

SHRI B. C. GHOSE (West Bengal) Sir, I have to speak on the Bill of the Finance Minister.

SHRI K. B. LALL (Bihar) : Is the question hour going to be provided or the extended days of this Session ?

MR. CHAIRMAN : No. Because the business is heavy there will be no question hour.

**INDIAN COMPANIES (AMENDMENT)
BILL 1952—(Continued)**

MR. CHAIRMAN : Further discussion of the motion by Shri C. D. Deshmukh that the Bill further to amend the Indian Companies' Act, 1913, as passed by the House of the People, be taken into consideration.

(MR. DEPUTY CHAIRMAN in the Chair)

SHRI B. C. GHOSE (West Bengal) : Mr. - Deputy Chairman, bearing in mind the commendable if not admirable patience with which the Finance Minister has been waiting since yesterday morning in the House for his motion to be taken up, I do not want to inflict any long speech on him. There are only three matters on which I would like to get some information from the hon. Minister. They relate to (a) the foreign capital, (b) certain issues relating to the agreements which the Government have entered into or are going to enter into with the oil companies, and (c) the amendments to the Companies Act itself.

So far as foreign capital as such is concerned, I believe, Sir, that it is nobody's case that we should have no foreign capital. I do not think that even our friends belonging to the Communist Party are opposed to the importation of foreign capital. But it is all a question of the conditions under which the foreign capital should be allowed entry into this country. We are all aware that there is dearth of capital in our country and also that there is scarcity of expert knowledge and technical know-how, and that in certain cases when we would have liked to have expert knowledge without the capital, that is not possible and that is

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I are offered together and we have to accept both of them. While that is quite true, we cannot get away from the fact that having too much foreign capital in the country brings about a position, if I may say so, of dependence or a sense of dependence on others which might also degenerate into subservience to the foreign country. I do not say that this has happened in our country or is likely to happen. But that is a danger which we should bear in mind and take into account when entering into these agreements. I consider that it is necessary that we should be very wary and at least chary of welcoming foreign capital into this country, if we can help it. Unfortunately there have been cases where, because the Government was not probably fully aware of the implications, they have been rather generous to foreign capital with the result that indigenous capital in our country has suffered even in fields of activities where there is sufficient amount of indigenous capital and enterprise. And even though the Planning Commission has stated that foreign capital should not be permitted in industries where indigenous capital was forthcoming, we see that permission has been given to foreign enterprises to establish factories and the position today is such that in many spheres of activity, indigenous capital is in danger of being ousted. I do not, on the present occasion, want to give specific instances, but if the hon. Finance Minister is interested, I could let him have instances. I do not want to take up the time of the House now.

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH) : Not here, but I should be glad if the hon. Member would send them on to me separately.

SHRI B. C. GHOSE : Yes, I do not want to waste the time of the House on that now. But it is really very unfortunate that in fields of economic activity where we have been able to build up something, foreigners have been given preferences and we stand in danger of being thrown out.

Coming next to the second point— the issues arising out of these agreements— there are certain things on

which I should like to have some information. As regards the way in which this agreement came to be entered into, it appears that Dr. Bhatnagar had gone to the U. K. and the U. S. A. and there he contacted certain interests. I believe he was instructed by our Government to contact those interests; otherwise he would not have done this on his own initiative. What I would like to know is this. Why was it that he was asked to contact only the interests in the U. S. A. and U. K. with regard to oil and not other countries? There are, as we know, other interests, like the Royal Dutch Shell and there are oil companies in Rumania also. Of course, I am aware that there is a sort of international combine between these companies and there is probably some secret understanding among them. Even so, so far as the Royal Dutch is concerned, I am told only 40 per cent are British share-holders and the rest 60 per cent are Dutch. But the point I am making is this: it appears to me that for everything we are going to the U. S. A. or the U. K. and that means a bad thing. If there are other countries who may also be able to give us the same facilities, it may be helpful to us to go to those other countries and have a sort of a competition as between foreign capitals in this country or capitals which can be brought from different countries, and we should encourage that sort of thing. I am not aware of the full particulars in this case and that is why I should like to have information on this point.

Next about the capital structure, I would like to have information on two points. Firstly as regards the type of shares offered, why is it that they are preferential shares? Was it done on our own initiative or was it because the companies insisted that we must take preferential shares and that we would not be given ordinary shares? As you are aware, Sir, preferential shares do not give us any effective voice in the management of a company. Unless we have ordinary shares, we are deprived of that effective voice in the management of a company, although there are certain advantages so far as the return

on the capital invested is concerned, in having preferential shares. But I would like to know whether this was done on our own initiative or it was insisted upon by the oil company concerned.

With regard to the capital to be invested, I am aware that in the other House the hon. Finance Minister said that the amount that we had stipulated for was sufficient so far as our capital resources at the moment are concerned, and that he even doubted whether we would be able to contribute the amount that has been stipulated for in this agreement, i.e., about Rs. 2 or 3 crores in one case and Rs. 6 or 7 crores in the other case. Here again, I would like to know whether it was on our own initiative that we fixed this ceiling or it was insisted upon by these companies. If it was done on our own initiative, why did we try to fix a ceiling at all? Is it on account of a fear that if capital was permitted to be invested in these companies, there would not be sufficient capital forthcoming for the prosecution of our Five Year Plan? Was it because of the fear that our calculations in this regard would go wrong? I should like to have information on this as well.

And then as regards the training of Indians, of course, that was fully discussed in the other House, but as the hon. Finance Minister has been told, there have been cases of Indians being thrown out after they had been initially taken into the employ of these concerns. Although I understand that the agreement says that Indians should be trained on these jobs, I should like to know what authority or power the Government has to force these companies to train Indians in this manner and also for seeing to it that Indians are trained in the expert jobs also so that they may be in a position to take up the administration and conduct of these companies in the not too distant future. Although it may be profitable for us today to have these companies here, national interests may come into conflict later on as we have seen, say in Iran, and then we would want these companies to be managed

[Shri B. C. Ghose.] by our own nationals. What provisions are we making or are having now to see that we shall be in a position very soon to conduct and manage these companies? As it is, we have given them 25 years' time. For this period they are exempt from being taken over by the Government. I have no quarrel over this period, though I do not know if some other Government were to come into power what they would do about it. Whatever the period may be, we must be able to see to it that we have sufficient Indians trained to take up the management and conduct of these concerns as early as possible.

Lastly, Sir, I come to the amendment of the Indian Companies Act. Of course, we are all aware that this amendment was also recommended by the Company Law Committee. Of course, it was suggested that power should be entrusted to an authority to be set up as proposed by them, and until the recommendations of that committee had been brought into effect, it is to be expected that this power would vest in the Government, as has been seen in the present case. But I do hope that that authority will be brought into being at the earliest possible moment and this power transferred to that authority. And so long as the Government is exercising this power, I should like Government to exercise it with the full approval of Parliament. That is why I have suggested an amendment on which, though this is not the proper time to speak on amendments, I would like, with your permission, Sir, to say one or two words, because I want the hon. the Finance Minister to get time to consider it so that he may be ready with his decision when the amendment is actually taken up.

My amendment says that a copy of the notification should be laid before both the Houses of Parliament. I am aware that both in this House and in the other, the Finance Minister has agreed that he would fully acquaint both the Houses of Parliament with anything that he may do in pursuance of these agreements. I am aware of

that but, as I say, while he may be agreed to that procedure, other Finance Ministers, if there be any, may not consider that necessary and would not be bound by the Act unless we had a specific provision to that effect.

There is one other point, Sir. My amendment is non-controversial and acceptable to him. If I may say so, we have been sending away Bills from this House to the House of the People in the same form in which they came to us. We have never so far suggested any amendment. It would not be a bad idea to start with a procedure which also recommends something new to be taken up by the House of the People. If there is an amendment which is acceptable to Government, we may start with it,

SHRI RAJAGOPAL NAIDU (Madras) :
Even good amendments are not acceptable.

SHRI B. C. GHOSE : I would not credit the Government with the intention that they would not accept good amendments and, therefore, I suggest to the Finance Minister that since he has agreed to this amendment he would agree to this procedure—since the same party is in power it will not mean any complication—and explain the position to the other House so that they would accept it in due course of time.

SHRI S. C. KARAYALAR (Travancore-Cochin) : Sir, I support the motion for the amendment of the Indian Companies Act. Sir, there is only one clause to be added to this Act. In his speech on the motion the hon. Minister said that this amendment is brought forward primarily to enable certain foreign companies to establish oil refineries in India. The object is very laudable. Although the wording in the Statement of objects and Reasons is very general in so far as the formation of companies in India is concerned, the amendment is intended in its operation primarily to apply to certain foreign companies which are proposing to establish refineries in India. Sir, the-

object that is mentioned in the Statement of Objects and Reasons is that the prohibitory provision contained in section 91B of the Indian Companies Act, 19135 are likely to act as a check on the formation of such companies. Sir, so far as I know, there seems to be only one prohibition in this viz: restriction on the right of Directors to vote. But, there are certain other prohibitions -contained in certain other sections, 91C, etc. Sir, I can visualise that these companies in their operation may find it difficult to operate unless these other restrictions are also removed. It is -essentia! that the companies which are proposed to be set up here—the Indian Companies under the auspices of the foreign companies—should have very intimate contact between the Directorate of the Indian Companies and the concerned foreign companies which are floing to establish these companies. Wery probably, these foreign companies would like to have a set of permanent Directors on the Board of the Indian Companies. In that case, Sir, the "prohibitions against permanent Directors will not be removed by amendment of this section 91B alone. After all, this section proposes only an exception to the general clause of the Indian Companies Act. Exceptions -are by their very nature extraordinary and they have got to be avoided, if possible. I would, for the sake of securing uniformity in procedure, suggest for the serious consideration of the Minister in charge that—the whole objection is based upon the idea that these companies are tp be formed as public companies—these companies may be started as private companies •so that these prohibitions which are .contained in sections 91B, 91C and 91D mav not apply to them. Moreover, there will be certain definite advantages in having these companies as private companies. There will be some prohibition on the right of transfer of -shares which I think is essential. I think, Sir, in the national interest, it is necessary, by the very nature of the companies proposed to be set up, that there should be some kind of restriction on the right to transfer shares and it may also be necessary to have a set of Directors on the Board of such com-

panies who will not be liable to retirement by rotation. That seems to be one of the objects also. I would, therefore, suggest for the serious consideration of the Minister-in charge that the proposed companies may be started as private companies instead of as p ublic companies.

12 noon.

There is another point, Sir, in favour of the position that I am taking up. The Company Law Enquiry Committee have a bias against relaxation of the controls contained in sections 91B, 91C and 91D. They say definitely that the prohibitions contained in those three sections should be 'ightened up. We shall be acting again-j: the trend of the Committee's opinion if we make an enactment against the provisions of section 91B. AU these difficulties could be overcome if it is possible to have these companies established as private companies.

Sir, a point was raised by some hon. friend that it should be possible for us to invite offers from several countries for establishing refineries so that there might be a kind of competition and we might get the best possible terms. I personally think that it -would defeat the very object for which the companies are proposed. In a matter of this kind, where an oil refinery is going to be set up, it is not that everybody and every country can build or set up an oil refinery.

SHRI B. C. GHOSE : I did not ask for. invitation of tenders.

SHRI S. C. KARAYALAR : There 's no question of tenders or competitive rates. This is to be a matter which ought to be finalised behind the scene and only the general picture ought to be placed before this House for consideration.

Sir, there is another point in favour of the position that only private companies should be formed. If it is considered necessary later on that the private companies should be converted into public companies, it will be very easy as necessary provision exists

[Shri S. C. Karayalar.]

in the Companies Act but, on the other hand, there is no provision for the conversion of public companies into private companies.

Sir, on these grounds, I am not opposing but am supporting the principle of the amending Bill. I would only suggest seriously for the consideration of the Minister that the object would be achieved much better by having these companies organised as private companies. With these words, Sir, I support the Bill.

SHRI H. D. RAJAH (Madras) : Sir, this is a matter in which the policy of the Government is very much concerned. So far, according to the declared policy of the Government, 51 per cent of capital should be vested with Indian investors and almost all the companies which are started in this country with the co-operation of foreigners are having basically that principle. The Finance Minister the other day said that capital is shy in this country. There is no capital and these companies opening refineries have been given special assurances to come into this country. Therefore, the first question that arises in this matter is that the Government of India have given up the policy of investing 51 per cent, of the capital by Indians or by the Government of India on behalf of us. That has been now given up with regard to these two agreements. That is one point. The second is this " that to facilitate the project the Government of India have given certain assurances to S. V. O. C. including exemption from compulsory acquisition for a period of 25 years". He does not give out all the other assurances given by the Government.

Our Finance Minister has not enlightened this House as to what are the other assurances that the Government have given them. That is a matter which we are entitled to know and we are now asked to sign a blank cheque. A blank cheque without knowing the contents of the cheque is a dangerous cheque. I am not at all imputing any motive to the Govern-

ment or to our patriotic Finance Minister that he will give up any of our interests, but that is not the point. The point at issue is that some foreigners are poming for establishing certain forms of Industry in our country. They are bringing capital which would only mean that the profit on that capital must go from our earnings in this land and to what extent that profit is governed by the way in which that capital is used in this country is a very serious thing. You saw the other day in our discussion about the British monopoly in the tea industry, the temper of this House. You know how we look with suspicion upon these foreigners trying-to entrench themselves in India. In his able speech which the Finance Minister made-the other day he said that there were no political strings attached, but what are political strings ? If you read, Sir, a book called ' Oil' by Upton Sinclair you will know that oil is everything in politics. Oil is not a thing like something else. Oil

as got immense qualities. It has rought wars between countries; it has annexed territories; it has created situations by which Governments have come to loggerheads. Recently we have seen what has happened in Persia. Governments have been thrown out ; Governments have come in. Foreign investors are playing ducks and drakes with the lives and fortunes of that country. Therefore, it is a matter which is very vital for us. It is not merely an amendment to the Company Law. There are certain other vital factors. With regard to this oil, I am reminded of the great poet Bharati's reference to one instance by which these British people could establish themselves in this country politically :

" Aattu iholukku idam koduthathat Santha Mosem ".

It means that it is the skin of the sheep that made the Britisher establish himself in this country for 200 years. That is the way in which we are looking at the problems of our commerce. Apart from the political aspect, account has to be taken of the material aspect

as well. Are we really in need of these refineries and if these refineries are established in our country, are we going to have petrol at a cheaper rate? I would like our Finance Minister to look into the consumption of petrol by the people and see what is the relief that the consumer will get out of a product to be made in our own country. There is no point if we are made to pay the same price for that commodity—whether it is manufactured or refined in this country or imported from elsewhere.

The third important matter with regard to this business is the question of raw material. The refinery is to refine crude oil. We do not have crude oil in this country. Our resources are not developed. It is some thing like the Hindustan Motors being established. All the parts are imported, lock stock and barrel, from other countries. A crore or two crores of rupees are invested and the parts are assembled into motor cars. As you know, the purchasing capacity of the people is very low and after a few months the cars thus assembled will remain idle in Hindustan factory. So the refinery must focus its attention first upon natural products and if that instrument of production is wholesome I can certainly appreciate that that refinery is useful to this country. But you depend for your raw materials on the resources of outside countries. You put in a refinery here and if we have no technical knowledge or skill, these chaps who come from the foreign countries can close down their show in one month and they will remain where they were. Therefore, Sir, with regard to refineries, we should have an enabling provision in the agreement which the Government of India is going to give them.....

SHRI C. G. K. REDDY (Mysore) : Already given.

SHRI H. D. RAJAH : Of course, I do not know that; that is why I am saying this. There must be a certain condition which must be included in the Agreement whereby our interests

will be properly protected and if the refineries are to be run after some years by Indian nationals, they must be next in command now. It is not as though we can nationalise this industry after 25 years without any equipment or proper man-power to run the show. That is a very important matter which I would earnestly request our Finance Minister to take into consideration, when moving with these foreign firms.

According to the communique issued by the Government, crude oil and raw materials are to some extent available in this country. Side by side with this industry in our country the basic raw material for utilisation in the refineries must also be produced here so that it can have a salutary effect on the price of the finished product. After all, Sir, I take it from the Finance Minister that he wants to establish these refineries in our country with a view to seeing that our petrol supply for transport, commerce, aeroplanes, military forces and so on and so forth, is steadily available to our country. If that is his intention, Sir, the point at issue will be that these refineries must be such as to ensure self-sufficiency in this commodity in this country. Have I the assurance from the Finance Minister that these three refineries which are almost coming simultaneously in this country are going to assure that supply so that this country will be self-sufficient in this commodity?

Now, the last point to which I will refer is with regard to the capital structure and its formation. The Finance Minister has said, and very rightly, that he has taken a share of the capital for our people in this country but it is said that it is only the preference shares that are available. Preference shares carry with it a fixed cumulative preference dividend. That is all right. But our friend Mr. B. C. Ghose was stressing that we were entitled to have ordinary shares. He may invest even two crores of rupees in ordinary shares and though according to Company Law every share will carry with it one vote, and even if Mr. Ghose has got one crore votes with him, his voice in the Administration will

[Shri H. D. Rajah.]

be practically zero. The Company Managers will tell you that managing agency is the crux of the problem. The managing agency which is running the show is all pervasive. I have gone through the voluminous report of the Bhabha Committee and perhaps when legislation to improve the Indian Companies Act will be brought in this House, we shall have more opportunities of discussing about that. In this particular matter we have to find out what safeguards Government have taken so that the Managing Agents and their alliance or relationship with the Company as a whole will bring to bear a wholesome influence with regard to the purchase of raw materials, with regard to the various terms of contracts that the Managing Agents will themselves have with the Company as a whole, the benefits that will accrue out of the managing agency system to the institution as a whole and not merely the benefits to be conferred upon the managing agents. The managing agents are the pivotal people. You, Sir, know as a learned lawyer that the Companies Act has provided for what is called the managing agency system. I am not going to speak much on the managing agency system. But the way, in which the managing agency will help to benefit the company as a whole—the various component parts of the company, namely, the industrial employees, the clerical establishment, and ultimately the shareholders and the managing agents—and how, inter-related, the company's establishment and existence in this country are going to help us, is a matter which must be considered.

Lastly, I come to the question of political strings. I am grateful to Shri Deshmukh for his assurance to this House that there are no political strings. But what are the other strings that are attached to these agreements? I would like to know from him. Will the hon. the Finance Minister enlighten us and take us more into confidence and tell us that these companies are in the best interests of our nation, and that

ultimately, after a certain period, not only shall we be in a position to take over these establishments purely in the interests of the nation, but there will be opportunities afforded to Indians to gain knowledge and experience to run these shows? If he will tell us, I shall be honoured, and I shall feel that this country will be honoured, and we shall be eternally grateful to the hon. the Finance Minister.

SHRI B. GUPTA (West Bengal) : Mr. Deputy Chairman, I rise to oppose this Bill, not because I am against the amendment of our Company Law—I oppose it because it is an announcement of grave dangers for our country. I oppose it because it seeks to pave the way for the invasion of dollar imperialism into our country. I oppose it because the Bill is based on an unholy agreement with American millionaires as represented by the Standard Oil Company. I oppose it because it will lead us into the clutches of American millionaires. I oppose it because it will get us tied up with the American war effort.

The hon. the Finance Minister is a learned man and a wise man. He speaks very wisely and with a felicity which one must appreciate. But he should have realised that India's enslavement began with the grant of trading concessions to foreigners—to the British. Even before we have shaken off those shackles that we have on our shoulders, we are here going to invite the American imperialists in the name of development of our industries. I would request this House to reflect over my argument, to consider the facts which I am going to place before them, and to decide whether this measure is as innocent as it pretends to be or whether it is going to be a charter of India's slavery.

Mr. Deputy Chairman, as I listened to the hon. the Finance Minister, I felt he was talking like a company lawyer,—and that, too, on an American brief. I felt that that was not the way to handle our financial affairs. I know the hon

the Finance Minister would say that we have not got capital and therefore we have to go in for capital from abroad. He has very bluntly put it here in the statement that this amendment has been necessitated by certain agreements with American and Anglo-Saxon Companies. He says :

" Nevertheless a situation has arisen in view of our recent agreements with the Standard Vacuum Oil Company, Anglo-Saxon Petrol Company and the Burma Shell Co., Ltd., in which we find that it would not be in the public interest to apply rigidly the provisions of section 91B in the case of these companies

and so on. We do not know the full terms of the agreement, and it is an everlasting shame that we of the Indian Parliament should have been asked here to endorse in effect an agreement without seeing it, because we have been called upon to support this Bill which is going to accommodate that agreement. He should have come here with the full particulars of the agreement and placed them before us so that we could in our wisdom consider the whole matter and say whether this Bill was justified or not. He has made quite a different approach. We are not going to lend our support to it in that manner.

Now, let me take his arguments. Let me consider the arguments that have been advanced by the Government. First of all, they approach the subject as if they had prevailed upon certain generous Americans to come to India to help in India's development and progress. This is absolutely misleading. This is nothing but a misrepresentation of the realities. Mr. Deputy Chairman, I would like here to refer to what certain Americans themselves say. First of all, why is it that American capital is coming to this country? You must find it out. We must be clear about it. We find that in America there have been vast *cautal* accumulations. They do not like avenues of investment there. They are out to find sources of investment in other countries, and they are doing it in two ways; firstly, through direct investment, and, secondly, also by giving loans and aids, etc., to various countries. Here I would refer to one

of the most leading books on the subject by Prof. Alvin H. Hansen. It was published in 1945. The book is entitled "America's Role in World Economy". In that book the learned professor wrote : " It will be easy to find satisfactory and profitable outlets for the vast volume of savings in the territory outside the United States." Direct investment has assured the economic domination of the American monopolist in the most direct way. At the Conference which was held at Bretton Woods they said that this direct investment gives an opportunity of what they call 'care and management'. Now, this direct investment also enables them to exploit the cheap labour of countries in Asia like India. Therefore, they divert the capital from their country to other countries—backward countries—where they can easily exploit the cheap labour. That is why they are coming here, and that is why they are also going to various other countries in South East Asia.

What does this investment mean? This investment means political domination. After all, we have enough experience to realise it. Our predecessors gave concessions to the British. They did not understand what would happen later. But why should we live under any illusions? We know what they mean to us. I will again cite an important authority. I will quote a former American President, President Wilson, who said :

A country is dominated by the capital invested in it. It is a fundamental idea that in proportion as foreign capital comes in and takes hold, foreign influence comes in and takes hold. Therefore, processes of capital investment in a sense processes of conquest."

That is what a former American President said. President Truman has not departed from that outlook. Capital investment is going on certainly with a view to conquest, and the conquest as begun. All these concessions are here with a view to helping the conquest, not with a view to stopping it.

Then, Sir, we are told that this capital is necessary to develop certain industries. What industries? Petroleum

[Shri B. Gupta.] refineries. To start a refinery does not mean that you are developing an industry. After all, in this country we do not have crude oil so that we must have a refinery here. Nor do we have any other arrangement in order to develop an industry of this nature. Even after this refinery starts working, we shall have to import crude oil from outside, and we shall have to use foreign companies to refine it. And then what will happen? We shall sell the product in India, and we shall also export it outside. That is to say, India remains as a market for the products of foreign concerns. And India is going to be exploited to bring profits to the [Anglo-Americans]. There is no question of development of any industry. It does not mean the development of any heavy industries or the industries that we want. Now when we want to start these things, the Americans will say 'we must have our tankers'. Once the tankers come, they will say that the dockyards will have to be reorganised and reshaped. That is how little by little and step by step they will start to control the affairs of our country in a very direct manner. And all these things are there on the agenda. Now we have had experience of such things in Saudi Arabia; we have had experience of such things in Iran. We have seen these things happening in the Kuomintang China. And we know, Sir, once these things start in this country, there is not going to be any departure from that hateful path of conquest as far as this country is concerned. Then here we are told that, after all, Americans have come, and we must give them some accommodation so that their money comes in. I can see that this measure is not an accident. It follows from the industrial and economic policy of the Government announced in 1948. They invite foreign capital to settle down in our country and get all sorts of facilities. And that is the crux of the industrial policy as enunciated a few years ago. Now what the hon. the Finance Minister has said is nothing new. We know, Sir, in this country certain elements have been pleading for this kind of thing and also outside, particularly in the

U. S. A. Very influential forces were trying to persuade the Government of India to immediately give the concessions the Americans require for their economic investment in this country.

Here we find Mr. G. D. Birla going on tour to the United States. He said that the Government would have to provide assurance on three problems, viz., taxation, remittance of profits and nationalisation. Mr. Birla said that these assurances would have to be given to them. What Mr. Birla has said is not again his original thing. He is saying what the Americans have been telling him.

Now in the United Nations Economic and Social Council a Resolution was passed in regard to helping the backward countries. In that Resolution it was stated :

" The under-developed countries seeking to obtain foreign private capital should (1) review their laws and administrative practices so as to remove all deterrents to the inflow of capital, (2) give adequate assurance to the foreign investors with regard to operation, management and control of their enterprises, remittances of their earnings and properties and in the matter of compensation in the case of expropriation."

This was the Resolution which was passed in that Council and this Resolution initiated from American quarters and we know, Sir, that this Resolution was supported by the imperialist powers and the Soviet Union, Czechoslovakia and Poland who participated in that Council meeting did not vote for it. This is how things are working.....

MR. DEPUTY CHAIRMAN : Is the hon. Member taking more time ?

SHRI B. GUPTA : It is a general discussion involving a policy. I will take about half an hour.

MR. DEPUTY CHAIRMAN : He may continue his speech on Monday.

Now Mr. C. G. K. Reddy is to raise a discussion on Question No. 62.

HALF-AN-HOUR DISCUSSION
AUXILIARY MACHINERY IN VIZAG.
SHIPYARD

SHRI C. G. K. REDDY : (Mysore) Sir, I rise to raise a discussion in respect of an answer given to my question tabled on the 15th July. One part of the question that I had asked was, "In the Visakhapatnam shipyard what auxiliary machinery such as winches, capstans, derricks and other parts of engines are being manufactured in the shipyard " and the answer given to me was, " All the auxiliary machinery is being imported from the U. K."

Sir, I have been associated for quite a number of years with ships and ship construction and I never could believe that an answer of this type would come. If I may point out what was happening in Calcutta or in Bombay as far back as 1938 or 1939, we will find that at that time all the small machinery such as winches etc., and even the complicated machinery such as steering engines used to be manufactured in the repair workshops in Calcutta and Eom-bay—the repair workshops maintained by private shipping companies. Now, Sir, when the Visakhapatnam shipyard was established in 1941, I was one of those who welcomed it and who was to some extent associated with the celebration of that event. Because I thought that after so many years of having gone to sleep, in so far as the shipping industry was concerned, we were coming back to a state when we would go forward and build our own ships, run them, man them and in every manner be actively associated with them. But all these years what was happening in small workshops did not happen in the big shipyard in which crores of rupees have been invested. These small machineries have been, as I said, manufactured in smaller' workshops and they still continue to be manufactured. Therefore, I do not see any reason why the Visakhapatnam shipyard in which so much of our public money has been invested should not manufacture these engines which with-

out very great skill could be manufactured even today. And most surprised I was to find that they were not able or they did not make any arrangements to manufacture these engines in our country, and that they should be imported from the U.K. Now, Sir, take for instance the B.I.S.N. Co. and the Scindia Company which operate our ships on our coast. They have their own repair workshops and there when any of these engines breaks down or becomes unserviceable, new engines are manufactured in these workshops and I had been associated actively with the manufacture of these engines in 1940 and 1941 and now I find that a big shipyard like Visakhapatnam, of which the whole nation ought to be proud—and is proud in fact—is not only not manufacturing these things but is importing them from the United Kingdom.

Therefore, I should like to know the reasons why such a state of affairs exists in the shipyard and whether we could make arrangements to see that the manufacture of at least auxiliary machinery, if not the prime machinery, or the manufacture of some types of machinery could not be arranged in the Visakhapatnam shipyard. As I have already indicated, Sir, it does not require very much skill. It does not require very much equipment. In the Visakhapatnam shipyard we have very good equipment, I understand, and it would be very easy to start production from tomorrow. If I may be permitted, a little bit of technicality in the matter of these small engines, what we need is—I would not call it an elementary foundry, but a foundry which is not very complicated. The castings are very simple, especially for these machineries. These could be machined in any of the lathes that we usually use in the common workshop and could be fitted by our own personnel who have the experience and the skill that the manufacture of these engines demands. Therefore, I would request the hon. Minister to let us know whether this state of affairs will cease and whether we will start production almost immediately.