

transferred to the Fund is, however, Rs. 55 lakhs. This does not include interest earned on the balance of the Fund which is credited to Revenue.

(d) There need not be any balance left.

(e) Rs. 40 crores.

(f) 5 years.

(g) No, as the total contribution from the Telephone Development Fund for execution of the programme is not likely to exceed Rs. 5 crores.

### THE INDIAN COMPANIES (AMENDMENT) BILL—*continued*.

SHRI KISHEN CHAND (Hyderabad): Mr. Chairman, as I was pointing out yesterday, this is how section 91-B is going to be amended by this amending Bill. The provision in the section is :

"No director shall as a director vote on any contract or arrangement in which he is either directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of any such voting, and if he does so the vote shall not be counted."

I must explain this provision in the Companies Act. By this clause, all those directors who are interested in any contract are debarred from taking any part in the voting and their presence is not counted towards quorum. Now, this holding company is going to start companies in India which will be public limited companies. It will nominate all the directors, except perhaps one or two directors who may be selected by the holders of cumulative preference shares. Even that point is not clear from the agreement that is being reached with the oil refinery companies. All the directors of the Indian companies will be nominated by the holding company, and if this amendment to the Companies Act is not passed, all those directors as representing the holding company cannot take part in any agreement. Normally the interests of Indian shareholders are safeguarded by their representative directors. But

in this case there is nobody to defend the interests of the Indian shareholders. If the hon. Minister had insisted that these Indian companies should at least have 51 per cent. or even 25 per cent. share-holding by Indians, there would have been some directors nominated by these shareholders, and when any agreement came up before them, they would have seen that the interests of Indians were safeguarded. But here, the entire board consists of the nominees of the holding company, and so in all agreements that are drawn up between the Indian company and the holding company, they will see to it that a good part of the profits are transferred to the holding company in their preliminary transactions.

Sir, it has been pointed out by several Members of this House that after all India is free and we have a republican form of government in our country and there are laws like the Industries (Development and Regulation) Act, and so on. There is the Income-tax Bill. All these things will safeguard our interests. But in the form of agreements that are going to be drawn up between the holding and the Indian company there is no clause which will regulate the price of the imported articles and raw materials that are going to come in the manufacture of these things. As I pointed out to you, Sir, yesterday, the principal thing that goes to make a profit is to keep down the cost of production. In this case the principal raw material required is the crude oil which is going to be imported into our country. If the Finance Minister has safeguarded the interests of India by stipulating that the price of crude oil will be restricted to world price level of crude oil, even then I would submit, Sir, that if a clause is introduced into the Bill by way of this amendment, there will be no harm done. My first clause in the amendment that I have proposed reads : "..... nor charge high prices for raw materials....." My amendment is only to the effect that the Government of India will see that in the contract high prices are not charged for raw materials which in

this case happen to be crude oil. If this clause is added, I do not see how the Finance Minister can find any objection to it. If he has already put it, well and good. If he has not put it, this will come in very handy in safeguarding the interests of our country. As I said before, there are other cases of companies working in India where Indian interests have not been safeguarded. I have given the examples of the motor car assembly plants. I have given the example of tyre companies. They have inflated the price by charging a high price for the raw materials. I have shown that the Dunlop Company are charging very high prices for motor car tyres by raising the price of the imported raw material. Is it possible that in the case of refineries the price of crude oil charged is more than the landed price of refined petrol? If this eventuality happens, how is the hon. the Finance Minister going to safeguard the interests of our country if this amendment is not present there?

It is a well-known fact, Sir, that the salaries paid to the British employees or foreign employees or American employees of these companies are excessively high. I admit that they are subject to income-tax. Whatever the agreement between the company and the individual may be, the salary is subject to income-tax. But even then the balance may be so high, the remaining portion of the salary may be so high that the receiver of it may be able to send away a large part of it outside the country. I know, Sir, it is a common practice with these foreign companies to employ one or two yes-men in high posts giving them high salaries and all the time when there is any objection raised on behalf of the Indian people, they will all the time put forward the case of these one or two individuals drawing high salaries and say how nicely they are treating Indians. But the key posts are held by foreign officers.

It has been pointed out by one hon. Member, Dr. Sokhey, that it is only a farce to say that the U. S. A. and the U. K. are giving technical training to

our nationals. I admit, Sir, that Indian students are admitted freely to the technical institutes but the practical training is wanting. Has the hon. the Finance Minister taken due care that a time limit be fixed by which the entire process from A to Z is taught to the Indian personnel of the company? Has he fixed that within 15 years this oil refinery may be entirely run by Indian personnel? Has he taken care that in these refineries except the Managing Director who may be a foreigner, the entire staff will consist of Indians? If he has safeguarded that, I offer my thanks to him. But putting a clause like this here is not going to safeguard the interests of our country.

The third thing that I would like to say is over-capitalisation of plant, machinery, etc. On this point also, Sir, the hon. the Finance Minister should see that as far as possible any machinery that is available in our country is given first opportunity and only that particular machinery which is not available in our country is imported at the lowest possible price because the holding company is going to purchase it in foreign countries and going to send that machinery into our country. It will be a matter of book adjustment whatever the price is written down. I am not an expert in matters of oil or at least I do not know a word about these matters, but I certainly feel, Sir, that this capital of 20 crores for an oil refinery of one million tons is too high. This price has been intentionally kept high so that they will find a loophole for over-capitalisation or what we call watering down of the capital.

I submit, Sir, that by the addition of this clause we are going to safeguard the interests of our country. If the hon. the Finance Minister has any objection on mere verbal changes, I do not mind that. As I said yesterday, we could substitute the word 'subsidiary' by the words 'Indian company floated by the holding company'.

Well, Sir, if you read this note on the Oil Refinery for Bombay, you will find that this agreement or these

[Shri Kishen Chand.] negotiations were carried on by four civilian members and one eminent scientist. I have nothing to say against these gentlemen. I admit that the four I.C.S. men are very capable officers and very honest in administrative matters, that they know how the office should be run efficiently. But, Sir, this is a matter of trade and agreement and I submit, Sir, that they are not suitable for this job. As regards the eminent scientist, it is a misfortune for this country that the eminent scientist is taken away from his normal duties and engaged in trade negotiations. It is a loss to the country. But it is not a gain to this agreement. He is unsuited for this job of drafting an agreement with very shrewd businessmen from Britain and America. I need not say anything about the shrewdness of these American businessmen and against them we have pitted four civilians and one eminent scientist. And you can see it for yourself, Sir, whether it is an equal proportion. And the result is obvious. This agreement is a one-sided agreement in which the oil company gets all the profits and the Indian side gets nothing out of it. We used to complain, Sir, about five or six years ago that the Government of India was bureaucratic and was run by the I. C. S. men. I should like to know where the difference lies now. Some I.C.S. men draw up these agreements. Our hon. Ministers are very busy people. They have no time, and when they get these reports, they simply put their *dhobi mark*. They might put one or two questions. And then, Sir, comes the great Congress majority. They use this majority for passing each and every kind of Bill brought forward by hon. Ministers.

MR. CHAIRMAN : Please confine yourself to the amendment.

SHRI KISHEN CHAND : The amendment arises on account of the agreement. Unless I criticise the agreement, I cannot justify my amendment. Sir, I believe in democracy,

and in a democratic administration all trade negotiations are carried on by Committees. If there was a Committee of this House or the other House to go into these agreements, I would have had no objection to this, because after all in a democracy it is only counting of heads. But there should be Committees of this House or the other House to go into every detail of every agreement which is being arrived at between this country and any other company or any other country. If this procedure is followed, then there will be no difficulty in getting through this Bill or any Bill through the House, but this procedure is not followed. Every Bill is made a matter of confidence and when the question of confidence comes in, the whip goes round. I do not think this is the correct method of running the administration or that this is democracy. I should say, Sir, that this agreement has been very wrongly made and it is not in the interests of our country, and therefore the only way even at this eleventh hour to safeguard our interests is to accept this amendment.

If you will permit me, Sir, I want to say a few words about foreign capital about which the hon. the Finance Minister made mention yesterday. If you do not give me permission, I will close.

MR. CHAIRMAN : In the third reading, if you wish to say anything, you can say it.

SHRI KISHEN CHAND : I only want to say two or three sentences now. The hon. the Finance Minister mentioned yesterday that the foreign capital invested in India amounted to Rs. 320 crores. I had said that it had been estimated that at the present time it amounted to Rs. 400 crores. The Finance Minister said that Rs. 320 crores is the book value. Sir, the sterling balances were accumulated during the war at great sacrifice at the 1942 price level, and so we would be justified in assessing the foreign investments in India also

at the 1942 price level. That is to say, we will only pay the book value and not the present inflated value of the foreign investments in our country. As I said, it is not necessary that the entire foreign capital should be adjusted because there are some investments which cannot be adjusted in that way. So, I had suggested that, if Rs. 300 crores are adjusted against the Sterling Balances, there will still be Rs. 300 crores which should be quite enough for our currency requirements and trade requirements. This is a matter on which there is room for disagreement. I have spoken, Sir, and I move my amendment.

SHRI K. B. LALL (Bihar) : Sir, I have to make a submission. A huge joke has been played with me. I had given notice of a starred question on Delhi Improvement Trust affairs for today but I did not find it in the copy of the list of questions sent to me. The copy of the list sent to me was blank on one side. It was printed only on one side. I thought there was no question standing in my name for today and so I did not come, but I was informed by Mrs. Savitri Nigam that there was a question in my name and that I did not come. When I came to the lobby and saw the list of questions lying there, I found that my questions had been printed. So, my question has lapsed in this way. I wanted to put many supplementary questions and I also wanted to raise a discussion with regard to the Delhi Improvement Trust, but now I find that I have been deprived of that opportunity.

MR. CHAIRMAN : Sorry for the mistake.

SHRI B. C. GHOSE (West Bengal) : It can be taken up on some other day.

SHRI GOVINDA REDDY (Mysore) : But should this break one's heart ?

MR. CHAIRMAN : It need not break one's heart.

SHRI B. C. GHOSE : The amendment that I propose is very simple, innocuous and desirable and I believe is also acceptable to the hon. Minister, because he had already agreed to the procedure obtaining in the other House. If there should be any apprehension that since this is moved from the Opposition, it should just for that reason be unacceptable, I am quite prepared for any hon. Member on the Congress benches to move a similar amendment and withdraw it, and it is for the hon. Minister to decide. The purpose of this amendment is to bring any such notification directly to the notice of hon. Members so that they may be enabled, if they so desire, to raise by the various methods available to them, a discussion on the matter. As I have already explained the purpose of this amendment while I was speaking earlier, I do not want to take any more time of the House except to remind the hon. Minister that it would not be a bad idea, if the amendment is acceptable to him, to start a new procedure by which we send back Bills to the other House with some amendment. So far we have been doing nothing of the sort. We have started a new procedure with regard to Joint Committees, etc. and we may start with this procedure here also.

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH) : Mr. Chairman, Sir, the hon. Member who spoke on the first amendment has brought more irrational things in his speech than I could imagine in the time at his disposal. In the first place, he has criticised the manner in which this so-called agreement has been negotiated by officials of Government. Now, the preliminary negotiations have always to be carried out by officials. If I understand him to say that these negotiations should be carried out by Committees of the Legislature, then I think that suggestion is completely unworkable and therefore unacceptable. This is the function of the executive government, and such preliminary negotiations have necessarily to be carried out by the officials

[Shri C. D. Deshmukh.] who are in charge of the subject. That members of the I.C.S. happen to be in Secretarial charges may be a misfortune from the point of view of the hon. Member, but he will probably admit that there might be another side to this question. In any case Sir, all the details come before Government and the Cabinet before the Cabinet sets its seal or *imprimatur* on such matters of great public importance. Then in passing he made reference to the fact that the Ministers are content to put what he was pleased to call, their *dhobi* mark on such proposals. That I would go to the length of characterising as an irresponsible statement. No one who just puts his *dhobi* mark on any proposal would be able to explain the proposal here in this House with the knowledge that is necessary, and I think it is within the experience of Members of this House, as well as others, that a good deal of attention is given by Ministers to the subjects of which they are in charge.

9 a. m.

The only observation that I would like to make is that if the amplitude of discussions in both these Houses was not as great as it has been, it might perhaps be possible for the Ministers to devote a little more attention to their executive work. That however is matter of adjustment as between the Executive and Legislature and a realization of the experience of the relative importance of subjects.

Then, as regards the merits of the amendment proposed by the hon. Member I must say that I am amazed at his moderation. What he is trying to do is to secure that all the amendments which are suggested by the Company Law Committee Report are somehow incorporated in this amendment because we have chosen to come before the House to have a small amendment made to a particular section. He wants capitalization to be looked after, he wants the salaries of the employees to be looked after and

as I said, I am surprised that he stopped at that. He might as well have said that the company concerned shall adopt the 300 and odd suggestions made for the amendment of the Company Law Act. My point is, he is trying to correct things which ought to be corrected in other places. They cannot be corrected here mainly because we bring forward a small amendment. I would like to draw his attention again to the correspondence that took place between Government and one of the Companies with regard to these proposals. This is the letter from the S.V.O.C. :

"I write for purpose of record that it was our understanding that if the limited company to be formed under the Indian Companies Act, 1913, as amended, for owning and operating the refinery shall be a public company and any difficulty shall be encountered by reason of the existing provisions of section 91-B of the Indian Companies Act in the exercise of the right of Standard Vacuum, as the sole holder of the ordinary shares, freely to select members of the Board of Directors of the Indian Company, this matter could be further taken up by us with the Government of India with a view to finding a solution mutually acceptable, and Government would give sympathetic consideration to the solution of the problem. This may kindly be confirmed."

This is an attempt to meet their wishes. If on the other hand we overload this by all kinds of restrictions which were not in the contemplation of either party, then it would be open to the Company to say that they should be allowed not to act upon that particular provision under which they are bound to float a public limited company with some Indian interests. They have, as I said, already started or about to start a private limited company and it would suit their purposes quite well to proceed on that basis. That is a matter of, if I might say, practical wisdom. Actually the position of the preference shareholders is this. I am again reading from the proposal of the S.V.O.C. :

"Holders of preference shares shall have the right to receive all accrued dividends and dividends in arrears before payment of dividends to the ordinary shareholder, and they will have the right to vote only in the event that the Indian Company shall fall in arrears in the payment of one year's dividends on the preference shares, in which event the

preference shareholders shall have the right to vote share for share with the ordinary shareholder on all matters until the arrears shall have been eliminated. The Indian Company will reserve the right to redeem the preference shares, in whole or in part at its option, at par value plus any accrued and unpaid dividends, at any time after 10 years from date of issue, and agree that in the event of such redemption, an equivalent par value of preference shares will be offered to Indian investors on appropriate terms at the time."

So far as the interest of the preference shareholders are concerned, I think, they are fully safeguarded. They are entitled to their dividends and I think this particular clause safeguards that.

As regards the interest of the community, now that is not the subject matter of Section 91-B of the Indian Companies Act. That matter can be handled in other ways and it is going to be handled in other ways—first under some of the clauses of this agreement and secondly in the exercise of the general powers which the Ministry concerned has over the price of the petroleum products which are sold to the country. Every year the companies come up—I am not sure about every year—but whenever any change is intended, the companies approach the Government for approval, so to speak, to change the price and Government take into account all the relevant considerations and then fix a price for the products. So to the extent to which the price is safeguarded today, it will continue to be safeguarded whether we amend this particular section of the Act or not. Therefore I say all this.....

SHRI C.G.K. REDDY (Mysore) : Could the hon. Finance Minister tell us whether we could foresee a reduction in price of petrol or petroleum products because of the fact that import tariffs will not be in operation ?

SHRI C. D. DESHMUKH : I answered that yesterday. That does not arise out of this amendment or will not arise out of the operation of these particular companies. I don't know whether the hon. Member listened yesterday but I read out this :

"Now the price of petroleum products is determined all over the world except as I said the U.S.S.R. side, on what is called the Gulf Parity Formula etc."

I explained how the prices are fixed. I can't say what will happen in the future. They may go up or down. That will depend on the changes that take place in respect of many elements like freight. I believe recently on account of disturbed conditions in the Persian Gulf much of the petroleum products that we are using now is coming from the Gulf of Mexico instead of the Persian Gulf. Therefore the freight rates have increased. I cannot say what the position will be—whether the price will increase or decrease. What I wish to make is this that all this is done after deliberation by Government and after the companies have obtained Government's approval. So, in view of these two considerations I don't see that any advantage is going to be secured by this amendment. On the other hand I say that it would have a very grave disadvantage of disturbing an important element of this so called agreement and therefore I oppose that particular amendment.

With regard to the second point, I can again assure hon. Members that truth wherever it comes from, is welcome and it makes no difference where the amendment comes from, whether it is from the Opposition or the Congress Party. But I have one or two things to urge in support of my case that the amendment should not be accepted. I have already given an assurance that I shall place before the House any notification that may be issued, any notification in this particular respect ; if by the grace of God this law is passed then I shall be in a position to place it or anybody who might be in my place expected to place it very shortly on the Table of the House. As regards the other occasions, I don't know when they are likely to arise, when the circumstances will arise that would necessitate the exercise of this right which I hope the Legislature will give us. Therefore the point is not of any great practical

[Shri C. D. Deshmukh.]  
importance so far as the merit of the case is concerned.

Then as regards the procedural point, I quite see that the Council of States feel that some time or other they should make an attempt to amend anything that is sent up from the House of the People, to give proof that they have given their mind to the matter—some token of what they have done. I think that is a very legitimate desire. But I wish the desire worked in a different way and expressed itself in amendments which are necessary. I cannot see the point in having an amendment just for the sake of—shall I say—blazing the trail. It will be much better if it is done in a really important matter and not in a petty matter. I must say this is a petty matter in view of the assurance given by the Finance Minister. It should be done on a really important matter, perhaps on a very important Bill, where there may be occasion for several amendments.

My last request, Sir, is a personal one. I have spent a great deal of time to my great benefit, in discussing this little Bill here. I think the proportionate expenditure of time on a Bill consisting of one or two clauses has been a little too much and I should dread the prospect of again going through the House of the People with some other amendment. They might want to set up some new precedent and might send it back for consideration. After all, these conventions have to grow from precedent to precedent. But why this little Bill should be made the guinea-pig, I do not know. In view of this, I do hope my hon. friends will not press their amendments.

SHRI C. G. K. REDDY : Sir, on a point of clarification. The exemption granted by the Central Government under this Bill would not be restricted to foreign companies only. Therefore, would it not be better if the hon. Finance Minister accepted this amendment so that Parliament may be kept informed from time to

time about the exemptions granted by the Central Government ?

SHRI B. C. GHOSE : As the hon. Minister realises my amendment is not in relation to this particular amendment of the Act or in relation to this particular case—such cases may arise in future and this is not really such a petty matter—it is but right that the Houses of Parliament should be kept informed of these exemptions. Therefore this is a very useful amendment and may I also make a personal appeal to the hon. Finance Minister to accept it ?

MR. CHAIRMAN : Anything the Finance Minister would like to say ?

SHRI C. D. DESHMUKH : I have already made my submissions.

SHRI S. C. KARAYALAR : (Travancore-Cochin) : Sir, with regard to the second amendment, if it is accepted, will it not lead to the legal implication that unless the notification is laid before the House the operation of the main clause will be suspended? If by chance the notification is not laid before the House, will it not affect the validity of action taken under the main clause ?

MR. CHAIRMAN : The question is :

That in clause 2 of the Bill, to the proposed sub-section (4) of section 91-B of the Indian Companies Act, 1913, the following proviso be added :

“Provided that where a company is exempted from the application of this section, all agreements between the holding company and the subsidiary must receive the approval of Central Government, further that the holding company does not inflate the capital of the subsidiary company by over-capitalisation of plant, machinery, etc., nor charge high prices for raw materials, nor pay high salaries to its employees in order to reduce profits in India.”

The motion was negatived.

MR. CHAIRMAN : The question is :

That in clause 2 of the Bill, at the end of the proposed sub-section (4) of section 91-B

of the Indian Companies Act, 1913, the following words be added :

"and a copy of such notification shall be laid before each House of Parliament."

The motion was negatived.

SHRI C. G. K. REDDY : On a point of order, Sir. Can an hon. Minister who is not a Member of this House say "No" when the question is put ?

MR. CHAIRMAN : And then there is a third amendment—that in the name of Shri Abdul Razak. The question is :

That in clause 2 of the Bill, to the proposed sub-section (4) of section 91-B of the Indian Companies Act, 1913, the following proviso be added :

"Provided, however, that the company having received exemption from the Government shall publish in a newspaper for the benefit of the shareholders a summary of any contract or arrangement in which a director is either directly or indirectly concerned or interested and this requirement shall be apart from any other statutory obligation for disclosure of a Director's interest in the company."

The motion was negatived.

MR. CHAIRMAN : The question is :

That clause 2 stand part of the Bill.

The motion was adopted.

Clause 2 was added to the Bill.

MR. CHAIRMAN : The question is :

That clause 1, the Title and the Enacting Formula stand part of the Bill.

The motion was adopted.

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

SHRI C. D. DESHMUKH : Sir, I move :

That the Bill be passed.

MR. CHAIRMAN : The motion is :

That the Bill be passed.

At this stage I would like to say that there shall not be any detailed discussion but merely a statement of reasons either in support of or in opposition to the Bill—a general statement.

DR. R. B. GOUR (Hyderabad) : Mr. Chairman, Sir, I rise to oppose this amending Bill especially because the genuine amendments and constructive suggestions put forward by Mr. Kishen Chand and also by Mr. B. C. Ghose have been rejected. I should have thought that at least these amendments would be accepted, though the very Bill, if I may say so, is an obnoxious one and in the interests of the foreign exploiters and against the interests of our industries, capitalists and workers. If these amendments had been accepted, they might have helped to some extent our country, our people and our workers and our industrialists.

I would like to bring out one or two points just to show how this Bill is going to jeopardise our entire economy and our policy of peace and the interests of our workers. I have here the whole history of a case to show how this Standard Vacuum Oil Company is treating its employees and how the workers there are being victimised for their genuine trade union activities. This happens in this concern just because the Government of India is giving concession after concession to these foreign employers and because the Government of India gets into understandings and agreements with these foreign companies on a very liberal basis. Because of this these foreign companies have become very audacious in their dealings with the workers. Here I have the case showing that three of the trade union leaders—Shri K. P. Shome, Shri P. C. Ghosh and Shri S. C. Mazumdar have been victimised. The last named person—Shri S. C. Mazumdar is the Secretary of their union at the Budge Budge establishment of the Standard Vacuum Oil Company. These persons have been victimised and I am sorry to point out that this is happening just because the Central Govern-



[Dr. R. B. Gour.]

ment is so liberal towards the foreign employers. Because of this attitude of the Centre, the State Governments are also rendered helpless in their dealings with these concerns. Here in one case—the entire case was referred to the Industrial Tribunal. The question of wages was referred. The question of the dearness allowance of the workers was referred to the tribunal but the question of victimisation was not and I am told the Labour Minister of the State Government expressed his helplessness—all because the Central Government gives liberal concessions to these foreign companies. This renders the State Government helpless and they have to surrender to the companies. If only the Government of India would create a precedent, the State Government also would be able to take up these things and fight them out.

Finally I would like to say a few words to show how this particular agreement is going to smash the very foundations of our policy of peace and our policy of independent economy. We have been given to understand that ours is a policy of peace. We know that many in the country and the world want a policy of peace—a genuine policy of peace.

There are people who want to pursue a policy of non-intervention and non-involvement in the policies of war that some foreign Governments are following. I would like to ask whether this S.V.O.C. refinery in India is going to be really an independent unit in our country. It would have been different if they had agreed to build a factory here in India for production of synthetic oil from coal. We have no oil resources but have plenty of coal and we can produce synthetic oil. If the S.V.O.C. were prepared to put up a synthetic oil plant in India, that would have given us independence from foreign oil. On the other hand, Sir, we have agreed to a foreign concern establishing in our own country a refining plant to merely refine crude oil imported

from other places. This very fact is patent. Here is 'capital' an organ of foreign vested interest which says in its issue of November 22, 1951, that :

"The whole transaction shows that New Delhi realises that whatever 'moral support' India gives to Middle Eastern nationalism she will have to make firm arrangements to ensure that her own national interests are not prejudiced by the very people she sympathises with. And if profitable arrangements can be made with parties that are denounced by his friends as vile exploiters, that only indicates that political realism is more mature in Delhi than in certain other capitals."

Reading this thing in a foreign vested interest magazine makes it quite a simple one namely that those interests, who have been kicked out by the militant nationalism of the middle eastern countries, are going to strengthen their stranglehold in our country. We do not require a company to refine crude oil imported from the Mexican Gulf ; it is they who require such a company because of strategic reasons. These interests, the American imperialists want, for strategic reasons—because they think Middle East is not safe now—to build an oil refining plant in India for war purposes. It is only as a first line of war against the countries, Soviet Union and China, that they are building an oil refining plant in India and not for making India independent of foreign oil, as has been submitted just now. It would have been better if they had established a plant to manufacture synthetic oil from coal. Not only this ; it is also clear that they are building an industry which is not really independent ; this industry is really an adjunct to the parent industry in their own country. That means that we are not building, through these agreements and independent industry ; we are building only an industry that is an adjunct to the industry in America or Britain that has been geared for purposes of aggression and war. In that case, what will happen to our policy of non-intervention and non-involvement in war when these vested interests are planning to foist war on the whole world. That is the

major consideration, the consideration of the interest of our own workers, of our own Indian economy, and the consideration of the policy of peace that we are wedded to. Sir, we are getting entangled into the economic war machinery of these foreign imperialists and that is why this amendment has to be opposed.

Lastly, Sir, I would like to quote only a great statesman as to how foreign capital is going to be against the interests of our country : "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 are in a sense processes of conquest." That, Sir, is a quotation not from any red or pink leader of the world ; it is a quotation from no less a person than President Wilson himself and I would, therefore, urge upon the Government to revise its policy fundamentally and not to give any point to these foreign capitalists. We have heard that there are Rs. 400 crores of foreign capital in our country. The nation wants it to be confiscated because they have already earned a lot of profit. We are already suffering and according to the statement of the hon. the Finance Minister himself not less than Rs. 32 crores are being taken away from our country by these foreign investors as profits. I think that I have sufficiently emphasised my case, Sir, and with the entire emphasis at my command, I would like to request this House to throw out this Bill because it is an obnoxious Bill, against the interests of our country, against our people and against peace.

MAJ.-GEN. S. S. SOKHEY (Nominated) : Sir, yesterday, the hon. the Finance Minister in his closing speech told us that he went abroad more for technical aid rather than for financial aid. He also said that he had not ignored the question of training for Indian technicians. He told the House that the companies concerned had agreed to train Indians and employ

them in all grades as they become available—if I heard him right. I want to draw his attention to this clause—'as they became available.' I think he is being very badly advised if he thinks that these conditions meet the needs of the country, of the scientists and technicians of the country. It has become a favourite device of foreign agencies that are out to sell "know-how" to frighten non-technical people with the great complexities of technical processes. I want to assure the hon. Minister that India has great resources of talent and Indian talent can, within much shorter period than four years, master the technique of oil refinery. I can assure him that he should have no fear that men from India cannot be made available for the purpose. It would serve our purpose better if these conditions are made more precise and I would suggest to him that they should be something of this nature : the companies concerned should take Indian scientists and technicians now into their existing plants in adequate numbers and enable them to work at all the processes and it should be a further condition that when refineries begin to function in four years they should function entirely with Indian staff, from top to bottom. That is the only way we can safeguard the interests of our country and of our scientists and technicians. However, as the foreign companies are going to invest capital and they should have the right to have supervisory officers to see that nothing goes wrong in the operation of the plant. Now, Sir, this particular instance should bring to our mind very forcefully the situation as it exists in the country today. Here is the first plant that we are going to have and we are facing such great difficulties about the technical personnel. This has resulted from the policy that we have followed over a number of years. For the last seven or eight years we have spent crores of rupees in sending scholars abroad, either at our own expense or with the help of a number of United Nations agencies and other agencies and it is my information that during this period *not one Indian scholar has received training in*

[Maj.-Gen. S. S. Sokhey.]

large scale production processes of any industry through working in a plant. I say this with a full sense of responsibility. When I was on a mission to U.S.A. in the latter half of 1946, thirty Indian scholars waited on me to tell me that not one of them was receiving technical training in large-scale production methods. The authorities had not been able to place any of them in a plant, the only place where real technical training can be had. Since then during my subsequent visits to U.K. and U.S.A. over 60 more Indian scholars told me the same story. My own enquiries showed that the trouble was universal. I stress, Sir, that the only way by which one can get mastery of production methods is by working work in a plant. I am aware there have been exceptions where Indians, through their own efforts have managed to get employment in certain plants and have acquired knowledge ; but, that is a very insignificant number. It is rather strange that we should be spending so many years and so much of money and during that period not one of our scholars should have got training, practical training, of large-scale methods of production in an industrial plant without worrying the departments and officers concerned. I think the matter should be seriously looked into.

It is a fact that we have been sending our scholars so far to the United Kingdom and the United States countries in which factories belong to private enterprise refuse to train our nationals for obvious reasons. Fortunately for us, the whole world is not limited to these two countries. Today we have Russia, Czechoslovakia and other countries of that group and reason demands that we should explore the possibilities for training in these countries. In these countries industry is not run for private profit. As far as my experience goes there is reason to believe that the possibilities of obtaining facilities for training in these countries are quite good. I gave an example yesterday. It was in 1939 when we had synthesized

atebrin, we thought that in a country where over a hundred million cases of malaria occurred and over a million died of it every year, Government might think it worth while to produce the drug in the country. We contacted the Voks, the Soviet Union agency for cultural relations with foreign countries and told them that the Haffkine Institute being a Government laboratory, was interested in the production of atebrin.

MR. CHAIRMAN : Kindly speak on the Bill.

MAJ.-GEN. S. S. SOKHEY : Well, Sir, we received complete instructions from them for making the drug. I can quote two similar examples from Czechoslovakia when that Government readily agreed to take Indian technicians into their factories. Therefore I very strongly urge that Government should lose no time in exploring seriously the facilities that we can get for our technicians and scientists for training in these countries.

So far we have received no assistance, none at all in this direction from the countries in which all the industries are privately owned. In all fairness to ourselves and to our scientists we should try and explore all available possibilities in U.S.S.R. and countries of that group.

Before I conclude, Sir, I should like again to request the Minister that he should try to make the conditions of training and employment for Indian technicians in this particular industry under discussion more precise by asking the companies to take an adequate number of Indians into their plants now and give them complete training so that when the refineries begin to function in India they will function entirely under Indian scientific and technical staff from the very beginning. Of course there should be no objection to the companies having their own supervisors.

SYED MAZHAR IMAM ( Bihar ) :

سید مظہر امام (بہار) : مسٹر

چند مکان - میں اس بل کو سپورٹ

(support) کرنے کے لئے کھڑا ہوا ہوں - اور وہ اس وجہ سے نہیں کہ یہ ہماری پارٹی کا بل ہے یا ہماری گورنمنٹ کا بل ہے بلکہ حقیقت یہ ہے کہ ایسے بل کے ذریعہ حکومت ہندوستان کے اندر ایک ایسی کمپنی کو قائم کرنے کے لئے تیار ہوئی ہے جس سے ہندوستان میں تیل کا مسئلہ بہت حد تک حل ہو جانے والا ہے - یہ بات ایسی ہے جو قابل مہارکباد ہے اور اس لئے میں اس بل کو سپورٹ کرتا ہوں -

اپوزیشن (Opposition) کے بعض دوستوں نے جو آرگومنٹس (arguments) دئے ہیں وہ سرمایہ داری اور کپیتلیزم (capitalist) کے خلاف اپنی جگہ پر تھپک ہیں اور اس سے کوئی آدمی انکار نہیں کر سکتا اور میں سمجھتا ہوں کہ ہمارے فائننس منسٹر (Finance Minister) بھی اس سے انکار نہیں کر سکتے اور کوئی نہیں چاہتا کہ کسی طرح کا کوئی پریشر (pressure) کسی دوسرے ملک کا پڑے اور میں سمجھتا ہوں کہ اس کا مقابلہ کرنے میں ہر شخص ایک ساتھ ہے۔ لیکن ہمیں دیکھنا ہے کہ یہ کام ہم محبوری کے ساتھ کرنے جا رہے ہیں یا خوشی سے - اگر ہمارے پاس اتنا پیسہ ہوتا یا اتنے ٹیکنیشینس (technicians) ہوتے کہ ہم اس کو بخود قائم کر سکتے اور تب گورنمنٹ اسے قائم نہ کرتی تو یقیناً گورنمنٹ قابل مذمت ہوتی - یہ کہا گیا کہ لوگوں کے پیسے

کو کنسٹیگیٹ (constigate) کریں اور اس سے ایسی کمپنی قائم کریں - میں نہیں سمجھتا کہ یہ صورت بہتر ہو سکتی ہے اور لوگ اسے پسند کریں گے ہرگز نہیں - اگر یہ صورت ہوتی کہ ہمارے سرمایہ دار یا پڑھے لکھے لوگ ایسی کمپنی بناتے اور اس کے اندر کپیتل کو فلوٹ (float) کرتے اور اس طرح کے ٹیکنیشینس ہوتے اور گورنمنٹ کے سامنے رکھتے اور تب گورنمنٹ ان کو ایسی کمپنی قائم کرنے کی اجازت نہ دیتی تو میں سمجھتا کہ یہ گورنمنٹ کے خوف میں یقیناً قابل شکیت بات تھی - لیکن جب ہمارے لوگ ہمارے سرمایہ دار اس کام کو نہیں کر سکتے تو کیا گورنمنٹ صرف اس وجہ سے کہ امریکہ کا رویہ یہاں آ رہا ہے اور امریکہ کی کمپنی یہاں قائم ہو رہی ہے اس طرح کے الزام سے تر کر بیٹھی رہے اور اس ملک کو بیکورڈ (backward) رکھے -

آج تیل کا سوال دنیا کے سامنے بہت اہمیت رکھتا ہے اور وہ ہمارے ملک کے لئے اور ہماری ڈیفینس (defence) کے لئے لائف بلڈ (life blood) ہے اور اس لئے ایسی کمپنی کا قائم کرنا بہت ضروری کام ہے - ابن سعود کی جو آج اتنی بہتر حالت ہو گئی ہے وہ صرف اس تیل کی کمپنی کے قائم کرنے کی وجہ سے - پہلے ہر ایک حج کرنے والا ابن سعود کو چار سو روپیہ ٹیکس ادا کرتا تھا لیکن آج تیل کی کمپنی کی آمدنی کی وجہ سے وہ ٹیکس اٹھا دیا گیا ہے - آج ایران اور

[Syed Mazhar Imam.]

ڈاکٹر مصدق کی جو واہ واہ ہو رہی ہے اور انہیں جو اتلی کامیابی حاصل ہو رہی ہے اگر وہاں انٹیل کمپنی نہ ہوتی تو کبھی حاصل نہ ہوتی۔ اس لئے آج ایسی چیزوں کو قائم کرنے کے لئے جن کو ہم اپنے پیسے سے قائم نہیں کر سکتے اگر دوسرے لوگوں کو نہ ملائیں تو سوائے اس کے کہ ہمارا ملک بھگورتہ رہے اور کچھ نہیں ہو سکتا۔ میں سمجھتا ہوں کہ اس کی وجہ سے ہمارے ریونیو (revenue) بڑھے گی اور اس کی وجہ سے ہم کو تھل ملنے میں آسانی ہوگی اور ہمارے ہزاروں آدمیوں کو کام ملے گا۔ ہمارے لوگوں کو کام سیکھنے کا موقع ملے گا۔ اور ان ایمپلائمنٹ (unemployment) بھکاری کا پرابلم (problem) ہمارے یہاں بہت زیادہ ہے اور بنگلہ انڈسٹریز (industries) کو قائم کئے ہوئے ان ایمپلائمنٹ کا پرابلم ہم حل نہیں کر سکتے۔ ہمارے دوستوں نے کہا کہ ایسٹ انڈیا کمپنی (East India Company) قائم ہوئی تھی تو یہاں کی حکومت کی کیا حالت ہوئی یعنی بہادر شاہ کی کیا حالت ہوئی۔ میں اسے جانتا ہوں لیکن میں یقیناً کہہ سکتا ہوں کہ اگر اس وقت ایسا سیلف ڈیٹرمینیشن (self determination) پبلک میں ہوتا یعنی جیسا کہ آج ہے اپنی انڈیپینڈنس (independence) کے قائم رکھنے کا اور اگر اس کمپنی کے حوالے اسٹیٹ کا میڈیجمنٹ (manage-ment) نہ کیا گیا ہوتا تو وہ دن نہ

دیکھنا پڑتا جو کہ دیکھنا پڑا۔

اس لئے میں عرض کرنا چاہتا ہوں کہ انڈیپینڈنس یا کسی چیز کا تعلق نہیں (Nation) کے سیلف ڈیٹرمینیشن سے ہوتا ہے۔ اس میں کوئی قدرے کی بات نہیں ہے۔ اگر ہمارے میں ڈیٹرمینیشن ہے تو ایک نہیں بلکہ اس طرح کی دس کمپنیوں کو قائم کریں تو بھی ہمیں کوئی فلام نہیں بلا سکتا۔ اس لئے میں اس سے قرتا نہیں ہوں۔ میں اپنے کو اس قبل سمجھتا ہوں کہ اپنی آزادی کو قائم رکھ سکتا ہوں ان الفاظ کے ساتھ میں اس بل کے پاس کرنے کی تائید کرتا ہوں۔

[For English translation, see Appendix II, Annexure No. 45A.]

SHRI B. C. GHOSE : Although by the grace of Congress Members of this House, this Bill will soon be passed into law.

SHRI GOVINDA REDDY : By the grace of God also.

SHRI B. C. GHOSE : Not by the grace of God, but by the grace of Congress Members. Although this will be passed into law, there are certain traits in the agreement with which we are going to enter into that should cause grave anxiety. I am aware, Sir, that the Finance Minister was not in charge of the negotiations but still it appears from the story which the Finance Minister has related in this House that we were a weaker party in this bargain. I think that is the impression which we have received from what he has stated, that the Companies got all what they wanted and that since Government felt that we should have refineries established here, for that purpose whatever the Companies wanted was acceptable to them

and was accepted. I do not know if our position was so weak. It may be that the impression which I received is probably not correct. But, as I stated, that was the impression that was left in my mind.

The second point is about foreign capital. Although I quite admit that we should not raise a bogey on that subject, yet it appears to me that the Government, whether consciously or unconsciously, are minimising the dangers that are inherent in having too large amounts of foreign capital in this country. The points that were raised by my hon. friend Mr. Gupta were not quite beside the issue, and even the example which the hon. the Finance Minister quoted only went to reinforce his case. For, as everybody knows, Canada is not only economically dependent upon America but also culturally so; as the hon. Minister must also know, even the language the Canadian people speak is not English but American. In the same way, when we have too much of foreign capital, there is a danger of dependence on the other country. The Finance Minister must also be knowing that even in Great Britain a large section of people, who do not belong to the Communist Party, are very apprehensive of the way in which American aid and capital is coming into the country, and that they may lose their independence in the long run. And Great Britain is certainly in a very much stronger position than we are. So, I feel that that danger should not be minimised. That there is a considerable risk involved should be recognised.

The third point that I wanted to make was about training. That was the weakest point in the agreement. We do not know as to whether the companies will train Indians. The agreement states merely that they will appoint Indians, if Indians of the required qualifications are available. But of course in this new venture there will be no Indians available with the required qualifications. The point is that we should have insisted that

within four or five years, that is, before the companies actually started operations, Indians should be sent abroad and trained in the companies abroad, so that when the companies started operations here, Indians should be in a position to take up all responsible work. Why should we not have been able to do that? If we could not do that, the only reason must be that we had accepted all the conditions that the company had laid down.

There is one more point which I should like to deal before I have done, and that is regarding the small amendment that I wished to move. I think that was very useful. It is not a petty matter, because it refers to cases of exemption under this section. I have a feeling that however small an amendment or however important, Government do not want to accept it. And in this context I cannot do better than quote something which the Hon. Minister of State who is attached to the Finance Ministry stated in Parliament on another occasion. He said—it was in 1950, before there was a transformation of the hon. Member from the ordinary benches to the Treasury benches:

“In fact, what pains me is not that this or that amendment has not been accepted. It is the total mentality of Government which I object to. I said the other day that there is a feeling of frustration that even small amendments—however small the changes we seek to make may be, those small amendments suggested by any number of Members from this side—are not paid heed to by the Government benches.”

THE MINISTER OF STATE FOR  
FINANCE (SHRI MAHAVIR TYAGI) :  
I am sorry I said that.

SHRI S. P. DAVE (Bombay) : Sir, after having heard the hon. the Finance Minister, I thought that there would be no additional points raised by Members on the other side to oppose the amendment. However, there have been three or four objections in connection with the amendment of the Companies Act in this direction. One of the points made by my hon. friends was that the policy of Standard

[Shri S. P. Dave.]

Vacuum Oil Company is anti-labour, and a particular case in Bengal was not referred to adjudicator. I wonder if the Government of India are to make a contract with foreign concerns even with regard to their labour policy in this country. There may be something wrong with the Ministry in Bengal, I assure my hon. friend, because I happen to remember that Standard Vacuum have also their offices in the State of Bombay and several disputes have gone up for adjudication, and the workers, wherever they were right, have secured their rights. So, a local grievance need not be made and quoted against the Government of India.

But the most important question is this. Is there an inherent danger in inviting foreign capital to India, and will it in future harm our interests? The most relevant question which we have to consider today is : Is India in a position to come to a decision, after studying the pros and cons of this matter, that India does not want this industry? Let me quote just one instance. The textile industry in India has been established, if I remember well, for about 60 or 70 years. Even now unfortunately we are importing from abroad all the machinery that is needed for the textile industry from the United Kingdom, from Japan, and from other countries. Several industrialists thought of schemes to start an industry to manufacture textile machinery in India. What is the position? The two or three companies that were started, because of lack of technicians and handicap in the know-how, have not been able to achieve their goal of supplying the needs of India. You remember very well that one particular concern had to be given protection by this very House for manufacture of textile machinery, and I heard complaints that even after the aid which was given it had not given efficient machinery to the industry.

Let us be quite clear. Do you want to go back to the old ways where

oil may not be a necessity? Do you want to go back to the cart? Can we avoid having these modern methods of locomotion and transport? It is well known that this country is spending a lot of money on petrol every year, and the numbers of new arrivals of cars, wagons and various other vehicles are increasing every year. Even today there are quite a number of roads in the mofussil areas where we want to extend our transport system through State transport, etc., wherever there is no railway. So, our need for oil is going to increase every day. Up to now we have not been able to locate any place in India where we can raise oil apart from the question of technical knowledge. Therefore, would it not be a cheap bargain having our own refinery here?

SHRI C. G. K. REDDY : We are not having our own refinery.

SHRI S. P. DAVE : After all, although the material will be coming from outside, the price that we will have to pay is certainly not going to be higher in future than the price which we are paying now.

SHRI C. G. K. REDDY : Certainly not less.

SHRI S. P. DAVE : Another friend said : "Oh, it would be a danger, because the United States of America wants to locate it here so that it will be useful in time of war". But if I remember having heard the hon. Finance Minister correctly, the production of the refinery is not going to be sufficient to allow India to export it. Where then will any quota be left for Army purposes? Therefore, that question does not arise at all. I have great regard for Gen. Sokhey and I endorse every word of what he said. Possibly the Government could have looked into the details of technical training, and if there is still an opportunity, we should see to it that Indians employed there get all the advantages of technical know-how. The students who went abroad unfortunately were sons of rich men and in the U.S.A.

they did not want to spoil their hands by working in the factories. But I know that in some factories—automobile factories, etc.—it is very difficult for a man to get entry into the factory in America. It is a matter for our Embassies, and this matter should be looked into at a high level.

Only one more thing, Sir. I know, Sir, that the great change that has come over India after attaining independence is our status as a nation. Therefore with the foreign policy that we are following today, with Pandit Jawaharlal Nehru as our head, we need have no needless apprehensions. It is after all the mentality of a man that makes a coward of him. Why should we be afraid of America or any other nation so long as we have decided that we are a free nation and we want to live as a free nation for all time to come? No inducement whatever is going to make us a party into something that we don't desire. We are not going to allow any other nation to exploit us like that. We are not going to be cowed down by any other nation. After all we are trying to build up the economy of our country and we cannot follow a policy of isolation. Today, Sir, in the modern world no man can follow a policy of isolation unless he has to go back to the jungle and lead the life of a Rishi. But having been a partner in the United Nations Organisation, let us try to learn from what other nations have to offer us and give to other nations what we can offer them. Let us understand that we are economically backward. Let us decide once and for all whether we want to build up certain large industries leaving the other things to cottage and small scale industries. After having come to that decision, whatever is needed shall have to be done.

**SHRI C. G. K. REDDY :** In whatever manner possible.

**SHRI S. P. DAVE :** I do not think that the investors in India lack in enterprise. But possibly they may not have found it worthwhile to invest their money in the refineries because

the outturn to which they are used to, may not be there. Generally it is the mentality of Indian people to go in the group to which they are accustomed. If the father has a textile mill, the son would not go in for a refinery but would have a textile mill. Therefore, Sir, if we have to invite foreign capital, we have to understand that we have to deal with it in a businesslike manner. After all, Sir, it will be in our country and we have power to legislate for it and any time if they misbehave, I believe we have the sovereign authority to even drive them out of this country.

Therefore, the most relevant question is that we do require foreign capital for the development of this industry. There may be certain misgivings. There may be certain apprehensions and I hope our Government will take care to see that in future we may not have to regret but we may consider it to be a step in the right direction.

**SHRI B. RATH (Orissa) :** Mr. Chairman, I am afraid I must say that brave words always do not make a man brave and I must also submit that a brave man never conceals things. Our Finance Minister has during the last three days for reasons best known to him, persistently—I will not use the word obstinately—refused to take the House into confidence about the terms of the proposal that was given to the Government of India by the Standard Vacuum Oil Co. because he is having negotiations with the third company and the proposal is under consideration. But unfortunately yesterday he has admitted the fact that these oil companies practically have combined into a cartel and have held monopoly of trade with respect to oil and as such perhaps our Finance Minister feels honour-bound not to disclose the terms in which he has acceded to the request of the Standard Vacuum Oil Co. to establish its refinery in India before this House fully well that these things are more secret to the three companies with whom he is dealing now. I must therefore very strongly protest against the way the Finance Minister is



[Shri B. Rath.]

trying to withhold information about the terms of agreements with the Standard Vacuum Oil Company, the Burmah Shell and the other company with whom negotiations are in the offing, because they are identical in nature. Not only identical but they are practically the same. Of course there might be slight changes. I would most earnestly request him and demand of him to lay before the House the terms of the agreement that are there because, Sir, he is in possession of the terms of the agreement and he withholds them persistently.

Now from the 22nd November at least the newspaper world and mainly the commercial newspaper world has come to know something about some of the terms of the agreement and from them we can know something. It is that commercial newspaper world—the British managed 'Capital' of Calcutta and the 'Commerce' of Bombay—that gave the first news that some such agreement is in the offing. Not only that, but at about the same time the Government Press Note was published but it did not give even as much news as was given by the Calcutta and Bombay papers, about the terms of the agreement. If I refer to 'Commerce' of 8th December, I find that it is not so small a matter as our Finance Minister considers it to be. This Amendment Bill, according to our Finance Minister, is a very small matter. It is a one-clause Amending Bill and so he thinks that the Opposition is practically wasting the time of the House. But I should say that it is not an isolated case. It is the beginning of the whole process because if I draw his attention to the 'Commerce' of 8th December—I will just quote a small paragraph on page 943—it will be seen:

"It is true that one swallow does not make a summer and as such one may say that we are reading into this agreement much more than is necessary."

That means 'You should not read into the agreement. It is a very inno-

cent agreement'. But it further says :

"But it should not be forgotten that similar agreement with two more oil companies—one British (Burmah Shell) and the other American (Caltex)—is in the offing. It may also be mentioned here that a number of other foreign manufacturers are currently considering possibilities of extending their sphere of activity in India. Of this, particular mention may be made of an American company's willingness to consider a proposal for establishing a steel and titanium metal factory either in collaboration with the Government or with private capital involving an investment of 10 million dollars."

And so other companies are also coming into the picture here.

So, this is not an isolated instance. This is only opening the door of foreign invasion into India. My hon. friend from Ahmedabad has at least wanted us to be good in thought if not in behaviour.

KHWAJA INAIT ULLAH (Bihar) :  
At : st in thought.

10 a.m.

SHRI B. RATH : That is the only consolation of our friends on the other side. They do not believe in acting in a good way. To him I will simply say that you are opening the door of India wide open for foreign investors, such investors who would practically make all your past assertions negated. You have asserted so many times in the past that even if foreign investors are allowed to operate here, you will have dominant control in those companies. But you have changed it. Not only in one particular case, but you have changed it in the case of all these oil companies and you are going to change it in the case of the titanium company and in all the other foreign companies. Our Finance Minister may say it is all right, but time will show that you have opened the door of India to exploitation. This is what is going to happen. If this is the desire of the House, then the

House may accept the Bill. Otherwise the House has time enough to consider to advise their Ministers to withdraw this Bill.

Secondly, Sir.....

MR. CHAIRMAN : I think you have given a general statement.

SHRI C. G. K. REDDY : The hon. the Finance Minister and myself are so fond of each other.....

MR. CHAIRMAN : Are you ?

SHRI C. G. K. REDDY :.....that we talk about each other in our speeches. If I may give an explanation as to why I am harping on the elections, may I say that I am one of those who feel national disasters very badly? I do feel that the results of the elections have been such a big national disaster that has overtaken this country during the past some years now, that I cannot forget it, at least within six months.

SHRI GOVINDA REDDY : It has brought you here.

SHRI MAHAVIR TYAGI : It is a disaster.

SHRI C. G. K. REDDY : I would like to give an explanation of why I intervened when he was replying at the consideration stage and asked him about the price of petrol. He said something about parity prices, international prices, etc. We are all aware, Sir, that these oil companies in the world more or less work as a cartel. They have an agreement among themselves and they fix the prices which rule the world wherever they operate and whoever operates there. What I wanted to know from him was this : When we are giving them so many concessions and also certain facilities, the price of imported oil should be less than what it would be otherwise if the ordinary import tariffs are made applicable to them. Naturally, I should have thought that the prices of

petroleum and petroleum products would be much less than what we are charged today. Today, whether it is petroleum or petroleum products or crude oil, there is a certain amount of import duty imposed on these products. All the imports are subject to these taxes. Now that we are going to relieve them from such taxation, I should have thought that price would be much less than what obtains today. We are not going to tax their equipment. We are not going to tax their raw material. We are not going to do so many other things against them that they are going to remain here permanently, establishing oil refineries at our cost. I should have thought that the prices of petrol and petroleum products would come down affording some relief to the Indian consumer of these products. The hon. Finance Minister ought to know more than I do—I am sure he does—and perhaps he will give us some reasons why this thing should happen, which I cannot understand.

I want to conclude by saying, that in spite of this agreement, I do feel that the people of India are supreme. They may think of this agreement differently five years hence and the Finance Minister ought to realise and tell the companies concerned also that this agreement, even if he has signed it for 25 years, is open to alteration or abrogation, if the people of India so desire.

SHRI C. D. DESHMUKH : Sir, I shall deal *seriatim* with all the observations which have fallen from the various speakers. I must confess, Sir, that I could not follow very well the reasoning contained in the eloquence of the speaker who spoke first. I could not follow how the policy of world peace which is being followed by this country was going to be jeopardised by the acceptance by the Government of India of this particular proposal. The situation is this : These companies are already operating in India as distributors. They have been operating for a long time now. All that this proposal means is this that instead of importing refined oil, they should import crude oil, refine it

[Shri C. D. Deshmukh.] here and then distribute it. I cannot for the life of me see what difference this is going to make to the peace of the world. Then he said that it was wrong to allow these people to undertake this because they will victimise workers. I am not in a position to join issue with him, as I do not know the facts of the situation. It may be that there may be grievances, maybe legitimate grievances, but again I think, Sir, this is a matter of a sense of proportion. Because there is some unresolved labour dispute, one should not say that a particular corporation or company is treating all its employees in this execrable fashion, that it does not behove the Government to have any agreement with them. So far as we are concerned, we see to it that there are amenities for labour provided in these agreements or in these proposals. In regard to labour, this is the condition contained in the same agreement, that is to say, with the S.V.O.C. :

"It will ensure that the Indian Company will expend Rs. 25 lakhs to provide housing and associated amenities with reasonable distance of the refinery site for so many of the labour employees at the refinery and their immediate families as may be housed for such amount. Such housing shall be equivalent in space and facilities to that currently being provided for labour employees by comparable industries in the Bombay area."

Now, this is all that I can point out on the subject of labour relations in these agreements to which reference was made by certain speakers by saying that they should be governed by the ordinary labour laws in this country.

DR. R. B. GOUR : The hon. the Finance Minister is giving us piecemeal some points of these agreements but he is not fair enough to communicate to us all the points or place the agreement before the House.

MR. CHAIRMAN : He is replying to the questions that have been raised.

SHRI C. D. DESHMUKH : Then, Sir, he said that it would have been much better if we had asked these companies to establish a plant for pro-

ducing synthetic oil. That appears to me an extraordinary suggestion. These companies do not produce oil by synthesising coal. It is a different kind of business. This is a business for other kinds of industrial chemists, and when the time comes for us to establish such a plant, I am quite certain that we would not look to these oil companies who refine crude oil for setting up such a plant. Therefore I think that particular suggestion was entirely impracticable.

Then, Sir, the last point that he made was that there was exchange loss on account of these transactions. That again is a point which I cannot follow. As far as we can calculate, there will be saving of foreign exchange. After all, to the extent that there is an indigenous element in the process, well, that ought to enable us to keep to ourselves whatever profit or whatever economic advantage that might flow from that particular part of the process.

Then I come to the points—very useful points I might say—made by Major-General Sokhey. I shall be greatly obliged if he will let me have a list or let the Ministry have a list of people who, he thinks could be used or could even be trained by these oil companies. I would like to draw the attention of the House again to this clause which is in two parts. In one it says:

"It will ensure that the Indian Company will arrange for the training of an adequate number of Indian personnel."

That is to say, they will make active efforts to arrange for the training of Indian personnel which, I take it, are the younger people. The second part is :

"Subject to the right of the management to select personnel, will employ Indians in all capacities whenever qualified Indian personnel shall be available."

That simply means if there are people who, they think, are qualified, they could certainly urge their claims and if their claims are ignored, it will be open to them to draw the attention of the Government to this fact and then it will be the duty of the Government to interpret this particular clause in the spirit in which it is couched.

He also made some reference to certain facilities being available in other countries. I can assure him that those who are responsible for technical training will take note of these observations.

Then I come to the comments made by Shri Ghose. It is a matter of judgment whether one finds that one is getting the best part of a bargain or one is getting the worst end of the bargain. The general situation in the world is such as to cause a certain measure of anxiety about the availability of capital and I think the security consideration is an important one. Now, on that if my judgment or the Government's judgment differs from the judgment of the hon. Member, obviously we have no common meeting ground. He would then say that we should not have had the agreement on the terms on which we are having it. We, on the other hand, attach some importance to the fact of having at some future date supplies it might take us up to 1955 to get supplies—and there is no guarantee that the world will be more peaceful then. We should have some assurance that supplies of petrol would be available to us for a period of time—maybe one, two or three years. That is all that there is to it. As hon. Members have seen, several experienced officials brought their judgments to bear on the problems and then the matter came before the Ministers. It is still possible that there is good room for difference of opinion but I can say that it all really depends on one's basic assumptions.

Then he urged that we were not pursuing a wise policy in respect of training. I think perhaps a general clause like that is more advantageous to us in the absence of precise information as to the number of people available than the sort of clause that he had in mind.

Then he has called upon the past records and culled up vices, I would not say of the dead, but certainly of the unregenerated and proposed certain amendments but that matter has already been passed by the House and the same remarks apply to the observa-

tion with regard to President Wilson's interpretation of the inwardness of foreign investment. Much water has flown under the bridge since President Wilson's days and if the hon. Member has to draw upon President Wilson's utterances in support of his arguments, then I think the point that he wishes to make must be pretty weak. The world has moved very much since that time and in any case, as a philosopher said 'Consistency is the virtue of well known quadruped'.

Then I come to the criticism of Shri Rath and he has a standing grievance about my not disclosing the full contents of this agreement. I think it is perhaps unfair that I read out little bits which are favourable here in support of my case but I can give the assurance to the House that we are not trying to hide anything. At the proper time they will see all the arrangements. I am very unwilling to be drawn into the reasons why it is not possible for me to place it before you now. One of the reasons is the one which the hon. Member dealt with. He may not agree to it. I don't say how these oil companies are integrated. I have found in business that even when there is a cartel there is disharmony in harmony at certain levels. These companies agree to do something but at certain levels there is as much fierce competition among them as among people not connected with such a cartel. That is a common experience in business and that very factor exists in this also that in certain not unimportant details these agreements vary. For instance with regard to the capital to be made available for Indian investment. In this the two agreements vary. Although I have no doubt that the companies have a shrewd idea of what is contained in the previous agreement, still they have their points to urge. There is a difference between having a general idea and having specifically before you of what is contained in the previous agreement. At least we feel that it gives us a certain amount of advantage in a position, which admittedly, is not very strong in regard to bargaining.

[Shri C. D. Deshmukh.]

The last point is the one Shri Reddy raised about the price.

My answer is that there is such a thing as excise.

MR. CHAIRMAN : The question is :

That the Bill be passed.

The motion was adopted.

### THE NATIONAL CADET CORPS (AMENDMENT) BILL

THE MINISTER FOR DEFENCE :  
(SHRI N. GOPALASWAMI) : Sir, I move that the Bill further to amend the National Cadet Corps Act, 1948, be taken into consideration.

Sir, the Bill is a very simple one. It consists of two clauses—Clause 1 and the operative clause, Clause 2. In Section 12 of the National Cadet Corps Act, 1948, there is power given to the Central Government to appoint an advisory committee and the constitution of that Committee is dealt with in that section. Amongst the persons who could get on to the Committee, the last category consists of two members elected by the Central Legislature. When this Act was passed, we had only the Provisional Parliament sitting. There were not two Houses. After the passing of the Constitution two Houses have come into existence and the Government consider it desirable that each of the two Houses should have representatives on this Committee. So, in sub-section (1) of Section 12 for, 'Two Members selected by the Central Legislature', it is proposed to substitute 'Two members to be elected by the House of the People and one member to be elected by the Council of States annually'. It is a very simple one. I hope the House will have no difficulty in passing this Bill.

SHRI J. R. KAPOOR (Uttar Pradesh) : Mr. Chairman, we must naturally express our gratitude to the hon. the Leader of the Council for having taken the earliest opportunity

of securing representation of this Council on the Central Advisory Committee of the National Cadet Corps, and I have no doubt in my mind that similarly the hon. the Leader of the Council will always see to it that this Council is properly and adequately represented on all Committees of a similar nature or of other natures which have to be appointed either under the provisions of any Act or otherwise by the Government.

Sir, I very much wish that the hon. Defence Minister would in his concluding remarks throw some light on the working of this Act and what progress has been made by the National Cadet Corps under this Act. This Act was enacted in 1948 and has been in operation for the last four years. We are anxious to know how it has worked so far, what is the strength of the various units in the different States, in the different universities and in the different schools and colleges, and what the Defence Ministry thinks about National Cadet Corps all over the country. In particular we would very much like to know what the strength of the various divisions are. Three divisions have been formed under this Act in the various universities and colleges—the senior division to which only male students of the universities are enrolled, the junior division to which male students of schools are enrolled and the girls division to which only girls whether they belong to the universities or schools, are enrolled. What is the total strength of these various divisions all over the country ?

Then we would also very much like to know from the hon. Defence Minister whether the Central Government has organised any unit of this Corps in the State of Jammu and Kashmir and if so, what is the total strength of the unit in that particular State.

I also find that under this Act it was the intention of the Central Government to establish units of this Corps outside the universities and colleges. Under Section 7 of this Act we have it stated "Notwithstanding anything contained in this Act, the Central Government may by notification....."