E. C. No. 712

ESTIMATES COMMITTEE (1971-72)

(FIFTH LOK SABHA)

SEVENTEENTH REPORT

MINISTRY OF INDUSTRIAL DEVELOPMENT

Directorate General of Technical Development

LOK SABHA SECRETARIAT
NEW DELHI
April, 1972/Chaitra, 1894 (Saka)
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(1971-72)

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Shri T. N. Dhar—*Under Secretary.*

INTRODUCTION

I, the Chairman, Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Seventeenth Report on the Ministry of Industrial Development—Directorate General of Technical Development.

2. The Committee took evidence of the representative of the Ministry of Industrial Development and Irrigation and Power and of Director General, Technical Development and Chief Controller of Imports and Exports on the 22nd January, 1972. The Committee wish to express their thanks to these officers for placing before them the material and information which they desired in connection with the examination of the subject and for giving evidence before the Committee.

3. The Committee also wish to express their thanks to All India Manufacturers' Organisation, Indian Engineering Association and the Federation of Indian Chambers of Commerce and Industry for Furnishing Memoranda to the Committee and also for giving evidence and making valuable suggestions.

4. The Committee also wish to express their thanks to all the Associations and individuals to furnish memoranda on the subject to the Committee.

5. The Report was considered and adopted by the Committee on the 17th April, 1972.

6. A Statement giving the analysis of recommendations/conclusions contained in the Report is also appended to the Report (Appendix V).

NEW DELHI :
April , 1972.
Chaitra , 1894 *(Saka)*.

KAMAL NATH TEWARI,
Chairman,
Estimates Committee.

CHAPTER I

INTRODUCTORY

A. Historical Background

The Directorate General of Technical Development is an attached office under the control of the Department of Industrial Development. The origin of this office (formerly known as Development Wing) may be traced back to the earlier years of the Second World War. The exigencies of the war demanded the establishment of several industries within the country to meet requirements of the war effort. This necessitated the opening of a Planning Unit in the Organisation of the late Directorate General of Ammunitions Production and the Directorate General of Supplies under the Supply Department to plan such industries and to encourage and assist their establishment in the private sector on an immediate basis. As a result, several new industries came into existence during the war years. After the cessation of hostilities, these industries were faced with various difficulties and their consolidation with well-integrated pattern of industrial development, to cater to the needs of the country's peace-time economy became a matter of urgent necessity. It was in this context of the post-war reorganisation of the supply Department, that the Development Wing was formed as one of the two important parts of the Directorate General of Industries and Supply under the late Ministry of Industry and Supply.

The Development Wing functioned as an integral part of the late Directorate General of Industries and Supplies from 1946 to 1951. In 1951. the Development Wing attained the status of a separate office under the Ministry of Commerce and Industry. This set-up continued till the middle of November, 1962 when the Organisation was redesignated as the Directorate General of Technical Development and placed under the control of the then newly constituted Ministry of Economic and Defence Coordination. Thereafter the office was under the charge of the Department of Supply and Technical Development in the Ministry of Supply and Technical Development and Materials Planning.

1.2. At present the Directorate General of Technical Development is under the control of the Department of Industrial Development. in the Ministry of Industrial Development. The functions of the Directorate General of Technical Development are given at **Appendix I.**

B. Organisational Set-up

1.3. The Directorate General of Technical Development is under the charge of Director General, who is also the administrative Head of the Department. He is assisted by three Deputy Director Generals (appointed in place of 3 Senior Industrial Advisers) — 2 in the Engineering Wing and 1, in the Chemical Wing. The Deputy Director Generals are assisted by Industrial Advisers whose division contains Development Officers and Assistant Development Officers.

1.4. The Directorate General of Technical Development contains 12 Divisions comprising in all 51 Directorates—24 in the Engineering Wing and 27 in the Chemicals Wing. These Directorates are under the immediate charge of the Development Officers who are assisted by the Assistant Development Officers and other staff. In addition, there are cells created for specific items of work, *e.g.* Technical Cooperation and Export Promotion, Information Gathering, Statistical, Public Relations, Publications, O & M and Work Study and Vigilance.

1.5. The Administrative Division, which is at present under the charge of Dircetor (Admn. and Cdn.) does the administrative work. Besides there is a Director (Public Relations) looking after the Public Relations of the Organisation and also the Publications work.

1.6. The Directorate General, Technical Development had a total sanctioned strength of 219 Gezetted and 572 non-gazetted staff as on 17-7-1971. The actual expenditure incurred on D.G.T.D. during the last 3 years is as follows:—

	Original Estimates	Revised Estimates	Actual Expenditure
1968-69	59 80,900	60,66,900	60,77,619
1969-70	67,17,500	62,12,800	60,45,465
1970-71	67,69,000	65,51,000	64,03.276

1.7. Asked if there has been any reduction in the work-load of officers and staff of D.G.T.D. consequent on the recent liberalisation of industrial licensing policy, the Committee have been informed in a written note by the Ministry of Industrial Development that "There has been no reduction in the work load of officers and staff of D.G.T.D. consequent on the recent liberalisation of industrial

licensing policy. On the contrary, the volume of work is increasing as more applications are being received since the announcement of the liberalised Licensing Policy by the Government. A tabular statement showing the number of Industrial Licensing applications, registration applications, capital goods applications and Import applications for raw materials in D.G.T.D. is given below :—

Year	Industrial Licensing cases	Registration cases	Import applications for raw materials	Capital goods applications
1968-69	735	121	5491	833
1969-70	1465	257	6596	1207
1970-71	2569	556	7752	1137

1.8. Asked if the staff strength of the Officers of the D.G.T.D. has been examined by the Staff Inspection Unit of the Ministry of Finance, the Committee have been informed in a written note that "The Inspection Unit of the Ministry of Finance is presently examining this Directorate General."

1.9. **The Committee note that the Staff Inspection Unit of the Ministry of Finance is at present examining the strength of the Directorate General of Technical Development. The Committee would like to emphasise that the duties of the Directorate General of Technical Development are not merely regulatory but developmental also so that pace of industrial development can be accelerated. The Committee consider that time taken in processing and disposing of applications for either import or setting up/expanding industry is the essence of the matter and that the procedures and organisation of D.G.T.D. should be such as to inspire confidence in the rank and file of all those engaged in industry in its developmental, dynamic and forward looking outlook and policies.**

C. Coordination Directorate

1.10. To coordinate the activities of the various Technical Directorates in the D.G.T.D. there is a Coordination Directorate under the charge of Director (Admn. and Coordination) and a Deputy Director (Coordination). The Coordination Directorate deals with the following items of work:—

(1) Coordination of the work relating to import licences. On receipt, the import applications for raw materials, components and spares are entered in special registers and

applications for capital goods in a separate register. The applications after registration are passed on to the concerned sponsoring Directorates for being processed. On receipt of the recommendations, they are forwarded to the Chief Controller of Imports and Exports and Assistant Iron and Steel Controller. A list of applications not cleared within the stipulated time is prepared and is brought to the notice of Industrial Advisers concerned.

(2) The Directorate also steer two weekly Committees *viz.* (i) the Development Officers' Committee and (ii) Industrial Advisers' Committee, for expediting clearance from indigenous angle of various items and other related issues.

(3) Applications for the issue of licences under the Industries (Development and Registration) Act, 1951 for the establishment of new undertakings and for expansion etc. are received in this Directorate and are transmitted to the concerned Directorates for furnishing comments to the administrative Ministries concerned. Periodical statements are prepared of pending applications and shown to Director General. Foreign Collaboration applications are also dealt with on the same lines.

(4) The applications for registration of industrial units with D.G.T.D. are also received in this Directorate and transmitted to the concerned Directorates for processing. When it is decided to take over the industrial unit on the rolls of D.G.T.D. registration number is allotted to the party concerned by this Directorate.

(5) The Central Government have exempted all scientific and technical instruments, apparatus and equipments imported by, or against the order of such educational and research institutions as may be approved in this behalf by the Central Government and intended for use therein from the whole of the duty of customs leviable subject *inter alia* to the condition that a duly authorised officer of the Directorate General of Technical Development certifies in each case that the goods in respect of which exemption is claimed are such as are not manufactured in India. These 'Not manufactured in India' certificates are given by the Coordination Directorate after consulting the concerned Directorate of the D.G.T.D. and other organisations of the Government of India where D.G.T.D. is not concerned.

(6) Coordination Directorate is also responsible for obtaining comments *vis-a-vis* indigenous angle availability and issue necessary indigenous clearance certificates to various Government agencies like the Textile Commissioner, Jute Commissioner, Tea Board, Ministry of Petroleum and Chemicals etc. in respect of stores required by private organisations for which these Government agencies are the sponsoring authorities.

1.11. A representative of a leading organisation of manufacturers stated during evidence before the Committee "What happens in the D.G.T.D. office is that after a project is examined by them, it goes to the Coordination Directorate for its sending it to other people who might have some say in the matter. It is there that the whole thing is held up. We do not know why the coordination Directorate should take such a long time in clearing a project from other angles". Asked for specific suggestions for toning up the work in the coordination Directorate, he stated "if all the Development Officers concerned were to meet together alongwith the officers of the Directorate at one meeting and dispose of the matters together, it will be much better. That will expedite the work. Otherwise, the file goes from one directorate to another and then it comes back for coordination."

1.12. The representative of an Association stated before the Committee "Suppose you want a clearance for a machinery. For the machinery to be cleared, depending on what particular items are being used in a machine, starting from ferrous, non-ferrous, paints, chemicals, tools, etc., the particular officer who is dealing with the industrial machinery has to get the clearance of all the other 5 members who are his colleagues. And this is a time-consuming process and defeats the purpose....It is the time-factor, which is killing. All I am suggesting is to streamline procedure whereby time can be reduced in giving clearance."

1.13. Asked why such applications cannot be cleared in a joint meeting of the concerned Development Officers, the Director General, Technical Development stated during evidence before the Committee that "In the D.G.T.D., there are about 50 Directorates. In the case of larger projects, we have nominated a specific officer to be in charge of a particular application and ensure that the entire clearance required from the different Directorates is obtained and he is made responsible for the case. With regard to other cases, there are nearly about six thousand applications which Government receive in a year for raw material, components and spares.

Now here the suggestion that has been made has already been observed. As a matter of fact if an application of a composite nature requiring clearance from several Directorates is not cleared within four weeks, the procedure adopted is that it is brought before the Development Officers/Industrial Advisers Committee by the sponsoring Directorate to have it disposed of straightaway."

1.14. **The Committee note that there is a Coordination Directorate in the Directorate General, Technical Development to coordinate the activities of technical directorates and this Directorate not only keeps a watch on the disposal of various applications but also prepares contemporaneously a list of pending cases. The Committee fail to understand why inspite of proper watch being kept on the disposal of various applications, there are complaints of delay and time-consuming processes in the disposal of these applications. The Committee cannot but reach the conclusion that the watch kept on the time taken in the disposal of applications in the coordination directorate is neither strict nor effective. The Committee expect the Head of the Directorate and the three Deputy Directors General to pay special attention to the statement of pending cases and give directions at their level, where necessary, to see that applications do not remain unfinalised beyond the specified period.**

CHAPTER II

FUNCTIONS AND WORKING

A. Role in Planning and Development of Industries

The functions of the Directorate General of Technical Development, *inter alia,* include:—

(i) Assisting in the planning and development of industries, to secure a well-balanced and properly co-ordinated pattern of industrialisation in the country;

(ii) Assisting in formulating the detailed industrial production targets under Five Year Plans and keeping them under constant review;

(iii) Securing increased production of those articles and commodities, the present production of which is insufficient to meet the country's demand and ensuring improvement in the quality of products.

2.2. It has been stated by the Ministry of Industrial Development, that "The main function of the Directorate General of Technical Development is to assist and advise the various Ministries and Departments to formulate industrial plans, to secure regulated and orderly development of industries in the private sector and at times, to study and prepare technical data for projects in the public sector. In short, it acts as technical consultant to the Government of India in the industrial field. Its field of activities is wide and varied, which has gained further dimensions due to rapid pace of industrial development in the country in the past few years. In fact, its charge of formulation and execution of development plans covers all industries other than iron and steel, textiles, jute, sugar and vanaspati and petroleum."

2.3. Asked what role the D.G.T.D. had palayed in formulating industrial plans and how far co-ordination was maintained by the D.G.T.D. with the Planning Commission in formulating the detailed industrial production targets under the Five Year Plans, the Committee have been informed by the Ministry of Industry Development in a written note that "The co-ordination with the Planning

Commission by the D.G.T.D. is a continuous process involving periodical consultation with each other. The Planning Commission invariably furnishes the D.G.T.D. with the proforma indicating the information which is required to be furnished by the D.G.T.D. which *inter alia* contains installed capacity, actual production, anticipated production for coming year, additional capacity likely to be installed, anticipated demand for the relevant plan period, export demand etc. After this information has been furnished by DGTD, there is a further exchange of information in respect of the target, the extent to which such targets would be fulfilled, the existing capacity and the prospects of production reaching upto the targets fixed etc. In some selected industries, a background paper is prepared by DGTD for discussion at Development Council stage and thereafter the recommended actions are communicated to the Planning Commission. Representatives of Planning Commission are included in most of the Development Councils. There are also various Working Groups set up by the Planning Commission in respect of host of industries where DGTD is represented. These Working Groups submit their reports to the Planning Group attached to the Ministry who after detailed examination submit their final findings to the Planning Commission."

2.4. Asked if the DGTD have prepared any long-range and comprehensive perspective plan for the industrial planning of the country, the Director General, Technical Development stated before the Committee: "Detailed industrial programmes were also brought out after the Third Plan document. But thereafter, after 1966, we had only Annual Plans and each Plan had brought out details for the particular year. But after the plan had been worked out for the years 1969—74, unfortunately the Planning Commission had started undertaking to bring out the document referred to. From 1969—74, it would bring a detailed industrial programme which would give very useful data for each of the major industries giving the actual capacity, the number of units and the details about licenses who are yet to go into production and also what is the capacity that is likely to be required upto the end of 1973-74; but at the moment that is under process."

2.5. Asked if the task of the detailed and long-term perspective planning could not be undertaken by the DGTD, the Director General, Technical Development, stated before the Committee : "It may be possible but at the same time, it must be appreciated that DGTD today has practically no expertise as far as oil is concerned....If we take the industries with which we are not directly concerned in the DGTD, for example, steel, textile, jute, tea, coir, sugar and vanaspati etc.,....the weightage of the industries directly concerned with the

DGTD comes to 37.5 per cent of the total weightage. With regard to textiles and jute, it is entirely with the Ministry of Foreign Trade. DGTD does not come in at all. Similarly with regard to vanaspati and sugar, while we are concerned with the planning of the equipment required for the manufacture of vanaspati and sugar, the actual planning for the development of sugar and vanaspati is entirely the responsibility of the Ministry of Agriculture."

2.6. Asked if detailed planning has been done for the development of industries for the Fifth Five Year Plan, the representative of the Ministry of Industrial Development stated: "I think that we in the DGTD should start the exercise for the Fifth Plan right now, so that it is ready by the time the Fifth Plan is formulated. We would undertake this exercise in the DGTD and start it right now."

2.7. As regards the role of DGTD in respect of promoting coordinated development of industries, it has been represented to the Committee by a leading federation of industries that "In spite of the various reviews and reforms, organisational and otherwise, introduced in the DGTD, there has not been any significant improvement in its working. On the other hand, it has become, over the course of years, more of an organisation engaged in regulation and control rather than one which gives a positive direction to industrial development. The developmental functions of DGTD, in other words, have been relegated to the background."

2.8. Another manufacturers' organisation has represented that "The normal assignment of the D.G.T.D. is to assist the planning and development of industries. However, D.G.T.D. has not been quite successful in securing a well-balanced and co-ordinated pattern of industrialisation in the country. Assessments about the production and demand of various industrial products did not reflect the correct position." Yet another leading association of Engineering Industries has represented that "Primarily, D.G.T.D. is charged with the responsibility of development of industry but, unfortunately, is not in a position to follow up its own technical assessments and ensure follow-up action. On the other hand, the D.G.T.D. appears to be burdened with a large number of purely administrative duties which appear to constitute its principal pre-occupation, to many in industry, it is known more for some of its administrative rather than developmental responsibilities."

2.9. Asked if D.G.T.D. have made any assessment of the reasons for the present negligible growth rate of hardly two percent in industrial production and taken any steps to speed up the rate of industrial growth, the Director-General, Technical Development, stated in his evidence before the Committee: "Since we are not directly

concerned with petroleum, sugar, vanaspati, jute, textiles and so on the items which we are directly responsible for day to day operation actually constitute about 37.5 per cent of the index for all industrial activity. On an analysis we have made from 1967 to 1971, we have found that the percentage increase over the previous years, particularly those industries with which we are directly concerned has gradually gone up from 5.2 to 6.5 during the nine months *i.e.* upto September, 1971. As far as the D.G.T.D. is concerned, we made a regular assessment of the industries which are directly looked after from the production angle..... The reasons for a slight fall in production here and there are in some cases industrial relations between management and labour and in certain other cases strikes and lockouts, slackness in demand in the case of one or two products as in the case of wagons. In some cases it is due to the lack of raw materials like steel. Every effort is made to ensure that the raw materials are made available. Whenever there are shortages, we recommend to Government to enhance the allocation of raw materials."

2.10. Asked if it was not possible to achieve a higher rate of industrial growth in the country, say 15 per cent in a year, the representative of the Ministry of Industrial Development stated before the Committee: "Personally, I would think that 15 percent is not beyond our reach. The present indications are that there has been a sharp fall of from about 4 per cent last year to 1.8 per cent or to make it very comprehensive about 1.5 percent; at this moment when we are down to 1.5 percent, to talk of 15 percent or so is like asking for the moon." He further added: "In this very country we have achieved 10 percent already. So, I do not see any reason why we cannot achieve 12 percent or 15 percent. The present low rate of growth should make us look into the reasons for it, and once we can diagnose the reasons, we can find remedies, and I am sure we can do so."

2.11. Asked when DGTD is a technical organisation for rendering technical advice to Government, why some other Ministries had technical cells, the representative of the Ministry of Industrial Development stated before the Committee: "DGTD is really the technical adviser of all the Ministries who are concerned with industrial development. Some of the Ministries have their own technical officers like the Petroleum and Chemicals and Steel. Although DGTD clearance is necessary, some of them refer the matter to their advisers. Sometimes they go by their own Technical Adviser's advice rather than DGTD's." He further added: "I think that if the domain of these technical officers in other Ministries like the Petro-Chemicals

or Steel is confined to looking after the public sector projects of that Ministry then there would be no great difficulty. But if they also start delving into other cases like those in the domain of the DGTD in regard to advice about capital goods or raw material imports or things like that, of course, there is bound to be a clash and there is bound to be delay and there is bound to be duplication of work."

2.12. The Study Team on Directorate General of Technical Development in Part II of their Report have observed that "if there is not to be a single technical organisation dealing with the entire industrial field, a question naturally arises as to what would be the justification for continuing to have an organisation like the Directorate General of Technical Development and why the Ministries cannot have their own separate technical organisations for dealing with those sectors of industry with which they are concerned. It has, however, to be remembered that there are a number of industries which are inter-connected and inter-linked and if there has to be coordinated development in those industries, covering both the public and the private sectors, then it is necessary that their development should continue to be looked after by a single technical organisation. It will be possible to set up separate technical organisations only in respect of those industries which can be isolated from the Directorate General of Technical Development. Even this would be feasible only when such an indusry has been adequately developed, so that a separate viable technical unit can be formed for it. Examples of such industries are sugar, textiles, vanaspati, etc., for which separate special organisations have already been established. However, until an industry has reached that stage of development when a separate technical unit can be formed for it, it will be necessary for the Directorate General to continue to look after that industry as well. It has to be clarified here that, while the separate technical organisations can look after the development of the actual production of the commodities concerned, the development of plant and machinery required by these industries would have to continue to be looked after by the Directorate General of Technical Development, as they would form part of the engineering industry whose development would remain in the charge of this organisation. In view of the considerations mentioned above, we feel that there is adequate justification for continuing a separate technical organisation like the Directorate General of Technical Development" and further that "After the Five-Year Plan has been formulated it becomes necessary to work out an operative plan spelt out in terms of projects, and in doing so a great deal of detailed work has to be done in the administrative ministries. Also, in the case of public sector

projects, there are certain aspects of work such as review and evaluation of progress during construction, review and evaluation of the performance after the commencement of production, coordination in regard to general aspects, such as foreign exchange allocation, which have got to be attended to in the administrative ministries. The organisations for looking after this type of work in the administrative ministries need not be at all large. For example, we have been told that the Ministry of Industry which has to handle about 30 projects has only four officers; two more have been asked for. Nearly all are non-technical officers. We feel that so long as it is clearly understood that the planning cells in the administrative ministries would be only small organisations looking after public sector projects, and the work of overall planning or the development of private sector would not be entrusted to them but would continue to be looked after by the Directorate General of Technical Development as at present, there should be no objection to the establishment of such cells. We would like to emphasise, however, that in the overall interest of the country, it is absolutely necessary to avoid any duplication of work between the Directorate General and the Planning cells."

2.13. Asked if D.G.T.D. have uptodate information about capacity and if the information is made available to the industry, the Director General, Technical Development stated : "Yes. Each of the Directorates have got a register where they maintain capacity already licensed, date of issue of letter of intent, stage of progress and taking into account the likely demand, they should be in a position to advise the entrepreneur as to whether he should go on or he should think it over." The representative of the Ministry of Industrial Development added : "Where gaps are found we always issue press note informing about them. We give indication when there are such gaps and the industries come to know about them." Asked when it was done, he replied : "In 1970." Asked why it could not be done on a regular basis, the representative of the Ministry of Industrial Development stated: "It is a good suggestion. We would evolve some kind of procedure or system by which these are publicised and regular notice is given about the gaps."

2.14. To a query whether steps had been taken to classify industries which are labour intensive and while processing applications for industrial licences, preference was given to such industries, the representative of the Ministry of Industrial Development stated: "We are giving priority to all such industries which in the context of the Indian economy are labour-intensive. By and large the labour-intensive industries are known. Cotton textile industry is labour

intensive because we have got more labourers there. Abroad they have more automation. Leather industry is also labour-intensive. They are well-known and we can count them straightway."

2.15. The Committee note that one of the important functions of the Directorate General of Technical Development is to formulate detailed industrial production targets under Five Year Plans and also to secure well balanced and properly co-ordinated pattern of industrialisation in the country. The Committee are greatly concerned to find that no detailed industrial production targets have been worked out by D.G.T.D. for the current Plan period on the plea that the work was to be done by the Planning Commission. The Committee have in their Report on Industrial Licensing drawn pointed attention to the fact that though the need for detailed planning had been recognised in each successive plan, but no concrete action was taken all these years to draw up detailed, well-coordinated and well-balanced plans which would ensure production to match the requirements of the country.

The Committee note that the D.G.T.D. are only now thinking of preparing a detailed plan for the Fifth Plan period. The Committee consider that no further time should be lost in giving a lead in preparing a detailed, well-coordinated and well-balanced plan at least in respect of the industries which are the direct responsibility of the Directorate General of Technical Development/Ministry of Industrial Development. The Committee would also emphasise that Government/Planning Commission should take a firm decision about the Government agency which has to prepare detailed industrial production plans for the remaining industries so that there is a concrete frame work for action at various levels to achieve the desired targets in the interest of balanced and rapid development of the country at least in the Fifth Plan.

2.16. The Committee would in fact like Government to have perspective plan for the next 10 to 15 years for all key sectors of the industry so that detailed plan for a five year period or the achievements from year to year could be properly adjudged in this wider perspective.

The Committee attach great importance to immediate and concrete action being taken in pursuance of the above recommendations and would expect the Government to inform them in detail of the steps taken within three months.

2.17. The Committee gathered an impression from their informal meetings with representatives of Industry and the written memoranda received by them from knowledgable sources that most of the time of the officers of the D.G.T.D. in recent years is being spent in disposing of applications for industrial licences and import licences, with the result that the developmental functions which constitute the primary duty of this organisation have got relegated to the background. The Committee have elsewhere in the Report pointed out that very few and infrequent are the visits of the officers of the Directorate General of Technical Development to the industrial units in the field. The Committee feel greatly concerned that these technical officers who have gathered valuable experience and have the capacity to give guidance to industry should become so paper and routine bound. They would like Government to take immediate action to ensure that the officers of the Directorate General give greater attention to their developmental role. In fact, the Committee would have expected the officers of the D.G.T.D. to bring to the notice of the Government at the highest level the constraints and problems of industrial units in their charge which are coming in the way of planned growth of industrial development. The Committee would like Government to impress on the Directorate General of Technical Development to keep themselves contemporaneously informed not only of the problems and constraints being experienced by various industries or industrial units but also to spell out concrete measures and ensure action in the interest of resolving these difficulties to accelerate industrial production.

2.18. The Committee would urge the DGTD to take up a detailed sudy of the reasons for the fall in the growth rate of industries in the country and suggest corrective measures and help in their implementation so that the country may be able to achieve the planned yearly growth rate in the industrial field.

2.19. The Committee note that a number of Ministries have established their own Technical Organisations and that after the industrial license applications etc. are cleared by the Directorate General of Technical Development, these applications are referred by the Ministries concerned to their own Technical Advisers thus leading to duplication. The Committee feel that the present procedure leads to unnecessary duplication and delay in the disposal of these applications. The Committee would like to invite a reference to the recommendation made by the Study Team on Directorate General of Technical Development in Part II of their Report that "There are a number of industries which are inter-connected and inter-linked and if there has to be co-ordinated development of these

industries, covering both the public and private sectors, it is necessary that their development should continue to be looked after by a single technical organisation" and further that "We would like to emphasise that in the overall interest of the country, it is absolutely necessary to avoid any duplication of work between the Directorate General and Planning Cells." The Committee hope that these recommendations of the Study Team would be implemented both in letter and spirit.

2.20. The Committee note that the Directorate General of Technical Development is maintaining uptodate information regarding capacity booked, likely demand and likely gaps in production and that where gaps are found, Press Notes are issued. The Committee would suggest that regular assessments say once a quarter should be made of the leading industries and where gaps in capacity are found, these should be notified to all concerned and also widely publicised without delay so as to attract applications for setting up new ventures or expanding the existing ones. The Committee would further recommend that entrepreneurs applying for setting up new industries in these fields should be extended maximum assistance, guidance and technical advice by the Directorate General of Technical Development.

2.21. The Committee recommend that the Directorate General of Technical Development should prepare a list of labour-intensive industries in the country and while processing applications for new industrial licenses, every possible encouragement should be given to entrepreneurs desirous of setting such industries so as to generate maximum employment opportunities in the country.

B. Processing of applications for Industrial Licences

2.22. One of the functions of the Directorate General of Technical Development is examination from technical angle of applications received under the Industries (Development and Regulation) Act, 1951 for establishing new industrial units or for effecting substantial expansion of existing production units and making appropriate recommendation to the appropriate Ministries. Applications for new industrial units and substantial expansion are examined essentially from the technical angle to find answers to the following:—

(a) Is there scope for additional capacity for the proposed item?

(b) Does the production capacity offer scope for economic production?

(c) Are the assumptions made for investment on plant and machinery adequate?

(d) Is the provision for raw material consumption reasonable?

(e) Has the investor ensured adequate supply of electric power, water and fuel?

(f) Is the phased manufacturing programme sound and practicable starting basic production from indigenous raw materials?

(g) If abnoxious by-products and/or effluent arose, are satisfactory arrangement for their disposal in a safe manner proposed?

(h) Is the location of the manufacturing unit satisfactory with respect to raw materials supply, power, water and fuel supplies and also regional distribution of industries and development of backward areas?

(i) Is the proposed unit at an economic distance from another unit making the same product to assure reasonable market when the unit commences production?

(j) Is there potential for developing exports of the product?

(k) Need for foreign collaboration, if any.

2.23. Asked about the number of applications received during 1969, 1970 and 1971, and the number of applications pending with the D.G.T.D., the Committee have been informed in a written note that "The number of applications for licences for new units or expansion of capacity received in DGTD during 1969, 1970 and 1971 are as under:—

During 1969 .	1064
During 1970 . . .	2492
During 1971	2581

The number of applications pending on 1-1-1970, 1-1-1971 and 1-1-1972 are as under:—

Pending on 1-1-70	290
Pending on 1-1-71	731
Pending on 1-1-1972 . . .	206

2.24. Asked about the time taken in the processing of applications for industrial licences, the Director General, Technical Development, stated in his evidence before the Committee: "DGTD will not go on corresponding if application is complete in all respects. The Mathur Committee said it should be 21 to 45 days. We are trying to complete it in 21 days and at the most 28 days. This is the position. During last 2 years we have cleared 2,500 applications. During 1970, the total received was about 2,492 and disposed of 2051 and the backlog as on 31-12-1970 is 731. In 1971 we have speeded up. The total was 2581 and backlog 730 or so and we have disposed of 3,106 and we are in a better position from beginning of the year. We make effort continuously to cut down the time-lag."

2.25. The Committee note that a number of guidelines govern the processing of applications for new industrial units and substantial expansion of existing units. Amongst the guidelines, the Committee attach great importance to the following:

"(1) Does the production capacity offer scope for economic production?"

"(2) Is the location of manufacturing Units satisfactory with respect to raw materials supply, power, water and fuel supplies and also regional distribution of industries and development of backward areas?"

"(3) Need for foreign collaboration if any?"

"(4) If abnixious by products and/or effluents arose, are satisfactory arrangement made for their disposal in a special manner?"

2.26. The Committee consider that one of the most pressing problems is not only availability of goods but the reasonableness and competitiveness of their prices so that these are within the reach of the common man. Viewed from this standpoint, the Committee feel that economic size of production is of crucial importance which should receive Government's most careful attention in determining the size of an undertaking or its expansion. The Committee would hasten, however, to add that since the objective is the availability of goods at most competitive prices to the consumer, Government should keep a watch to see that the products do in fact reach the common man at competitive rates after the unit goes into production.

2.27. As regards the second criterion, about location, the Committee attach the greatest importance to the development of back-

ward areas and rational distribution of industries to ensure balanced development of various regions of the country. The Committee consider that the Directorate General of Technical Development can play a very significant role in helping to disseminate knowledge about availability of raw materials, power, water and fuel supply and other infra-structure in the backward areas so that industry is attracted to these places.

2.28. As regards the necessity or otherwise of foreign collaboration, the Committee cannot too strongly stress the need for most careful examination. Obviously, there should be no question of allowing any foreign collaboration for areas of technology where our country has already developed know-how. As urged by the Committee elsewhere, there should be a close liaison between the Directorate General of Technical Development, the Council of Scientific and Industrial Research and other premier research institutions engaged in industrial research in order to channalise and intensify research efforts in areas where technological gap subsists necessitating foreign collaboration. The Committee need hardly add that wherever a foreign collaboration is allowed, a close watch should be kept on the results achieved and the efforts made to achieve self-reliance so that foreign collaboration can be dispensed with at the earliest date on attaining self-reliance.

2.29. The Committee attach great importance to setting up of industries in such a manner as not to pollute the atmosphere of the surrounding areas to the detriment of health of persons and other living organisms. The Committee would, therefore, stress that while processing applications for new industries, the Directorate General should pay special attention to proper and safe disposal of effluents and other harmful by-products in the interest of nation's health.

2.30. The Committee note that the number of applications for licenses pending with D.G.T.D. on 1-1-1972 was 206 against 731 on 1-1-1971, and that the applications which contain complete information are generally disposed of within a target period of 4 weeks. The Committee hope that concerted efforts would be made by DGTD to further reduce the number of pending applications and even in those cases where complete information is not furnished in the application, disposal would be expedited by asking for all the wanting information in one comprehensive back reference and by extending necessary guidance to the applicants to furnish all the detailed information desired.

C. Scrutiny of applications for Import Licences

2.31. The Directorate General of Technical Development is entrusted with the scrutiny of applications for import of capital goods, raw materials, steel etc. from the point of essentiality and/or indigenous non-availability. Requests for import of raw materials, machines etc. are received from units borne on the books of D.G.T.D. Such requests are also received from the public undertakings, Research Institutions and Subordinate Organisations of the Government of India/State Governments. In the latter case, the D.G.T.D. gives clearance but they have to apply directly to the licensing authorities according to the procedure laid down by the Chief Controller of Imports and Exports.

2.32. In respect of request for import from units borne on the books of D.G.T.D. for raw materials and components, the particular Directorate on whose books the firm is registered, consults the appropriate Directorate dealing with each particular item required to be imported by the applicant firm. If these items are certified as not available in the country or in case of tailor-made items which could not be got manufactured within reasonable time, import of such items is allowed. Where any item required by a firm is manufactured in India, the firm is advised to contact the firm listed in the Handbooks of Indigenous Manufacturers for "Engineering" and "Chemical Stores."

2.33. As regards import of capital goods, where the value of import is less than Rs. 7.5 lakhs, the procedure outlined above for raw materials is followed. In respect of import applications for capital goods exceeding Rs. 7.5 lakhs in value, the applicant is enjoined to advertise their items giving technical descriptions of each item either in the Indian Trade Journal or in the Export Promotion Bulletin. The time allowed for indigenous manufacturer to quote is 45 days, from the date of its publication and the firm advertising has to apply within 90 days after 45 days have expired for the import of capital goods enclosing a tabulated statement of responses received from the indigenous manufacturers. Where the firm desires to import a certain item of machinery inspite of there being a quotation for it from an indigenous manufacturer, the firm has to give special reasons as unsuitability on grounds of specifications for its import which will be considered on merits. Where no response is received from any indigenous manufacturers for any particular item of machinery, it is assumed that the item is not manufactured in India or the indigenous manufacturers who might be in a position to manufacture these items are fully booked or are not interested in

quoting for considerations best known to them. In case where the total value of the licences applied for is Rs. 7.5 lakhs, such applications are screened meticulously by the concerned directorate for indigenous clearance since they are not to be advertised.

2.34. It has been stated by the Ministry of Industrial Development that "In examining clearance from indigenous angle, the following points are taken into view by the technical directorates:—

(i) Whether indigenous capacity for the items desired to be imported exist or is likely to materialise within a reasonable short period.

(ii) Whether indigenous production would be in a position to meet the specific requirements of firms within a reasonable period of time and the period of delivery quoted is not far in excess of the period by which import can materialise.

(iii) Whether any attempt is being made to obviate obtaining the machinery in India by suitably changing the specifications of the item to be imported."

2.35. A leading manufacturers' organisation has represented to the Committee that "Very often the D.G.T.D. and the Small Scale Branch has recommended the banning of an item from imports without actually making sure whether the unit claiming to be manufacturing a particular item is or is not capable of manufacturing an acceptable quality of product. An instance in point is that the import of typewriter types was completely banned nearly two years ago because one unit claimed that it had created capacity to make types at Allahabad. Even to this day, the Unit has failed to supply types to the typewriter industry. Again because of too meticulous scrutiny of applications from the indigenous angle, production worth crores is lost to the country by delay in recommending an application for an import licence of a small value....Instead of too much emphasis on mechanical substitution only they should take an overall view keeping in mind the time angle, quality of the product, likely effects on exports and the foreign exchange involved as a whole." The representative of the Organisation in his evidence before the Committee stated : "I found that for big sized plants, fertilizers, petro-chemicals etc., certain elements had taken advantage of import substitution and delayed costing 10 to 12 times more than the savings made and delayed the progress by as much as a year or a year and a half simply for a saving of a lakh or five lakhs worth of equipment. That is where we have got to be little bit

cautious. When a man says that he makes something, D.G.T.D. should visit and make sure that this is not an exaggerated claim."

2.33. Another prominent Association represented to the Committee : "There has been a tendency to ban imports on the understanding that indigenous production has materialised or is planned to materialise. The D.G.T.D. should make certain that the required item would be available in the quantity, to the specifications and quality specified before imposing bans. The system of advertising requirements in the Indian Trade Journal is both unnecessary and time-consuming. The D.G.T.D. has the necessary information about industrial capabilities and resort to advertising seems to be uncalled for."

2.37. When asked how D.G.T.D. satisfied themselves that a manufacturer claiming to manufacture an item was actually capable of manufacturing it and delivering it in time, the representative of the Ministry of Industrial Development stated in his evidence before the Committee : "A certain amount of balance has to be struck between the necessity to develop indigenous competence for building various types of machines and the requirement of getting machines quickly from abroad. Deliveries abroad are sometimes shorter and one can get a more sophisticated machine than what can be produced in our country. By and large our guiding principle has been that if an item can be made in the country, we do not allow imports simply to cut short 4 or 6 months in delivery. Otherwise the indigenous industry is likely to get a set back. We want to create additional capacity. If there is only one party making a machine and his delivery period is long, naturally we shall encourage other parties to take up the manufacture of that machinery so that people could take it up at a reasonable time."

2.38. In a subsequent written note furnished to the Committee, the Ministry of Industrial Development have stated : "Before the item is recommended for ban, it is invariably put on the restricted category first. This is to ensure that during the time interval between free imports and total ban, the supply is being maintained on a restricted basis. This gives enough time to the user industry to try out the products with a view to assess its quality. So far, to the best of our knowledge, we have not come across any complaints where user industry has suffered as a result of a total ban on any item on quality considerations. However, there may be some few cases where the shortage might have been experienced on an item which was totally banned. These shortages are mostly attributed to raw material shortage as a result of which the production had

reached a set back. In such cases there is always flexibility in allowing import for a pre-determined period through revision of the Import Policy for which there is a special Committee constituted by C.C.I. & E."

2.39. **There is no denying the fact that the Directorate General of Technical Development have played a very significant role in encouraging industry to attain self-reliance. By and large the role of D.G.T.D. in this sphere has been widely acclaimed.**

The Committee are concerned to note, however, from some representations received by them, that the procedure for clearing applications for import of goods, which are not available within the country, is time-consuming and takes anything from four to six months. The Committee have elsewhere in this Report emphasized the need for D.G.T.D. to maintain accurate and up-to-date statistical data and detailed information about machinery, equipment and other goods which are available within the country. The Committee feel that if this information is maintained up-to-date in such a manner as to be free from mistakes, it could serve as reliable basic data to the DGTD for processing applications for import. The Committee would also suggest that where the DGTD have a genuine doubt about the capacity of a manufacturer to supply the machinery and equipment in time, the Technical Officer of the DGTD should not hesitate to verify the position by a visit in person so that there is no room for doubt in either allowing or rejecting the applications for import.

2.40. **The Committee would, in short, like the D.G.T.T. to see that the time taken for processing of application is reduced. D.G.T.D. should also ensure that the time span between the issue of the licence and the actual commissioning of the plant for production is reduced to the minimum.**

D. Assessment of demands and availability of raw materials

2.41. One of the functions of the Directorate General of Technical Development is 'securing increased production of those articles and commodities the present production of which is insufficient to meet the country's demand and ensure improvement in the quality of products'. Asked to state the steps taken by the DGTD to meet the present shortage of raw materials in the various industries, the Ministry of Industrial Development have stated in a written note submitted to the Committee: "In respect of insufficient production, mostly the cause has been attributed to inadequacy in raw material particularly steel which is the bread and

butter raw material item for bulk of the engineering industries. Time and again, the DGTD has reported about this shortage to all the concerned authorities and Ministries and have also been sending their comments while the import policy for each year is being formulated. In many cases, as a result of DGTD's intervention, the Iron and Steel Ministry had relaxed the import policy while in quite a few cases they had not accepted our suggestions on the ground that indigenous supply position was considered adequate. In regard to shortage of raw materials and finished items, whenever it is observed that either the schemes that have been sanctioned are not coming upto expectations or imports are taking place of those items in large quantities, the DGTD in consultation with the Ministry either verbally encourage the enterpreneurs or through the medium of press advertisements invite prospective enterpreneurs to submit manufacturing schemes. It has been found by experience that such press advertisements have resulted in good response and steps have been taken already to examine such schemes for the grant of a letter of intent or rejection as the case may be. In other cases, schemes are examined for purpose of grant of registration or otherwise if they are not attracted by the provisions of Industrial Development Act."

2.42. It has been represented to the Committee by a leading Federation of Commercial and Industrial interests in the country: "The DGTD has been taking rather a negative approach towards allocation of raw materials and for maximising production. One example of this is that where clear policy guidelines are available to facilitate maximum shift working, the DGTD has been taking a restrictive view in limiting allocation of imported raw materials to the capacity licensed, which, in many cases, are on single shift." Another leading Association has stated: "Development has been retarded by a succession of shortages of foreign exchange, food, components and spares, raw materials, domestic demand etc. These have resulted in over-capacity or shortfalls at different times in various industries." Yet, another association has represented that "It will be appreciated that considerable foreign exchange is lost to the country due to an alarming degree of under-utilisation of capacities. It is reported that on a survey covering industrial products, as many as 78 had over 50 per cent of idle capacity."

2.43. Asked to state the reasons for the under-utilisation of capacity and shortage of raw materials, the Director General, Technical Development, stated during evidence before the Committee: "Oil, cotton, steel and non-ferrous metals, practically these are the

main raw materials where there is a general shortage. Copper production today is only of the order of 9000 tons. We expected Hindustan Copper Ltd. to produce 57,000 tons, but it has lagged behind. In the case of Zinc, we are going in for expansion of the Zinc smelter at Udaipur and also in the private sector plant in the South. We are also going to have a plant at Visakhapatnam in the public sector. But it will be a long way before we can be self-sufficient in Zinc. Coming to steel, the production in our steel plants should have been 6 million tonnes of finished steel whereas it is only 4.5 now. So far as alloy steel is concerned, we are trying our best to meet the gap and we are producing it at Durgapur and also at Bhadravati. About oil, our production of crude oil is only of the order of 6.3 million tons but our requirements are almost 20 million tonnes."

2.44. Asked if the shortages of raw materials have been identified, the Director General replied: "Yes. It is a continuous process. When these import applications come for raw materials, we have to sit down and see how best we can get over them." Asked if other industries were also feeling the shortage of raw materials, the DGTD stated: "Well, certainly, in the last year or so. I can think of, there were occasions and on one occasion there was one complaint by some of the cable makers, particularly in the small sector talking about the difficulty in getting the PVC. Now it is true, probably, for a month or two, there was a breakdown in Bombay and perhaps there was certain delay in the supplies but one thing, the country being so large and the units being dispersed, if there is a break-down in one corner and if a particular entrepreneur gets the raw materials from that source, there might be a slight dislocation. But the moment any of these problems are brought to our notice, immediately, the matter is taken up."

2.45. Regarding the distribution of raw materials, the representative of the Ministry of Industrial Development stated : "There are certain raw materials etc. for industries on which we do not have any control and which are controlled by different Ministries. In petro-chemicals, there is also naptha which is an important raw material for many industries like fertilisers. That is not controlled by us. The greatest difficulty which we are having in some industries is for want of steel. The position in regard to steel has been very difficult during the last 18 months or more. In fact some public sector undertakings are suffering badly for lack of steel. This is entirely controlled by the Ministry of Steel and the Iron and Steel

Controller. We have not been able to do anything to bring all the distribution of the raw materials under one single authority. Some distribution is done by the petroleum and Chemicals Ministry, some other is done by the Agriculture Ministry and some other is done by the Department of Steel or the Iron and Steel Controller. If it could be brought under one authority, it would be better."

2.46. Asked about the production and demand of soda ash in the country during 1971 and likely production and demand in 1972, 1973 and 1974, the Committee have been informed by the Ministry of Industrial Development in a written note that "The actual production reported by the existing Soda Ash manufacturers in 1971 is 478,000 tons. The estimated indigenous demand of the chemical was 500,000 tons. The expected demand of soda ash in 1972, 1973 and 1974 is 520,000 tons, 570,000 tons and 630,000 tons respectively while the estimated indigenous production is 500,000 tons 510,000 tons and 600,000 tons respectively. It will be seen that the anticipated shortfall in production as compared to demand in 1972, 1973 and 1974 would be about 20,000, 60,000 and 30,000 tons respectively."

2.47. Regarding the steps being taken or proposed to be taken to meet the shortfall, it has been stated by the Ministry of Industrial Development in their note that "Applications were invited from existing manufacturers and new enterpreneurs for setting up additional capacities of production of soda ash, for which Press Note was issued by Ministry of Petroleum and Chemicals on 31-3-1971 with last date of receipt of applications as 30-6-1971. The Government have already issued one Industrial Licence for substantial expansion, one Letter of Intent for substantial expansion of existing unit and 12 Letters of Intent for installation of new Soda Ash Plants for a total capacity of 1,299,000 tons of Soda Ash per year. These schemes will gradually get implemented from the end of 1974 onwards and it is expected within the course of next few years the shortage in Soda Ash be overcome and exportable surplus will be generated."

2.48. Asked why Government could not obviate import of Soda Ash by planning and expanding the indigenous production, the representative of the Ministry of Industrial Development stated before the Committee : "There is no doubt we should plan in such a way that there is no shortage, but there is surplus and we are able to export also and earn foreign exchange.... But the difficulty is this is a particularly heavy investment and only parties with sufficient financial resources could enter this line. Some procedural formalities have to be gone through. That has taken time."

2.49. The Committee are greatly exercised over the paucity of raw materials required for the industry. The Committee need hardly reiterate that unless basic raw materials are available in adequate quantities and in time, it would not be possible to get the maximum output from installed capacities which have been established with scarce resources of the country. The Committee feel that Government should keep under continuous review the position of raw materials required by industries so as to extend every assistance in making them available indigenously in adequate quantities and qualities and in time, failing that to arrange for timely import and efficient distribution so as to inspire in the industry a feeling of confidence that their production programmes would not suffer for paucity of raw materials.

2.50. The Committee are also concerned to note that at present a number of Ministries and Government Departments are responsible for the raw materials, for example, the Ministry of Steel and Mines are responsible for making available steel and non-ferrous metals, the Ministry of Foreign Trade and the State trading organisations arrange for import of steel and other non-ferrous metals in scarce supply, the Ministry of Petroleum and Chemicals are responsible for basic raw materials connected with petroleum and chemical industries, the Ministry of Agriculture are responsible for cotton and jute etc. The Committee feel that there is much to be said for having some central planning agency which would keep a continuous and strict watch over the availability of raw materials and ensure their timely supply. This also underlines the need for close coordination between the Ministries concerned.

2.51. The Committee understood during their informal discussions with leading chambers of commerce and industry as well as during the formal evidence tendered before them by knowledgeable persons that there has been lack of proper planning in ensuring timely availability of some key basic raw materials like soda ash. The Committee are not able to understand how Government could reconcile themselves to a situation where even on paper there is a shortage to the extent of 20,000 to 60,000 tonnes per year between the demand and indigenous availability of soda ash. It was only in March, 1971 that the Ministry of Petroleum and Chemicals thought of issuing a Press Release and inviting applications for licences. Obviously, this action should have been taken several years earlier as it is well-known that a plant for producing soda ash besides being capital intensive would take a few years to establish. The Committee are also concerned to find from the information furnished to them that at least two firms which were issued

letters of intent in 1969 have taken hardly any concrete steps in developing the capacity during the past two years. The Committee feel that, knowing as Government do, that this is a capital intensive industry, requiring experience and technical know-how, Government should have either taken a firm decision to establish it in the public sector and taken measures accordingly to develop the capacity in time or given licences to such parties who had a proven record of being able to produce this vital basic raw material in requisite quantity according to a time-bound programme. The Committee cannot too strongly stress the need for a pragmatic and realistic approach in the matter of developing requisite capacities for production of basic raw materials required for the industry.

E Import Substitution

2.52. The Directorate General of Technical Development is responsible "to conduct studies to find out susbstitutes for imported raw materials and finished products." Asked to state the efforts made by the Directorate General of Technical Development in the field of Import Substitution, the Committee have been informed in a written note by the Ministry of Industrial Development that "Some of the measures adopted to pursue import substitution are as follows:—

(i) Substitution of imported raw materials, components and spare parts with indigenously manufactured and components of some specifications or of comparable specifications and according priority to their rapid development.

(ii) Reduction in the consumption of imported raw materials and components per unit of production.

(iii) Change-over of production of chemicals and chemical product from intermediates to their production from basic raw materials.

(iv) Substitution of imported raw materials or components by suitable alternatives with consequential changes in the specifications of the end products; and

(v) Acceleration of the phased manufacturing programme to achieve greater indigenous content in the shortest possible time."

2.53. Asked to state the extent of success achieved in import substitution, it has been stated by the Ministry of Industrial Development that "The D.G.T.D. had in 1969 reviewed steps that had been taken

towards import substitution during the years 1960-67. The assessment was that though production during 1967 had increased to 2½ times in value than obtaining in 1960, there was a 40 per cent reduction in the foreign exchange allocation. Saving in foreign exchange expenditure due to increased production was over Rs. 4,000 million during the seven year period, after making adjustments to account for only more essential goods and the difference between c.i.f. price of the imported and the indigenously produced goods. A similar study was attempted for about 112 selected industries for the years 1968 and 1969 to show that while the production during 1969 increased by 13.3 per cent over the previous year of 1968, the allocation of foreign exchange relating to production was about 4 per cent less. Also, a saving in foreign exchange due to increased production was about 1410 million. The study now made for the two years period 1969 and 1970 covering their production and allocation of foreign exchange has shown a 14.3 per cent increase in production, the corresponding figures of production being Rs. 28753 million and Rs. 25158 million respectively. Also the saving in foreign exchange due to increased production was over 1600 million in 1970 after making adjustments to account for only more essential goods and a difference between c.i.f. value of the imported and local prices of indigenously produced goods."

2.54. It has been added by the Ministry of Industrial Development that: "The various efforts towards import substitution and the success achieved may be measured from the following summary of index of industrial production (for D.G.T.D. having a weightage of 35.27 per cent):—

Year	Index of Industrial Production (1960=100)	Foreign exchange allocation as percentage of value of production
1960	100	30%
1967	192	18·4%
1969	215	8·3%
1970	228·6	8·2%

A statement furnished by the Ministry of Industrial Development showing details of the industries where imported components are still being utilised, the percentage of imported components being utilised in 1960 and the percentage of imported components being utilised at present and also the list of items costing more than Rs. 1 crore

which are being imported in the country as well as details of the efforts being made for indigenous produtcion of these items is at Appendix II.

2.55. Asked if D.G.T.D. have identified the areas where India is dependent upon foreign know-how and if steps are taken to ensure that the information is regularly fed to the Research Institutions and know-how developed by these Institutions fully utilised by the D.G.T.D. the Director General, Technical Development stated during evidence that "the present procedure itself covers all the necessary precautions that may be necessary to ensure that know-how developed by any of our National Laboratories/Institutes are forwarded by the Laboratories or Institutes concerned both to the C.S.I.R. and the National Research Development Corporation and they are evaluated in the C.S.I.R. and only if they are fit to be released, then the N.R.D.C. follows the procedure. It is advertised in the Press so that any entrepreneur who is interested in that particular industry and the process comes forward and applies that he is prepared to take over the licence. The National Research Development Corporation reviews all these offers received and these are all given on non-exclusive basis and of course depending on the expenditure incurred by the Laboratory or the Institute, a certain amount of lump sum is asked for in certain cases and the licence is given to the entrepreneur. This thing is also forwarded to the entrepreneur. During the last two or three years, there is a complete co-ordination between the N.R.D.C. and the D.G.T.D. In the Licensing Committee as well as in the Foreign Investment Board where foreign collaboration cases are considered, the representative of the CSIR is there. In other words even in the first licensing application if there is a gap which may show that foreign collaboration is required it goes to the C.S.I.R. or the D.G.T.D. and his comments are also obtained to make it doubly sure."

2.56. About indicating the areas of know-how to Research Institutions, the Director General, Technical Development added that "In 1965 or 1966, in connection with the appraisal of the draft Fourth Plan, the D.G.T.D. had indicated to the C.S.I.R. In 1968-69, by the Committee on Science and Technology it was taken up again and at that stage also the D.G.T.D. was helped by the Committee on Science and Technology to work out the details when the draft Fourth Plan was formulated. Now this task is being taken up by the National Committee on Science and Technology and several groups have been set up to draw up the technical plans for the next 10 years. It has started functioning very vigorously now."

2.57. The representative of the Ministry of Industrial Development stated: "This is an exercise which is going on continuously. Sometimes we suggest to the machinery manufacturers suggesting the lines of manufacture which they should take up. For example, we took up recently the possibility of making a machine which is needed in wool combing and we collected various manufacturers and discussed with them. We have also finalised arrangements for the production of gases, synthetic detergents, electric lamp making machines and number of other things. Similarly in pulp and other industries, we have asked them to go on making more parts. At the moment about 5 per cent of the paper and pulp machinery is being made in India. This exercise is going on all the time in the D.G.T.D."

2.58. Asked if D.G.T.D. have made any detailed analysis and indicated the areas of know-how of machiney which should be taken up on priority basis for intensive research by the National Research Institutions and the progress made by the National Research Institutions in this regard, the Committee have been informed by the Ministry of Industrial Development in a written note that

"The import substitution is a continuing process and has been pursued in a variety of ways including substitution of imported materials, components etc. through increased production and reduction in the consumption of imported raw materials and components per unit of production through acceleration of phased manufacturing programmes.

112 industries have been selected for detailed study, involving increases in production from year to year, without which imports would have been correspondingly larger and reduction in the foreign exchange expenditure in their production. The study for 1970 has revealed that the production of the selected 112 industries increased from Rs. 25,158 million in 1969 to Rs. 28,753 million i.e. by 14.3 per cent. Of this, the real increase in production is 8.0 per cent, the balance is accounted for by the increase in prices. This increase in production has been achieved when the expenditure of foreign exchange registered a fall. The estimated saving in foreign exchange due to increased production after adjusting the foreign exchange involved in production and the difference between the c.i.f. value of the imported goods and value of indigenous production, comes to Rs. 1,624 million. The 112 industries include all the important engineering and chemical industries accounting for nearly 80 per cent of the value of production of the industries reported to D.G.T.D. and are important from industrial as well as consumer

angle. The progress of these industries is under constant review. During 1971, a very substantial increase in production of over 25 per cent compared to 1970 was registered in the sewing machines, duplicators, iron and steel rollers. M.I. castings, steel pipes and tubes, lifts, electric/air hoist blocks. wattle extract, boilers, paper and pulp machinery, plywood, rice, dal, flour milling machinery, electronic equipment, Three-wheel auto rickshaws and mopeds. A large number of other industries registered more than 10 per cent increase in production. The important ones belonging to this group are caustic potash, aluminium, bright bars, nylon yarn, Titanium Dioxide, Celluloid film, textile auxiliaries, industrial explosives, polystyrene, photographic paper, PVC/VIR cables, AAC/ACSR conductors, sugar machinery, rayon plant, agricultural tractors, radio receivers, lead pipes and tubes, automobile tyres and tubes and scooters.

The raw materials and finished products of large value imports, say, exceeding Rs. one crore per annum have been identified with a view to making efforts for their indigenous production.

The industrial "gaps" have been identified and a list of 123 industries where additional capacity was considered essential for gearing up the economy was published in May, 1970, to serve as guideline for industrial licensing. In the case of industries falling in the said list, the capacity restraints have not been applied for licensing additional capacity. This list has been subjected to a more recent scrutiny to pinpoint industrial fields in which interest has not been to the desired level. Specific Public Notices have been issued inviting applications in such fields including machinery for the manufacture of synthetic detergents, soda ash and glass bottles and printing machinery. The other industries are: calcined petroleum coke, spherical roller bearings for axle boxes, graphite electrodes, industrial gases, cold form precision oil machinery for industrial uses, sophisticated valves required for petro-chemicals and other industries."

2.59. The Committee are impressed by the pioneering role played by the D.G.T.D. in bringing about import substitution. They note that for industries for which the D.G.T.D. is directly responsible, the allocation of foreign exchange has progressively been reduced from 3 per cent in 1969 to 8.2 per cent in 1970 despite the fact that the industrial production in this sector reached an index of 228 in 1970 as compared to 100 in 1960.

2.60. The Committee, however, notice that there has not been any meaningful coordination between the D.G.T.D. and other leading national research institutions e.g. national laboratories under C.S.I.R. and other industrial and scientific institutions to identify the precise gaps in our industrial technology and know how and intensify and redouble our efforts in the research institutions to develop technology and knowhow to meet these requirements.

2.61. The Committee note that some efforts in this respect were made spasmodically in 1965-66 and again in 1968-69 but no meaningful, well coordinated and integrated programme for research and follow-up emerged out of them.

2.62. The Committee note the great hopes which have been generated by the setting up recently of the Committee on Science and Technology and hope that it would be possible now not only to identify precisely the gaps in our technology and knowhow which are required for the implementation of the industrial programme in the next five to seven years but also to determine the priorities and allocate the problems in a well coordinated and organised manner to one or more research institutions with a time bound programme and assured finances for achieving the break-through.

2.63. The committee would stress the need for close coordination not only between the Government agencies represented by D.G.T.D., C.S.I.R. etc., but also between the industries and the research institutions concerned so as to make meaningful research to solve the practical problems faced by the industry.

There should be a review of the progress made from time to time, at least once a quarter, so that remedial measures could be taken to intensify research or to resolve problems, in order to evolve the know-how within the agreed time schedule.

2.64. The Committee should not, however, be understood as being against all imports. What they are most keen on is achievement of maximum degree of self-reliance in the least possible time so that the industrial development programme can advance on a broad front. The Committee would like to point out that several countries, particularly Japan, have shown great imagination and judgment in purchase of technical knowhow so that it could be adapted suitably to the requirements of industrial growth in the country and in fact improved upon to achieve a quick break-through in the interests of increased production.

2.65. The Committee have no doubt that while making all concerted efforts to achieve self-reliance, Government would ensure that the existing industrial production programme and the planned industrial development do not suffer for want of timely imports wherever absolutely essential in public interest.

F. Modernisation of Industries

2.66. The Directorate General of Technical Development has been entrusted with the responsibility for the 'Modernisation of Industries'. It has been represented to the Committee by a leading manufacturers' Association that "Problems have come to the fore in recent years in regard to obsolescent plant and machinery in a number of industries and it is not clear whether the functions of modernisation could be pursued vigorously. It is suggested that this particular function is most relevant in the DGTD's work towards technological development of industries and should, therefore, be given higher priority." The representative of the Association in his evidence before the Committee stated "Rejection of import licence for modernisation certainly hampers the development of the industry; at the moment it is hampering. It is a very serious problem. A certain amount of allocation must be given for modernising a plant. There should be a separate ceiling and within that ceiling the DGTD should apportion."

2.67. Asked about the steps taken for achieving the modernisation of industries and if any separate allocation of foreign exchange was made for the purpose, the Director General, Technical Development, stated before the Committee: "There is no separate specific allocation set apart as such for modernisation, but all applications for capital goods are considered by the Capital Goods Committee and requests for modernisation are considered on the same lines, depending upon indigenous availability of equipment, the need for modernisation, its economic advantage and so on and of course, whether the modernisation leads to additional capacities beyond the permissible limits. The units is first asked to seek clearance from the Licensing Committee and since each case for the CG application has to be considered on merits, I do not know whether there is really any special need for separate allocation..... Whenever CG applications are received for modernisation or replacement of the old machinery they are dealt with expeditiously."

2.68. The Committee are concerned to find that while the Directorate General of Technical Development is responsible for the

modernisation of industries, in fact, no systematic effort has been made to study precisely the needs of each industry for modernisation. It is being left largely to the initiative of the industrialists to apply for capital goods licence, whereafter the matter is examined on merits.

2.69. The Committee feel that the Directorate General of Technical Development have an important responsibility to discharge in the matter of planning and assisting in the modernisation of industries, particularly those of traditional nature such as textiles, jute etc. The Committee consider that one of the reasons why India has not been able to enlarge its exports in textiles is the delay in modernising the industry to keep pace with technological developments. The Committee would, therefore, stress that the Directorate General of Technical Development/Ministry of Industrial Development should, in close consultation with the industry and Development Councils, prepare concrete programme for modernisation of industries, particularly those in the traditional fields, and make every effort to meet the requirements of machinery and equipment for modernisation by developing indigenous capacity in the country. Government should extend a helping hand in arranging necessary financial assistance and accommodation through financial institutions. The Committee consider that time is the essence of the matter and where it is absolutely essential that an industry should be modernised in the interest of sustaining or enlarging exports, timely import of the requisite machinery and equipment should not be grudged.

CHAPTER III

DEVELOPMENT COUNCILS

A. Composition and Organisation

3.1. The Industries (Development and Regulation) Act, 1951 provides that the Central Government may, by notified order, establish for any scheduled industry or group of scheduled industries, a body of persons to be called a Development Council which shall consist of members who in the opinion of the Central Government are:—

(a) persons capable of representing the interests of owners of industrial undertakings in the scheduled industry or group of industries.

(b) persons having special knowledge of matters relating to the technical or other aspects of the scheduled industry or group of scheduled industries.

(c) persons capable of representing the interests of persons employed in industrial undertakings in the scheduled industry or group of scheduled industries.

(d) persons not belonging to any of the aforesaid categories, who are capable of representing the interests of consumers of goods manufactured or produced by the scheduled industry or group of scheduled industries.

So far, the following Development Councils have been constituted by the Government under the Act:—

1. Development Council for Inorganic Chemical Industries.
2. Development Council for Paper, Pulp and Allied Industries.
3. Development Council for Leather and Leather Goods Industries.
4. Development Council for Machine Tools.
5. Development Council for Drugs and Pharmaceuticals.
6. Development Council for Food Processing Industries.
7. Development Council for Heavy Electrical Industries.

8. Development Council for Automobiles and Allied Industries.

9. Development Council for Organic Chemical Industries.

10. Development Council for Oils, Detergents and Paints Industries.

11. Development Council for Instruments Industries.

3.2. The membership of the various Development Council varies from 24 to 30. These Councils consist of members who represent the interest of owners of industrial undertakings, labour and consumers. Persons having specialised knowledge are also in the Councils.

3.3. It has been represented to the Committee by a leading Federation of Commerce and Industry that "Industrialists in their individual capacity are represented on the Development Councils. It would be useful to have some agency to establish contact between industry and D.G.T.D." Asked if the manufacturers' Organisation are consulted before nominating members to the Development Councils, the representative of a leading manufacturers' body stated before the Committee: "Nobody is consulted. It is an *ad hoc* appointment by Government, but they do obtain the consent of individuals before they are nominated." Asked why the labour representatives are included in these Councils he replied: "Some problems about labour do arise. For instance, about common salt, we wanted to mechanise the production because we are not able to export as much as we could. In that connection, they participated and say how far it will affect employment opportunities. Wherever such problems arise, labour representatives take part....Very often labour representatives do not attend these meetings. It would be helpful if some way is found to see that they attend all the meetings of the Development Councils as they make a useful contribution to the deliberations of the councils."

3.4. Asked how the Development Councils were constituted, the Director General, Technical Development stated during evidence that "These Councils are constituted by Government and they give due representation to the industry, to labour etc. Size of representation depends on magnitude of the industry or interests concerned. Panel of suitable names is suggested by D.G.T.D. Government takes the view of labour and other ministries and other associations. The member Secretary is always D.G.T.D. official." Asked why these persons are appointed in their individual capacity and not as representative of Associations and Federations, the representative of the

Ministry of Industrial Development stated: "The position is this. Take for example the industry like manufacture of chemicals. If you want one representative, it may so happen, he may be the Chairman of some big company or the other. But he need not be a technical man. Actually what we want in these Development Councils are technical people who are well-versed in the technology of that industry and not merely who happen to be Chairman of certain companies."

3.5. The Committee consider that a stage has been reached where the Development Councils should act as a forum for focussing attention of the industry as well as Government and all others concerned on the problems facing the industry in the interest of accelerated development. It is, therefore, of the utmost importance that the composition of these Councils should be such as to bring together such representatives of industry, labour and consumers, who are vitally and actively interested in the industry. It would obviously be better if the present system of appointment of members in individual capacity could be replaced by a system of submission of panels of names by representative bodies of industry and labour from which Government could appoint the most eminent and knowledgeable persons who would help to identify problems of interest to the industry and find agreed solution for implementation.

3.6. The Committee would also stress that these Councils should be made more active and should meet at least once a quarter so that remedial measures as necessary could be taken without loss of time.

3.7. There is a feeling that the consumers' interest does not find as much recognition as it should in industrial programmes, for ultimately the objective of industrialisation is to make available the goods at most competitive prices to the common man. The Committee would, therefore, stress that in the deliberations of the Development Council, the consumers' interest should be effectively represented and kept in view while taking crucial decisions.

B. Functions and Working

3.8. Under the Industries (Development and Regulation) Act, 1951, 16 functions have been assigned to Development Councils. Some of the important functions are :—

(1) Recommending targets for production, coordinating production programme and reviewing progress from time to time.

(2) Suggesting norms of efficiency with a view to eliminating waste, obtaining maximum production, improving quality and reducing costs.

(3) Recommending measures for securing the further utilisation of the installed capacity and for improving the working of the industry particularly of the less efficient units.

(4) Promoting arrangements for better marketing and helping in the devising of a system of distribution and sale of the produce of the industry which would be satisfactory to the consumer.

(5) Promoting standardisation of products.

(6) Assisting in the distribution of controlled materials and promoting arrangements for obtaining materials for the industry.

3.9. Asked if the Development Councils for various industries have chalked out programmes for the development of their respective industries and if these Development Councils are maintaining any coordination with each other, in a written note the Ministry of Industrial Devedopment have replied in affirmative. It has further been stated that "These programmes are also under consistent review by the Development Councils. At the time of the formulation of the Fourth Five Year Plan, the Development Councils were closely associated and very useful suggestions have come from them. Each Member-Secretary of the Development Council focus attention to the special problem that emanate from the deliberations of such councils, and take appropriate follow-up action either in consultation with other Development Councils or the appropriate authority of the Government, as the case may be. The suggestions made in the Development Councils are taken into account at the time of preparing consolidated programmes of development in the Planning Commission and in Government. The Development Councils are also represented in the various working groups at the time of plan formulation."

3.10. The Development Councils have discussed a variety of problems facing the industry concerned from time to time and have made a number of recommendations. Some of the important recommendations made by the various Development Councils and action thereon are as follows :—

Development Council for Inorganic Chemical Industries

Caustic Soda

(i) Having regard to the gap between demand projections and capacity likely to be commissioned during the next years

and the shortages already developing, the Government should invite proposals for establishment of additional capacity through a public notifications both by way of expansion and new units.

(ii) Permission should be given for expansion of existing units to a capacity of at least 100 tons per day freely without any conditions.

The above recommendations were accepted and public notices were issued inviting applications for fresh capacity for caustic soda for which there is a good response from industry.

Developmet Council for Paper, Pulp and Allied Industries

The Development Council periodically undertakes the appraisal of the development of paper, pulp and allied industries and make suitable recommendation to correct imbalances if any. During 1963 and again in 1970, the Council undertook such a review of the paper industry with a view to augment production on a crash programme basis and recommended stepping up of production in the existing mills by the provision of balancing equipment.

The Government accepted the recommendation and invited proposals from various units in paper industry for setting up production by provision of balancing equipment. This crash programme is under progress and its implementation is expected to be completed by 1972 resulting in increased capacity of about one lakh tonnes per year.

Development Council for Leather and Leather Goods Industries

(i) During the years 1968-69, the production of tanned hides and skins was about 69 million nos. and leather footwear 140 million pair. Taking into consideration the increased requirements of leather footwear and other leather goods, raw hides and skins, imports, exports, per capita consumption etc., the Development Council suggested a production target of 93.8 million nos. of tanned hides and skins and 200 million pairs of leather footwear by the year 1973-74.

(ii) The Export Target Committee of the Development Council suggested export targets for the various items. Exports of raw hides and skins, leather and leather goods earned foreign exchange of about Rs. 98 crores during 1969-70. The Development Council has suggested an export target

of Rs. 125 crores by 1973-74 and have suggested the various measures to be taken by the Government and the industry for achieving the target.

Development Council for Food Processing Industries

(i) The Council recommended that sufficient quality of tinplate may be made available to meet the canning requirements of processed food industries. On the recommendation of the Council manufacture of open Top Sanitary Cans was classified as a 'Priority Industry'.

(ii) The Council discussed new areas of processed foods for building up a long-term export market. The Council recommended that in order to make the products competitive internationally because of our high price of sugar, cash assistance should be given to the exporters. On the recommendations of the Development Council suitable cash assistance is being given to the exporters.

Development Council for Oils, Detergents and Paints Industries

(i) It has been suggested that a crash programme for increasing the production of oilseeds to be taken in hand, as is being done for cereals. Attainment of oil targets sought for 1973-74 would depend mostly on availability of oilseeds.

(ii) Progressive substitution of imported tallow be made with the oils of indigenous non-edible oilseeds. Further, the present quantum of imported mittan tallow be reduced in order to encourage utilisation of indigenous non-edible oils.

3.11. Asked about the working of the Development Councils, the representative of a leading manufacturers' Organisation informed the Committee, "I have been a member of many Development Councils over the years. From my experience, I can definitely say that they have been very useful indeed in many matters in helping industries, in helping the Government in processing the licences and all that. Thus I think it is a very useful tool for helping in the industrial development of the country. I feel also that problems that were bothering the industry were brought up and discussed by the industry with the Government officials." Asked if some of these Councils did not meet for a long time, he replied, "Yes, that has happened. For that you must have a dynamic Chairman who can see to it that

the Council meets. Some Councils have not met and naturally they have not served the purpose. There must be a rule that they must meet once in three months."

3.12. In a written note furnished to the Committee, the Ministry of Industrial Development have intimated that the Development Councils have met as follows in 1969, 1970 and 1971:—

	Number of meetings		
	1969	1970	1971
1. Development Council for paper, pulp and Allied Industries	3	2	1
2. Development Council for Machine tools	2	1	Nil
3. Development Council for Instruments	2	3	1
4. Development Council for Oils, Detergents and Paints.	1		..
5. Development Council for Inorganic Chemical Industry	..	3	3
6. Development Council for Food Processing Industries.	..*	..*	-
7. Development Council for Automobiles and Allied Industries	2	2	1
8. Development Council for Electrical Industries	2	2	2
9. Development Council for Drugs and Pharmaceuticals	2	2	1
10. Development Council for Leather and Leather Goods	2	3	2
11. Development Council for Organic Chemical Industries	..	1	..

*Constitution was not yet finalised.

3.13. Asked how far the objectives of the Development Councils have been achieved the Director General, Technical Development stated during evidence that "The Development Councils are concerned with the formulation of the Plan. The Development Councils meet from time to time and know how the industry is actually growing, what are likely to be the demands. That is the first information to feed to the working group at the time of Plan formulation. Secondly, they deal with the growth of the industry during the Plan period and also they discuss with regard to any Research and Development problems and also import substitution....That is a forum

where any problems which relate to that particular industry are discussed and if there is anything that the Government has to be approached, the Development Council Member Secretary who happens to be the Development Officer sends the minutes if the Government has to give necessary assistance. On the other hand, if the Development Officer is in a position by approaching his counterpart in another Directorate to help in any of the problems of that Development Council, he does it." The representative of the Ministry of Industrial Development stated "Those Development Councils which are not active, we should try to activise them." Asked if the recommendations of the Development Councils are only of an advisory nature, the D.G.T.D. replied: "They have to be. They are recommendatory."

3.14. The Committee feel that the Development Councils have an important role to play in the industrial development of the country as these councils provide a forum where the representatives of the various interests connected with the industry viz. Government, owners, labour etc. meet and have free and frank discussion about the problems facing the particular industry. The Committee, are, however, concerned to note that some of these Development Councils have not been functioning actively with the result that they have not been able to perform their functions properly. As their Secretariat is provided by the Directorate General of Technical Development, the Committee suggest that D.G.T.D. should take immediate steps to activise all the Development Councils.

3.15. The Committee have no doubt that Government will give the highest consideration to the recommendations emanating from these Councils with a view to implement them without delay in the interest of greater and more efficient production by the industry.

C. Secretariat of the Development Councils

3.16. One of the functions of the Directorate General of Technical Development is "Guiding the work of Development Councils, constituted under the Industries (Development and Regulation) Act, 1951 and act as Secretariat for the same." Thus the Secretariat of the various Development Council is provided by the Directorate General of Technical Development.

3.17. Regarding the Secretariat of the Development Councils, it has been stated by the representative of a leading manufacturers'

organisation that "I have noticed that generally a Development Officer or Industrial Adviser in the DGTD is the Secretary of the Development Council. Unfortunately that officer is otherwise busy with routine departmental work and he may not find time to devote to the Council's work. Therefore, our suggestion would be that a permanent stipendary Secretary should be attached to the Development Council. One Secretary need not take care of only one Council, he may take care of two or three. That would probably help."

3.18. Asked if follow-up action is being taken on the recommendations of the Development Councils, the representative of the Ministry of Industrial Development stated during evidence before the Committee that "The Secretary of each Development Council is the Development Officer concerned with DGTD. The Secretariat of that Development Council is under him. He follows each of the recommendations with the particular authority concerned and reports to the Development Council at the next meeting. The follow-up is ensured."

3.19. Regarding the Secretariat of the Development Councils, the Study Team on Directorate General of Technical Development had recommended that "Development Councils can hardly be more effective than the Secretariat which serve them. In fact, the success of this institution of Councils very largely depends on the kind of Secretariat support they get. Considering the crucial role which Development Councils have to play we would recommend that while Development officers should continue to function as Secretaries of Development Councils/Panels, the Industrial Advisers should be made members so that they are closely connected with the working of such bodies and also provide superior and more responsible guidance. In the case of some very important industries, Industrial Advisers might even be appointed as Secretaries."

3.20. Asked to state the action taken on the above recommendation, the Ministry of Industrial Development have stated "I.A.'s are also closely associated with the meetings."

3.21. Regarding the follow-up action on the recommendations of the Development Councils, it has been recommended by the Study Team that "(a) In order to do justice to the discussions held, recommendations made or problems pointed out in the meetings of Development Councils/Panels, there should be a mechanisation for their immediate communication to the agency concerned and follow-up for implementation in the Secretariat of each Development

Council/Panel. For this purpose, a register of decisions, recommendations, problems raised and other suggestions received should be opened in the Secretariat of each Council/Panel. If the matter concerns the Directorate General for implementation, an extract of the minutes should be sent to the Development Officer concerned immediately. The register should be put up before the Deputy Director General concerned once in a quarter.

(b) The matters on which decisions have to be taken by other Ministries/Departments, should be referred to them. In order, however, that these matters are not lost sight of or decisions are not unduly delayed, it is necessary to provide for an arrangement under which decisions on such matters can be expedited. We recommend that the Director-General should bring all items which remain outstanding for more than six months to the notice of the Ministry of Industry. Thereafter the responsibility to follow up the items in question should devolve in that Ministry. We further recommend that the Ministry of Industry should arrange to have such matters discussed at meetings at which all interests should be represented so that speedy decisions can be taken".

3.22. As regards action taken on these recommendations, the Ministry of Industrial Development have stated "Follow-up action is being taken" on recommendation at (a) above, and recommendation at (b) is "implemented".

3.23. The Committee note the view expressed by the Study Team on Directorate General of Technical Development that the "Development Councils can hardly be more effective than the Secretariat which serve them." The Committee feel that for the success of the Development Councils it is necessary that the position of Secretariat of these Councils should be periodically reviewed. The Committee agree that the Industrial Advisers concerned should be members of the Development Councils and they should be made responsible to ensure that the Development Officers take proper follow-up action on the recommendations made by the Development Councils.

CHAPTER IV

INFORMATION GATHERING AND PUBLIC RELATIONS DIRECTORATE

A. Information Gathering Cell

In the Directorate General of Technical Development, there are certain cells created for specific items of work including a cell for Information Gathering. The basic source of information which is collected Directorate-wise in the DGTD is the monthly production returns of all the units borne on the registers. The information *inter alia* gives the specific items together with specifications, size, quantity produced by each unit, increase or decrease in production over previous month, the reason for shortfall, if any, etc. From the study of the monthly production returns the details of new items that have been produced for the first time are noted.

4.2. In a note on the Integrated Information System for the D.G.T.D the Committee have been informed by the Ministry of Industrial Development that "Recognising the need for sound and rational decisions based on reliable and uptodate data, an attempt was made recently to redefine the functions of DGTD and its role towards a variety of its functions and obligations by a Committee headed by the late Shri H. C. Mathur. Also, an O & M study made on the work load of technical nature, as distinct from non-technical work, revealed that the technical officers of the DGTD were, in the absence of any 'information system' to provide them with the data needed for making decisions, required to spend a good part of their time in collecting and evaluating such data which was not always dependable. The recent introduction of the Officer-oriented system without first building up a suitable data and information system created a certain imbalance in the working of the DGTD. It is now proposed to remove this lacuna by setting up an integrated information system for the D.G.T.D. by :—

(i) reviewing the existing information gathering procedures to identify major shortcomings in these procedures and as far as possible, correcting them in the proposed system;

(ii) improving the procedures of establishing and keeping records for the purpose of achieving the various objectives of the D.G.T.D.;

(iii) making records an effective tool in reaching the various decisions necessary to achieve the said objectives; and finally

(iv) providing the DGTD with a fully operational system and the competence to operate it effectively without recourse to assistance from outside the D.G.T.D.

4.3. The first step towards the integrated system thus was to study the existing system and the requirements of the D.G.T.D. and other associated agencies in the context of the functions and responsibilities of the DGTD and to work out a theoretical 'ideal' manual system. That the 'ideal' manual system would be different from the actual system in vogue in the D.G.T.D. because of a number of its limitations on practical grounds was clear. The attempt thus was to assess what is ideally required and expected of the D.G.T.D. and having done this, to design a conceptual system which will be both centralised and integrated—such that it works, is flexible and is independent of the outside agencies."

4.4. Asked if any steps had been taken for designing and implementing a Computerised Integrated System for the D.G.T.D., the Ministry of Industrial Development have stated "The World Bank Team which visited India a few years ago for processing grant of loan had suggested that the information system of the DGTD should be remodelled on a scientific basis. At their suggestion an International Team of Management Consultants M/s Booz Allen and Hamilton Inc. were requested by the Government of India to examine the requirements of DGTD for an uptodate system and to report on its structure and extent of coverage. They submitted their report in February, 1966. Immediately after the submission of their report there were some vital changes in the economic policy of the country like the devaluation of rupee, liberalisation of imports, delicensing of industries etc. These changes had far-reaching effects on the information requirements that made it necessary to widen its scope and coverage to meet upon DGTD for statistical and other data. In November, 1969, Government entered into a contract with the Indian Institute of Management, Calcutta for designing and implementing for DGTD a computerised integrated information system. The Indian Institute had to review the information gathering, handling and disseminating procedures of DGTD and to recommend a specific design for a fully computerised system, implement such a system and train the personnel of the D.G.T.D. so that they will be fully capable of operating, maintaining and utilising

the said system. The work on this Project has been divided into four phases. The reports on phases I and II of the Project have been accepted by the Government.... They have yet to complete Phase III and Phase IV of the Report."

4.5. Asked why it took Government more than 3½ years to take action on the Report of the International Team of Management Consultants, the Committee have been informed by the Ministry of Industrial Development in a written note that "The International Team of Management Consultants submitted their report in February, 1966 which related to allocation of foreign exhange and import licensing to the six industrial sections only viz. Automobiles, automobiles ancillaries, construction and Mobile Equipment, Heavy Electrical, Machine Tools, Small Machine Tools and allied Industries and pesticides. The various recommendations made by the Team in their reports could not be implemented because of the changes in the policies relating to allocation of foreign exchange following the devaluation of the rupee in June, 1966. A list of priority industries was drawn up and allocation of foreign exchange to these and non-priority industries were liberalised. The procedure for allocation of foreign exchange was also changed with the result that the system recommended by the International Team for this specific purpose became redundant.... It was subsequently decided in the Department of Industrial Development that there should be an integrated Information system in the DGTD. Requests for proposals were issued by the Department of Industrial Development to a number of Consulting Organisation in the country, including the Indian Institute of Management. The Indian Institute of Management, Calcutta were finally selected to design and implement a fully computerised information system for the DGTD."

4.6. The representative of a leading manufacturers' Association stated before the Committee that "It is becoming very essential that the D.G.T.D. should have, what I call an Information Pool, where information relating to all the industries and components which are covered by the regulated act are processed and uptodated through a Computer Service. Now the information they have is old, you do not know whether it is reliable or not."

4.7. Asked why uptodate and computerised information system had not been introduced in the D.G.T.D. so far, the Director General, Technical Development stated before the Committee, "It is true that M/s Booz Allen and Hamilton International Inc. had, in their report, recommended it in 1966, but they had at that time,

suggested only a very limited purpose for this computerisation. But subsequently it was felt that it would be desirable to have a complete computerised analysis of industrial licensing, capital goods, raw material etc. The Ministry had entrusted it to the Indian Institute of Management, Calcutta, who are now actually carrying out or implementing it. Two phases have been completed and it is hoped that at least with regard to production returns all the details of the various units and raw materials etc. will be codified. We hope that, very probably, in the next two or three months it should be possible ..... It is already under implementation. The Indian Institute of Management, Calcutta is entrusted with it. They have already done two-third, only one-third remains and it will be finished in another two or three months."

4.8. The Committee note that M/s. Booz-Allen and Hamilton Inc. Ltd., an International Team of Management Consultants had as early as February, 1966 recommended a computerised Information System for the D.G.T.D. but it was only in November, 1969, that Government entrusted the Indian Institute of Management, Calcutta with designing and implementing a computerised integrated information system for the D.G.T.D. The Committee note that even after a lapse of six years after the submission of Report by M/s. Booz Allen and Hamilton Inc., Ltd., the integrated Information System has not yet been introduced in the D.G.T.D. The Committee are forced to the conclusion that the matter has not received the earnest attention of Government which it deserved.

4.9. The Committee would also like to point out the remarks made by M/s. Booz Allen and Hamilton Inc. Ltd., as early as 1966 about the present Information System in their Report "The dedication and hard work invested by the officers of the D.G.T.D. yield less than optimum effectiveness because to an important degree, there are weaknesses in the information system upon which the decision making of the D.G.T.D. in foreign exchange allocation and technical development is largely based. The weaknesses relate to unreliable import data, inadequate data storage and retrieval, cumbersome data processing and inconsistent data analysis and usage. D.G.T.D. officers do not usually have the information needed for sound decision making." and further "The quality of data received by D.G.T.D. is not consistent nor is it audited. Data gaps and inconsistencies make follow-up analysis and control difficult. In general it may be concluded that better performance measurements techniques are required if D.G.T.D. Officers are to be able to exercise proper follow up and control over the effectiveness and use of allocation made by them." The Committee feel that these observation clearly demonstrate that in the absence of a proper computerised

Information System, the Directorate General of Technical Development is not able to perform its duties and responsibilities satisfactorily.

4.10. The Committee, however, note that the Director General, Technical Development expects that in the next two or three months, at least with regard to production returns, all the details of the various units and raw materials etc. would be codified. The Committee hope that steps would be taken without further delay for the installation of an Integrated Computerised Information System for the D.G.T.D. and continuously improve and adapt it to serve better the interest of processing objectively and expeditiously applications for import on setting up new industries or expansion.

4.11. The Committee expect Government to put the data, which would be available to them after computerisation, to effective use in the interest of rendering more expeditious and meaningful service to the industry.

B. Public Relations Directorate

4.12. There is a Directorate of Public Relations in the Directorate General of Technical Development which is headed by a (i) Director, an officer of the rank of Deputy Secretary, and (ii) Public Relations Officer, an Officer of the rank of Section Officer (Class II Gazetted). The working of the Public Relations Unit is as follows:

(a) Dissemination of general information on procedural and developmental aspects of industrial licensing, registration procedure, import licensing and indigenous clearance.

(b) Communication of information regarding pending applications to the entrepreneurs.

(c) Supply of forms and literature germane to the functions of the Directorate General.

(d) Routine Interviews with industry representatives on non-technical matters for which otherwise the trade has to meet technical officers.

(e) Initial processing and follow-up of complaints and suggestions received.

(f) Arranging receipt of application and other papers at the counter.

4.13. In written note the Ministry of Industrial Development have informed the Committee that "A system of getting information through 'Position slips' has been evolved which dispenses with the need for interviewing technical officers on non-technical matters. In the case of import applications for raw materials etc. position slips are entertained after 21 days from the date of submission. The clientele of the D.G.T.D. include in addition to the units registered with it, new entrepreneurs, economists, technical consultants, public sector bodies and other like organisations connected with the development of industry in the country. Information regularly furnished include: procedure for registration with the organisation of D.G.T.D., publications, import licensing policy and other allied matters. Necessary forms and pamphlets/literature are also distributed at the counter. Necessary assistance is given to persons coming to this office for attending Development Council meetings. Necessary liaison and follow-up is provided by the Public Relations Unit when DGTD officers participate in Conferences and meetings convened by Manufacturers' Organisations."

4.14. Asked if they were satisfied with the working of the Public Relations Directorate, the representative of a leading manufacturers' organisation stated in his evidence before the Committee, "We are not satisfied because they do not have the information at their finger tips, and that they cannot have unless you give them modern tools of computerisation and indexing.....I, as an entrepreneur or as a manager wanting to start a new industry, should be able to get from the Public Relations Officer of the D.G.T.D. information about the availability of raw materials, availability of technical knowhow in the country, what is the total production, what is likely to be the market and all that. If he is able to give that sort of information, he will be giving greater direction and dynamism to the industrial development of the country. But he is not able to do that because he has not got modern tools with him." The representative of another leading Association stated in his evidence before the Committee, "There should be a cell and a very highly sophisticated cell which should be concerned with the developments that are occurring not only in foreign countries but also in the scientific world. They should do something about creating expertise capacity and know-how for those item which are still not developed in the country.....The Public Relations Wing of the Directorate General of Technical Development is not performing the functions as stated by us. As far as we are aware, Public Relations Directorate is purely performing, the functions of receiving visitors, and making a 'parchi' for the visitors, when they come and want to see an officer."

4.15. Asked if the Public Relations Cell of the D.G.T.D. was performing the functions of advising entrepreneurs about capacity open for licensing etc., the Director-General, Technical Development informed the Committee during evidence that "We have not received any complaint; but I may say, we might perhaps streamline to ensure that information is tabulated and made available."

4.16. The Committee are of the opinion that the Public Relations Directorate in the Directorate General of Technical Development can play a more effective role if it maintains close liaison between the D.G.T.D. and the industry and if it is able to give correct and positive guidance to the new entrepreneurs. The Committee, therefore, suggest that the Public Relations Directorate should be equipped with uptodate information regarding capacity licensed, capacity open for licensing, availability of raw materials, import of capital goods and machinery etc. so that it may be able to provide prompt and on the spot guidance and information to any prospective entrepreneur.

CHAPTER V

A. LIAISON WITH INDUSTRY

One of the main functions of the D.G.T.D. is to secure regulated and orderly development of industries in the private sector. In the performance of these functions the D.G.T.D. has to remain in constant touch with the industry.

5.2. As regards assistance to be provided to the entrepreneurs, the representative of a leading Association stated before the Committee: "My opinion is that D.G.T.D. can really do an effective job of follow-up after the letter of intent is given. Now the main thing is that D.G.T.D. should directly involve himself in that industry. They know ins and outs of the industry, the progress and development of that industry and the urgency of having that industry whereas the Ministry is in a very touchy situation and they take their own time in doing things. The D.G.T.D. is always in the picture ... So, if D.G.T.D. are made to follow up after the letter of intent is given, I think it will save a lot of time." Another representative of the Association stated "What the Development Wing can do after the letter of intent has been issued is to keep a check on where the whole case is lying whether it is with the C.G.I. or the Foreign Collaboration Approval Committee or what actually is happening because their representative is there in these Committees. They should push the thing through... After the Development Wing has sent the recommendation and the letter of intent is there, they just keep quiet. They say "You deal with the Ministry."

5.3. Another leading organisation of Commerce and Industry in the country has represented to the Committee "The 'G' returns are submitted to apprise Government regarding the progress of implementation of industrial projects which are licensed or approved by Government. The main purpose of these forms should not be merely to keep Government informed of the progress. The information should be collected and systematised in such a manner as will give information to the concerned officer of the D.G.T.D. about the bottlenecks of implementation including delays in finalisation of collaboration, imports, sanctioning of loans from financial institutions etc. and the time sequence of these clearances. In other words, dossiers on individual projects should be maintained. As

and when impediments to implementation are reported by industry, timely measures should be taken to remove them. A major reason for shortfalls in production against targets has been the delay in implementation or non-implementation of licenses and letter of intent. The success of planning depends therefore on effective implementation towards which the D.G.T.D. can greatly contribute. The information and technical expertise it possesses can well be used for timely identification of bottlenecks in implementation and initiation of corrective or preventive action to ensure that projects are established in time."

5.4. Asked if D.G.T.D. rendered any assistance or technical advice to the various industrial units, the Committee have been informed by the Ministry of Industrial Development in a written note that "Right from the stage an entrepreneur conceives of his scheme till and even after the unit goes into full production, full assistance in various forms is being rendered to the entrepreneurs as detailed below:—

(i) Suggesting to the entrepreneur manufacturing lines where scope exist.

(ii) Discussing with them the scope, size of economic unit, location, method of production etc.

(iii) Scrutinising the actual manufacturing scheme after it has been received from them including phased manufacturing programme.

(iv) Examining their C.G. application for grant of C.G. licences.

(v) Examining the application for foreign collaboration/investment for advice to the Ministry. In many cases, the entrepreneur discuss about the F.I.B. proposals with D.G.T.D. with a view to getting the first-hand information regarding the areas in which foreign collaboration is allowed and the status of such foreign collaborator.

(vi) Examination of the maintenance import application for import of raw materials, components and spares.

(vii) Allocation of scarce indigenous raw materials.

(viii) Rendering advice to the entrepreneurs from time to time regarding areas of import substitution which they have to pursue.

(ix) Screening of imported items with a view to see whether these items are available from the existing units from the point of view of import substitution."

5.5. Asked if there was continuous dialogue between the D.G.T.D., Ministry of Industrial Development and the Industry regarding the problems confronting the inustries, the Ministry of Industrial Development have stated in a written note that "Whenever any policy/problems relating to the industries are brought forward either by the Government or by the Industry, an tripartite discussion takes place between the Ministry, D.G.T.D. and the Industry for solving these policies/problems. This is a continuous process and discussions are often held as and when problems arise. In addition to this, the D.G.T.D. and the Industry participate in the various seminars and official discussions where such policies/problems are also thrashed out. To mention a few forums where such discussions take place are:—

(i) Central Advisory Council of Industry and its Standing Committees.

(ii) Central Advisory Council on Trade.

(iii) Seminars organised by F.I.C.C.I., Engineering Associations, Industry Manufacturers' Associations and other similar bodies.

(iv) Get-together organised by C.S.I.R.

(v) Development Councils and panel meetings; and

(vi) Meetings arranged by Export Promotion Councils."

5.6. Asked if information contained in the 'G' return is being collated and collected in the D.G.T.D. and assistance rendered to remove bottlenecks in the implementation of letters of intent, the Director General, Technical Development informed the Committee during evidence that "If there are any bottlenecks and if he mentions it in the 'G' form or otherwise, we can help him to sort it out. If he has any difficulty with a State Government, we can move them because every quarter there is a full licensing Committee meeting of the various Directors of Industries. Power and Water Supply is with State Governments. If they have to approach institutions like IFC, D.G.T.D. is there. If it is with ICICI, Secretary himself is there. That type of assistance is normally given." Asked why there were complaints of delay and want of enthusiasm etc. from

the entrepreneurs, the representative of the Ministry of Industrial Development stated "Certain of the difficulties are genuine. We have only to put ourselves in the position of the other side to realise that. If he has to run to the CCI, D.G.T.D., the administrative Ministry, to the IFC etc., he will really feel it."

5.7. The Committee note that after the issue of a letter of intent, an entrepreneur has to approach many agencies prescribed under the procedures before the actual license is issued to him. The Committee feel that at all these stages, D.G.T.D. can render him assistance in getting the matter expedited. The Committee, therefore, recommend that D.G.T.D. should maintain close liaison particularly during this period with the industry so that it may be able to take effective and immediate steps for resolving the problems faced by the entrepreneurs. The Committee are of the opinion that one reason for the fall in the industrial growth rate is non-implementation of a number of letters of intent issued and it is, therefore, here that D.G.T.D. should try to provide every possible assistance to the entrepreneurs.

B. VISIT TO INDUSTRIAL UNITS BY D.G.T.D. OFFICERS

5.8. In order to assist the industries it is necessary for the officers of the D.G.T.D. to be acquainted with the actual working of the industrial units and difficulties experienced by them. It is also necessary for them to keep abreast of the rapid developments in the industrial sphere. This can be achieved by visits to the industrial units and centres throughout the country. A statement showing the number of factories visited by each member of the technical staff of D.G.T.D. and the numbers of days when these Technical Officers remained on visit is at Appendix III.

5.9. Asked about the assistance rendered to these factories as a result of these units, the Ministry of Industrial Development have stated in a written note furnished to the Committee "Whenever officers go on tour in connection with attending to some Committee meetings, panel meetings etc. they take advantage of visiting factories by extending their stay there, if necessary, by a day or two, with a view to keeping themselves abreast of the developments that are taking place in the industry. In such cases, no specific terms of reference are drawn up and it is more in the nature of an education. Officers also visit factories with specific purpose. As a result of such visits they submit invariably inspection reports of the factories visited.

by them. The follow-up action and assistance that is rendered as a result of such inspections are summarised below:—

(a) Whenever the capacity of a unit has not been assessed, it is done by actual timing of various operations. Once the capacity is fixed, further assistance regarding raw materials allocations, both indigenous and imported is rendered on this basis.

(b) The visits also give a broad spectrum of the various operational processes carried out by the firms and there have been instances where it has been observed that certain operations are carried out in an outmoded manner, in such cases, assistance by way of modernisation and balancing equipment is suggested to them.

(c) Such visits to different units engaged in the same industry are likely to throw light on the superiority of operations carried out by one firm over other and this serves as a guide when the other firm comes up for modernisation.

(d) The visits also give an idea of the most popular equipment and their makes and types installed in various factories which serve as a basic document while processing Capital Goods Import applications either for expansion or establishing new units.

(e) The visits enable the officers to assess the technical superiority of one process of manufacture over another in respect of reducing process wastage, quality improvement, import savings, import substitution, accelerating the phased manufacturing programme etc.

(f) Such visits also enable the officers to establish general norms for consumption of raw materials for working out the actual quantitative entitlement upto which assistance has to be rendered within the framework of import policy and connected guidelines issued each year."

5.10. Asked about the visit of D.G.T.D. officers to industrial units, the Director General, Technical Development stated during evidence that "There are about 3,500 units under us. I agree it should be one of the primary functions of our officers from time to time to visit the units and understand their problems. As the technology is changing fast, it is only by visits to newer units that one can keep abreast of what is happening. So I personally welcome the suggestion that they should visit the units more often. Even by rotation, one may be able to visit the same unit after a period of two to three

years only." The representative of the Ministry of Industrial Development added "We would certainly take the hint and try to implement the policy of broadening the horizon of our D.G.T.D. Officers and have a regular programme by which all Officers may visit a certain number of units in India with a view to studying their difficulties and helping them."

5.11. The Committee note from the Statement of visits to Industrial Units undertaken by the Officers of the D.G.T.D., that during 1971, out of 75 Technical Officers in the D.G.T.D., 26 Officers did not visit any factory even for a single day, 21 Officers visited factories for one or two days only and only 7 Officers visited factories for 10 days or more. The Committee fail to see how the officials responsible for development can provide realistic and meaningful guidance without first-hand study in the field, of the problems confronting the industry. The Committee cannot too strongly stress that Government should lay down guidelines for ensuring that each of the Technical Officers etc. visits a minimum number of units in different parts of the country every month. There should be a system for recording formally significant problems concerning the industry which come to notice during tour and bringing them to the notice of higher officials together with concrete plans of action for resolving them. The Committee feel that the Director General of Technical Development and the three Deputy Director Generals who head this organisation should set an example by undertaking tours to the industrial units in the field and by extending to them assistance both on the spot and from headquarters in the interest of accelerated growth of industry.

The Committee would like to be informed within three months of the action taken in implementation of the above recommendations and the actual number of days spent by various officials of the Directorate in visiting the industrial units in different parts of the country and the follow-up action taken as a result of these visits.

CHAPTER VI

CONCLUSION

The Directorate General of Technical Development has been entrusted with a number of important functions in respect of industrial development of the country. The Committee would like to emphasise that the duties of the Directorate General of Technical Development are not merely regulatory but developmental also so that pace of industrial development can be accelerated.

6.2. It has, however, been noticed that most of the time of the D.G.T.D. officers is being spent in performing the regulatory functions with the result that the developmental functions which constitute the primary duty of this Origanisation have got relegated to the background. It is a matter of great concern that the technical officers of the D.G.T.D., who have gathered valuable experience and have the capacity to give guidance to the industry, have become paper and routine bound. Government should take immediate action to ensure that the officers of the D.G.T.D. give greater attention to their developmental role. The D.G.T.D. should keep themselves contemporatneously informed not only of the problems and constraints being experienced by various industries or industrial units but also spell out concrete measures and ensure action in the interest of resolving these difficulties to accelerate industrial production. Government should lay down guidelines for ensuring that each of the Technical Officers of D.G.T.D. visits a minimum number of units in different parts of the country every month. There should be a system of recording formally significant problems concerning the indsutry which came to notice during tour bringing them to the notice of the higher officers together with concrete plans of action for resolving them.

6.3. It is also a matter of concern that no detailed industrial production targets have been worked out by D.G.T.D. for the current Plan period on the plea that the work has to be done by the Planning Commission. Though the need for detailed planning had been recognised in each successive Plan, no concrete action was taken all these years to draw up detailed, well-coordinated and well-balanced Plan which would ensure production to match the requirements of the country. The D.G.T.D. are only now thinking of preparing a detailed plan for the Fifth Plan period. In these circumstances,

no further time should be lost in giving a lead in preparing a detailed, well-coordinated and well-balanced plan at least in respect of those industries which are the direct responsibility of D.G.T.D. Government/Planning Commission should take a firm decision about the Government agency which has to prepare detailed industrial production plans for the remaining industries. Government should have perspective plan for the next ten to fifteen years for all the key sectors of the industry so that detailed plan for a five year period or the achievements from year to year could be properly adjudged in this wider perspective.

6.4. The D.G.T.D. should take up a detailed study of the reasons for the fall in the growth rate of industries in the country and suggest corrective measures and help in the implementation of these measures so that the country may be able to achieve the planned yearly growth rate in the industrial field. D.G.T.D. should also make regular assessments say once a quarter regarding capacity booked, likely demand and likely gaps in production in major industries and where gaps in capacity are noticed, these should be notified to all concerned and also widely publicised without delay so as to attract applications for setting up new ventures or expanding the existing ones.

6.5. A number of guidelines govern the processing of applications for new industrial units and substantial expansion of existing units. Economic size of production is of crucial importance which should receive Government's most careful attention in determining the size of an undertaking or its expansion.

6.6. The development of backward areas and rational distribution of industries to ensure balanced development of the various regions of the country should be given the greatest importance. The D.G.T.D. can play a very significant role in helping to disseminate knowledge about availability of raw materials, power, water and fuel supply and other infra-structure in the backward areas so that industry is attracted to these places.

6.7. There is a need for most careful examination of proposals for foreign collaboration. There should be no question of allowing any foreign collaboration for areas of technology where our country has already developed know-how. The Committee need hardly that wherever a foreign collaboration is allowed, a close watch should be kept on the results achieved and the efforts made to achieve self-reliance so that foreign collaboration can be dispensed with at the earliest date on attaining self-reliance.

6.8. The D.G.T.D. has played a pioneering role in bringing about import substitution. There has not, however, been any meaningful coordination between the D.G.T.D. and the other leading national research institutions e.g. national laboratories under C.S.I.R. and other industrial and scientific institutions to identify the precise gaps in our industrial technology and know-how. There is need for close coordination not only between the Government agencies represented by D.G.T.D., C.S.I.R. etc. but also between the industries and the research institutions concerned so as to make meaningful research to solve the practical problems faced by the industry.

6.9. There is no denying the fact that the Directorate General of Technical Development have played a very significant role in encouraging industry to attain self-reliance. By and large the role of D.G.T.D. in this sphere has been widely acclaimed. However, it is a matter of concern that the procedure for clearing applications for import of goods, which are not available within the country, is time-consuming and takes anything from four to six months. If D.G.T.D. maintain accurate and up-to-date statistical data and detailed information about machinery, equipment and other goods which are available within the country, it could serve as reliable basic data to the D.G.T.D. for processing application for import. Where the D.G.T.D. have a genuine doubt about the capacity of a manufacturer to supply the machinery and equipment in time, the Technical Officer of the D.G.T.D. should not hesitate to verify the position by a visit in person so that there is no room for doubt in either allowing or rejecting the application for import.

6.10. The D.G.T.D. should see that the time taken for processing of applications for import of machinery and equipment is reduced, D.G.T.D. should also ensure that the time span between the issue of the license and the actual commissioning of the plant for production is reduced to the minimum.

6.11. The paucity of raw material required for the industry is a matter of great concern. Government should keep under continuous review the position of raw materials required by industries so as to extend every assistance in making them available indigenously in adequate quantities and qualities and in time, failing that to arrange for timely import and efficient distribution so as to inspire in the industry a feeling of confidence that their production programmes would not suffer for paucity of raw materials.

6.12. It is felt that there has been lack of proper planning in ensuring timely availability of some key basic raw materials like

soda ash. It is not understood how Government could reconcile themselves to a situation where even on paper there is a shortage to the extent of 20,000 to 60,000 tonnes per year between the demand and indigenous availability of soda ash. It was only in March, 1971 that the Ministry of Petroleum and Chemicals thought of issuing a Press release and inviting applications for licences. Obviously, this action should have been taken several years earlier as it is well-known that a plant for producing soda ash besides being capital intensive would take a few years to establish. It is a matter of concern that at least two firms which were issued letters of intent in 1969 have taken hardly any concrete steps in developing the capacity during the past two years. Knowing as Government do, that this is a capital intensive industry, requiring experience and technical know-how, Government should have either taken a firm decision to establish it in the public sector and taken measures accordingly to develop the capacity in time or given licences to such parties who had a proven record of being able to produce this vital basic raw material in requisite quantity according to a time-bound programme.

6.13. There is an urgent need for a pragmatic and realistic approach in the matter of developing requisite capacities for production of basic raw materials required for the industry.

6.14. The D.G.T.D. should maintain close liaison with the industry. After the issue of a letter of intent, an entrepreneur has to seek approval of many agencies before the actual license is issued to him. At all these stages, D.G.T.D. can and should render assistance to the entrepreneur in getting the matter expedited.

6.15. The Directorate General of Technical Development have an important responsibility to discharge in the matter of planning and assisting in the modernisation of industries, particularly those of traditional nature such as textiles, jute etc. One of the reasons why India has not been able to enlarge its exports in textiles is the delay in modernising the industry to keep pace with technological development. The Directorate General of Technical Development/Ministry of Industrial Development should, in close consultation with the industry and Development Councils, prepare concrete programme for modernisation of industries, particularly those in the traditional fields, and make every effort to meet the requirements of machinery and equipment for modernisation by developing indigenous capacity in the country. Government should extend a helping hand in arranging necessary financial assistance and accommodation through financial institutions. Time is the essence

of the matter and where it is absolutely essential that an industry should be modernised in the interest of sustaining or enlarging exports, timely import of the requisite machinery and equipment should not be grudged.

6.16. The Development Councils have an important role to play in the industrial development of the country as these Councils provide a forum where the representatives of the various interests connected with the industry viz. Government, owners, labour etc. meet and have free and frank discussion about the problems facing the particular industry. It is, however, a matter of concern that some of these Development Councils have not been functioning actively with the result that they have not been able to perform their functions properly. As their Secretariat is provided by the Directorate General of Technical Development, the Committee suggest that D.G.T.D. should take immediate steps to activise all the Development Councils. It is hoped that Government will give the highest consideration to the recommendations emanating from these Councils with a view to implement them without delay in the interest of greater and more efficient production by the industry.

6.17. It is noted that as early as 1966, M/s Booz Allen and Hamilton Inc. Ltd., had remarked about the present Information System of D.G.T.D. in their Report that "The dedication and hard work invested by the officers of the D.G.T.D. yield less than optimum effectiveness because to an important degree, there are weaknesses in the information system upon which the decision making of the D.G.T.D. in foreign exchange allocation and technical development is largely based. The weaknesses relate to unreliable import data, inadequate data storage and retrieval, cumbersome data processing and inconsistent data analysis and usage. D.G.T.D. officers do not usually have the information needed for sound decision making." and further "The quality of data received by D.G.T.D. is not consistent nor is it audited. Data gaps and inconsistencies make follow-up analysis and control difficult. In general it may be concluded that better performance measurements techniques are required if D.G.T.D. Officers are to be able to exercise proper follow up and control over the effectiveness and use of allocation made by them." These observations clearly demonstrate that in the absence of a proper computerised Information System, the Directorate General of Technical Development is not able to perform its duties and responsibilities satisfactorily.

6.18. The Director General, Technical Development, however, expects that in the next two or three months, at least with regard

to production returns, all the details of the various units and raw materials etc. would be codified. It is hoped that steps would be taken without further delay for the installation of an Integrated Computerised Information System for the D.G.T.D. and continuously improve and adapt it to serve better the interest of processing objectively and expeditiously applications for import or setting up new industries or expansion. Government are expected to put the data, which would be available to them after computerisation, to effective use in the interest of rendering more expeditious and meaningful service to the industry.

NEW DELHI;

April 21, 1972

Vaisakha 1, 1894 (*Saka*).

KAMAL NATH TEWARI,

Chairman,

Estimate Committee.

APPENDIX I

(*Vide* para 1.2 of the Report)

Functions of the Directorate General of Technical Development

(i) Assisting in the planning and development of industries, to secure a well balanced and properly co-ordinated pattern of industrialisation of the country;

(ii) Assisting in formulating the detailed industrial production targets under the Five-Year Plans and keeping them under constant review;

(iii) Securing increased production of those articles and commodities the present production of which is insufficient to meet the country's demand and ensuring improvement in the quality of products.

(iv) Examination from technical angle of applications received under the Industries (Development and Regulation) Act, 1951 for establishing new industrial units or for effecting substantial expansion of existing production units and making appropriate recommendation to the concerned Ministries;

(v) Advising on the suitability of collaboration terms in respect of industries sought to be established with foreign collaboration;

(vi) Scrutiny of applications for import of capital goods, raw materials, steel etc. from the point of essentiality and/or indigenous non-availability;

(vii) Making recommendations or rendering advising regarding:—

(a) formulation of import and export policies;

(b) tariff protection; and

(c) training of technical personnel overseas etc.

(viii) Issue of certificates of exemption from payment of customs duty on scientific equipment and appliances not manufactured in India.

(ix) Collection and compilation of industrial data relating to installed capacity, actual production, employment position, stocks, prices etc., and apprising the Ministries concerned of their trends;

(x) Technical advice and promotion of export of engineering and non-engineering goods;

(xi) Assisting various Government Organisations on technical aspects in connection with grant of loan to the industries;

(xii) Guiding the work of Development Councils, constituted under the Industries (Development and Regulation) Act, 1951 and act as Secretariat for the same;

(xiii) To conduct studies to find out susbstitutes for imported raw materials and finished products;

(xiv) Assistance to the Indian Standards Institution in preparing Standards for various products including raw materials, adoption of quality certificates schemes etc.;

(xv) Assistance to Government in running private sector factories taken over by the Government under the Industries (Development and Regulation) Act, 1951;

(xvi) Arranging participation of its technical officers in scientific and technological seminars and symposia both in India and under the aegis of International Organisations abroad;

(xvii) Giving technical advice to industries in switching over to the metric system of weights and measures; and

(xviii) Modernisation of industries.

APPENDIX II

(*Vide* Para 2.54 of the Report)

Statement showing the names of the industries where imported components are still being utilised, the percentage of imported components being utilised lised 1960 and the percentage of imported components being utilised at present.

Sl. No.	Name of the Industries	Percentage of imported components		REMARKS
		1960	1971	
1	2	3	4	5
1	Watches	100 (production started in 1962)	16	
2	Time Pieces	15	5	
3	Resilient Coupling	12 (Production started in 1967)	10	
4	Data processing and Adding and Calculating Machines.	26·5	32·2 (for 1970)	The increase is very marginal because of the inclusion in the production programme of sophisticated new model of electric punch as the old model became obsolete and its demand in the export market faded out.
5	Industrial Sewing Machines	8·6	6·6	
6	Addressing Machines	6	2·9	
7	Typewriters	26	3·1	
8	Industrial Sophisticated Valves	— (Production started only in 1971)	9	
9	*Automobiles :*			
	(i) (Commercial Vehicles	21·8	10	
	(ii) Jeeps		5	
	(iii) Cars		2·5	
	(iv) Motor-cycles & scooters		5	

1	2	3	4	5
10	Automobile Ancillaries	27·3	10	
11	Diesel engines	25	5	
12	Petrol engines	40	20	
13	Compressors	70	10	
14	Construction Equipment	80 (Production commenced in 1965 with 80%	40	
15	Pumps	10	2	
16	Agricultural tractors	90	20	
17	Power Tillers	60 (Prodution commenced in 1965 with 60%	36	
18	Trailers	30	5	
19	Road Rollers	40	5	
20	Sugar Mill Machinery	33	8	
21	Cement Mill Machinery	50	10	
22	Boilers :			
	(a) Industrial	65	12	
	(b) Power	60 (Production started in 1964)	25	
23	(a) Conveyors	19	7	
	(b) Specialised conveyors equipment including stackers /spreader reclaimers.	40 (Production started in 1970)	25	
24	Reduction Gears	63	15	
25	Drilling Equipment :			
	(a) Core Drills	40 (Production started in 1969)	8	
	(b) Water Well Drills	25	15	

1	2	3	4	5
26	Printing Machinery	—	25	The percentage of Imported components varies from machine to machins.
27	Chemical & Pharmaceutical Machinery.	—	—	There are various types of chemicals and pharmaceutical plants for production of innumerable chemicals, drugs etc. and therefore the percentage of imported components varies from plant to plant and same varies from 10 to 35%.
28	Paper Machinery & Paper Plant.	—	—	Imported components vary from type & size of the plant and same varies from 10 to 30.%
29	Mining & Coal Washery	—	10	
30	Rayon Plants	12 (Production started in 1963)	8	
31	Building & Construction Machinery	13	2	
32	Metallurgical Machinery	16·5	15	
33	Bread & Biscuit Making Machinery	12	10	
34	Air Separation Plants	(Production started in 1970-71)	38	
35	Dairy Machinery	100	5	
36	Agricultural sprayers and dusters	15	Negligible	
37	Industrial filters and centrifuges	32 (Production started in 1961)	6	
38	Asbestos cement product plants.	20 (Production started in 1965)	8	
39	Industrial Screens	13 (Production started in 1965)	5	

1	2	3	4	5
40	Industrial oil and gas burners	34 (Production started in 1962)	12	
41	Electroplating equipment	25	12	
42	Industrial dry cleaning and laundry equipment	21 (Production started in 1964)	5	
43	Feed mill plants	28 (Production started in 1969)	5	
44	Vacuum coating and impregnating plants and coil winding machinery	27 (Production started in 1966)	15	
45	Food processing equipment	26 (Production started in 1962)	15	
46	Ceramics machinery	45	5	
47	Rubber machinery	18	8	
48	Tea processing machinery	10	3·3	
49	Weighing machinery	10	5	
50	Oil Mill machinery	7	2	
51	Modern rice mill machinery	10 (Production started in 1968)	2	
52	Tobacco processing machinery	5 (Production started in 1962)	5	
53	Electric motors including large industrial motors	35	10 (Only in large industrial motors)	

1	2	3	4	5
54	Transformers of larger sizes	12	8 (Only in large power transformers)	
55	Switchgears and Control Gears comprising LT & HT circuit breakers, switches, control panels and control equipments, HRC fuses, relays etc.	50	12	
56	Rectifiers	15 (Production started in 1965)	10 (In larger rectifiers and negligible in smaller units)	Earlier in 1960 smaller rectifiers were manufactured and the imported content was upto 40% the import content.
57	Semi-conductor diodes, power diodes	75 (Regular Production started in 1962)	50	
58	Refrigeration equipment	90	10	
59	Electric Lamps	20	10	
60	Lifts	20	1	There are various types of lifts manufactured in the country, imported components upto 1% are required for the manufacture of ordinary lifts. In the case of highly sophisticated lifts like gearless lifts etc. The import requirement can go upto 8·5%. However, such lifts are not generally produced in substantial quantity at present.
61	Cranes (a) (Other than mobile truck scrawler, mounted). (b) (Electric/air hoist block)	20	10	Cranes/hoist blocks are tailor made items to suit the individual requirements. In the case of ordinary cranes/hoist blocks the requirement of the imported components generally goes upto 5% . In the case of sophisticated cranes the import contents for component will be generally up to 10% while in the case of certain highly sophisticated cranes it may go a little beyond this percentage also.

1	2	3	4	5
62	Machine Tools	16·2	17	The increase is due to the introduction of more sophisticated machine tools involving imported components in terms of approved phased manufacturing progress. The percentage indicated includes imported raw material also.
63	Scientific & Surveying Instruments	30	10	
64	Industrial Instruments	30	18	

N.B. It would be noted that the import content in 1971 is substantially lower than it was in 1960 inspite of the fact that c.i.f. value of the components in 1971 was very much higher than in 1960 due to general increase in world prices.

List of items costing more than Rs. 1 crore which are being imported in the country

(1) Alkyl Benzene including Dodecyl Benzene
(2) Aniline
(3) Raw hides
(4) Wattle Extract
(5) Nylon Tyre Cord
(6) Special Purpose Synthetic Rubber
(7) Paper Makers Felts
(8) Newsprint
(9) Rayon Grade Pulp
(10) Sulphur
(11) Rock Phosphate
(12) Yellow Phosphorus
(13) Fluorspar
(14) Borate Mineral
(15) Cryolite and Aluminium Fluoride
(16) Skim Milk Powder
(17) Refractories
(18) Raw Asbestos Fibre
(19) Graphite Electrodes
(20) Tetracyclines
(21) Slupha Drugs
(22) Titanium Di-oxide
(23) Caprolactam
(24) (DMT)—Dimethyl Terephthalate
(25) Anti Friction Rolling Bearings
(26) Industrial Valves
(27) Steel Castings & Steel Forgings

(28) **Rubber Machinery**
(29) **Printing Machinery**
(30) **Pulp and Paper Machinery**
(31) **Synthetic Fibre Machinery**
(32) Chemical Machinery
(33) Leather & Shoe Machinery
(34) Dairy Machinery
(35) Tractor Industry
(36) Earth Moving Machinery.

Details of the efforts being made for indigenous production of the items costing more than Rs. 1 crore which are being imported in the country.

(1) *Alkyl Benzene including Dodecyl Benzene*:

This item is required by the detergent industry; production of this item to the extent of 30,000 tonnes per year is being planned in the Public Sector in Gujarat—M/s. Indian Petro Chemical Corporation Ltd. During 1973-74 the requirements of Dodecyl Benzene will not be more than 10,000 tonnes.

(2) *Aniline*:

Steps have already been taken to set up a capacity of 6,000 tonnes per annum of this item in another Public Sector Undertaking i.e. Hindustan Organic Chemicals Ltd., Maharashtra, to meet the envisaged requirement during the 4th Plan.

(3) *Raw hides*:

Leather is a highly export oriented industry. Although the availability of raw hides is sufficient to meet the internal requirement, there is need for import of large quantities of raw hides to meet the substantial export demand for finished leather as well as other leather goods. In view of this, the item has been included under O.G.L. In order to improve further the indigenous availability of hides steps are being taken by the Cottage & Village Industries Commission for better collection & preservation of the hides available from dead animals. As a result of these steps, although the availability may somewhat improve, there would still be need for export of raw hides to enable the industry to increase the export in the form of finished leather and leather goods.

(4) *Wattle Extract*:

This item is also under O.G.L. The current requirement of wattle extract by the Leather Industry is of the order of 18,000 to 20,000 tonnes per year. Although other vegetable tanning materials such as avaram bark, babul bark etc. are available in the country, they cannot fully replace wattle extract. In view of this, steps are being taken to develop wattle in plantations in the various States of the country. Tamil Nadu Government have succeeded in raising wattle plantations in Nilgiris; one unit has been licensed for the manufacture of 3,750 tonnes of blended extracts based on indigenously available wattle bark, avaram bark, babul bark etc. Efforts are also being made to identify other species of vegetable tanning materials available in the country with a view to substitute wattle.

Steps have also been taken to licence capacity for the manufacture of synthetic tanning agents with a total capacity of 5,700 tonnes per annum by 3 units. While meeting the direct requirement of these items by the leather units, the manufacturers are also exploring possibilities to produce blended myrobalan extract with synthetic tanning agents; such blended extracts, it is claimed, would be able to replace imported wattle extract to some extent.

(3) *Nylon Tyre Cord*:

Nylon Tyre Cord is required as one of the major raw materials in the manufacture of tyres, particularly for Aero Tyres, earth moving machines tyres etc. The consumption of Nylon Tyre Cord during 1970, has been of the order of 1,300 tonnes and it is expected that requirements for the year 1971-72 will be of the order of 1,500 tonnes, valued at Rs. 120 lakhs c.i.f.

One unit with licensed capacity of 1,400 tonnes has already gone into the production of Nylon Tyre Cord from Mid. 1971. Another unit with licensed capacity of 1,000 tonnes per annum is likely to go into production in the near future. Besides two more units have been issued with letters of intents for a combined capacity of 4,200 tonnes a year.

(6) *Special purpose Synthetic Rubber*:

Special purpose synthetic rubber such as butyl rubber, Nitrile rubber, Neoprene rubber etc. This group covers several types and grades of special purpose synthetic rubber which cannot be

substituted by the indigenously available natural rubber; the individual import requirements of these types of synthetic rubber are relatively small; as such it may not be possible to set up economic capacities for each of the types of special purpose synthetic rubber. Nitrile type and Neoprene type synthetic rubbers are required for the production of oil resistant hoses needed for the handling of petroleum products. The envisaged demand for one of the above types of synthetic rubber *viz.* Butyl rubber may increase to a level of 10,000 tonnes during 5th Plan period after which steps could be taken to set up manufacturing capacity for the item in the country.

(7) *Paper Markets Felts*:

Steps have been taken to set up capacity for the manufacture of paper makers felts. One of the existing units has been permitted substantial expansion of their capacity from 80 tonnes to 250 tonnes per year. With the implementation of these two schemes, more or less, the full requirements of felts by the Paper industry are expected to become available from indigenous production.

(8) *Newsprint*:

At present one unit in the Public Sector *viz.* M/s. Nepa Mills are producing newsprint with a capacity of 30,000 tonnes per year; the unit is implementing a substantial expansion programme to take the capacity to a level of 75,000 tonnes per year; the scheme is expected to be implemented by the end of the next year.

An additional capacity of 1,79,500 tonnes has been approved by the Government.

(a) Present demand	About	200,000 tons per year
(b) Present Imports	About	150,000 ,,
(c) Present Production		38,000 ,,
(d) Present installed capacity . . .		30,000 being increased to 75,000 tons
(e) An Additional capacity approved		179,000 tons per year
Hindustan Paper Corporation . .		75,000 ,,
		254,000
(f) Demand likely to grow by the end of 4th Five Year Plan 1973/74 . . .		2,50,000 tons per year
(g) Steps taken to become self-sufficient and		Additional capacity indicated at (e) above has been approved.
When self-sufficiency is likely to be achieved 1973/74		When the above schemes materialise.

(9) *Rayon Grade Pulp:*

The two units are already in production for the manufacture of rayon grade pulp with a total capacity of 89,500 tonnes. Apart from the above, two more units with a total capacity of 60,000 tonnes per year were issued letters of intent. It is expected that with the implementation of these two schemes, the entire demand of rayon grade pulp during the 4th Plan could be met from indigenous production.

(10) *Sulphur*:

So far no deposits have been located in India but large deposits of Pyrites have been discovered in Anjor in Bihar. A public sector company (Pyrites & Chemicals Development Co.) has been set up to exploit the pyrite resources for use in the production of Sulphuric Acid and if possible, also to produce sulphur.

(11) *Rock Phosphate*:

This mineral is required in the production of Phosphate Fertilisers, Phosphorus and for Phosphoric Acid to produce industrial phosphates. Since the mineral raised at Udaipur in Rajasthan is insufficient, imports are made to cover full requirements The authorities have been urged to increase the production in Rajasthan as quickly as possible.

(12) *Yellow Phosphorus*:

Main requirements are for Defence use, matches and in Phosphorus compounds. The first unit in India has commenced production of Phosphorus earlier this year with sufficient capacity to cover home demands in full.

(13) *Fluorspar*:

This is a basic mineral from which Cryolite and Aluminium Fluoride are produced. Substantial deposits of Fluorspar have been located in Gujarat and when these are worked up, most of domestic requirements would be covered.

(14) *Borate Mineral*:

This is a raw material from which Borax and Boric Acid are produced. Imports will continue till such time these minerals are located within India.

(15) *Cryolite and Aluminium Fluoride:*

Both these chemicals are essentially required by the aluminium industry and production of these chemicals within the country is not adequate to meet the rising demand from the aluminium industry. Nine units have been licensed to manufacture cryolite with a total licensed capacity of 24,990 tonnes. The demand for this chemical from the aluminium industry is expected to be of the order of 15,000 tonnes by 1973-74 and 25,000 tonnes by 1980-81. In view of the fact that adequate fluorspar deposits have been discovered in Gujarat, it will be possible to meet the demand for cryolite from indigenous production by 1980-81. As already indicated above, cryolite and aluminium fluoride has been included in the list of 123 industries where additional production is to be encouraged. Every effort is being made to channelise additionalise investment in this industry.

Six units have been licensed to maufacture aluminium fluoride with a capacity of 20340 tonnes. The demand for aluminium fluoride is estimated to be of the order of 9000 tonnes by 1973-74 and 15000 tonnes by 1980-81. With the availability of fluorspar from indigenous sources in the next few years, the demand of aluminium flouride would be met from indigenous production and imports of cryolite and aluminium fluoride would not be necessary after 1980-81.

(16) *Skim Milk Powder:*

The present demand in terms of milk powder for Defence, public sector schemes, private sector dairies and for other social welfare schemes is estimated at 42,000 tonnes. The present imports on commercial basis are of the order of 20,000 tonnes. The present production of milk powder indigenously in the country is of the order of 6000 tonnes per annum. The gap in demand in the case of defence requirements of milk powder is partially met in the form of tinned milk and in the case of welfare schemes as gifts, currently to some extent.

The present installed capacity for milk powder is of the order of 16,000 tonnes. An additional capacity for 7,500 tonnes has been approved for manufacture of milk powder which are in different stages of implementation. Wherever there is abundant fluid milk availability, schemes for the manufacture of milk powder in different parts of the country are also being considered in order to meet the increasing demand for milk powder. As the demand for milk powder is expected to grow, having regard to the various welfare schemes the Government's commitment for distribution of milk to the various

ubran cities and also keeping in view the fact that dairy development is a time consuming process, it will take some years before we become self-sufficient as far as milk powder is concerned.

(17) *Refractories*:

Till 1968, the demand for refractories from steel plants was being met with satisfactorily by the indigenous Refractory Industry but with the coming up of Bokaro Steel Plant, the expansion of Bhilai Steel Plant and the general increased activity in other consuming industries, the indigenous refractory industry has been put under heavy strain and is unable to meet the demand. Thus at present the indigenous production of refractories is insufficient to meet the demand from the steel and other industries and, therefore, large imports of about Rs. 25 crores had to be cleared during the last 2 years. The steps taken to increase the indigenous production and thus meet the present shortage are as follows :—

1—Balancing equipments are being allowed to be imported by the indigenous producers to enable them to meet the demand for steel quality refractories.

2—Applications are being recommended for issue of letters of intent for the manufacture of refractories required by the steel plants.

(18) *Raw Asbestos Fibre*:

Asbestos Fibre occurs as a natural deposit. Deposits of Asbestos Fibre in our country are very small compared to its consumption. It roughly meets 5 per cent of our entire demand.

However, efforts have been made to bring down the consumption of this item by taking the following steps :—

1. By decreasing the thickness of Asbestos Sheets, from 7.4 to 6 mm.

2. Having a fibre composition which permit use of larger quantities of low grade Asbestos Fibre, which is also cheaper to import.

The above two steps have accounted for about 25 per cent reduction in the import bill on account of Asbestos Fibre.

(19) *Graphite Electrodes*:

The expansion of the capacity of the existing unit manufacturing graphite electrodes and anodes is expected to be complete sometime in

the first half of 1973. The expansion is for 5460 tonnes. In addition to this, a number of proposals for manufacture of graphite electrodes and anodes are under active consideration of Government. Three to four units of which one may be in the public sector with a total capacity between 20—30 thousand tonnes are expected to be a production during the fifth plan.

Sometime during the end of 1969, a shortage of graphite electrode was noticed. This shortage of graphite electrode occurred due to considerable increased activities in the production of steel and its alloys by thermo-electrical process from scrap steel. As this production of steel from scrap is of considerable importance in the economy of the country, steps were taken by the Ministry of Steel and Mines, in constant consultation and collaboration with D.G.T.D., to import the shortfall and accordingly the following quantities of graphite electrodes have been and are being imported:

Year	Qty.	Value
1970-71 . .	5046 M/T	Rs. 27·17 Million (app.)
1971-72 . .	4800 M/T	Rs. 23·62 „

(20) *Tetracyclines*:

The present level of imports is of the order of Rs. 159 lakhs (62 tonnes). The present licensed capacity is 140 tonnes against which the production is about 55 tonnes only. This is being further augmented by recommending schemes for expansion by another 31 tonnes.

(21) *Sulpha Drugs*:

The present level of imports of all sulpha drugs is 232 lakhs (563 tonnes), the important items of import being sulpha dimidine, sulpha thiazole, sulpha diasi etc. The present licensed capacity is 1000 tonnes against which the actual production is of the order of 790 tonnes. A further capacity by way of expansion by 390 tonnes has been approved. This expanded capacity includes items like sulpha dimidine, sulpha guindine, which are at present being imported sizeably.

(22) *Titanium Di-oxide:*

Titanium Di-oxide is a versatile industrial white pigment finding application in a number of industries like Paint, Rayon, Printing Inks, Rubber, Ceramics, etc. Presently there is only one unit with a capacity of 500 tonnes per annum. During 1968, 1969, 1969-70, April 1970 to December, 1970, the imports were as under:—

Imports

Year	Quantity (Tonnes)	Value (Rs. in Lakhs)
1968-69	4725	151·4
1969-70	5986	224·85
April, 1970 to Dec., 1970	4763	171·37

The demand of this pigment by the consuming industries is growing.

Estimated requirements by 1973-74 18000 tonnes p. a.

The existing unit is presently engaged in implementing substantial expansion of capacity (18,000 tonnes) licensed in their favour. Their capacity after expansion will be 24,500 tonnes. This expansion is expected to materialise by 1973. Their capacity will be adequate to meet the requirements of this pigment.

One unit in Calcutta has been issued a letter of intent for putting up a titanium complex which includes erection of capacity of 13,000 tonnes per annum of titanium di-oxide pigment in Kerala State. A letter of intent has also been issued to set up a titanium di-oxide plant in Orissa State.

Our country is rich in ilmenite—the principle raw material for the manufacture of titanium di-oxide. There are also prospects of exporting this pigment from our country.

(23) *Caprolactam*:

This is an intermediate imported for the manufacture of Nylon Fibre/yarn and plastic Moulded articles.

The consumption of Caprolactam during 1970 was about 10,000 tonnes valued at Rs. 400 lakhs c.i.f. The anticipated requirements for the next year is of the order of 18,000 tonnes.

M/s. Gujarat State Fertilizer Co. hold an Industries (D&R) Act Licence for setting up capacity of 20,000 tonnes per annum. For implementation of this capacity, they have already been issued import licence for plant and machinery and their production is expected to materialise within about 18 months.

(24) (*DMT*)—*Dimethyl Terephthalate*:

This is an intermediate for the manufacture of polyester Fibre/Yarn and plastic articles. The consumption of DMT during 1970 was of the order of 6,000 tonnes valued at Rs. 280 lakhs c.i.f. The anticipated requirements for the year 1971-72 will be of the same order. However, its requirements during the year 1973-74 will go up about 3 to 4 times.

M/s. Indian Petro-Chemical Corporation, a public sector undertaking, have been permitted to manufacture 24,000 tonnes per annum of DMT. The plant for production of DMT is under erection. It is expected that production of DMT would be available within 12 to 18 months. In the event of indigenous DMT becoming available, there will be saving in foreign exchange worth Rs. 10 crores.

(25) *Anti Friction Rolling Bearings*:
(26) *Industrial valves*:

In order to fill-in the gap between the demand and the production, the Government had issued Press Notification for Spherical Roller Bearings for Axle Boxes required by the Railways and also for various kinds of sophisticated Industrial Valves inviting schemes from perspective entrepreneurs to establish facilities for the manufacture of these items.

The Schemes that have been received in response to the above notification are being examined. It will take at least two or three years for the new approved factories to go into production, and, therefore, the extent of foreign saving by import substitution for these items during the intervening period is not likely to be sizeable. The existing units are also being encouraged to step up the production.

(27) *Steel Castings & Steel Forgings*:

Although adequate capacity has been created, import of specialised castings and forgings are inescapable because they are either of jobbing nature or of special features which are at present uneconomical for manufacture.

(28) *Rubber Machinery*:

The demand for Rubber Machinery has been assessed as Rs. 1400 lakhs per annum for the 4th Plan period. Three units are in production at present for the manufacture of Rubber Machinery with a total annual capacity of Rs. 60 lakhs. As there is a wide gap between the demand and the existing capacity, efforts were made in the past to bring in more units in this field. 7 Schemes have been approved for the manufacture of various types of Rubber Machinery with an aggregate capacity of Rs. 1300 lakhs per annum. Besides, 2 other schemes have also recently been submitted for registration for the manufacture of Rubber Machinery and these are now under consideration of the Government. This industry has been put in the Core Sector and a periodical review about the progress of the implementation of the various schemes is being made. The industry is a capital intensive industry and requires a long gestation period for coming into full production. It is expected that a capacity of about Rs. 720 lakhs will be installed by 1973-74 and a production of about Rs. 500 lakhs is likely to come out of this capacity by 1973-74.

(29) *Printing Machinery*:

It has been estimated that the demand of printing machinery will be about Rs. 17 crores by 1973-74. 3 or 4 Firms are now in production and the total production is of the order of Rs. 30 lakhs per year. In order to bridge this wide gap between the demand and the capacity, more schemes were invited by issue of Public Notice. As a result, the total approved capacity for the manufacture of printing machinery as on 1-7-1971 is about Rs. 1300 lakhs per year. Considering the importance of this industry and the long gestation period required for implementation of a project, printing machinery industry has been put in the Core Sector. However, the schemes that have been approved in the recent past will take some time to materialise. It is estimated that against the total approved capacity of Rs. 1300 lakhs per annum, capacity amounting to Rs. 300 lakhs per annum only is likely to be installed by 1973-74. The production by 1973-74 is expected to be of the order of Rs. 260 lakhs.

(30) *Pulp and Paper Machinery*:

As a consequence of the rapidly increase in demand for paper-writing, printing and paper-base packing, it has been estimated that additional capacity of the order of 4,00,000 tonnes of paper and pulp will have to be created to meet this demand during the 4th Plan period. This would imply setting up capacity equivalent to 8—10

integrated Pulp & Paper Mills with an average capacity of 150 tonnes per day, each. There are at present 13 units engaged in the manufacture of Pulp and Paper Machinery and their total installed capacity is Rs. 650 lakhs against the total licensed capacity of Rs. 1050 lakhs. Considering that there was a wide gap between demand and the capacity, press notes were issued inviting fresh schemes. As a result, several schemes were received for the manufacture of Pulp & Paper Machinery including integrated Paper & Pulp plants upto 200 tonnes per day capacity. 4 Letters of intent have been recently issued for manufacture of large sized pulp & paper plants with an aggregate capacity of Rs. 4000 lakhs per annum. 3 more schemes with a total capacity of about Rs. 1000 lakhs per annum which have been recommended by the D.G.T.D. are now under consideration of the Government. Considering that this is a capital intensive industry with a long gestation period and also bearing in mind the importance of this industry, Pulp and Paper machinery industry has been put in the Core Sector. It is estimated that by 1973-74, the total installed capacity is likely to be of the order of Rs. 1380 lakhs and a production of Rs. 1000 lakhs is expected to come out of this capacity by 1973-74.

(31) *Synthetic Fibre Machinery*:

At present there is not unit manufacturing Synthetic Fibre machinery in the country and keeping this in view, 3 schemes were subsequently received from 3 different parties which were approved by the Government. These 3 projects are in different stages of implementation for an aggregate capacity of Rs. 14 crores per annum. The demand for Synthetic Fibre machinery has not been assessed. The industry is a capital intensive industry and the gestation period is long.

(32) *Chemical Machinery*:

Chemical machinery industry has been put in the Core Sector. The 4th Plan document has indicated the capacity and production targets for chemical machinery under 2 groups of items to be achieved by 1973-74 as detailed below:—

Item	Capacity target (in tonnes)	Production target (in tonnes)
(a) Heavy Fabricated Plant and Machinery for fertilizer and chemicals	25,000 (estimated value Rs. 250 million)	20,000
(b) Chemical Machinery	Rs. 300 million	Rs. 275 million

Regarding the Chemical Machinery falling under group (a) above, 3 units with a total capacity of 25,310 tonnes have been licensed in the Public Sector. It is expected that by 1973-74 total capacity of Rs. 191 million will be installed and a production of Rs. 135 million will be achieved.

As regards Chemical machinery falling under Group (b) above, about 57 units have been licensed with a total capacity of Rs. 292 million per annum. Against this total licensed capacity of Rs. 292 million, the installed capacity is of the order of Rs. 186 million and actual production was Rs. 170 million during 1970-71. It is considered that there will be progressive build-up of installed capacity upto 1973-74. It is estimated that the installed capacity would be of the order of Rs. 236 million and actual production might be of the order of Rs. 213 million by 1973-74.

(33) *Leather & Shoe Machinery*:

The indigenous capacity available for the manufacture of Footwear machinery and leather machinery is limited. Against an estimated demand of Rs. 300 lakhs, we have a capacity for Rs. 95 lakhs only. In order to bridge the gap, we have requested the Ministry of Industrial Development to issue Press Note inviting applications for creation of further capacity in this field.

(34) *Dairy Machinery*:

There are currently 3 units in the country for the production of Dairy equipment and the maximum production per year so far achieved by these 3 units is Rs. 250 lakhs. In addition to these, two more schemes have already been approved for a capacity of Rs. 250 lakhs per annum. In order to bridge the gap between the future demand of dairy equipment which will be increasing as a result of implementation of Operation Flood schemes and the existing capacity, Press Note was issued inviting fresh applications for the manufacture of dairy equipment. As a result about 16 schemes were received and 9 schemes with a total capacity of approximately Rs. 800 lakhs have been recommended for approval. With the implementation of the schemes with a total capacity of Rs. 1300 lakhs approximately, the full demand of dairy equipment in the country would be met.

(34) *Tractor Industry*:

The position is as under:—

(a) Present demand : (1971-72) .	75000 nos. as estimated by Department of Agriculture.
(b) Present Import	(i) In the case of new units, where the engine components are allowed for import, the value of such components including bearings put together exceeds to Rs. one crore;

	(ii) In the case of existing as well as new units, the value of import of gears alone in the transmission assembly exceeds Rs. one crore.
	1970 — 1971 (upto October)
(c) Present production .	19931 — 13339
(d) Present installed capacity .	35000 nos.
(e) Additional capacity approved	(a) Existing units in production—36000 nos. (b) New licence issued —30000 nos. (c) Letter of intents issued—1,11,800nos.
(f) Demand likely to grow by the end of the 4th Five Year Plan :	90000 nos. as estimated by Department of Agriculture.
(g) Steps taken to become self-sufficient and when self-sufficiency is likely to be achieved.	All possible steps are being taken by creating additional capacity of such items referred to above which are being imported at present.

(36) *Earthmoving Machinery:*

The important items in the Earthmoving Equipment Industry where the import of individual sub-assemblies is more than Rs. 1.00 crore, are Crawler Tractors and Dumpers. The items involved are gear boxes and other transmission components. For the Crawler Tractors and Dumpers, there are manufacturers both in the public and private sectors with approved manufacturing programmes. They have commenced the production of these items according to the approved manufacturing programmes by taking up indigenous production of about 60 per cent of the components initially. The remaining components including the gear boxes and other transmission components will be taken up according to the phased programme in the third stage which is also the final stage. Procurement action for machinery has already been taken up by the manufacturing units and the imported capital goods have been ordered. By the end of 1972, the equipment is expected to be installed and by 1973, these components would be manufactured indigenously effecting savings in foreign exchange.

At present, the demand for the Crawler Tractors is about 500 nos. per annum and that for the Dumpers about 200 nos. per annum. By the end of the Fourth Five Year Plan, the demand as assessed by the Working Group for Construction Equipment is 1500 nos. for Crawler Tractors and 400 nos. for Dumpers. The present licensed capacity for Crawler Tractors is 1250 nos. and for Dumpers 400 nos. The full licensed capacity will be established by the end of 1972. The capacity already licensed is expected to meet the estimated demand by the end of Fourth Plan.

APPENDIX III

(Vide para 5·8 of the Report)

Statement showing the number of factories visited by the Officers of the D.G.T.D. during the years 1969, 1970 & 1971

Name of the Officer	1969			1970			1971		
	No. of factories visited	No. of times each factory visited	No. of days spent	No. of factories visited	No. of times each factory visited	No. of days spent	No. of factories visited	No. of times each factory visited	No. of days spent
1	2	3	4	5	6	7	8	9	10
ENGINEERING DIVISION									
1. Shri P. S. Rao, D. O. (Ancillary)	7	Once	7	3	Once	7	17	Once	7
2. ,, B.S.V. Rao, D. O. (Auto) . .	15	Once	5	6	Once	14	22	Once	48
3. ,, K. Ramakrishna Rao, D. O. (Auto)	10	Once	11	..	..	..	..	..	
4. ,, R. N. Singh, D. O. (Auto) .	2	Once	2	..		..	..	..	..
5. ,, D. B. Malik, D. O. (Elect.) . .	10	Once	20	8	Once	15	4	Once	8
6. ,, S. K. Palhan (Elect.) .	6	Once	3	8	Once	15	7	Once	6
7 ,, S. N. Banwet D. O. (Elect.) .				1	Once	1	1	Once	1

8.	„	B. R. Bhanot, D. O. (Electronic) .	30	Once	17	7	Once	9	9	Once	15
9.	„	A. B. Malik, D. O. (I.M.-II) .	..	..	..	1	Once	1/2	..		
10.	,	C. B. Chugh, D. O. (I.M.-I) .	4	Once	1/2	3	Once	1/2			
11.	„	V. Ramu, D. O. (I.M.-V) .	1	Once	1	..	..	..	..	..	
12.	„	C. R. Gupta (Anc.-II) . . .	2	Once	1/2	2	Once	1/2	2	Once	1
13.	„	A. N. Mukherjee, D. O. (LME) .	1	Once	3	..	..	..	7	Once	7
14.	„	M. Rama Rao, D. O. (LME-I)		..		5	Once	8	6	Once	9
15.	„	N. K. Ghosh, D. O. (LME-I) .	..	..	..	1	Once	1	1	Once	1
16.	„	B. Garudachar, D. O. (Tools) .	1	Once	1	7	Once	1	4	Once	1
17.	„	Vinay Kumar, D. O. (Tools) .	..	..	..	..	..	..	3	Once	5
18.	„	V. Krishnamoorthy, D. O. (Inst.) .	5	Once	5	7	Once	7	4	Once	3
19.	„	B. W. Kulkarni, D.O. (NFM-II) .	2	Once	2				..	..	..
20.	„	D. P. Sen Gupta (F. II) .	1	Once	3		..		1	Once	1
21.	„	S. P. Choubey, D. O. (HME) .	5	Once	3	..	..	..	..	..	
22.	„	R. Sarangaraian, D.O. (HME) .	..	..		2	Once	3	..	..	..
23.	„	H. K. Sharma, D. O. (HME) .	..	..	..	1	Once	1	2	Once	3
24.	„	S. Majumdar, D.O. (HME) . .	6	Once	5	10	Once	8	6	Once	4
25.	„	D. P. Gupta, A D.O. (Ancillary) .	1	Once	3			..	8	Once	6
26.	„	T. K. B. Varma, A.D.O. (Auto). .						..	1	Once	1
27.	„	Sushil Kumar (Elct.), A.D.O. .		..	..		..	..	7	Once	5
28.	„	S. S. Khosla (Auto), A.D.O. .	..	..	..	..	..	..	26	Once	14

1	2	3	4	5	6	7	8	9	10
29. Shri G. L. Keshwani (H.E.) A.D.O	..	..	..	..	..	..	1	Once	15
30. ,, B. S. Narula (Elect.) A.D.O.	1	Once	1	11	Once	20	2	Once	1
31. ,, M.A. Khan (H.E.), A.D.O.				..	..	..	3	Once	3
32 ,, R. Sunderajan (Elect.)	..	..	..	1	Once	1	..	..	..
33. ,, V K. Jain, A.D.O (LME)				..	..	1	1	Once	1/2
34. ,, O. P. Wadhawan, A.D.O. (LME)				1	Once	1	..	..	
35. ,, V. Nagasubramaniam, A.D.O (LME-I)	..	..		2	Once	2	..	..	..
36. ,, H. Ram Singhani, A.D.O. (TCM)		..		..	..		2	Once	2
37. ,, V. Seshadri, A.D.O. (Tools)				1	Once	2	1	Once	2
38. ,, S.C. Nagpal, A.D.O. (Tools)	1	Once	1	..	..	..	1	Once	1
39. ,, K. L. Nangia, A.D.O. (Tools)	3	Once	3	6	Once	10	8	Once	10
40. ,, V.C. Mathur, A.D.O.	On tour to U.P. & Punjab for about a month in March April, 1969 to collect data for Machine Tool Census from various firms.								
41. ,, K. C. Sharma, A.D.O. (HME)		..	..	4	Once	8	2	Once	2
42. ,, K.S. Sadasivan, A.D.O. (HME)	2	Once	2	1	Once	1			
43. ,, J. M. Madan, D.O. (HME)	2	Once	2	..	..				
44. ,, C. L. Pandey, A.D.O. (Metals)				1	Once	2			
45. ,, A. K. Anand, A.D.O. (HME)				1	Once	2			

CHEMICALS DIVISION

46.	„ R. Narasimhan, D.O. (A & LC) .	8	Once	7½	2	Once	-			..	..
47.	„ D.S. Chabhal, D.O. (Glass) .	7	Once	2	6	Once	2	6	Once	2	
48.	„ N. Bhowmik, D.O. (Soap) .	14	Once	20	13	Once	14	14	Once	14	
49.	„ R. Pratikshit, D.O (Plastic) .	5	Once	7½	..	..	..	..	..		
50.	„ C.D. Anand, D.O. (Plastic) .	7	Once	7	2	Once	2	2	Once	2	
50(a)	„ S.C. Joshi, D.O. (Ceramics)	..	..	..	..	..	..	3	Once	3	
51.	„ J. C. Maheshwary, D.O. (A&F) .	10	Once	9	16	Once	11	7	Once	14	
52.	„ J. S. Matharu, D.O. (Timber) .	2	Once	1	2	Once	10	..	..	..	
53.	„ R. Thanjan, D.O. (Leather) .	3	Once	14	7	Once	4	3	Once	3	
54.	Dr. S. P. Bhattacharyya, D. O. (Orgn. Chem.)	3	Once	1½	1	Once	1½	3	Once	1½	
55.	Shri S. R. Khanna, D.O. (Ref.) .	1	Once	1	2	Once	1	21	Once	27	
56.	„ G. R. Inamdar, D.O. (Rubber) .	3	Once	3	1	Once	2	3	Once	3	
57.	„ S. Ramaswamy, O.S.D. (Food) .	1	Once	1	2	Once	1	1	Once	1	
58.	„ A. K. Bose, D.O. (Alkali) . .	8	Once	1	4	Once	5	4	Once	4	
59.	„ K.N.R. Sharma, D.O. (Paints) .	2	Once	2	2	Once	2	2	Once	2	
60.	„ Jastinder Singh, D.O. (Soap) .	1	Once	1	6	Once	6	6	Once	6	
61.	„ N. G. Basak, D.O. (Cement) .			..	3	Once	1	3	Once	1	
62.	„ A. V. Rao, D.O. (Paper) .		..	..	..	..	..	1	Once	2	
63.	„ K. S. Tiwari (Alcohol) . .				..	..	..	2	Once	1 2	
64.	„ M.P. Singh, D.O. (Rayon & Fib.)	..	..	..	..	..	..	4	Once	1	

1	2	3	4	5	6	7	8	9	10
65. Shri S. Sundaraian, A.D.O. (Asbestos)			..	1	Once	3		..	..
66. „ H. Khaparde, A.D.O. (Cer.) .				2	Once	6			
67. „ R. Sachdev, A.D.O. (Cer.) .	..	..	..	9	Once	9			
68. „ M. Subramanian, A.D.O. (A&F) .	1	Once	2	2	Once	2		..	
69. „ I. K. Kapur, A.D.O. (Food) .	8	Once	5	7	Once	5		..	
70. „ K. D. Sharma, A.D.O. . .	7	Once	1/2	2	Once	1 1/2	..	..	
71. „ K. Karamchandani, A.D.O. .	..	..	..	6	Once	3	..	..	
72. Dr. V.R. B. Mathur, A.D.O. (Plastic)					..	..	5	Once	3
73. Shri V. B. Saxena (Paper) . .	..	..	..	1	Once	1 1/2		..	..
74. „ N. Rasul, A.D.O. (Rubber) .		..	..	2	Once	1	1	Once	1
75. „ R. S. Ghosh, A.D.O. (Leather) .	1	Once	1	1	Once	1	1	Once	1

APPENDIX IV

Statement showing Summary of Recommendations/Conclusions

S. No.	Reference to Para No. of the Report	Summary of Recommendations/ Conclusions
1	2	3
1.	1.9.	The Committee note that the Staff Inspection Unit of the Ministry of Finance is at present examining the strength of the Directorate General of Technical Development: The Committee would like to emphasise that the duties of the Directorate General of Technical Development are not merely regulatory but developmental also so that pace of industrial development can be accelerted. The Committee consider that time taken in processing and disposing of applications for either import or setting up/expanding industry is the essence of the matter and that the procedures and organisation of D.G.T.D. should be such as to inspire confidence in the rank and file of all those engaged in industry in its developmental, dynamic and forward looking outlook and policies.
2.	1.14.	The Committee note that there is a Coordination Directorate in the Directorate General, Technical Development to coordinate the activities of technical directorates and this Directorate not only keeps a watch on the disposal of various applications but also prepares contemporaneously a list of pending cases. The Committee fail to understand why in spite of proper watch being kept on the disposal of various applications, there are complaints of delay and time-consuming processes in the disposal of these applications. The Committee cannot but reach the conclusion that the watch kept on the time taken in the disposal of applications in the coordination directorate is neither strict nor

1	2	3
		effective. The Committee expect the Head of the Directorate and the three Deputy Directors General to pay special attention to the statement of pending cases and give directions at their level, where necessary, to see that applications do not remain unfinalised beyond the specified period.
3.	2.15.	The Committee note that one of the important functions of the Directorate General of Technical Development is to formulate detailed industrial production targets under Five Year Plans and also to secure well balanced and properly co-ordinated pattern of industrialisation in the country. The Committee are greatly concerned to find that no detailed industrial production targets have been worked out by D.G.T.D. for the current Plan period on the plea that the work was to be done by the Planning Commission. The Committee have in another Report drawn pointed attention to the fact that though the need for detailed planning had been recognised in each successive plan, but no concrete action was taken all these years to draw up detailed, well-coordinated and well-balanced plans which would ensure production to match the requirements of the country. The Committee note that the D.G.T.D. are only now thinking of preparing a detailed plan for the Fifth Plan period. The Committee consider that no further time should be lost in giving a lead in preparing a detailed, well-coordinated and well-balanced plan at least in respect of the industries which are the direct responsibility of the Directorate General of Technical Development/Ministry of Industrial Development. The Committee would also emphasise that Government/Planning Commission should take a firm decision about the Government agency which has to prepare detailed industrial production plans for the remaining industries

1	2	3
		so that there is a concrete frame work for action at various levels to achieve the desired targets in the interest of balanced and rapid development of the country at least in the Fifth Plan.
4.	2.16	The Committee would in fact like Government to have perspective plan for the next 10 to 15 years for all key sectors of the industry so that detailed plan for a five year period or the achievements from year to year could be properly adjudged in this wider perspective. The Committee attach great importance to immediate and concrete action being taken in pursuance of the above recommendations and would expect the Government to inform them in detail of the steps taken within three months.
5.	2.17.	The Committee gathered an impression from their informal meetings with representatives of Industry and the written memoranda received by them from knowledgable sources that most of the time of the officers of the D.G.T.D. in recent years is being spent in disposing of applications for industrial licences and import licences, with the result that the developmental functions which constitute the primary duty of this organisation have got relegated to the background. The Committee have elsewhere pointed out that very few and infrequent are the visits of the officers of the Directorate General of Technical Development to the industrial units in the field. The Committee feel greatly concerned that these technical officers who have gathered valuable experience and have the capacity to give guidance to industry should become so paper and routine bound. They would like Government to take immediate action to ensure that the officers of the Directorate General give greater attention

1	2	3
		to their developmental role. In fact, the Committee would have expected the officers of the D.G.T.D. to bring to the notice of the Government at the highest level the constraints and problems of industrial units in their charge which are coming in the way of planned growth of industrial development. The Committee would like Government to impress on the Directorate General of Technical Development to keep themselves contemporaneously informed not only of the problems and constraints being experienced by various industries or industrial units but also to spell out concrete measures and ensure action in the interest of resolving these difficulties to accelerate industrial production.
6.	2.18.	The Committee would urge the DGTD to take up a detailed study of the reasons for the fall in the growth rate of industries in the country and suggest corrective measures and help in their implementation so that the country may be able to achieve the planned yearly growth rate in the industrial field.
7.	2.19.	The Committee note that a number of Ministries have established their own Technical Organisations and that after the industrial license applications etc. are cleared by the Directorate General of Technical Development, these applications are referred by the Ministries concerned to their own Technical Advisers thus leading to duplication. The Committee feel that the present procedure leads to unnecessary duplication and delay in the disposal of these applications. The Committee would like to invite a reference to the recommendation made by the Study Team on Directorate General of Technical Development in Part II of their Report that "There a number of industries which are inter-connected and inter-linked and if there has to be co-ordinated development of these industries, covering both the

1	2	3
		public and private sectors, it is necessary that their development should continue to be looked after by a single technical organisation" and further that "We would like to emphasise that in the overall interest of the country, it is absolutely necessary to avoid any duplication of work between the Directorate General and Planning Cells." The Committee hope that these recommendations of the Study Team would be implemented both in letter and spirit.
8.	2.20.	The Committee note that the Directorate General of Technical Development is maintaining uptodate information regarding capacity booked, likely demand and likely gaps in production and that where gaps are found, Press Notes are issued. The Committee would suggest that regular assessments say once a quarter should be made of the leading industries and where gaps in capacity are found, these should be notified to all concerned and also widely publicised without delay so as to attract applications for setting up new ventures or expanding the existing ones. The Committee would further recommend that entrepreneurs applying for setting up new industries in these fields should be extended maximum assistance, guidance and technical advice by the Directorate General of Technical Development.
9.	2.21.	The Committee recommend that the Directorate General of Technical Development should prepare a list of labour-intensive industries in the country and while processing applications for new industrial licenses, every possible encouragement should be given to entrepreneurs desirous of setting such industries so as to generate maximum employment opportunities in the country.
10.	2.25.	The Committee note that a number of guidelines govern the processing of applications for

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new industrial units and substantial expansion of existing units. Amongst the guidelines, the Committee attach great importance to the following:

"(1) Does the production capacity offer scope for economic production?"

"(2) Is the location of manufacturing Units satisfactory with respect to raw materials supply, power, water and fuel supplies and also regional distribution of industries and development of backward areas?"

"(3) Need for foreign collaboration if any?"

"(4) If abnoxious by-products and/or effluents arose, are satisfactory arrangement made for their disposal in a special manner?"

2.26. The Committee consider that one of the most pressing problems is not only availability of goods but the reasonableness and competitiveness of their prices so that these are within the reach of the common man. Viewed from this standpoint, the Committee feel that economic size of production is of crucial importance which should receive Government's most careful attention in determining the size of an undertaking or its expansion. The Committee would hasten, however, to add that since the objective is the availability of goods at most competitive prices to the consumer, Government should keep a watch to see that the products do in fact reach the common man at competitive rates after the unit goes into production.

11. 2.27. As regards the second criterion, about location, the Committee attach the greatest importance to the development of backward areas and rational distribution of industries to ensure balanced development of various regions of the

1	2	3
		country. The Committee consider that the Directorate General of Technical Development can play a very significant role in helping to disseminate knowledge about availability of raw materials, power, water and fuel supply and other infra-structure in the backward areas so that industry is attracted to these places.
12.	2.28.	As regards the necessity or otherwise of foreign collaboration, the Committee cannot too strongly stress the need for most careful examination. Obviously, there should be no question of allowing any foreign collaboration for areas of technology where our country has already developed know-how. As urged by the Committee elsewhere, there should be a close liaison between the Directorate General of Technical Development, the Council of Scientific and Industrial Research and other premier research institutions engaged in industrial research in order to channalise and intensify research efforts in areas where technological gap subsists necessitating foreign collaboration. The Committee need hardly add that wherever a foreign collaboration is allowed, a close watch should be kept on the results achieved and the efforts made to achieve self-reliance so that foreign collaboration can be dispensed with at the earliest date on attaining self-reliance.
13.	2.29.	The Committee attach great importance to setting up of industries in such a manner as not to pollute the atmosphere of the surrounding areas to the detriment of health of persons and other living organisms. The Committee would, therefore, stress that while processing applications for new industries, the Directorate General should pay special attention to proper and safe disposal of effluents and other harmful by-products in the interest of nation's health.

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14.	2.30.	The Committee note that the number of applications for licenses pending with D.G.T.D. on 1-1-1972 was 206 against 731 on 1-1-1971, and that the applications which contain complete information are generally disposed of within a target period of 4 weeks. The Committee hope that concerted efforts would be made by DGTD to further reduce the number of pending applications and even in those cases where complete information is not furnished in the application, disposal would be expedited by asking for all the wanting information in one comprehensive back reference and by extending necessary guidance to the applicants to furnish all the detailed information desired.
15.	2.39.	There is no denying the fact that the Direcate General of Technical Development have played a very significant role in encouraging industry to attain self-reliance. By and large the role of D.G.T.D. in this sphere has been widely acclaimed. The Committee are concerned to note, however, from some representations received by them, that the procedure for clearing applications for import of goods, which are not available within the country, is time-consuming and takes anything from four to six months. The Committee have elsewhere in this Report emphasized the need for DGTD to maintain accurate and up-to-date statistical data and detailed information about machinery, equipment and other goods which are available within the country. The Committee feel that if this information is maintained up-to-date in such a manner as to be free from mistakes, it could serve as reliable basic data to the DGTD for processing applications for import. The Committee would also suggest that where the DGTD have a genuine doubt about the capacity of a

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		manufacturer to supply the machinery and equipment in time, the Technical Officer of the DGTD should not hesitate to verify the position by a visit in person so that there is no room for doubt in either allowing or rejecting the applications for import.
16.	2.40.	The Committee would, in short, like the D.G.T.D. to see that the time taken for processing of application is reduced. D.G.T.D. should also ensure that the time span between the issue of the licence and the actual commissioning of the plant for production is reduced to the minimum.
17.	2.49.	The Committee are greatly exercised over the paucity of raw materials required for the industry. The Committee need hardly reiterate that unless basic raw materials are available in adequate quantities and in time, it would not be possible to get the maximum output from installed capacities which have been established with scarce resources of the country. The Committee feel that Government should keep under continuous review the position of raw materials required by industries so as to extend every assistance in making them available indigenously in adequate quantities and qualities and in time, failing that to arranging for timely import and efficient distribution so as to inspire in the industry a feeling of confidence that their production programmes would not suffer for paucity of raw materials.
18.	2.50.	The Committee are also concerned to note that at present a number of Ministries and Government Departments are responsible for the raw materials, for example, the Ministry of Steel and Mines are responsible for making available steel and non-ferrous metals, the Ministry of Foreign Trade and the State trading organisations arrange for import of steel and other non-ferrous metals, in scarce supply, the Ministry

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of Petroleum and Chemicals are responsible for basic raw materials connected with petroleum and chemical industries, the Ministry of Agriculture are responsible for cotton and jute etc. The Committee feel that there is much to be said for having some central planning agency which would keep a continuous and strict watch over the availability of raw materials and ensure their timely supply. This also underlines the need for close coordination between the Ministries concerned.

19. 2.51. The Committee understood during their informal discussions with leading chambers of commerce and industry and as well as during the formal evidence tendered before them by knowledgeable persons that there has been lack of proper planning in ensuring timely availability of some key basic raw materials like soda ash. The Committee are not able to understand how Government could reconcile themselves to a situation where even on paper there is a shortage to the extent of 20,000 to 60,000 tonnes per year between the demand and indigeneous availability of soda ash. It was only in March, 1971 that the Ministry of Petroleum and Chemicals thought of issuing a Press Release and inviting applications for licences. Obviously, this action should have been taken several years earlier as it is well-known that a plant for producing soda ash besides being capital intensive would take a few years to establish. The Committee are also concerned to find from the information furnished to them that at least two firms which were issued letters of intent in 1969 have taken hardly any concrete steps in developing the capacity during the past two years. The Committee feel that, knowing as Government do, that this is a capital intensive industry, requiring experience and technical know-how, Government should have either

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		taken a firm decision to establish it in the public sector and taken measures accordingly to develop the capacity in time or given licences to such parties who had a proven record of being able to produce this vital basic raw material in requisite quantity according to a time-bound programme. The Committee connot too strongly stress the need for a pragmatic and realistic approach in the matter of developing requisite capacities for production of basic raw materials required for the industry.
20	2.59.	The Committee are impressed by the pioneering role played by the DGTD in bringing about import substitution. They note that for industries for which the DGTD is directly responsible, the allocation of foreign exchange has progressively been reduced from 30 per cent in 1960 to 8·2 per cent in 1970 despite the fact that the industrial production in this sector reached an index of 228 in 1970 as compared to 100 in 1960.
21	2.60.	The Committee, however, notice that there has not been any meaningful coordination between the DGTD and other leading national research institutions e.g. national laboratories under CSIR and other industrial and scientific institutions to indentify the precise gaps in our industrial technology and know-how and intensify and redouble our efforts in the research institutions to develop technology and konwhow to meet these requirements.
22	2.61.	The Committee note that some efforts in this respect were made spasmodically in 1965-66 and again in 1968-69 but no meaningful, well coordinated and integrated programme for reserach and follow-up emerged out of them.
23	2.62.	The Committee note the great hopes which have been generated by the setting up recently of

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		the Committee on Science and Technology and hope that it would be possible now not only to indentify precisely the gaps in our technology and know-how which are required for the implementation of the industrial programme in the next five to seven years but also to determine the priorities and allocate the problems in a well coordinated and organised manner to one or more research institutions with a time bound programme and assured finances for achieving the break-through.
24	2.63	The Committee would stress the need for close coordination not only between the Government agencies represented by DGTD, CSIR etc.. but also between the industries and the research institutions concerned so as to make meaningful research to solve the practical problems faced by the industry. There should be a review of the progress made from time to time, at least once a quarter, so that remedial measures could be taken to intensify research or to resolve problems, in order to evolve the know-how within the agreed time schedule.
25	2.64	The Committee should not, however, be understood as being against all imports. What they are most keen on is achievement of maximum degree of self-reliance in the least possible time so that the industrial development programme can advance on a broad front. The Committee would like to point out that several countries, particularly Japan, have shown great imagination and judgement in purchase of technical know-how so that it could be adapted suitably to the requirements of industrial growth in the country and in fact improved upon to achieve a quick break-through in the interests of increased production.

1	2	3
26	2.65	The Committee have no doubt that while making all concerted efforts to achieve self-reliance, Government would ensure that the existing industrial production programme and the planned industrial development do not suffer for want of timely imports wherever absolutely essential in public interest.
27	2.68	The Committee are concerned to find that while the Directorate General of Technical Development is responsible for the modernisation of industries, in fact, no systematic effort has been made to study precisely the needs of each industry for modernisation. It is being largely to the initiative of the industrialists to apply for capital goods licence, whereafter the matter is examined on merits.
28	2.69	The Committee feel that the Directorate General General of Technical Development have an important responsibility to discharge in the matter of planning and assisting in the modernisation of industries, particularly those of traditional nature such as textiles, jute etc. The Committee consider that one of the reasons why India has not been able to enlarge its exports in textiles is the delay in modernising the industry to keep pace with technological developments. The Committee would, therefore, stress that the Directorate General of Technical Development/ Ministry of Industrial Development should, in close consultation with the industry and Development Councils, prepare concrete programme for modernisation of industries, particularly those in the traditional fields, and make every effort to meet the requirements of machinery and equipment for modernisation by developing indigeneous capacity in the country. Government should extend a helping hand in arranging necessary financial assitance and accommodation through financial institutions. The

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		Committee consider that time is the essence of the matter and where it is absolutely essential that an industry should be modernised in the interest of sustaining or enlarging exports, timely import of the requisite machinery and equipment should not be grudged.
29	3.5	The Committee consider that a stage has been reached where the Development Councils should act as a forum for focussing attention of the industry as well as Government and all others concerned on the problems facing the industry in the interest of accelerated development. It is, therefore, of the utmost importance that the composition of these Councils should be such as to bring together such representatives of industry, labour and consumers, who are vitally and actively interested in the industry. It would obviously be better if the present system of appointment of members in individual capacity could be replaced by a system of submission of panels of names by representative bodies of industry and labour from which Government could appoint the most eminent and knowledgeable persons who would help to identify problems of interest to the industry and find agreed solution for implementation.
30	3.6	The Committee would also stress that these Councils should be made more active and should meet at least once a quarter so that remedial measures as necessary could be taken without loss of time.
31	3.7	There is a feeling that the consumers' interest does not find as much recognition as it should in industrial programmes, for ultimately the objective of industrialisation is to make available the goods at most competitive prices to the common man. The Committee would, therefore, stress that in the deliberations of the Development

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		Council, the consumers' interest should be effectively represented and kept in view while taking crucial decisions.
32	3.14	The Committee feel that the Development Councils have an important role to play in the industrial development of the country as these Councils provide a forum where the representatives of the various interests connected with the industry viz. Government, owners, labour etc. meet and have free and frank discussion about the problems facing the particular industry. The Committee, are, however, concerned to note that some of these Development Councils have not been functioning actively with the result that they have not been able to perform their functions properly. As their Secretariat is provided by the Directorate General of Technical Development, the Committee suggest that D.G.T.D. should take immediate steps to activise all the Development Councils.
33	3.15	The Committee have no doubt that Government will give the consideration to the recommendations emanating from these Councils with a view to implement them without delay in the interest of greater and more efficient production by the industry.
34	3.23	The Committee note the view expressed by the Study Team on Directorate General of Technical Development that the "Development Councils can hardly be more effective than the Secretariat which serve them." The Committee feel that for the success of the Development Councils it is necessary that the position of Secretariat of these Councils should be periodically reviewed. The Committee agree that the Industrial Advisers concerned should be members of the Development Councils and they should be made responsible to ensure that the Development Officers

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		take proper follow-up action on the recommendations made by the Development Councils.
35.	4.8	The Committee note that M/s. Booz-Allen and Hamilton Inc. Ltd., an International Team of Management Consultants had as early as February, 1966 recommended a computerised Information System for the D.G.T.D. but it was only in November, 1969 that Government entrusted the Indian Institute of Management, Calcutta with designing and implementing a computerised integrated information system for the D.G.T.D. The Committee note that even after a lapse of six years after the submission of Report by M/s. Booz Allen and Hamilton Inc. Ltd. the integrated Information System has not yet been introduced in the D.G.T.D. The Committee are forced to the conclusion that the matter has not received the earnest attention of Government which it deserved.
36.	4.9	The Committee would also like to point out the remarks made by M/s. Booz Allen and Hamilton Inc. Ltd. as early as 1966 about the present Information System in their Report "The dedication and hard work invested by the officers of the D.G.T.D. yield less than optimum effectiveness because to an important degree, there are weaknesses in the information system upon which the decision making of the D.G.T.D. in foreign exchange allocation and technical development is largely based. The weaknesses relate to unreliable import data, inadequate data storage and retrieval, cumbersome data processing and inconsistent data analysis and usage. D.G.T.D. officers do not usually have the information needed for sound decision making." and further "The quality of data received by D.G.T.D. is not consistent nor is it audited. Data gaps and inconsistencies make follow-up analysis and control difficult. In general it may be concluded that better

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		performance measurements techniques are required if D.G.T.D. Officers are to be able to exercise proper follow-up and control over the effectiveness and use of allocation made by them." The Committee feel that these observations clearly demonstrate that in the absence of a proper computerised Information System, the Directorate General of Technical Development is not able to perform its duties and responsibilities satisfactorily.
37.	4.10	The Committee, however, note that the Director General, Technical Development expects that in the next two or three months, at least with regard to production returns, all the details of the various units and raw materials etc. would be codified. The Committee hope that steps would be taken without further delay for the installation of an integrated Computerised Information System for the D.G.T.D. and continuously improve and adapt it to serve better the interest of processing objectively and expeditiously applications for import on setting up new industries or expansion.
38.	4.11	The Committee expect Government to put the data, which would be available to them after computerisation, to effective use in the interest of rendering more expeditious and meaningful service to the industry.
39.	4.16	The Committee are of the opinion that the Public Relations Directorate in the Directorate General of Technical Development can play a more effective role if it maintains close liaison between the D.G.T.D. and the industry and if it is able to give correct and positive guidance to the new entrepreneurs. The Committee, therefore, suggest that the Public Relations Directorate should be equipped with up-to-date information regarding capacity licensed, capacity open for licensing, availability of raw materials, import of

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		capital goods and machinery etc. so that it may be able to provide prompt and on-the-spot guidance and information to any prospective entrepreneur.
40.	5.7	The Committee note that after the issue of a letter of intent, an entrepreneur has to approach many agencies prescribed under the procedures before the actual licence is issued to him. The Committee feel that at all these stages, D.G.T.D. can render him assistance in getting the matter expedited. The Committee, therefore, recommend that D.G.T.D. should maintain close liaison particularly during this period with the industry so that it may be able to take effective and immediate steps for resolving the problems faced by the entrepreneurs. The Committee are of the opinion that one reason for the fall in the industrial growth rate is non-implementation of a number of letters of intent issued and it is, therefore, here that D.G.T.D. should try to provide every possible assistance to the entrepreneurs.
41	5.11	The Committee note from the Statement of visits to Industrial Units undertaken by the Officers of the D.G.T.D., that during 1971, out of 75 Technical Officers in the D.G.T.D., 26 Officers did not visit any factory even for a single day, 21 Officers visited factories for one or two days only and only 7 Officers visited factories for 10 days or more. The Committee fail to see how the officials responsible for development can provide realistic and meaningful guidance without first-hand study in the field, of the problems confronting the industry. The Committee cannot too strongly stress that Government should lay down guidelines for ensuring that each of the Technical Officers etc. visits a minimum number of units in different parts of the country every month. There should be a system for recording formally significant problems concerning the industry

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which come to notice during tour and bringing them to the notice of higher officials together with concrete plans of action for resolving them. The Committee feel that the Director-General of Technical Development and the three Deputy Director Generals who head this organisation, should set an example by undertaking tours to the industrial units in the field and by extending to them assistance both on-the-spot and from headquarters in the interest of accelerated growth of industry.

The Committee would like to be informed within three months of the action taken in implementation of the above recommendations and the actual number of days spent by various officials of the Directorate in visiting the industrial units in different parts of the country and the follow-up action taken as a result of these visits.

APPENDIX V

Analysis of recommendations contained in the Report

Classification of recommendations:

A. Recommendations for improving the Organisation and working:

Serial Nos : 2, 3, 4, 5, 6, 7, 8, 9, 14, 16, 17, 18, 19, 21, 22, 23, 24, 25, 28, 32, 34, 35, 36, 37, 38, 39, 40, 41.

B. Recommendations for effecting economy :

Serial Nos. 12, 26,

C. Miscellaneous Recommendations:

Serial Nos. 1, 10, 11, 13, 15, 20, 27, 29, 30, 31, 33.

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