DEPUTY CHAIRMAN : There is an amendment for clause 11.

SHRI B. GUPTA : Sir, I move :

At page 5, line 1-3, the words "unless and until he is duly removed from his employment in the Iron and Steel Company or until his terms and conditions of employment are duly altered by that Company" be deleted.

It is a losing battle, I know. Sir, clause 11 provides that every employee of the dissolved company "shall hold his office or service therein (Iron and Steel Company) by the same tenure and upon the same terms and conditions and with the same rights and privileges as to pension or gratuity as he would have held the same under the dissolved company if this Act had not been passed, and shall continue to do so unless and until he is duly removed from his employment in the Iron and Steel Company or until his terms and conditions of employment are duly altered by that Company."

We do not know what this "duly altered" business would actually mean. It is redundant. For prudence's sake, if not for the sake of good conscience, I think this is an amendment which should be accepted. Let the position remain at least as it is as regards the employees of the company. Let us not give the management any assurance whatsoever about altering the arrangements after the merger, so that in the name of duly made rules they can retrench people or take away any of the privileges which the workers have been enjoying. I think in the interests of the workers and of the employees of these two concerns and in order to relieve their anxiety and doubts, this amendment should be accepted. After all, it does not mean any addition, I may tell the hon. Minister : let him delete a little, if he cannot add a little.

MR. DEPUTY CHAIRMAN : Amendment moved :

At page 5, lines 1-3, the words "unless and until he is duly removed from his employment in the Iron and Steel Company or until his terms and conditions of employment are duly altered by that Company" be deleted.

SHRI T. T. KRISHNAMACHARI : Sir, the position is that this clause confers certain rights on people who

are now employed by the company that is to be dissolved. Naturally, when they become employees of the other company, they cannot have rights and privileges which are something superior to those enjoyed by the employees of the company with which SCOB now merges. Therefore, all that it provides is that until the merger their positions should be safeguarded, and once the merger is effected, they come to the same status as the employees of the Iron and Steel Company. If the amendment is accepted, these people who have gone from SCOB would be enjoying a superior position.

I would also like to mention in this connection that I had a chance of seeing the leader of the trade union which controls the workers of the Burnpore and Hirapur companies, and when I asked him if there was any retrenchment consequent on the merger I was assured by him that there was none to his knowledge. We also feel that the position of the employees as it is now is safeguarded. At any rate, it would not be right and proper for us to give these people any greater privileges than those enjoyed by the employees of the Iron and Steel Company. I must therefore decline to accept the amendment.

SHRI B. GUPTA : Then I take it from him that he has given an assurance that nothing will be done. I beg leave to withdraw the amendment.

The amendment was, by leave, withdrawn.

MR. DEPUTY CHAIRMAN : The question is :

That clause 11 do stand part of the Bill.

The motion was adopted.

Clause 11 was added to the Bill.

MR. DEPUTY CHAIRMAN : We take up clause 12.

SHRI B. GUPTA : Sir, I move :

At page 5, after line 12, the following be added as a proviso to clause 12 :

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"Provided that notwithstanding anything contained in any other Act for the time being in force, no director of the dissolved company who is not an Indian national shall be eligible for election or appointment as the director of the Indian Iron and Steel Company on or after the appointed day."

Sir, I move this amendment in all seriousness. (*Laughter.*) Because I will not withdraw it.

I must explain. The hon. Minister just said that he spoke for his country. That is what my amendment says. It also speaks for this country and for no other country. All that is suggested in this amendment is this, that no Britishers—as I have pointed out, there are quite a good many of them on the Board of Directors—should be eligible for reappointment on the Board of Directors of the Indian Iron and Steel Company after the amalgamation. I think this is very reasonable. I know many Members support me even on that side, but these sentiments, these ideas, should be given effect to. Why on earth, Sir, should we have these people as directors of the company? Those who are already there, let them be there if you must. But do not take new people. If you cannot eliminate those who are already there, do not at least open the door for more to come in. You will argue that it is an amalgamated company and therefore they should come. Let the amalgamation at least begin anew. We should not put these British people on the Board of Directors and at least we should see to it that the number is reduced. If my amendment is accepted, those people will not be there. Otherwise I fear that they will also be there and the number of British directors i.e. to say, foreign industrialists, would tremendously increase. Therefore, I suggest that they should not be given any place. Others are there. The Indian nationals are there. If you like, take them on the Board of Directors. Why bring in these foreigners? Ask them to do some other thing. If they do not like that let them go back to their own country and work there. After all we are putting our money, the money of the Government of India

[Shri B. Gupta.]

—10 crores of rupees. The Government of India becomes guarantor when they get money from the International Bank. That is how we are getting into financial commitments. Why should we allow these people to sit there when the public exchequer is liable ? Therefore, my very strong suggestion is this that they should not be given any place. If it is not possible to reduce their number under the existing law, then let us at least not bring new ones on the Board of Directors which will be newly created. I think this is absolutely patriotic and I think it only protects the interests of India and the Indian Union. Not only that, it will protect to some extent the interests of the Government, if the Government is keen to do something better for the consumers in this country. When they sit on the Board of Directors, I know what they do. We have got a lot of experience because we have been connected with a number of Unions. They do not at all consider the interests of India. When they talk, they talk in terms of their own interests. They think in terms of their own interests, which are totally alien to ours. They manage the affairs in such a way that our interests are not at all served and still you place them there. That should be totally avoided.

Therefore, Sir, I suggest that let there be no provision at all whereby the British directors of the amalgamated company can enter into this new Directorate. I think, it is time we bid them good-bye and see them off one by one and the sooner we do it, the better. Here is the occasion when the Government can control them and check them. And I hope the hon. Minister will accept my suggestion and prove his credentials that he is an Indian.

MR. DEPUTY CHAIRMAN :
Amendment moved :

That at page 5, after line 12, the following be added as a proviso to clause 12 :

"Provided that notwithstanding anything contained in any other Act for the time being

in force, no director of the dissolved company who is not an Indian national shall be eligible for election or appointment as the director of the Indian Iron and Steel Company on or after the appointed day."

The amendment and the clause are open for discussion.

SHRI T. T. KRISHNAMACHARI : Sir, I have already explained my position in this regard and I have nothing to add.

MR. DEPUTY CHAIRMAN : Does the hon. Member press his amendment ?

SHRI B. GUPTA : Yes, Sir, I press it.

MR. DEPUTY CHAIRMAN : The question is :

That at page 5, after line 12, the following be added as a proviso to clause 12 :

" Provided that notwithstanding anything contained in any other Act for the time being in force, no director of the dissolved company who is not an Indian national shall be eligible for election or appointment as the director of the Indian Iron and Steel Company on or after the appointed day. "

The motion was negatived.

MR. DEPUTY CHAIRMAN : The question is :

That clause 12 stand part of the Bill.

The motion was adopted.

Clause 12 was added to the Bill.

MR. DEPUTY CHAIRMAN : Now there is no amendment to clause 13.

Clause 13 was added to the Bill.

MR. DEPUTY CHAIRMAN : Now we come to clause 14. There is one amendment by Mr. Bhupesh Gupta.

SHRI B. GUPTA : Sir, I beg to move :

That at page 6, after line 7, the following be added as new sub-clause (f) to clause 14 :—

"(f) for the security of service and for the welfare of the workers and employees of the dissolved as well as the Indian Iron and Steel Companies."

Now, Sir, here is a rule making provision. This provision relates to certain matters about which the rules can be made by the company to facilitate amalgamation. Now, Sir, we want to ensure that the rules could be made for the security of service of the workers and for their welfare. There should be a provision of this sort. Now, all these provisions that are there, relate to the management side and the vested interests in the companies. There should, therefore, be certain provision which should also relate to the interests of the workers. Sir, at the fag end of the debate, when the Zero hour is approaching I have moved this amendment and I hope, to save time and also grace, the hon. Minister would accept it, after having given so much to the foreign interests.

MR. DEPUTY CHAIRMAN : Amendment moved :

That at page 6, after line 7, the following be added as new sub-clause (f) to clause 14 :

“(f) for the security of service and for the welfare of the workers and employees of the dissolved as well as the Indian Iron and Steel Companies.”

The amendment and the clause are now open for discussion.

SHRI T. T. KRISHNAMACHARI : Sir, this object can be secured by this enactment and I do not think this amendment is necessary.

MR. DEPUTY CHAIRMAN : Does the hon. press his amendment ?

SHRI B. GUPTA : Yes, Sir.

MR. DEPUTY CHAIRMAN : The question is :

That at page 6, after line 7, the following be added as new sub-clause (f) to clause 14 :—

“(f) for the security of service and for the welfare of the workers and employees of the dissolved as well as the Indian Iron and Steel Companies.”

The motion was negatived.

MR. DEPUTY CHAIRMAN : The question is :

That clause 14 stand part of the Bill.

The motion was adopted.

Clause 14 was added to the Bill.

MR. DEPUTY CHAIRMAN : Now clause 15. There is no amendment.

Clause 15 was added to the Bill.

MR. DEPUTY CHAIRMAN : Now clause 1 and the enacting formula.

There are no amendments.

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

MR. DEPUTY CHAIRMAN : Now the Preamble. There is one amendment, but that is consequential.

SHRI B. GUPTA : Sir, I want to move it. The reason is

MR. DEPUTY CHAIRMAN : All right move it.

SHRI B. GUPTA : Sir, I beg to move :

That at page 1, line 2 after the word “public” the comma and word, “workers” be inserted.

Sir, I would like to add the word “workers” also. That is because when you say “public and the Union”, it becomes very vague. I would like to safeguard the interests of the workers, so that the amalgamation should in no case bring any harm or cause any prejudice to the workers of either concern. Therefore, this amendment should be accepted. It is only an addition of one word and which is a very important word i.e. ‘worker’. Therefore, Sir, I suggest that this should be accepted and the Preamble should be made a little more intelligible to the workers. It should be more definite rather than putting it in a vague manner : “public and the Union”. That is no doubt good but we would like to safeguard the interests of those people who shall be actually producing the material. In view of that consideration, this amendment should be accepted, and the worker should be given a place in the Preamble itself

[Shri B. Gupta.]

Let the Preamble declare, together with other things, that it safeguards the interests of the workers. I know, in the other provisions you have not safeguarded their interests. Even then this thing should be stated in the Preamble, so that some day, some other time,—when people will have a bigger say and Ministers will have changed their places,—such things may be looked after in a better way and workers' interests guaranteed.

MR. DEPUTY CHAIRMAN : Do you press ?

SHRI B. GUPTA : Yes.

MR. DEPUTY CHAIRMAN : The question is :

At page 1, line 2 after the word "public" the comma and word "workers" be inserted.

The motion was negatived.

MR. DEPUTY CHAIRMAN : The question is :

That the Preamble stand part of the Bill.

The motion was adopted.

The Preamble was added to the Bill.

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

That the Bill be passed.

MR. DEPUTY CHAIRMAN : Motion moved :

That the Bill be passed.

SHRI B. C. GHOSE : Let us take it tomorrow.

MR. DEPUTY CHAIRMAN : If the House is agreeable, I would like to finish this.

SHRI S. MAHANTY (Orissa) : Sir, I want to speak.

MR. DEPUTY CHAIRMAN : Yes.

SHRI S. MAHANTY : Mr. Deputy Chairman, Sir, at the outset, I hope you would excuse me if I express an honest sentiment—and that is what I feel—that matters in this House are

being hustled through in a manner which is not commensurate with the vigilance that is expected of this House. The Constitution expects us....

MR. DEPUTY CHAIRMAN : Please speak on the Bill.

SHRI S. MAHANTY : Yes, Sir, I am coming to the Bill. The Constitution expects us to be very vigilant in our deliberations and in our discussions.

But we find that we are more hasty than the House of the People.

Now, coming to this Bill, I have to say that while listening to the debates over this Bill, a forgotten chapter of Indian history was being unravelled before my eyes. Sir, we were nurtured in the tradition of a struggle against the British imperialism and as a humble Indian.....

MR. DEPUTY CHAIRMAN : Mr. Gupta has done full justice, Mr. Mahanty. You were not here. He has taken fifty minutes.

SHRI S. MAHANTY : Might have.

MR. DEPUTY CHAIRMAN : All right, you go on.

SHRI S. MAHANTY : Sir, in that struggle, there was only one cry raised. It was not raised by us. We were merely followers. It was raised by the great leaders who are now represented by the Members of the Opposition. That cry was that the British Imperialism, through exploitation, was bleeding the country white—and imperialism was being utilized as a weapon to keep the Indians in bondage in perpetuity. Now, whatever Mr. Gupta might have said, in those hectic days of 1942, the days of the Quit India movement, I had to quit the University, because I also joined in that revolt against colonial exploitation. I cannot forget that chapter today so easily. But today, though the British left us, we find the Indian capitalists setting up many industrial concerns in collaboration with the British. Well, Sir, if you permit me to say so, it is a

treachery, a stab behind the back of the liberated India.

Now, here are two foreign concerns which are mostly owned by the Britishers. Now, the Government of India is going to guarantee the loans that these concerns.....

MR. DEPUTY CHAIRMAN : Mr. Mahanty, you are only repeating the arguments that have been said by the three speakers. You were not here at the time.

SHRI S. MAHANTY : The limit between repetition and emphasis is delicate.

MR. DEPUTY CHAIRMAN : You can talk anything you like, but do not repeat things.

SHRI S. MAHANTY : The difference is too delicate.

MR. DEPUTY CHAIRMAN : It is a matter of interpretation, and I am here to decide it, and I do not allow any repetition.

SHRI S. MAHANTY : So, I do not understand why this new firm that is going to be formed out of the amalgamation of the two companies is not nationalized. Sir, as we know, in India there is at present great demand for Iron and Steel. This industry occupies a very vital position in the defence of the country. Here, we are passing the industry into the hands of a set of persons whom we cannot look upon with great confidence. Now, there are great potentialities for the development of Iron and Steel in this country. Even in the Planning Commission's Report, the debate over which has been just finished, we might have noticed that they have emphasized that the Iron and Steel Industry should be developed in the public sector as a nationalised concern. With that end in view they have made a provision for this Industry for which the Indian Government is going to contribute a substantial amount. Therefore, I fail to understand why instead of promoting that Steel plant as contemplated

by the Planning Commission, the Government is lending a considerable amount to a Foreign Firm and guaranteeing to foreign loans.

Sir, I might here draw the attention of the hon. Minister for Commerce to the fact that out of the total output of Iron and Steel in this country, the bulk of it is derived from Orissa. Sir, we have got iron ores in our parts with iron ingredients of above 60%. I think instead of supporting those people who were exploiting the country, once, we should set up our own indigenous factories.

It has been said that this is in the interests of the public. I fail to see what direct interest will accrue to the consumers. So far as I know iron ores which are taken from our parts at the rate of 2 annas per ton, are again sold to us at the rate of something like Rs. 550 per ton. Therefore, I do not know what direct benefit will come to the consumers of India. And then, when the Indian Government is going to guarantee the foreign loan, for this company, it should be borne in mind that the Indian taxpayers, the Indian Parliament and the Indian Government are all going to be committed by this Bill. Therefore, in fairness to all, I would plead that there should be a definite assurance from the Government given that hereafter the price of Iron and Steel will not go up.

Secondly, in regard to this Iron and Steel industry this morning I had an opportunity of meeting a gentleman from the U. S. A. He was telling me that in U. S. A. workers in Iron and Steel industry get Rs. 10 an hour. The wage in Germany is of the order of Rs. 2 per hour. He was telling me that even though the iron and steel industry in Germany is the best, still America is in a position to produce iron and steel goods far cheaper than Germany. But what do we find here ? What is the position of workers ? I have been to Jamshedpur and have seen the ill paid workers there. Now, are we going to do anything for these poor under-paid workers ? When you say look after the interests of the public,

[Shri S. Mahanty.]

first thing is the consumer should get the benefit, the prices of steel goods should be lowered down, then, the workers should be benefited. In the second place, it should be borne in mind, that the money, the spare money, that the Government could afford for this purpose should, instead of going to a foreign firm, be given for promoting the indigenous iron and steel industry, and I do hope Government will take note of it. With the character and complexion of this house, this Parliament, anything is carried by a majority. But at the same time, it should be borne in mind that everything that gets the support of the majority is not necessarily good for the well-being, of the nation as a whole.

MR. DEPUTY CHAIRMAN : The hon. Minister.

SHRI T. T. KRISHNAMACHARI : I have nothing to say.

MR. DEPUTY CHAIRMAN : About Orissa at least you can say something.

SHRI T. T. KRISHNAMACHARI : I do not want to say anything further. The hon. Member has visited Jamshedpur and other places and has seen the workers. I am proud of it. As regards Orissa, if my friend wants a factory in Orissa, all I can say is that I will tell my colleague Shri K. C. Reddy about it, when the new plant is established. I think he will be glad to do it.

MR. DEPUTY CHAIRMAN : The question is :

That the Bill be passed.

The motion was adopted.

MESSAGE FROM THE HOUSE OF THE PEOPLE

DELIMITATION COMMISSION BILL,
1952.

Mr. DEPUTY CHAIRMAN : There is a message from the House of the People.

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

" In accordance with the provisions of rule 115 of the Rules of Procedure and Conduct of Business in the House of the People, I am directed to enclose herewith a copy of the Delimitation Commission Bill, 1952, which has been passed as amended by the House at its sitting held on the 19th December 1952 ".

I lay the Bill on the Table.

MR. DEPUTY CHAIRMAN : Before we adjourn I have to announce that this Delimitation Commission Bill will be taken up tomorrow, and in case we are unable to finish it tomorrow, the Bill will be taken up on Monday.

SHRI S. MAHANTY (Orissa) : Sir, I would urge not to take up this Bill tomorrow.

MR. DEPUTY CHAIRMAN : Copies have been circulated. The Select Committee Report has been circulated. We will have to take it up tomorrow.

The House stands adjourned till 10 o'clock tomorrow morning.

The Council then adjourned till ten of the clock on Saturday, the 20th December 1952.