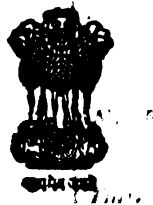


**ESTIMATES COMMITTEE
1960-61**

**HUNDRED AND TWENTY-THIRD REPORT
(SECOND LOK SABHA)**

**MINISTRY OF COMMERCE AND INDUSTRY
(DEVELOPMENT WING)**



**LOK SABHA SECRETARIAT
NEW DELHI—1
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CORRIGENDA

to

Hundred and Twenty-third Report of the Estimates Committee on the Ministry of Commerce and Industry - Development Wing.

<u>Page</u>	<u>Para</u>	<u>Line</u>	
2	4	3	<i>Delete bracket () after the word 'development' and insert comma (,).</i>
13	37	5	<i>For 'contres' read 'centres'.</i>
22	58	3 from bottom	<i>For 'sield' read 'field'.</i>
23	61	3	<i>For 'ben' read 'been'</i>
28	76	2	<i>For '1959-60' read '1956-60'</i>
34	94	4	<i>For 'fasting' read 'wasting'</i>
45	item No. 14	1	<i>For 'Auxillaries' read 'Auxiliaries'</i>
46	item No. 8	1	<i>For 'exlading' read 'excluding'</i>
46	item No. 21		<i>For 'Boilders' read 'Boilers'</i>
47	item No. 9		<i>For 'Expended' read 'Expanded'</i>
53	item No. 5	2	<i>For 'emp' read 'import'</i>

P.T.O.

<u>Page</u>	<u>Para</u>	<u>Line</u>	
60	against item No. 4	Col. 4	<i>For 'speakal' read 'special'</i>
64	against item No. 2	Col. 5 line 7 from bottom	<i>For 'theree' read 'three'</i>
72	S.No. 7	Col. 3 lines 6-7	<i>Delete words 'or other officers in Development Wing' after 'Senior Industrial Advisers'</i>
73	S.No. 8	Col. 3 line 1	<i>Insert 'better' between 'them' and 'fitted.'</i>
73	S.No. 10	Col. 3 line 2	<i>For 'joint' read 'join'</i>
74	S.No. 12	Col. 3 line 2	<i>For 'linces' read 'licences'</i>
76	S.No. 21	Col. 3 line 5	<i>For 'It' read 'If'</i>
76	S.No. 21	Col. 3 line 6	<i>For 'install' read 'instal'</i>
78	S.No. 27	Col. 3 line 1	<i>For 'theat' read 'that'</i>
78	S.No. 27	Col. 3 line 18	<i>For 'of allocation' read 'or allocation'</i>

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1960-61

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(iv)

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Shri M. C. Chawla—*Under Secretary.*

INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Hundred and Twenty-third Report on the Ministry of Commerce and Industry—Development Wing.

2. The Committee wish to express their thanks to the Secretary and other officers of the Ministry of Commerce and Industry and officers of the Development Wing for placing before them the material and information that they wanted in connection with the examination of the estimates. They also wish to express their thanks to the representatives of the All India Manufacturers' Organisation, Bombay, the Bharat Chamber of Commerce, Calcutta, the Indian Pharmaceuticals Association, Bombay, the Bengal Chemical and Pharmaceutical Works Ltd., Calcutta and Sarvashri V. Nimbkar, Anantarama Krishnan. Dr. D. Ramaswamy for giving evidence and making valuable suggestions to the Committee.

NEW DELHI;
The 3rd April, 1961.

Chaitra 13, 1883 (Saka).

H. C. DASAPPA,
Chairman,
Estimates Committee.

I

ADMINISTRATIVE SET-UP

A. Introduction

The exigencies of the last war called for the establishment of several industries in the country to meet the requirements of the war effort. To achieve this end a planning unit was set up in the organisation of the late Directorate General of Munitions Production and the Directorate General of Supplies to plan such industries and to encourage and assess their establishment in the private sector. As a result, several new industries came into existence during the war years. At the end of the war these industries were faced with various difficulties. Their consolidation into a well-integrated pattern of industrial development to cater to the needs of the country's peace-time economy became a matter of urgent necessity. To meet these requirements, the Development Wing was formed in 1946 as an important part of the Directorate General of Industries and Supplies under the late Ministry of Industries and Supplies.

Origin of
Development
Wing.

2. The Development Wing functioned as an integral part of the late D. G. I. & S. from 1946 to 1951. In 1951 it was organised as a separate Attached Office under the Ministry of Commerce and Industry and continues as such. Though originally established to help the development of various indigenous industries, which had sprung up haphazardly during World War II, its functions have greatly expanded over the course of years. With the exception of a few industries like iron and steel, textiles, sugar and vanaspati the Wing is entrusted with the task of formulating and executing the development plans of all the other industries. The Development Wing renders technical assistance to other Ministries such as Steel, Mines and Fuel; Works, Housing and Supply; Finance; Education; Planning Commission etc., and statutory bodies like Tariff Commission, Indian Standards Institution and Council of Scientific and Industrial Research, in matters relating to industrial development.

B. Functions

3. The main functions of the Development Wing relate to securing increased production, establishing production of new items, ensuring improvement in the quality of production, examination of applications for issue of licences, assist-

Main functions of Development Wing.

ance to the industries for the procurement of raw materials and other technical help both from indigenous sources and from abroad and administration of certain functions under the Industries (Development and Regulation) Act, 1951. A detailed statement of the main functions of the Development Wing is given at Appendix I.

Assessment of performance of Development Wing.

4. To enable a proper assessment to be made of the performance of Development Wing in promoting industrial development) it is necessary to have a comprehensive review of the 'country's over-all requirements and how far these have been achieved. The Committee wanted to know whether there was any comprehensive publication which would give an idea of the various industrial requirements of the country, the present capacity of the units which are licensed, the amounts of capital outlay that may be required for meeting the additional industrial requirements etc., a picture which would help a long range and comprehensive perspective planning. It was stated that each of the 16 Development Councils had their own programme of development but not a consolidated one. The Committee have seen the volume "Programmes of Industrial Development 1956—61" which gives certain statistical data relating to 51 organised industries together with programmes for their expansion during the Second Five Year Plan period. *The Committee would suggest the same idea to cover a wider ground so as to include practically all the industries for which there is a favourable climate as well as necessity in the country, and the likely capacity of each industry required to be developed, the amount of foreign exchange required having regard to the progress made in indigenous production of machine building etc. The five year plans no doubt serve a distinct and useful purpose especially to correlate achievements with resources and fixing the concerned targets. But the Committee consider that planning on a mere 5 year basis would not carry the country very far and quick enough.*

Necessity for long range and comprehensive perspective planning.

C. Administrative and Technical set-up

Directorates in the Development Wing.

5. The Development Wing has at present 17 technical Directorates—9 for engineering industries including metallurgical industries and 8 for chemical industries. These Directorates are under the immediate charge of Development Officers who are assisted by Junior Officers and staff. In addition, there are certain Cells created for some specific items of work, namely, the T. C. M. and Export Promotion Cell, Metric Cell and O. & M. Cell. A statement showing the subjects dealt with by the various Directorates and sections mentioned above is given in Appendix II.

D. Technical Staff in the Development Wing

6. A statement showing the existing and sanctioned strength and the assessed requirements of the Development Wing in regard to the technical officers (Development Officers, Deputy Development Officers, Assistant Development Officers etc.) is given below:

Strength of
Technical
Staff.

Designation of the post.	Sanctioned strength.	Existing strength.	Assessed requirements.
Chief Industrial Adviser	1		1
Senior Industrial Advisers .	2	2	2
Industrial Advises: .	4	3	8
Development Officers/Dy. Development Officers	53	46	85
Asstt. Development Officers 37 } Junior Chemist 1 }	38	38	104
Junior Field Officers	43	28	98

7. It was stated by the representative of the Ministry before the Committee that the Development Wing was understaffed on the technical side in higher ranks. The deficiencies in the present sanctioned strength were being filled up as and when felt necessary. The gap between the actual and sanctioned strength is fairly large. Compared to the assessed requirement it is considerable. A general criticism of the working of the Development Wing made to the Committee by non-official agencies was the lack of adequately qualified and trained personnel with the necessary experience and background in the technical field and the capacity to examine speedily the technical aspects of the projects referred to the Development Wing for opinion and advice.

Shortage of
Technical
Staff.

8. The Secretary to the Ministry explained that there was considerable difficulty in getting suitable persons to fill up different technical posts. There was no sufficient response to the advertisements made by the Union Public Service Commission and suitable persons could not be always found. Sometimes the persons selected did not accept the appointments offered. He added that it was possible to prepare a panel for quick recruitment instead of advertising each time. In reply to a question whether there was a scheme to recruit persons to the lower grade and train them subsequently for

jobs in the higher grade, he stated that they had not got any scheme of probationers. He, however, promised to consider the idea.

9. The shortage of technical men in the Development Wing relates mainly to the posts of Development Officers, Deputy Development Officers, Assistant Development Officers and Junior Field Officers. The scales of Development Officers and Deputy Development Officers have been merged. A proposal to merge the existing pay scales of Assistant Development Officers (Grade I—Scale Rs. 350—850 and Grade II—Scale Rs. 325—590) is stated to be under consideration. *The Committee feel that it might be useful to have a unified pay scale for Assistant Development Officers, as has been done in the case of Deputy Development Officers which might help in better recruitment. It would be also desirable to examine the possibility of recruiting young men in the lower categories and put them under a course of training, so that they can qualify themselves for employment in higher posts in due course. Such an arrangement might, to some extent, help the Development Wing in filling up its required strength of technical officers.*

Assessment
of staff re-
quirements.

10. The Committee were informed by the representative of the Ministry that at the moment the two Senior Industrial Advisers had made only theoretical calculations as to the requirements of the technical staff in the Development Wing as indicated in para 6 above. *It is obviously desirable to have a proper scientific analysis of the work-load, existing and anticipated, in the Wing and to assess the requirement of officers to work to the programme of industrial development in the Third Plan.*

E. Ministerial Staff in Development Wing

Ministerial
Staff in De-
velopment
Wing.

11. Apart from technical officers, the Development Wing employs a large number of ministerial staff, namely 76 Assistants, 117 U.D.Cs., 257 L.D.Cs. etc. The reason advanced for the employment of such a complement of ministerial staff was that large amount of routine and mechanical work had to be done by them in addition to maintaining documents and records which were often required for references in thousands of cases. As every important document had to be typed, most of the L.D.Cs., were employed as typists.

Need to re-
duce the
Ministerial
Staff.

12. *The Committee feel that it may not be necessary for the Development Wing which is mainly concerned with tendering of technical advice and registration and licensing*

of industries to have such a large non-technical staff. It is likely that some reduction may be effected by improving present methods of work to avoid duplication, unnecessary paper work and typing. The Committee recommend that the matter may be examined by the Special Reorganisation Unit with this end in view.

13. The Development Wing appears to have been organised somewhat on the secretariat pattern. It has various tiers of officers from Senior Industrial Advisers to Assistant Development Officers. The functions and duties of these technical officers have not been demarcated or any ratio between the various categories of Officers viz. Development Officers, Deputy Development Officers and Assistant Development Officers fixed. All these officers are doing the same kind of work, only varying in degrees of importance.

Organisation of the Development Wing.

14. In dealing with industrial development of the country certain elasticity in the organisation is no doubt desirable, but that has to be achieved by laying down well defined functions within which they can work with freedom. *It is, therefore, necessary to define the functions of the various officers and fix a working ratio between different categories after a proper examination as recommended in para 10 above. By doing so, it may be possible to have better output, less of clerical work and have other advantages of a proper organisation. The Committee recommend that an examination on these lines may be carried out by the Special Reorganisation Unit.*

Need for defining the functions of officers.

F. Staff in the Ministry of Commerce and Industry

15. In the Ministry of Commerce and Industry there are 13 Deputy Secretaries (including one O. S. D.), 20 Under Secretaries and a complement of ministerial staff dealing with large and medium industries. In the Development Wing there are 23 Development Officers, 30 Deputy Development Officers and 31 Assistant Development Officers and a large number of staff in lower levels for doing the same work relating to these two groups of industries. The Committee were informed that the Ministry took sufficient care to avoid any duplication of work either in the Development Wing or in the Ministry itself. For example, hitherto various sections in Development Wing used to prepare papers for Licensing Committee, but such papers are now prepared in the Ministry.

Staff dealing with Industries in the Ministry of Commerce and Industry.

Need to examine the allocation of functions between Development Wing and the Ministry.

16. The Committee were informed that the Special Re-organisation Unit which went into this question in 1953 had no comments on the aspect of duplication of effort. While the Committee could not go into the detailed working of the Secretariat of the Ministry of Commerce and Industry, nevertheless, after going through the mass of material furnished and evidence given before them, *they are of opinion that a more detailed examination of the allocation of work and functions of officials and staff of the Ministry and the Development Wing may be useful.*

G. Appointment of Officers on Boards/Committees

Membership on Boards/Committees of the Senior Industrial Adviser.

17. The two Senior Industrial Advisers are serving on a very large number of Boards or Committees as Member/Convener/Chairman/Director. The Senior Industrial Adviser (Engineering) serves on 28 bodies and the Senior Industrial Adviser (Chemicals) on 41 bodies. The Secretary to the Ministry explained that this would not be outside the normal purview of what might be called 'development work'. The Development Wing periodically reviewed the position. *Considering the heavy responsibilities of the two Senior Industrial Advisers in the Development Wing, it appears to the Committee that the number of Committees or Boards on which they are represented are far too many. They suggest that the present appointments of the Senior Industrial Advisers on a number of Boards/Committees should be reviewed to see whether they could not be relieved of the Membership/Directorship of some of the Boards/Committees etc. and enabled to devote more attention to the transaction of business at the Headquarters. The question of appointing other officers of the Development Wing to some of these Committees/Boards in the place of the two Senior Industrial Advisers may be examined.*

H. Touring by Officers

Tours by Officials of the Development Wing to acquaint themselves with working of Industries

18. In order to assist the industries, it is necessary for the officers of the Development Wing 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 only be achieved by visits to the industrial units *and centres throughout the country.*

19. A table showing the period spent on tours by the Senior Industrial Advisers and the Industrial Advisers during the period 1-3-59 to 30-9-60 is given below:

Period for which officials of the Development Wing were on tours.

S. No.	Designation of the Officer.	No. of days spent on to	
		1-3-59 to 31-3-60	1-4-60 to 30-9-60.
SENIOR INDUSTRIAL ADVISERS			
1.	Engineering	67	28
2.	Chemicals	73	30
	TOTAL	140	58
INDUSTRIAL ADVISERS			
1.	Engineering	35	16
2.	Engineering	50	31
3.	Chemicals	42	34
	TOTAL	127	81

A statement showing the tours undertaken by other officers of the Development Wing is also given in Appendix III.

20. The Committee were informed by the representative of the Ministry that a great deal of the touring and inspection of industrial establishments was carried on by the Senior Industrial Advisers. As and when necessary, the Industrial Advisers and the Development Officers also toured; the latter probably toured more because they had to inspect certain industrial units. Mostly the Senior Industrial Advisers and Industrial Advisers went out to attend meetings of the Committees/Boards held in different parts of the country and they took advantage of such visits to make local studies also. Moreover, by touring for a specified period the Senior Industrial Advisers could cover the whole country while a junior officer could cover much less and only limited ground in a proportionate period. There was also some difficulty in entrusting the junior officers like the Assistant Development Officers and Deputy Development Officers with the task of inspection, investigation and survey of the industrial establishment.

21. The average period spent by a Senior Industrial Adviser on tour during the year 1959-60 was 70 days. This may not include time taken by foreign tours. If holidays are taken into account and some allowance made for them for the meetings of the large number of Boards/Committees

on which he is a member and which are held at Headquarters it would appear that a Senior Industrial Adviser could not be expected to devote to the work at Headquarters for more than half the year. *It would be desirable to relieve the senior officers of such touring by entrusting that work to the junior officers like Deputy Development Officers and Assistant Development Officers. Such an arrangement would give them an opportunity to go round the country, get familiar with the industrial units and their work and make them better fitted to deal with the specific problems which are referred to them.*

I. Powers of Officers of Development Wing

Demarcation
of powers
vested in
Officers.

22. It was pointed out to the Committee by certain industrialists and Chambers of Commerce that there did not apparently exist any clear demarcation of the powers vested in the officials of the Development Wing at the various levels with the result that it sometimes caused harassment to the industrialists and entrepreneurs. It was also pointed out that officers at lower levels generally asked the industrial establishments to furnish certain information which was of a confidential nature. Sometimes the officers wrote in a *manner open to objection.*

Exercise of
power by
Development
Officers.

23. The Committee were further told that the Development Officers and Deputy Development Officers had been vested with wide powers under the Industrial (Development and Regulation) Act, 1951. It was on the basis of their advice or comments that applications for the starting of industrial projects, expansion of existing units, import of machinery and raw materials etc. were considered. In several cases, complaints were made that the propositions which were sound and in the interest of the national economy were being rejected without adequate grounds.

24. The representative of the Ministry explained in evidence that the industry was required to furnish certain statistical information under the Industrial (Development and Regulation) Act, 1951 and Rules made thereunder but failed to do so and, therefore, some strong reminders might have been issued. It might also happen that the senior officials concerned in the Development Wing were not prepared to accept the industrialists' version or some peculiar feature of a project which the industrialists wanted them to accept and consequently their licences were refused. Though the Development Wing did offer comments on the applications for licences, it was the Licensing Committee which ultimately took the final decisions on them. The decisions

taken by the Licensing Committee might have been construed as discrimination to certain industries in the issuance of licences. The representative stated that if any specific complaints were made, the Ministry always looked into the matter.

25. *The Committee are glad to be assured by the representative of the Ministry that specific complaints when brought up will be looked into. They may say, however, that there is not a general tendency on the part of individuals to carry such specific complaints to higher authorities, for they may be afraid that it may defeat the very purpose of doing so. They may quote from a memorandum of a Chairman of a Development Council—*

Review of the powers vested in officials of the Development Wing.

“It appears to me that sometimes officers at lower levels write letters under their signature asking the industry to furnish certain information, which I believe is of confidential nature, probably given only to Tariff Commission during their enquiries. Sometimes the officers write letters to the industries giving some kind of ultimatum. I don't know whether this kind of powers are given to the officers, or they go beyond the powers conferred on them. Needless to say, such letters cause lot of anxiety to the industry, I should therefore, think that the duties and powers of the officers should be clearly defined and they may be requested to act within their limitations.”

A Chamber of Commerce has said in a memorandum as follows—

“The Deputy Development Officers, it is pointed out, have been vested with wide powers and it is on the basis of their advice or comments that applications for the starting of industrial projects, expansion of existing units, import of machinery and raw materials etc., are considered. In several cases, it is complained, propositions which are sound and in the interest of the national economy are rejected without adequate grounds. It is necessary that some sort of supervision or revisionary examination should be provided for wherever necessary so that industrial propositions which satisfy certain essential tests or criteria may not be turned down except on very important considerations like foreign exchange.”

It might be useful to examine how powers under the Industries (Development and Regulation) Act, 1951 have been exercised in a representative number of cases.

Appointment
of officials of
Development
Wing
in private
Industries.

26. The Committee were informed by a non-official witness that some officers of the Development Wing left the service of the Development Wing during the past few years to join private concerns on more attractive terms. It was stated by the Secretary to the Ministry that during the last three years only 7 or 8 persons, mostly Deputy and Assistant Development Officers, left to join private firms. He further added that if they could get better pay in the private sector and are prepared to forego their pensionary benefits they could go and that considering the small number of people who had left the service there was nothing to be worried about. *Though the number is not large, it would be inappropriate if the appointment of such persons in the private sector was in any way influenced by the official positions enjoyed by them. The Committee suggest that it may be interesting to find out whether any of these officers while working in the Development Wing had at any time any official dealings with the firms or concerns which they later on joined and whether they went without prior permission. It was suggested to the representative of the Ministry whether the obtaining of an agreement from an employee to serve for a specific period of three or five years would not be good enough, but the representative said that it would make recruitment more difficult.*

J. Co-ordination between the Development Wing and the Chief Controller of Imports and Exports.

Complaint
of lack of
co-ordina-
tion in the
issue of
import
licences.

27. It was represented to the Committee that there has been a lack of coordination between the Development Wing and the Chief Controller of Imports and Exports in the issue of licences for imports/exports. It was suggested that the assistance the Development Wing can render to the industry would be much more effective if its powers were enhanced in the issue of import licences. In the case of import licences, for instance, a great deal of valuable time was generally lost between the date of approval by the Development Wing and the actual issue of an import licence by the Chief Controller of Imports and Exports. It was pointed out to the Committee that when the plant and machinery required for an industry were being licensed for import, certain components and spares which were essential for the very operation of such plant and machinery were not allowed to be imported. This naturally constituted a serious

hindrance in the working of the plant and machinery imported at a heavy cost from overseas and installed in the country. The Committee also understood that the recommendations of the Development Wing for import of industrial raw materials, machinery and spares and components were sometimes not given due weight by the Chief Controller of Imports and Exports.

28. The Secretary to the Ministry informed the Committee that this matter had been engaging their attention for the last two years. They had examined whether it would be possible to treat the officers of the Development Wing as officers of the office of the Chief Controller of Imports and Exports for issue of import licences or to treat the officers of the office of Chief Controller of Imports and Exports as having powers of the requisite status of Development Wing. None of these suggestions had been found workable. An import licence application was scrutinised by the Development Wing to see whether the raw material etc. required was available in the country. Sometimes this discretion was exercised by the Chief Controller of Imports and Exports also, but the Development Wing was always consulted in case of doubt. Attempts have been made to achieve better coordination between the officers of the Development Wing and the Chief Controller of Imports and Exports by posting an officer of the Development Wing with the other organisation. Even that did not work. So they had come to the conclusion that the present system of consulting the Development Wing was most convenient in practice if it was desired to avoid import of material available in the country. There have been, however, delays in the past in consulting the Development Wing. But better arrangements of coordination have been made and now any reference was cleared within a week.

Steps so far taken.

29. In reply to the question whether it was possible to allot overall quota of foreign exchange to the Development Wing for issue of import licences, the Secretary to the Ministry said that in practice that was being done. When the half yearly figures are settled, the representatives of the Development Wing and the Chief Controller of Imports and Exports decided mutually how much of it should go to a particular industry. But the mechanics of issuing import licences were very complicated and not strictly of the nature of technical functions discharged by the Development Wing. He added that he was prepared to examine the possibility of attaching a branch of the office of the Chief Controller of Imports and Exports to the Development Wing for speedy issue of the import licences, though that would throw more work on the Development Wing.

Allotment of overall quota of foreign exchange for issue of import licences by Development Wing.

30. *The Committee have been assured that special steps have been taken by the Ministry to remove the delays in the issue of import licences. They suggest that the question of fixing a ceiling of foreign exchange for issue of import licences on the recommendations of the Development Wing and of enabling the Development Wing itself to issue licences within that limit may be examined. Further the possibility of transferring a small unit of the Chief Controller of Imports and Exports to the Development Wing to deal with the actual issue of licences may be considered.*

K. Co-ordination Sections

Functions of the Co-ordination Sections.

31. The Committee were informed that there were 4 Co-ordination Sections to look after the entire coordination work of the various Directorates in the Development Wing. For all practical purposes, the Co-ordination Sections were the hub of the Development Wing. The function of these Sections was to receive all the applications and references and ensure that the papers were sent to the concerned Directorates.

Complaints of delays.

32. It was brought to the notice of the Committee by some leading industrialists and Chambers of Commerce that inordinate delays occurred in the Development Wing in processing applications for licensing. The co-ordination between various Directorates in the Wing was reported to be inadequate and it was complained that there was often a tendency for each Directorate to function as a separate entity. Many industries had to deal with more than one Directorate. Such industries may have their dealings mainly with one Directorate but may have to go to other Directorates for getting raw materials for certain items of manufacture. In such cases even if the main requirements of the industry are met by the Directorate with which it is principally concerned, the manufacture is held up for want of small items which come within the purview of another Directorate.

Steps to eliminate delays in disposal of applications.

33. *The Committee are doubtful whether it is necessary to have as many as 4 Sections for co-ordination. In any case, in spite of these Sections the complaints of delay continue. It is necessary to reorganise the present set-up for a more expeditious disposal of work. The Committee feel that it would be desirable to have a sample check of time taken at various stages in the disposal of applications for industrial licences and grant of raw materials etc. during one licensing period and to remove any defects and bottlenecks found in the existing procedure. This could be entrusted to the Special Reorganisation Unit.*

* L. Zonal Offices

34. The Committee understand that the proposal to establish Zonal Offices under the charge of Industrial Advisers was mooted out in 1956 to achieve intensive industrial development on regional basis with particular reference to location of industrial units. The Zonal Offices would help in establishing liaison with the activities and functions of the Directors of Industries of the various States to explore the different lines in which such development can ultimately take shape. It was also contemplated that the duties of the officers in Zonal Offices would be to collect on the spot all relevant industrial data required for the planned development in particular fields of industries. They were to work in close liaison with the State Directors of Industries and prospective industrialists etc. to arrange preliminary spot survey of the aspects and to send them along with their recommendations to the Headquarters for the consideration and perusal of the Development Wing before passing them on to the Ministry for decision.

Concept of the proposed Zonal office.

35. The Committee learnt that the Zonal Offices could not be started for want of suitable officers to man the posts sanctioned for that purpose and also on account of non-availability of accommodation at selected places. Many of the posts sanctioned for Zonal Offices had since been abolished. In these circumstances, the opening of the Zonal Offices had been postponed for the time being.

Postponement of the opening of Zonal Office.

36. The representative of the Ministry explained during evidence that in addition to the reasons given, the plans for opening Zonal Offices were not proceeded with as, by merely posting one officer in each Zone, the purpose for which they were intended would not be served. Efforts were now made to concentrate in the Headquarters itself such functions because practically all the Directors of Industries from the States attended the meetings of the Development Council and the Officers of the Wing thus had sufficient opportunities to discuss in fair detail the various regional problems. The Committee were also informed that both the Senior Industrial Advisers held the same view regarding opening of the Zonal Offices.

Reasons for not opening Zonal Offices.

37. The Secretary to the Ministry, however, undertook to consult the Chairman of the Federation of Indian Chambers of Commerce and Industry and the Associated Chambers of Commerce about the feasibility and usefulness of having at major industrial centres like Calcutta, Bombay and Madras a senior officer or a few officers of the Development Wing.

Posting of Officers of Development Wing at major Industrial Centres.

People interested in the setting up of industries could consult them broadly instead of coming to Delhi.

Consulta-
tion with
Chambers of
Commerce
regarding
opening of
Zonal
Offices.

38. In a subsequent communication, the Secretary, Ministry of Commerce and Industry informed the Committee that the suggestion was discussed by him with the Chairman of these two bodies. Both of them were of the view that in the present circumstances it would not be feasible to post a few officers of the Development Wing at selected Centres as suggested above. The utility of such an arrangement would also be limited as enough senior officers in the Development Wing with adequate experience capable of giving correct advice to intending applicants for industrial licences were not available. Further, it was likely that officers stationed away from Headquarters might lose touch with latest developments at the Headquarters and express somewhat divergent views on the same issues which might lead to further complication. The Secretary to the Ministry was of the opinion, that for these reasons it would be desirable to continue to have one Central establishment. To the extent that local advice is needed, particularly for the smaller and middle class people, the Directors of Industries of the State Governments could and in fact do give adequate advice and guidance.

Public
Relations
Unit to be
set up in the
Develop-

39. *The Committee are inclined to agree with the opinion expressed by the Secretary to the Ministry. There is, however, an unquestionable need to make available for all industrialists particularly those who do not have sufficient resources of their own, a single source for the purpose of furnishing up-to-date and detailed information about any matter relating to starting of new or expansion of existing industries. The Committee feel that it would be helpful to have a Public Relations Unit in the Development Wing for this purpose. They also feel that it may be desirable for the Development Wing to establish, in conjunction with State Governments, similar Unit in the State Directorates of Industries for rendering similar assistance to the industrialists and entrepreneurs.*

Liaison with
trade Asso-
ciations.

40. *The Committee also suggest that Development Wing may promote close liaison not only with the State Directors of Industries but also with the commercial and industrial organisations in the country by posting them with all particulars concerning its work and the manner and method whereby it is assisting industrialists in putting through their proposals. Such organisations would then be in a better position to serve their constituents.*

II

A. Licensing Procedure

41. The Industries (Development and Regulation) Act, 1951 lays down that any undertaking which proposes to manufacture the articles mentioned in the First Schedule thereof should obtain a licence under the Act for the purpose, if such an undertaking employs more than 100 workers (if working without the aid of power) and 50 or more workers (if working with the aid of power). The existing undertakings which propose to effect substantial expansion or undertake production of new articles or to change the location are also required to obtain the licence for the purpose from the Central Government. Recently, industrial undertakings which employ less than 100 workers and have fixed assets i.e. investments in land, buildings, machinery, not exceeding Rs. 10 lakhs have been exempted from the licensing provisions of the Act. All other applications for setting up new projects or effecting substantial expansion of existing projects are examined by the Development Wing with reference to the technical feasibility of the schemes, present and future demands *vis-a-vis* the planned targets, availability of suitable raw materials, location and terms of foreign collaboration etc. The Development Wing then places the matter before the Licencing Committee which consists of the representatives of the Ministries of Commerce and Industry, Steel, Mines and Fuel, Finance, Railways, Labour and Employment, Company Law Administration and the Planning Commission.

Procedure adopted in Processing applications.

B. Applications for Licences

42. Under Rule 7(2) of the Registration and Licensing of Industrial Undertakings Rules, 1952 an application for a licence or permission is required to be sent to the Ministry of Commerce and Industry with six spare copies. On receipt the copies of applications are forwarded by the Ministry to different authorities, including the State Directors of Industries for their comments. A copy of the application was also sent to the Development Wing for technical examination. The Committee were informed by some industrialists that this procedure resulted in delay in the processing and finalisation of the applications. The representative of the Ministry informed the Committee that it was considered advisable from the point of view of co-ordination

Procedure for transmission of Applications for licences.

that the applications were dealt with in the Ministry in the initial stages. Again, many applications did not contain all the information required and it was necessary that applications should be completed before they were sent to the concerned authorities for comments. Remarks of the concerned State Directors of Industries with regard to availability of power, water etc. had to be obtained in respect of the applications.

43. *The Committee consider that the present procedure whereby the applications for Industrial licences are first received in the Ministry of Commerce and Industry and then forwarded to the various authorities for their comments takes avoidable time. While the original copy of the application may continue to be received and action thereon initiated by the Ministry, certain amount of time could be saved (i) by requiring a copy of the application to be routed through the State Director of Industries who could forward it to the Ministry offering his remarks regarding the availability of water, power, land etc. (ii) by requiring an application to be sent direct by the applicant to the Development Wing who might proceed with the technical examination of the schemes. The Committee would suggest that Government may examine the feasibility of revising the existing procedure on the lines indicated above.*

C. Delays in the disposal of applications

Steps taken for expeditious disposal of applications for licences.

44. Under Rule 15 of the Industrial Undertakings Registration and Licencing Rules, 1952, an applicant for a licence should be informed of the decision taken 'not later than 3 months from the date of receipt of the application, or the date on which additional information under Rule 9, is furnished whichever is later'. The Committee understand that the question of early disposal of applications for licences under the Industries (Development and Regulation) Act, 1951 has been under constant review. To reduce the pendency of applications, a number of steps are stated to have already been taken. For instance, applications for carrying on business, manufacture of new articles with the installation of additional machinery valued upto Rs. 2 lakhs, change of location of industrial units within the same State or to another State are generally disposed of without reference to the Licencing Committee. In addition to this, the Government of India have published a list of industries, applications for which, unless there is any special feature, are also disposed of without reference to the Licencing Committee. These measures are stated to have gone a long way to hasten the disposal of applications.

45. As regards the scrutiny at present exercised on applications, the Committee understand that the authorities including the State Governments who have to be consulted for examining the applications from various angles are invariably asked to furnish their comments within a fortnight of the receipt of the applications. They are also reminded at the expiry of this period and quite often by Demi-official letters. The delay in forwarding their comments is more often than not attributable to the fact that parties fail to give complete technical data and other information on their schemes. The Licensing Committee review periodically the list of all pending applications.

Review by
Licensing
Committee.

46. According to the Ministry the maximum time taken in disposal of a case in respect of applications received during the period 1st April, 1959 to 31st March, 1960, was 13 months and the minimum was 21 days. The normal time taken in disposal of applications is two to three months. The following statement furnished by the Ministry shows the average time taken in the disposal of applications for licences during the last three calendar years:—

Time taken
for disposal
of applica-
tions.

	1958	1959	1960 (as on 30-11-60)	
(i) Number of applications received .	1776	2845	3022	
(ii) Average time taken in the disposal of such applications .	5.53 months	5.18 months	4.7 months.	
(iii) Number of applications on which additional information was called for during the 3 years.			3,662	This relates to the information called for by the Development Wing and the Textile Commissioner.
(iv) Percentage of number of applications disposed of .				
(a) Less than 3 months .	15.74%	24.67%	35.6 %	
(b) less than 6 month .	44.1%	33.5%	37.0%	
(v) Number of applications pending .	541 (as on 20-12-58)	779 (as on 16-1-60)	658 (as on 30-11-60)	
Percentage of (v) to (i) .	30.4%	27.7%	21.7%	

47. It would be observed from the above statement that average time taken in the disposal of applications is about 5 months. Though there is slight improvement in the total time taken, there is scope for further improvement. It has been represented to the Committee by a number of Trade Associations and Chambers of Commerce that long delays occur in granting a licence. The Committee note that though the Rules framed under the Industries (Development & Regulation) Act, 1951 require that a licence should be issued within a period of 3 months, on an average it takes nearly double the time. It may be, as discussed in para 49, some time is taken in gathering additional information and that may account for some amount of delay.

Investigations into causes for delay.

48. *The Committee recommend that an investigation into the causes for delay in the disposal of applications may be undertaken and effective steps taken to reduce the time taken in the issue of licences. They suggest that the information regarding the number of applications received, the number disposed of, the average time taken in the disposal and the number pending and the broad reasons therefor and other cognate matters may be published in the Annual Reports of the Development Wing for information of the general public.*

Additional information called for by Development Wing.

49. It has been represented to the Committee that one of the reasons for the delay in the disposal of applications for industrial licences is the frequent cross references between the Development Wing and the industrial establishments concerned. Rule 9 of the Industrial Undertakings Registration and Licensing Rules, 1952 empowers the Central Government or the authority appointed by it to call for such additional information as it may consider necessary from the applicants for an industrial licence. Under Rule 15, the period of three months for the disposal of an application for a licence is to be reckoned from the date of receipt of application or the date on which the additional information is furnished by the applicant. Thus though the stipulation of period of three months is laid down there is room for delay in the consideration of an application on the ground of calling of additional information. The Committee were also given to understand that additional information is called for piecemeal at frequent intervals. The representative of Ministry told the Committee that no formal analysis of the reasons necessitating the need for calling additional information had been made. The form of application for licence was reviewed 2-3 years ago. It had now been made comprehensive and more information was being obtained.

50. It would be observed from the statement in para 46 that additional information was called for in as many as 3662 out of 7643 cases for the three years i.e. 47% of the total applications. The Committee consider this to be quite high. They would, therefore, suggest that a study of the causes necessitating the calling of additional information might be undertaken by the Ministry. Such a study would enable it to find out as to what extent the further references were due to incomplete information furnished by the applicants or to piecemeal disposal by the Development Wing. The first can be reduced by proper functioning of the Public Relations Unit recommended at para 39 above. The remedy for the second lies in improving the procedure and efficiency in the Development Wing. They would also suggest as an additional measure that irrespective of the investigation recommended a time-limit for calling for the additional information by the Development Wing even as a time-limit is fixed for the supply of additional information by the applicant may be laid down. Such additional information should be called for all at a time.

D. Agents/Intermediaries to process applications for licences etc.

51. The Committee learnt that a number of firms and individuals were acting as intermediaries in processing the applications for licences on behalf of their clients. These firms or individuals approached the officials in the Ministry or the Development Wing and arranged to get the licences for their clients. During the course of his evidence, the representative of the Ministry admitted that there were cases where the applicants obtained the services of a person who knew the intricacies of the procedure to present their case to the officials. The forms themselves were so complicated that ordinarily a person could not fill the various columns. He even welcomed the growing up of a service for helping people who put in applications for licences—somewhat on the lines of a legal profession. No one should be permitted to represent an applicant without a letter of authority from the latter. But the Ministry had not recognised officially any firm or individuals who could act as agents in getting a licence on behalf of their clients.

Agents for obtaining licences.

52. The Committee while appreciating the need for some such service for an applicant coming from afar and not very conversant with the intricacies of the process, are at the same time aware of the malpractices such a system may lend itself to. They had desired to be furnished with

the information regarding the persons who during a specified period frequented the offices of the Development Wing in connection with the issue of licences. That has not yet been furnished. In the absence of this information it has not been possible for the Committee to find whether the undesirable practice obtains to any large extent. The Committee realise that such intermediaries can also function outside the office premises and hours.*

The Committee are of opinion that the Intelligence Department should keep a vigilance over the unhealthy activities of any such intermediaries in the matter of procurement of licences. They agree that there may be room for reputed firms or individuals to render assistance to industrialists seeking licences, in which case a proper procedure may be prescribed for their operation including registration of their names.

Public Relations unit for assisting industries.

53. In para 39, the Committee have already recommended that a Public Relations Unit in the Development Wing should be opened to assist the intending entrepreneur on industrial matters. *In the Committee's opinion one way to eliminate unhealthy practices would be to make available to the applicant an authorised source which could enable him to get direct contact with the officers concerned and to obtain the information relevant to his case. This Public Relations Unit could be usefully entrusted with the function indicated above.*

E. Transfer of Industrial Licences.

Transfer of industrial units.

54. The Registration and Licensing of Industrial Undertakings Rules, 1952 provide for the recognition of the transfer of units by the owners to other parties. The Committee were informed that during the last three years, 62 cases were referred to the Ministry for endorsement of change in ownership under Rule 19A(2) of Registration and Licensing of Industrial Undertakings Rules, 1952.

*After the Report had been sent to the Ministry for factual verification, they intimated as below vide their O.M. No. Parl. 5(41)/60 dated the 28th March, 1961:

"x x The entry of visitors into Udyog Bhavan is controlled through the Reception Officers, who are under the administrative control of the Ministry of Home Affairs. That Ministry were, therefore, asked to furnish the particulars required by the Lok Sabha Secretariat, but they have stated that all the information called for is not fully furnished by the visitors. The Reception Officers do not keep separate Registers for the Development Wing alone, as there are other offices located in Udyog Bhawan. Extraction of the information required by the Estimates Committee from the registers will involve an incommensurate amount of labour and time, and even after the particulars have been extracted, they will provide very little of the information asked for by the Estimates Committee".

55. The Committee were informed that in cases where the company formed for the execution of a project was transferred to another party, the licence also went along with it. Some prominent industrialists who appeared before the Committee, however, pointed out the existence of the practice of transfer of industrial licences at high premiums and urged the necessity of checking such *malafide* transfers. It was also brought to the notice of the Committee that licences were sometime obtained by certain industrialists and no effective action was taken to start production, thereby preventing others more earnest in doing so. The Committee were informed that the Development Wing was able to check whether a licence issued was utilised or not through the monthly returns of production obtained from the undertakings concerned. In cases where it was felt that no effective action was taken to utilise the licence it was revoked.

Practice of
transfer of
licences.

56. *The Committee feel that the Ministry should exercise a close scrutiny over the transfer of the licences by the licencees to see that such transfers were bonafide. It would be desirable, in the Committee's opinion, to prohibit all transfers of licences without prior approval of the competent authority who should satisfy himself before permitting such transfer that it is in fact a bonafide transaction. They also recommend that a periodical examination of all the licences issued should be undertaken to see that the capacity licensed is actually installed and any licencee found guilty of misuse brought to book.*

They recommend that all transfers of licences should be published in the Journal of Industry and Trade.

57. *The Committee would further suggest that a period should be prescribed in the industrial licence itself indicating the time within which the plant should be installed, taking into consideration the nature of the industry. If the applicant does not take all necessary steps to install the machinery within the time prescribed or any extension given to him, power may be exercised to withdraw the licence.*

F Ownership of Firms

58. The Committee were informed by the Ministry that the Development Wing tried to check the growth of monopolistic tendencies in the country. The Committee desired to know whether the Development Wing examined applications for industrial licence to see in how many and which concerns or groups of industries applicant(s) were interested. The representative of the Ministry informed the Committee that the Development Wing did not at present

Ownership
of Firms.

ask for this information. The feasibility of obtaining such an information through the application for industrial licence was however being explored. The Committee feel that it would be useful to have such information readily available as without such information the Development Wing could exercise little control on the growth of industrial empires. The Committee recommend that the form of applications for industrial licence should be revised so as to make it obligatory on the part of an applicant to declare the particulars of the various firms, companies or groups of Industries wherein he held an interest as also particulars of licenses pending utilisation. The idea of the Committee is fairly clear that in order to realise the objective of the Government of not encouraging monopolistic tendencies, something more concrete and positive should be done than hitherto, which admittedly has not been attempted. Whatever the steps necessary may be, they are sure that production should not be held up. It should be possible for Government to notify the industrial public that they are prepared to consider licences for such and such industries. When the applications come in for any industry then on an examination of them it is apparent that among them there are some who have already a number of industries and some others who have none or few of them, the course of Government would be clear in selecting the applications of the one who has none or less of the undertakings. If of course there are no reliable applicants from among those who have no big industrial undertakings to their credit, then there could be no objection to the granting of the licence to the one who has them. It came out in evidence that some of the sugar licences were given to people who were high up in the industrial world, probably on the ground that cooperatives were not ready for the purpose. But if the particular locations had been notified it is quite likely that others of more modest means would have come forward. Another technique of obtaining licences is to be the first in the queue of applicants. Some of the bigger industrialists resort to the practice of applying for a large number of licences and lay claim to them as against other applicants on grounds of priority, which appears to be one of the grounds for granting the licences. The Committee consider that Government should take all positive steps necessary to give effect to their own policy of broad-basing the industrial sector on the lines suggested herein and others which a more detailed examination of the remedial measures may reveal.

Meanwhile, the Committee would suggest that a survey of holdings in the industrial field by the various groups of Industries and Business houses may be undertaken, if not already done.

III

A. Industrial Development

59. The Development Wing acts as the agent of the Ministry of Commerce and Industry in carrying out the policies laid down for industrial development and also as a technical adviser indirectly influencing the policy decisions. It provides necessary data and advice to the Planning Commission which helps it to lay down the targets and priorities in the industrial field. Besides, as previously stated, the Development Wing is entrusted with the implementation of the Industries (Development and Regulation) Act, 1951. Thus, the Development Wing plays a very important role in the development of industries in the country by controlling, directing and moulding its pattern of industrial development.

Role of Development Wing in carrying policies laid down by Ministry.

60. One of the criticisms levelled against the Development Wing was that it had not been successful in achieving a balanced growth of the industries. It has been pointed out that while expansion in one industry is allowed, expansion in another industry whose final products are utilised as raw material in the former industry is not permitted.

Coordination between industries.

61. The representative of the Ministry stated during evidence that no such case of lack of coordination between one industry and the other had been brought to their notice. In most of the cases, the Development Wing itself attempted to create capacities for the items which were required as raw material by certain industries. Every effort was being made to coordinate between the original industry as well as ancillary industries.

62. *The Committee need hardly emphasise that the programme of the development of one industry should be linked with the progress of the consuming industries. They would, therefore, suggest that a study of the expansion permitted in a few selected industries may be undertaken to see whether there has been any imbalance between the industries consuming manufactured raw materials and the production of the latter.*

Programme of Development.

63. The Committee understand that there have been instances of additional capacity in an industry being licensed even though the existing units in the industry were not able

to utilise their capacity fully due to the shortage of raw materials etc. The Committee were informed that normally the number of units required to achieve the target of production laid down were arrived at on the basis of a single shift operation. But in some cases certain units started operating more than one shift with the result that they were not able to get raw materials etc. In some cases, licences had been given for additional capacity even though there was difficulty about import of raw materials for existing units. This was thought advisable as it would be difficult to create additional capacity when the availability of raw materials improved. *Though no hard and fast rule can be laid down, the Committee are of opinion that in the present circumstances of foreign exchange, due care should be taken to see that no additional units or capacity are created when there is no prospect of the availability of sufficient raw materials in the immediate future. Even regardless of the availability of raw materials, it would not be wise economy normally to instal extra capacity when the existing capacity in an industry is itself not fully utilised, unless it be for exceptional reasons where there may be certain zonal advantages.*

B. Medium scale units

Medium
scale in-
dustry.

64. At present medium scale industries were not specifically defined. All industries having a capital ranging between Rs. 10 and 25 lakhs are regarded as coming under the category of medium scale and those with a capital of over Rs. 25 lakhs as large scale industries. The Committee were informed by the representative of the Ministry that no special rules had been laid down for giving concessions to the medium scale industries. However, in practice they enjoyed a measure of preference in the allocation of foreign exchange etc. Further, in cases where it was proposed to expand the capacity in certain industries medium scale units were given preference.

65. *The Committee feel that barring special exceptions it would be healthy for the economy of the country to have a large number of medium scale units rather than a few large units, the unit cost of production being fairly competitive. They have in their earlier Reports [c.f. 77th and 79th Reports (Second Lok Sabha)] laid stress on the importance and the need to foster small scale industries by special encouragement. Likewise, the medium scale units have a special place in the economy of the country and there is need even as in the case of small scale industries those which may come under medium scale may be properly defined and such concessions as are necessary to foster them by way of raw*

materials, foreign exchange etc. may be determined and publicised. It is hardly necessary to add that the interests of small scale and cottage industries will continue to be safeguarded as hitherto.

66. The Committee were given to understand that at present a comprehensive list of medium scale industries existing in the different States had not been drawn up. *They are of the opinion that after the definition of a medium scale unit has been decided on, a State-wise list showing such industries together with ownership should be drawn up with the help of the State Governments and kept upto date.*

Census of medium scale industries.

C. Location of industries

67. Normally, selection of sites for the establishment of new industrial undertakings is made by the applicant firms. However, before granting such licences, the regional angle is also taken into consideration so that the manufacture of a particular item is not concentrated in a particular area of the country. The representative of the Ministry informed the Committee that proper dispersal of industries in different regions was Government's accepted policy. A country-wide survey had also been undertaken by the Licensing Committee. This was utilised in respect of the location of an industry when deciding applications for setting up of new units. However, the Central Government had not given any concessions to the industrialists to induce them to establish industries in backward regions of the country. The equalisation of prices of steel and coal was a step towards the dispersal of industries.

Dispersal of industries.

68. *It is no doubt true that industries are located in favourable areas taking into account a number of factors—availability of power, water, raw materials, technical personnel, transport facilities, climate etc. Though the policy of the Government is a fair dispersal of industries, yet it is seen that they continue to be concentrated in certain areas—a line of development which the Committee are not happy about. The Committee recommend that the balanced development of the various regions in the country may be given a high priority. In doing so, Government may ensure that preference is given to the underdeveloped areas without affecting the basic economics of an industry to be set up. In order to achieve this object, Government might consider the feasibility of offering certain inducements to the industrialists like easy availability of land, power or allocation of building materials, raw materials etc.*

D. Assistance to industries

Assistance rendered by Development Wing to industries.

69. Besides controlling and regulating the development of industries, the Development Wing has also been entrusted with the task of assisting the industry in procurement of raw materials, capital goods etc. The Committee were informed that the Development Wing assessed the requirements of raw materials, quality and quantity-wise, for the planned production of each unit and helped in the issue of licences for materials for import against foreign exchange from free sources kept at its disposal. In view of the difficult foreign exchange situation, it is often not possible to meet the full requirements of firms for such imports. Whenever possible, imports of additional quantities of raw materials are, therefore, organised through the State Trading Corporation on Rupee payment basis. Where the items are partly indigenous, the estimates of additional quantities required are carefully made so as to meet the needs of consuming industries without disrupting home production. Efforts are also made to import less expensive items and to produce the more expensive ones in the country.

Delay in issue of import licences of raw material.

70. It was brought to the notice of the Committee that long delays took place in getting import licences for raw materials required by the industries. Secondly, in certain cases they were not allowed on the ground that those items required could be obtained from indigenous sources. The representative of the Ministry informed the Committee that ordinarily raw materials to a unit were supplied sufficiently in time. But due to foreign exchange difficulty a party was not given full quantity of raw materials. In such cases about 50% of the requirements were supplied in the first instance. An export industry was usually given full quota of the requirements.

71. *The Committee consider it of utmost importance that the industries get the necessary raw materials in time so that production would run smoothly. They would emphasise that a close watch should be kept by the Development Wing on the raw material position and wherever they are in short supply, special efforts made to fill the gaps so that industries are able to maintain their full level of production. Any programme for industrial development must necessarily take into account the availability of raw materials, and the rate at which their supply can be increased to meet the increasing demand. A close coordination with the sanctioning authorities should also be maintained.*

E. Supply of indigenous raw materials

72. The Committee were informed that in regard to the indigenous raw materials, the consuming industries were put in touch with local manufacturers. In cases where these local manufacturers were in turn handicapped on account of shortage of imported ingredients, they were assisted with additional import of such items. The Committee understand from a note furnished by the Ministry that a careful watch was also kept on price charged by indigenous suppliers and the quality of raw materials made available to the consuming industries. The manufacturers were being constantly persuaded to improve the quality of their products and bring them upto the specifications of imported raw materials and products. *The Committee heard frequent complaints about the quality of the indigenous raw materials. They feel that special measures should be taken by the Development Wing to guard against the quality of indigenous raw material falling below specifications. When any unit fails to produce quality goods, Government may take measures to warn it in the first instance to bring them up to specifications, failing which the non-renewal of licence may be resorted to or in the alternative no raw materials may be made available to such units.*

Procedure
for supply.

Complaints
about quality.

F. Foreign Collaboration

73. The Committee were informed that in a case where foreign collaboration is involved, the terms are examined in consultation with the Ministry of Finance (Department of Economic Affairs) or the Technical Officers concerned wherever necessary, and submitted to the Foreign Agreements Committee consisting of representatives of the Ministry of Finance (Department of Economic Affairs), Planning Commission and other Ministries concerned for a decision.

Examination
of terms
of foreign
collaboration.

74. It was pointed out to the Committee by some industrialists that licences were given to foreign collaborating units even for establishing industries which have already been developed in the face of very difficult circumstances and which have not yet been able to stand on their feet. Instances given were of industries such as Cosmetics, Chocolates etc. It was also represented that adequate facilities were not made available to the indigenous industrialists to compete with the interested foreign collaboration. A foreign firm was given licence in 1952 to produce chocolate and Cocoa powder even though there was an Indian firm manufacturing the same. One of the reasons stated in justification of the licence given to the foreign firm was that it would provide internal competition which would be an incentive to improve the quality and it is claimed that there has been an improvement in quality.

Grant of
industrial
licence to
foreign
collaborating
units.

75. The Committee find it difficult to appreciate the reason for introducing a purely foreign firm especially in a non-essential consumer article when there was already an established Indian firm. It is also of interest to note that a number of articles such as toothpastes, face-powders, hair oils, cosmetics, nasal drops, gripe mixture and antiseptic lotions etc. are being produced under licences by foreign firms even though there were already in the field quite a number of established Indian firms. The Committee fail to understand the necessity for encouraging such foreign stuffs when all the while austerity is being harped upon.

76. The statement given below indicates the number of cases of foreign collaboration approved during 1959-60.

Industry	No. of cases
1. Paints, colours and polishes ..	10
2. Alkalis and Allied Chemicals ..	3
3. Ceramics ..	2
4. Refractories ..	1
5. Sheet Glass ..	2
6. Thermos Flask ..	3

A statement showing the details of the foreign collaboration approved by Government is given in Appendix IV.

77. In para 63 above the Committee have referred to the necessity of utilising the existing installed capacity before sanctioning additions to such capacity. The Committee understand that a study carried out in the Central Statistical Organisation indicated that in 1958 the unutilised capacity of a large number of industries, numbering 82, came to Rs. 273 crores approximately in terms of value of production with a possible additional employment of 2 lakhs of persons. The following table indicates three of the industries in respect of which foreign collaboration was approved during the years 1958—60 and for which the existing capacity in 1958 did not appear to have been fully utilised.

Name of the Industry*	Installed capacity	Actual production	Unutilised capacity	Year in which foreign collaboration was approved
Ceramics Sanitary wares (000 tons)	8.5	4.4	4.1	1960
Thermos Flasks (000 Dozs.)	107.3	65.0	42.3	1958
Refractories (000 tons)	579.6	425.6	153.6	1958

* 479—499 pp. The Economic Weekly dated 4-4-1959

The Committee feel that it is very desirable to ensure that the existing unutilised installed capacity is fully utilised specially before any foreign collaboration is permitted. They suggest that before permitting any foreign collaboration the unutilised existing installed capacity should always be assessed and steps taken to utilise such unutilised capacity before foreign collaboration for starting of new units is approved.

G. Collection of Statistical Data

78. Industrial Undertakings engaged in the manufacture of listed industries in the first schedule to the Industries (Development and Regulation) Act, 1951 are required to submit to the Development Wing, statistical returns of production. In addition, certain other organised units in the scheduled and especially assisted industries even though not satisfying the criterion of employment and power also submit their statistical returns on a voluntary basis. The different Directorates of the Development Wing collect information and other relevant data in standard proforma from individual undertakings pertaining to industries with whose development they are concerned. A consolidated statement incorporating the figures of production etc. are supplied every month to the Joint Director of Industrial Statistics, Calcutta, for publication in the monthly bulletin 'Monthly Statistics of production of selected Industries of India'.

Collection of
statistical
data.

79. Work relating to the compilation and analysing of industrial data is being handled by one Assistant Director in the Co-ordination Directorate. The representative of the Ministry stated that a proposal to establish a full-fledged statistical section to deal with the work was being considered. *The Committee hope the proposal will soon be implemented as it is a step in the right direction.*

IV

A. The Development Councils

Setting up
of Develop-
ment
Council.

80. The Development Wing is actively associated with the various Development Councils constituted by the Ministry of Commerce and Industry under Section 6 of the Industries (Development and Regulation) Act, 1951. The Act provides for the establishment of Development Councils for any scheduled industry or a group of scheduled industries. There are at present 16 Development Councils functioning besides a number of panels for various industries. These Councils consist of members who represent the interests of owners of industrial undertakings, labour and consumers. Persons having specialised knowledge are also in the Councils. Besides discussing the problems of the industry with which they are concerned, they consider the question of targets of production, manufacturing machinery, export promotion measures, productivity and techniques, problems of raw material etc.

Nomination
of represen-
tatives on
Develop-
ment Coun-
cil.

81. The Committee understand that in constituting the Councils, representatives are at present being nominated by Government themselves and individual associations/bodies which are the spokesmen of the industries concerned are not consulted. Informal consultations are, however, stated to have been held. The nominations suggested by these associations are normally accepted.

82. The Committee suggest that Government may consider whether it would not be more appropriate to call on the industrial associations/bodies to formally propose their representatives to the Development Councils who may be appointed by Government to these Councils. Such a procedure, the Committee feel, would ensure better representation of the varied interests on the Councils and inspire a feeling of confidence in the industry as a whole.

In respect of industries which are fairly well established and developed it is worthwhile considering whether it is necessary for Government to continue with Development Councils as heretofore and whether it will not be more useful if the industries themselves were to set up their own organisations with whom the Development Wing may keep close contact.

B. Reports of Development Councils

83. Copies of the Reports of Development Councils are required to be laid before Parliament under the Industries (Development and Regulation) Act, 1951. *The Committee notice that there is no uniform or set pattern in the presentation of these Reports.* It was admitted by the representative of the Ministry that no conscious attempt had been made so far to examine whether the Reports of these Councils could conform to a common pattern. *The Committee recommend that a uniform pattern for presentation of these Reports may be evolved.*

Reports of
Development
Councils.

NON-FERROUS METALS CONTROL ORDER, 1958

Promulga-
tion of Non-
Ferrous
Control
Order, 1957.

84. The Committee understand that Copper, which was on O.G.L. till middle of 1957 was made licensable from July 1957 due foreign exchange difficulties. Complaints from the actual users that they were being charged exorbitant prices by the established importers were received in the Development Wing. As there was no provision for issue of licences to actual users and as all attempts to keep prices reasonable failed, the Non-Ferrous Metals Control Order, 1958 was promulgated on the 2nd April, 1958 to control distribution and price of copper. Subsequently, partial control on the distribution of zinc has been included from the licensing period April-September, 1960 onwards.

Sale of
Non-Ferrous
Metal in
Black
Market.

85. The Committee note the circumstances which compelled the Government to promulgate the Control Order. It is reported that its application and enforcement leave room for considerable improvement. It has been represented to the Committee that even some actual users who get allocations pass on a portion of their quotas to "free" market at rates ranging from 25 to 150 per cent over the landed cost of copper and zinc. The representative of the Ministry admitted in evidence the prevalence of this practice. He, however, stated that it was difficult to plug all the loopholes.

86. *The general feeling of the Committee is that the administration of the Control Order by the Development Wing has been far from satisfactory. The Committee were informed that no review of its working has been undertaken. Although it is not possible to substantiate the reported practice of black-market prices of Non-Ferrous metals, its existence is commonly accepted. It is necessary to ensure that materials imported are actually used by the persons concerned in their factories, supplies are distributed to industries in an equitable manner and at reasonable prices. Otherwise, the very object of the Control Order will be defeated. The Committee would, therefore, urge that a review of the working of the Non-ferrous Metals Control Order may be undertaken so that the defects in the procedure of allotment of quota, distribution and the sale of various non-ferrous metals like copper, zinc, tin etc., in the black-market might be eliminated.*

87. The Committee were told by the representative of the Ministry that the basis for fixing the six monthly quota of copper, zinc and other non-ferrous metals was the availability of the materials, local or from imports, and that it was difficult to meet the demand in view of the acute foreign exchange position. Allotment to the actual users was made by the Development Wing on the basis of the applications received from them beforehand from the quota of the established importers.

Basis for fixing six monthly quota of Non-ferrous Metal.

88. It was represented to the Committee that in sanctioning quota due regard should be given to the production capacity of an industrial unit. The method according to which these quotas are computed is not made known to the manufacturers and an arbitrary quota is sanctioned to them. Since the method of computation is not known to them, they even cannot appeal against whatever quota is sanctioned to them.

Fixing of quota of Non-ferrous Metal for production unit.

89. *The Committee feel that it would be desirable for the Government to make the method adopted for the computation of quotas etc. known to the actual users concerned either through the various Chambers of Commerce and Industries in the country or by publishing suitably in the Red Book or by Circulars posted directly to the applicants or by issue of Press Notes.*

90. The representative of the Ministry informed the Committee that by and large the Development Wing knew the major industrial units who submitted the monthly production figures and thus the Wing was able to watch the utilisation of the non-ferrous metals allotted to them. However, there were a number of small units throughout the country which came within the purview of the State Directors of Industries. The Ministry, the Committee understand, had advised the Development Wing and the Development Commissioner, Small Scale Industries to make surprise inspections of various units in consultation with the State Directors of Industries to check the actual utilisation of the allotted quota. *The Committee feel that checks should be regularly and strictly carried out to prevent improper utilisation of the allocations of the raw materials in such short supply.*

Utilisation of non-ferrous metal by production units.

VI

MISCELLANEOUS

A. Assistance to Indian Scientific Personnel

Indian
Scientific
Personnel.

91. It was represented to the Committee by certain non-officials that the Development Wing had not been of much assistance to the Indian scientific personnel. In certain foreign concerns or concerns set up with foreign collaboration such as pharmaceutical undertakings etc., the Indian scientific worker was not, as a rule, entrusted with responsibilities that he was fit to discharge by virtue of his education, training and abilities. Such responsibilities were almost always assigned to foreign nationals who, in several cases, did not have the basic minimum qualifications. Thus a sufficient number of top Indian scientific workers had to work in subordination to the foreign individuals, some of whom did not have the prescribed technical qualification for such posts.

Employment
of non-
Indians in
foreign
firms.

92. The representative of the Ministry informed the Committee that no statutory powers were available to prevent the employment of such men when the Government itself was attracting foreign capital to come into the country and that it would not be proper to exclude foreigners. However, a policy decision had been taken to persuade the foreign concerns or concerns set up with foreign collaboration to reduce the non-Indians in their employment. Government, it is reported, got periodical statements showing the various categories of pay scales of employees from the firms to see the implementation of the policy. Further, whenever Government was approached by a firm employing foreign technicians for visa and income tax exemptions, it was examined whether it was essential to get a person from abroad. If a qualified man was available locally, attempt was made to prevent employment of foreigners.

93. *The Committee are glad to note the steps taken by the Government to encourage the employment of Indians in foreign-owned industrial concerns. They hope that the need for progressive Indianisation in the higher cadres in these concerns will be continuously kept in view by Government.*

B. Over-invoicing of Imports

Over-invoic-
ing of raw
materials.

94. It was pointed out to the Committee that certain foreign firms were over-invoicing raw materials, machinery and parts etc. imported by them and thus making substantial profits and fastening foreign exchange. It was reported that this practice was very common in respect of drugs and pharmaceuticals such as Meproamate Diethylcarbamazine,

Citrate, Cortisone Prednisolone and Progesterone, which were imported at higher rates. The representative of the Ministry also stated that frequent complaints were received in this regard that people were building up foreign exchange by over-invoicing the imports. But over-invoicing was resorted to very discreetly and in small degrees and was difficult to detect. Further, it had not been possible to locate the source at which inflation of the invoice value was made. Whenever there was suspicion, an attempt was made to prevent it. *The Committee note with concern the existence of such over-invoicing. They hope that Government will take all possible steps to stop the practice.*

95. In this connection, the Committee would also observe that the manufacture of drugs and pharmaceuticals by the small-scale and large-scale units is controlled by the Drug Controller who has thus an overall picture of the production of drugs in the country. *The Committee feel the Drug Controller could be consulted profitably in order to avoid variation in prices of imported raw materials for drugs and pharmaceuticals.*

C. Machine Tool Industry

96. As a result of the recommendations made by the Thacker Committee constituted in January, 1956 and the measures adopted by the Development Wing, the production of the Machine Tools has increased from Rs. 29 lakhs in 1950 to Rs. 74 lakhs in 1955. The production in 1960 was expected to be of the order of Rs. 600 lakhs in the large sector alone. The demand for machine tools has also increased at a much faster rate with the result that more machine tools are being imported than ever before.

97. The Committee were informed that in order to bridge the gap between the demand and production, a number of schemes had been sanctioned to manufacture diverse type of machine tools. The procedure for obtaining licences under the Industries (Development and Regulations) Act, 1951 had been simplified. A liberal view was being taken on foreign collaboration proposals. The industry was also being assisted in obtaining requirements of raw material and capital goods on a priority basis in spite of foreign exchange difficulties.

98. *The Committee understand that as a result of the expansion of the machine tool industry as envisaged in the Third Plan, it is expected that about 60% of the requirements of machine tools would be met from indigenous production. There is still considerable leeway to be made up to make the country self-sufficient in respect of machine tools. They trust*

that all efforts will be made to encourage production of the variety of machine tools including the special types so that major requirements of the country are met from indigenous production. They would suggest that in order to encourage the small ancillary units and to decentralise the production of machine tools certain concessions by way of making raw materials easily available may be extended to those units.

Training of Operators for lathes.

99. It was pointed out to the Committee that there was a need to train a large number of operators for working on lathes during the Third and subsequent Plans. It was estimated roughly about 35,000 operators would be required by 1965 while the present training centres turned out 250 operators a year. *The Committee suggest that special steps should be taken to increase the training facilities in the country by expanding the existing units and establishing fresh schools wherever necessary.*

D. Drugs and Pharmaceuticals Industries

Drugs and Pharmaceuticals.

100. The Committee were informed that a survey of the indigenous production of different drugs was undertaken every six months and import policy announced. Where local production was considered adequate to meet the demand of the country, no imports were allowed. It was brought to the notice of the Committee by the representatives of some leading pharmaceuticals associations in the country that no scientific survey of the requirements of the country so far as drugs and pharmaceuticals were concerned had been undertaken. *The Committee feel that there is a need for carrying out a comprehensive survey of the requirements of the various drugs and equipment necessary to produce them. They would also suggest that measures may be taken to expedite the production of essential drugs in the country. The Development Wing may also publish detailed information regarding the production and imports of various drugs.*

Export of Indian manufactured Drugs and Pharmaceuticals.

101. *The Committee were given to understand that Export Promotion Council was examining the trade prospects for pharmaceuticals in Middle East, African countries and Egypt. They trust that all efforts will be made to explore these markets for the export of Indian drugs and pharmaceuticals.*

E. Quotas for Stainless Steel

Issue of Stainless Steel Quotas.

102. It was brought to the notice of the Committee that certain industrial establishments in Delhi, Punjab and Bombay had been given quotas for stainless steel when some of them had not got the requisite plant and machinery even to process the raw material. The Committee have asked for

particulars of such cases from the Ministry. The Committee also enquired whether any machinery had been devised by the Ministry to ensure that the allottees did not indulge in any malpractice in the sale or transfer of such quotas without actually using. Information on these points is awaited*.

Conclusion

103. *It will be seen that the functions of the Development Wing are quite wide and comprehensive. The Committee's examination has mostly proceeded on the basis of the reports of the Development Wing, its Councils and the material made available to them by the Ministry. There may be different views held on its actual functioning, but it is fairly evident that by and large it has proved useful. If some of the defects and shortcomings could be remedied, its usefulness to build the industrial economy of the country will greatly improve. It has functioned now for a long enough time to necessitate a comprehensive review with a view not only to improve its working and efficiency but also to ascertain its exact impact on the industrial development of the country.*

NEW DELHI;

The 3rd April, 1961.
Chaitra 13, 1883 (Saka).

H. C. DASAPPA,

Chairman,
Estimates Committee.

*Some material, though not complete, was furnished by the Ministry on the 23rd March, 1961 after the Committee had approved the draft report. The Committee could not sift this material for want of time.

APPENDIX I

(Vide para 3)

Main functions of the Development Wing

(1) Planning the development of industries to secure a well balanced and properly co-ordinated pattern of industrial economy with a view to:—

- (a) securing increased production of those articles and commodities, the present production of which is insufficient to meet the country's demand;
- (b) diversifying the production activities to meet the country's requirement in various sectors;
- (c) ensuring improvement in quality of products and maximum economy in their cost of production and a corresponding continuous decrease in the price of basic materials;
- (d) arranging for the supply of technical know-how and for foreign collaboration, where necessary, taking advantage of the facilities offered by foreign aid programmes such as Colombo Plan, T. C. M. etc.

(2) Scrutiny of applications received under the Industries (Development and Regulation) Act for establishing new industrial units or for effecting substantial expansion of existing production units and the preparation of summaries for consideration of the Licensing Committee.

(3) Assistance to industries in the procurement of raw materials, essential building materials like steel and cement, capital goods, fuel, electric power, transport facilities such as railway wagons and tank cars etc. Also technical advice and assistance to industries for changing over from current weights and measures to the metric system.

- (4) Recommendations regarding:
 - (a) Formulation of half yearly import and export policies;
 - (b) Applications for licences for the import of industrial raw materials, capital goods etc.;

- (c) Applications for loans from the Government and Industrial Finance Corporation;
 - (d) Tariff Protection;
 - (e) Regulation of import and export duties and quotas;
 - (f) Training of technical personnel over-seas etc.
- (5) Allocation of:—
- (a) Pig Iron, coal and coke to all centrally listed foundries;
 - (b) Steel for Private Industrial Development (P.I.D.) and I.M.P. quotas,
 - (c) cement for Private Industrial Development (P.I.D.) quotas.
- (6) Issue of:—
- (a) Licences for the import and export of machine tools;
 - (b) Certificates of exemption from payment of customs duty on scientific equipment and appliances not manufactured in India;
 - (c) Steel quotas certificates for industrial units in the private sector;
- (7) Investigation and development of indigenous sources of supply of stores, so far imported either wholly or even partially from abroad.
- (8) Promotion of exports of engineering and non-engineering goods.
- (9) Compilation of industrial data:—
- (a) Collection and compilation of industrial data relating to installed capacity, actual production, employment position, stocks, prices etc. and supply thereof to the authorities concerned.
 - (b) Supply of factual and other information to the Ministry of Commerce and Industry on various other matters like G.A.T.T. items, tariff bills, Parliament Questions, periodical (annual, quarterly and monthly) reports on industrial development etc.
- (10) Implementation of the Non-Ferrous Metals Control Order, 1958.

(11) Technical assistance to other Ministries such as Steel, Mines & Fuel, Works, Housing and Supply, Finance, Education, Scientific Research & Cultural Affairs, Planning Commission etc. and statutory bodies like Tariff Commission, Indian Standards Institution and Council of Scientific and Industrial Research in matters relating to industrial development.

APPENDIX II

(Vide para 5)

Statement showing the subjects dealt by Different Directorates and Sections in the Development Wing

Name of the Directorate/ Section	Subjects handled
1	2
(a) <i>Chemicals Branch</i>	
Heavy Chemicals Directorate:	<ol style="list-style-type: none"><li data-bbox="443 534 964 643">1. Acid and Fertilizers—Sulphuric acid and salts—hydrochloric acid and salts, nitric acid and salts—nitrogenous, phosphatic and potassic fertilisers.<li data-bbox="443 657 964 894">2. Alkalis Chemicals—Soda Ash, Sodium Bicarbonate, Caustic Soda Chlorine and Bleaching Powder, Hypochlorite, Potassium Chlorate hydrocide Carbonate and Meta-bisulphite, Calcium Carbide and Carbonate, Hydrogen paroxide, sodium perborate, Bromine and Bromides, Sodium Hydrosulphite, Rangolite sulphite.<li data-bbox="443 920 964 1129">3. Miscellaneous Chemicals, Industrial Gases like Oxygen, Acetylane, Carbon Dioxide, Argon, Fireworks and Gunpowder, Gas Mantle, Electroplating Chemicals, Case hardening and heat treatment compounds, Activated earth and Carbon, Fluxes, Water Treatment Chemicals etc.<li data-bbox="443 1155 964 1234">4. Salt—improvement in production of salt. Utilization of salt bitterns and bye-products.
Mineral Industries Directorate	<ol style="list-style-type: none"><li data-bbox="443 1252 687 1280">1. Glass Industry<li data-bbox="443 1289 687 1317">2. Liquid Gold<li data-bbox="443 1326 687 1354">3. Optical Glass<li data-bbox="443 1363 687 1391">4. Synthetic Stones<li data-bbox="443 1400 687 1419">5. Borax.

6. Enamelware Industry.
7. Ceramics and Refractories Industry.
8. Pencil Industry.
9. Graphite Crucible.
10. Abrasive Grains.
11. Miscellaneous Minerals.
12. Cement Industry.
13. Asbestos Cement Sheets and Pipes.
14. Prefressed Concrete Products.
15. R.C.C. Spun Pipes.

Timber & Cellulose Directorate

1. Timber industries *i.e.*, plywood, matches; Hard Board, Chip Board, Cork manufactures, Jute Mill Wooden Accessories etc.
2. Rayon including Staple and other Synthetic fibres.
3. Pulp Paper and Paper boards including straw boards newsprint and articles made of paper.

Leather and Rubber Directorate

1. (i) Leather.
(ii) Leather Goods, *i.e.* Leather Belting Pickers, Picking Bands, Picker Savers and Other Misc. Leather Goods.
(iii) Glue/Technical Galatine.
(iv) Manufacture of Vegetable Tanning Extracts
2. (i) Rubber Goods Mfg. Industry.
(ii) Manufacture of General purposes Synthetic Rubber.
(iii) Manufacture of Carbon Black.

Drugs & Pharmaceuticals Directorate

1. Antibiotics
2. Synthetic Drugs.
3. Endocrines and Glandular Products.
4. Drugs from Medicinal Plants
5. Other Drugs.

Dyes & Explosives Directorate

1. Dyestuffs and Dyes Intermediates.
2. Coke oven by products and Coal-tar Distillation products.
3. Industrial Explosives.

**Organic Chemicals and Plastic
Directorate**

1. Power and Industrial alcohol including supplies of mclasses and other raw materials power alochol distribution and other matters connected with the Indian Power Alcohol Act, industrial alcohol supplies to consumers, tanks wagons and transport availability and special statistical data.
2. Beer and other potable spirits including Rum, Gin, Whiskey, Brandy etc.
3. Other products of fermentation—Yeast, Citric Acid, Lactic acid, Fusel Oil etc.
4. Methamcl.
5. Acetic Acid and Acetic anbydride.
6. Formaldehyde and chemicals like Hexamine, Pentaerythritol based thereon excluding synthetic resins.
7. Acctone and derivatives including Isopropyl Alcohol.
8. Butyl alcohol and butyl acetate.
9. Ethyl acetate, amyl acetate and other easters.
10. Ethlene glycol, ethylane oxide, chlorydrine and derivatives.
11. Chlcro & Halc hydrocarbon and Halo carbons like carbon tetrachloride, ethyl chloride excluding insecticide group etc.
12. Fermic Oxalic Acetate and other organic acids not included elsewhere (including chlor acetic acid).
13. Plasticizers including Pheosphate asters.
14. Organic photographic chemicals.
15. Other solvents including carbondisulphide.
16. Rubber accelators, anti oxidants, petroleum additives and cther speciality chemicals.
17. Raw film photographic papers and other sensitized papers

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18. Large volume aromatic chemicals like menthol, camphor, vanillin etc.
 19. Plastic raw materials including both the monomers and polymers.
 20. Synthetic resins other than plastics—Adhesives, glues, coating resins etc.
 21. Processing and fabrication from plastic raw materials including moulded and extruded articles, films, sheeting laminate, leather cloth toilet brushes, buttons etc.,
 22. Fountain pen and spectacle frames and other utility articles.
 23. Miscellaneous materials like fountain pen ink, linoleum, etc.
 24. Essential Oils—natural including Resin & Turpentine.
 25. Perfumery compounds and perfumes and flavours (including Synthetic Essential Oils).
 26. Essences—alcoholic and non-alcoholic.
 27. Insecticides, fungicides etc. manufacture of active ingredients.
 28. Laboratory and reagent chemicals.
 29. Manufacture of insecticidal formulations including disinfectants.
- Oils and Food Directorate.
1. Biscuits, Confectionary Chocolate and Cocoa powder.
 2. Infant milk foods, Milk powder and condensed milk.
 3. Malted foods and other processed foods.
 4. Glucose and Dextrose.
 5. Tinned butter.
 6. Ice Cream and Aerated water.
 7. Processed meat like Ham and Bacon.
 8. Cashew-nut processing.
 9. Sago globules (Tapioca globules).
 10. Flour Milling.
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11. Cigarettes.
12. Vegetable Oils including Copra crushing cottonseed oil, Solvent extraction of (i) Oilcakes (ii) Rice Bran and (iii) Tamarind seed.
13. Soap, fatty acids and their salts, Glycerine and Synthetic detergents.
14. Textile Auxillaries, such as Wetting out and penetrating agents, Synthetic resins finishing agents, Textile Oiling agents, Vegetable tallow & Carboxy Methyl Cellulose.
15. Cosmetics and other toilet preparations, such as, Tooth paste, Tooth powder, Face Powder, Face Cream and other beauty aids.
16. Paints, Enamels, Varnishes and Lacquers.
17. Pigments and Colours.
18. Printing Ink Industry.
19. Polishes.
20. Hydraulic Brake Fluid.
21. Roofing felt.
22. Industrial Brushes.

(b) *Engineering Branch.*

Machine Tools & Small Tools Directorate.

- (a) 1. Machine Tools—all items covered under part IV of I.T.O. Schedule and items as defined in Machine Tools Panel Reports.
2. Grinding Wheels and Segments.
 3. Coated Abrasives.
 4. Small tools such as cutters, cutting tools.
 5. Hand tools, such as Hand Files, black-smiths' tools, carpenters' tools and copper-smiths' tools, riveters' tools road making tools, tea garden tools, moulders' tools and masons' tools.
 6. Precision and Measuring Tools such as vernier clipers, micrometers, dial indicators etc.

7. Polishing Wheels (Fibre).
8. Garage Tools excluding garage equipment.
9. Rawl plugs.
10. Tungsten carbide.

(b) Licensing of machine tools.

Heavy Mechanical Engineering Directorate.

1. Railway wagons
2. Mechanical Signalling Equipment.
3. Points and Crossings.
4. Under frames for bogies.
5. Sluice gates and gearings.
6. Transmission towers.
7. Winches.
8. Cranes and hoists.
9. Lifts.
10. Colliery tubs.
11. Shafts and Coupling.
12. Steel pipes, tubes and fittings thereof.
13. Metal moulds and metal patterns for foundry.
14. Ropeways.
15. Structural Fabrication.
16. Boat and launch building industry.
17. Wire Ropes.
18. Welding Electrodes.
19. Steel Chains.
20. Steel pipes screwed and socketed.
21. Boilers tubes.
22. Line pipes and other pipes.
23. Pipe fittings, malleable.
24. Shaftings and couplings.
25. Mechanical tubing (welded).
26. Mechanical tubing (seamless).
27. Wire Products excluding Wire.
28. Pipe fittings, others.
29. Bolts, Nuts, Rivets, Washers and Dogspike.
30. Agricultural implements (manually operated).

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Light Mechanical Engineering Directorate.

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31. Galvanised Wire, roofing shutters.
 32. Steel Doors & Windows.
 33. Stranded Wire,
 34. Conduit Pipes.
 35. Barbed Wire.
1. Railway Stores and carriage fittings.
 2. Steel springs, all sorts.
 3. Steel balls.
 4. Building hardware fittings, such as hinges, hasps, staples etc.
 5. Miscellaenous hardware as shown in appendix under part IV/275 of the I.T.C. Schedule.
 6. Steel wool.
 7. B.R.C. and other fabrics.
 8. Belting all sorts.
 9. Expended metal.
 10. Packing and jointing materials.
 11. Wire guage and wire netting.
 12. Shoe grindery items, *vis.*, hardware items used in shoe making.
 13. Ball, taper and roller bearings.
 14. Fishing hooks.
 15. Valves all sorts, taps and cocks.
 16. Wood screws.
 17. Machine screws, all sorts.
 18. Split cotter pin, taper cotter pin, and other miscellaneous locking devices.
 19. Steel belt lacing and belt fastners.
 20. Typewriters.
 21. Clocks, timepieces and watches.
 22. Bicycles and parts and accessories.
 23. Tricycles.
 24. Perambulators.
 25. Sewing Machines.
 26. Crown corks.
 27. Seal Fast Seals.
 28. Collapsible tubes.
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29. Drums and containers including tin containers.
 30. Gate hooks and eyes.
 31. Metal spectacle frames.
 32. Nibs for fountain pens.
 33. Panel pins, gem clips and paper pins.
 34. Umbrella ribs and fittings.
 35. Zib fastners.
 36. Hospital furniture.
 37. Steel furniture.
 38. Buckets.
 39. Hurricane lanterns.
 40. Incandescent lamps and pressure stoves.
 41. Office equipment such as duplicators, addressing machines, accounting machines etc.
 42. Safety lamps.
 43. Surgical Instruments.
 44. Pruning knives.
 45. Cutlery.
 46. Chaff cutter knives.
 47. Safety razor Blades.
 48. Needles, all types.
 49. Grinding Media Ball and Cylpebs.
 50. Chain Link fencing.
 51. Rose Nails, K.K. Nails, Bullock & Horse Shoe Nails.
 52. Wire Nails.
 53. Mechanical toys.
 54. Castors.
 55. Sanitary Fittings.

Electrical Directorate.

1. Transformers.
 2. Electrical switch gears.
 3. Electrical motors and generators.
 4. Electrical cables and wires.
 5. Insulator hardware and transmission line accessories.
 6. Dynamo lamps for bicycles.
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7. Train lighting equipment.
8. Electrical fans.
9. Electromedical apparatus.
10. Radio receivers and other equipment.
11. Electrical apparatus and appliances.
12. Dry batteries.
13. Electrical domestic appliances.
14. Electric Lamps all sorts.
15. Electrical steel sheets and tappings.
16. Electrical railway signalling equipment.
17. Carbon brushes, arc lamps and furnace electrodes.
18. Domestic refrigerators.
19. Air conditioning machinery all types.
20. Cold storage and refrigerating machines.
21. Flash lights and torches.
22. Industrial and laboratory apparatus, all types other than apparatus exclusively made of glass.
23. Bakelite electrical accessories and fittings.
24. Telegraph and telephone equipment.
25. Industry relating to manufacture of sealed compressor units for refrigerator and air conditioner.

**Internal Combustion
Engine and Allied Industries Directorate.**

1. Automobiles, all types.
2. Ancillary industries peculiar to automobile industry like brake linings, sparking plugs, etc. but excluding storage batteries, lamps, fans, belts, rubber items and other hardware.
3. Garage equipment excluding garage tools.
4. Aircrafts and aircrafts components.
5. Locomotives.
6. Motor Cycles, Scooters.
7. Tram Cars.
8. Auto Attachments to Cycles and auto-Rickshaws.

9. Diesel Engines, all types.
10. Power Driven Pumps, all types.
11. All other prime movers excluding electric motors.
12. Air Compressors.
13. Exhaust Fans and Blowers.
14. Tractors (all types) attachments to tractors and tractor drawn implements.
15. Material handling trucks (vehicular).
16. Trailors.
17. Earthmoving machinery.
18. Fire engines and fire fighting equipment of all types.
19. Road Rollers.
20. Inboard/Outboard Motors.
21. Hydraulic Equipment.

**Industrial Machinery I
Directorate.**

1. Cement machinery.
2. Sugar machinery.
3. Paper machinery.
4. Conveyors-Chain, belt and screws.
5. Metallurgical Industrial machinery.
6. Tea processing machinery.
7. Constructional machinery.
8. Chemical and Pharmaceutical machinery and Power Alcohol and distillation equipment.
9. Boiler, boiler auxillaries and fittings.
10. Mining Machinery.
11. Weighing Machine Industry.
12. Solvent Extraction Plant.

**Industrial Machinery II
Directorate.**

1. Ceramic machinery.
2. Printing machinery.
3. Glass industrial machinery.
4. Jute Mill machinery.
5. Textile machinery (only assisting the Textile Commissioner for general co-ordination).
6. Leather machinery.

7. Agricultural machinery.
8. Biscuit and bread making machinery.
9. Cigarette making machinery.
10. Hosiery and knitting machinery.
11. Ice making machinery.
12. Machinery for soap and cosmetics.
13. Paint and Varnish machinery.
14. Plastic industrial machinery.
15. Rubber industrial machinery.
16. Oil mill machinery.
17. Machinery for milk and dairy industry.
18. Rice, Dal and Flour Mill machinery.

Metals Directorate

1. Foundries and forging shops proposed to be established under N.I.D.C.
2. Ferrous metals and ferro-alloys, pig-iron & Steel group. Release of pig-iron to Central list foundries. Co-ordination work connected with release schemes and such technical assistance to foundries as may be referred to by the Ministry from time to time. Schemes in connection with ferro-alloys.
3. Development of Aluminium, antimony, copper, lead and other non-ferrous virgin metals such as mercury, zinc, titanium etc. Alloys of non-ferrous metals, non-ferrous castings, die castings, thermit powder and foundry fluxes and F. Alloys excluding Ferrosilicon and Tungsten Carbide.
4. Semi-manufacture of non-ferrous metals and alloys such as sheets, circles, sections, strips, bars, wires and castings.
5. C.I. Pipes.
6. Castings.
7. Recommendations for release of Steel and Cement.
8. Non-ferrous Metals Control Order, 1958.
9. Issue of quota Certificates and other statistical work connected therewith.

10. Distribution of imported Copper to Scheduled and Non-scheduled industries by issue of permits and authorisation.

Instruments Directorate

1. All Scientific, surveying & mathematical instruments.
2. Industrial & Process Control Instruments.
3. X-Ray equipment.
4. Photographic Equipment.

F.C.M. & Export Promotion Cell

1. Provision of foreign technical experts/training facilities abroad to engineering chemical industries & Programmes of work connected therewith.
2. Detailed studies of export potential/problems of engineering/chemical industries and institution of measures aimed at promoting exports by them; fixation of industry-wise and unit-wise export targets and assistance to manufacturers-exporters to help realize them; technical advice to the Ministry of C. & I., Export Promotion Councils etc. on the formulation/implementation of export promotion schemes.

Standing Metric Committee Cell.

To study technical problems connected with the adoption of Metric Systems by all Industries and to give necessary advice to all parties concerned. To work in close association with the Standing Metric Committee in all technical matters connected with the implementation of the Metric Systems.

O. & M. Cell

To effect the implementation of the O. & M. procedure as envisaged by the O. & M. Division of the Cabinet Secretariat.

Co-ordination Section-I (Industrial Data)

1. Collection & compilation of Industrial Data and all other work connected with it.
2. Applications for licences under the Industries (Development & Regulations) Act 1951, for the establishment of new undertakings, substantial expansion, carrying on business, shifting and new articles.
3. Progressing of licences issued under the Industries Act.

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4. Work relating to Parliament Questions including references on Tariff Amendment Bill etc.
 5. Administration Reports—
 - (i) Collection of data and preparation of material for the annual report of the Ministry of Commerce and Industry.
 - (ii) Preparation of material & drafting of the Annual Administration Report of the Development Wing.

Co-ordination Section-II . 1. Import applications both from actual users and other importers and all other work connected with them.

Co-ordination Section-III . 1. Schemes of Overseas Scholarships.
 2. Visas.
 3. Work relating to various Committee and Councils including that of Indian Standards Institution.
 4. Development Wing Library and all work connected with purchase of books and periodicals, BIOS, CIOS reports etc.
 5. Issue of exemption certificates in respect of Customs Duty on import of scientific equipment and apparatus.
 6. Collection, compilation and printing of handbooks and industrial pamphlets.
 7. Capital issues & Foreign participation cases.
 8. Loan applications from Industrial Finance Corporation & other Government bodies.
 9. Record Room.
 10. All other miscellaneous work requiring co-ordination of material.

Co-ordination Section-IV. . 1. Recommendations regarding import and export policies.
 2. Periodical review of the I.T.C. Schedules.
 3. Work relating to the different Imported Stores Screening Committees of the Ministry of Defence including the utilisation of surplus capacity in Ordnance factories.

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|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> 4. References relating to the development of indigenous capacity for stores imported from abroad. 5. Miscellaneous references connected with the export and import matters, customs-duty, excise duty etc. 6. Foreign Exchange estimates & ceilings etc. |
| Establishment Section-I | <ul style="list-style-type: none"> 1. All matters regarding Gazetted staff such as, sanctions, appointments, promotions, transfers, leave, deputation abroad delegation of powers, advances for conveyances, medical charges, etc. 2. All matters regarding Class IV staff including liveries. |
| Establishment Section -II | <ul style="list-style-type: none"> All matters regarding non-gazetted staff (excluding Class IV staff) such as sanctions of posts, appointments, transfers, leave increment, service record, advances for conveyance, G.P. Fund, medical charges etc. |
| Establishment Section-III | <ul style="list-style-type: none"> 1. Office stores including furniture, typewriters, office stationery, office accommodation at headquarters and at out-stations. 2. Staff car. 3. Telephones. 4. Inward & Outward parcels. 5. Water & Electric Bills. 6. Work of Central Receipt & Issue. 7. Residential accommodation—both for Gazetted, Non-gazetted and Class IV Staff. |
| Cash Section | <ul style="list-style-type: none"> 1. Receipt & disbursement of cash in respect of Pay, allowances & contingencies etc. of Non-gazetted Staff at Headquarters & Out-stations. |
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2. Preparation of Pay, T.A., Contingencies and other bills of Gazetted & Non-gazetted staff and preparation of T.A. bills of non-official members of Development Councils/ Panels/Committees etc. & Foreign Technical Experts.
 3. Preparation of Budget Estimates of the Development Wing and control over office expenditure.
 4. Annual Audit Report and other Audit objections.
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APPENDIX III

(vide para 19)

Statement showing the days spent on tour by various officers in the Grades of D.O., D.D.O. & A.D.O. in the Development Wing during the periods (1) 1-3-1959 to 31-3-60 & (2) 1-4-60 to 30-9-60

Sl. No	Designation of the officer	No. of days spent on tour	
		(1) 1-3-59 to 31-3-60	(2) 1-4-60 to 30-9-60
1	2	3	4
<i>Development Officers</i>			
1	Development Officer (Leather & Rubber) .	21	12
2	Do. (Industrial machinery)	34	12
3	Do. (Tools) .	36	15
4	Do. (Mineral Industry) .	23	14
5	Do. (Metals) . . .	18	16
6	Do. (IM-I) . . .	1	..
7	Do. (Timber & Cellulose)	37	11
8	Do. (Heavy Mech. Eng.) .	19	13
9	Do. (Metric) . . .	34	35
10	Do. (Metals) . . .	21	10
11	Do. (Drugs) . . .	26	7
12	Do. (Dyes & Explosives) .	16	6
13	Do. (Organic Chem. & Plastic).)	60	..
14	Do. (Light Mech. Eng.) .	36	65
15	Do. (Paper) . . .	17	18
16	Do. (Heavy Chemicals) .	47	22
17	Do. (Heavy Chemicals)	57	17
18	Do. (Food)	31	18
19	Do. (Internal Com. Eng. & Allied Ind.)	27	13
20	Do. (IM-I) . . .	41	4
21	Do. (Tools) . . .	8	5
22	Do. (Electricals) .	23	18
TOTAL .		633	331

1	2	3	4
<i>Deputy Development Officers</i>			
1	D.D.O. (Leather & Rubber)	6	..
2	D.D.O. (HME)	20	..
3	D.D.O. (Minerals)	10	5
4	D.D.O. (Heavy Chemicals)	38	5
5	D.D.O. (Auto)	12	..
6	D.D.O. (Electricals)	18	14
7	D.D.O. (Export Promotion)	21	20
8	D.D.O. (Auto)	18	..
9	D.D.O. (Instruments)	28	..
10	D.D.O. (Tools)	13	12
11	D.D.O. (HME)	10	..
12	D.D.O. (IM-II)	6	10
13	D.D.O. (Organic Chem. & Plastic)	10	6
14	D.D.O. (Drugs)	6	..
15	D.D.O. (Food)	16	..
16	D.D.O. (LME)	11	4
17	D.D.O. (Timber)	7	..
18	D.D.O. (Metals)	8	..
19	D.D.O. (LME)	15	19
20	D.D.O. (Food)	..	4
21	D.D.O. (Food)	..	4
22	D.D.O.	6	..
TOTAL		279	103

Assistant Development Officers

1	A.D.O. (Metals)	5	..
2	A.D.O. (Leather & Rubber)	17	10
3	A.D.O. (Minerals)	3	..
4	A.D.O. (IM-II)	17	..
5	A.D.O. (Leather & Rubber)	7	..
6	A.D.O. (Org. Chem. & Plastic)	7	11

1	2	3	4
7	A.D.O. (Org. Chem. & Plastic)	15	..
8	A.D.O. (Fccd)	20	..
9	A.D.O. (Timber)	..	8
10	A.D.O. (Timber)	28	9
11	A.D.O. (Metals)	7	..
12	A.D.O. (Auto)	10	..
13	A.D.O. (Fcod)	14	..
14	A.D.O. (Heavy Chemicals)	1	..
15	A.D.O*(Kozhikode)	169	49
16	A.D.O*(Siliguri)	290	78
17	A.D.O. (Heavy Chemicals)	5	..
18	A.D.O. (IM-I)	..	7
TOTAL		615	172

*Plywood inspectorates.

APPENDIX IV

(vide para 76)

Statement showing the details of the foreign Collaboration Approved by Government

Sl. No.	Name of firm	Name of foreign collaborator and year of approval	Item of manufacture	No. of firms manufacturing the items at the time of foreign collaboration	Short notes explaining the circumstances for the grant of foreign collaboration
1	2	3	4	5	6

PAINTS, COLOURS
AND POLISHES :

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|----|--------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Dr. Beck & Co. (India) Ltd.,
Bombay. | Dr. Beck & Co.,
Hamburg—1956 | 1. Wire Enamels.
2. Impregnating Varnishes | Nil. | The items proposed are for coating on Electric Copper Wire. These are of a special type confirming to definite standards. Dr. Beck of Hamburg are one of the leading firms in this line. |
| 2. | M/s. Cyanides & Pigments
Pvt. Ltd., Calcutta. | M s. F.J.Collin A.
G. — 1958. | 1. Yellow Oxide of Iron.
2. Ferrous Sulphate.
3. Pot. Ferrocyanide
4. Sodium Ferrocyanide.
5. Sodium Cyanide. | Nil. | These are not indigenous. To develop indigenous angle, the Collaboration was supported. |

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3.	M/s. Bombay Paints Pvt. Ltd., Bombay.	M. s. Hampels Marine Paints—1960.	Marine Paint.	14	There are three sections in the Paint Industry (i) Associates of foreign manufacturers who dominate the field of quality surface coatings and Industrial finishes (ii) Organised Indian sector who do not have necessary technical know-how for such items (ii) Unorganised small scale manufacturers. For assisting the organised Indian sector to undertake production of quality surface coatings, collaborations were supported.
4.	M/s. Macfarlane & Co. Ltd., Calcutta.	M/s. Cellon Ltd., Kingston-on—1956.	Special types of Paints like Air craft finishes etc. Marine Paints.	5	
5.	M, s. East India Paint and Chem. Works Pvt. Ltd., Calcutta.	M, s. International Paints (Holdings) Ltd., U.K. —1957	Marine Paints.	15	

6.

Travancore Titanium Products Ltd., Trivandrum.

M/s. British Titan products Col. Ltd., U.K.—1956.

Titanium Dioxide

Nil

In view of specialised nature of technical know-how in the process of manufacture collaboration was essential.

7.

M, s. Killick Industries Ltd.,
Bombay.

M/s. Geofray Paul Stevens—1958.

Water proof cement coatings (Snowcem).

3

Snowcem is a specialised product of a firm who do not make other paint materials. It is a quality product tried out and accepted as an exterior coating of buildings.

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|-----|------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8. | M/s. Nawrosji Wadia and Sons Pte. Ltd., Bombay (M/s. Botanium Ltd., Bombay). | M/s. Laporte Industries Ltd. London—1960. | Titanium Dioxide | 1 | Indigenous production of titanium dioxide being insufficient to meet increased demand, and specialised nature of the manufacturing process, technical collaboration was desirable. |
| 9. | M/s. Grauer & Weil (India) Pvt. Ltd., Bombay. | M/s. Grauer & Weil Ltd., U.K.—1957. | Electroplating Polishes & composition. | 5 | Foreign collaboration was desirable for the production of quality materials of the standard of imported varieties. |
| 10. | Chemi Dye Trading Corp. Pte. Ltd., Bombay (M/s. Ultramarine & Pigment Ltd.) | M/s. Vereinigte Ultramarinfabriken A.G. 1960 | Ultramarine Blue. | 1 | In view of the increase in demand and indigenous production being insufficient and specialised nature of technical know-how of the process, foreign collaboration was desirable. |

ALKALIS AND ALLIED CHEMICALS INDUSTRIES

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|----|---------------------------------------------------------------|------------------------------------|--------------------|----|---------------------------------------------------------------------------------------|
| 1. | National Peroxide Ltd., Sewree Cross Road, Wadala, Bombay-31. | M/s. Laporte Chemicals Ltd.,—1953. | Hydrogen peroxide. | .. | All the three foreign collaborators are from U. K. and they are leading manufacturers |
|----|---------------------------------------------------------------|------------------------------------|--------------------|----|---------------------------------------------------------------------------------------|

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for respective items. They are providing most of the foreign exchange or capital equipments required for the project.

Calcium Carbonate

2. Sturdia Chemicals Ltd. M/s. John & E
Naville House, Ballard Sturge Co. —1960.
Estate, Bombay-1.

3. Kesar Sugar Works Ltd. 45- Sodium Hydrosulphate
47, Appollo Street, Fort, Co.—1960.
Bombay-1.

A. CERAMICS

1. M s. Hindustan Twyfords Ltd., Delhi. M/s. Twyfords, U.K. —1960.

Sanitaryware
(5400 tons)
14 (6124 tons)

(i) Payment of £78,000 by way of equity shares to the U. K. company for partnership and engineering fees.

(ii) Payment of £2500 per year for two years towards service charges for preliminary study of raw materials etc.

(iii) The foreign party will help in selection of

While imports of sanitaryware had been banned along with several other items as a measure of general policy in 1957, indigenous production was totally inadequate to meet the demand, which was estimated at 12,000 tons per annum. In other words the production has to be stepped up two fold, through either expansion of the existing units or new undertakings. As demand for this item is tied up with various housing projects, both industrial and public De-

proper machinery purchase, plant layout and design, technical assistance in erection, training of Indian technicians etc.

velopment Wing issued a circular in 1956-57 to the existing sanitaryware units to take early steps to expand their works since such expansion would cost lesser investment and foreign exchange than for a new project.

Unfortunately many of the existing plants were not in a position to expand since most of them were operating in a very small way. Steps had to be taken to the establishment of new units in the field. This particular case had the advantage of a foreign exchange loan from I.C.I. C.I. and the U.K. party was one of the most reputed in the field. The annual turnover from this factory is estimated at Rs. 75 lacs and the terms of collaboration were considered reasonable. Furthermore this scheme would also be making certain special items of sani-

2. M/s. Bengal Potteries Ltd., Calcutta. M/s Rosenthal H.T. Insulators HT-6 units (2000 tons) (2290 tons) of West Ger- L.T. Insula- L.T-10 Units many-1960. tors (2400 tons) (3960 tons)

(i) Payment of royalty of 4.8% on the net sales of all H.T. insulators produced.

(ii) Payment of a royalty of 4.5% on the net sales of any production of L.T. Insulators over and above their existing production.

(iii) Payment of DM 50,000 as lump sum for initial experimentation and technical examination of raw materials.

(iv) The foreign collaborator will

taryware which are not produced indigenously. The scheme is expected to go into production sometime in the beginning of 1962.

Although there were as many as 6 producers of H.T. insulators at that time, including this applicant, *viz.*, Bengal Potteries, the major production was confined to two units *viz.*, Bengal Potteries and Government porcelain Factory, Bangalore. This production was totally inadequate to meet the requirements of various power projects and the electrical industry with the result that for the last three years, the import of insulators have been of the order of Rs. 110 lakhs per annum. This scheme should, therefore, be considered as of a foreign exchange saving character.

give complete know-how for improved quality of insulators.

(7) They will also train suitable number of Indian technicians abroad.

This field, being very specialised, foreign collaboration was considered essential. In fact, there has already been some collaboration in this line with Mysore State Govt. This scheme also envisages export of LT insulators to some extent. Implementation of this production will be in national interest since it would minimise imports and also make the country self-sufficient in the matter of H.T. insulators required for power projects.

B. REFRACTORIES

Belphar Refractories Ltd., Belpahar (Orissa.)

Didier Wercke, West Germany 1958.	Firebricks (30,000 tons) Silica (20,040 tons) Basic (9,960 tons)	Firebricks (32) (3.20 lakh tons) Silica (2) (30,000 Tons) Basic (1) (10,000 tons)
Total	60,000 tons	

Refractories are vital since there can be no production of steel without refractories. At the time of approving this scheme i.e., 1956, the total production was only about 3.6 lakhs tons per annum as against the requirements of 8 lakh

(i) M/s Didier will subscribe 35% of the capital.
(ii) They will be paid an engineering fee of 6½% on the estimated capital cost of the plant towards technical services, plant lay-out etc.

(iii) M/s. Didier will get 6½% of the net profits each year for 8 years from the date of commencement of full production

(iv) They will give complete technical know-how, will be responsible for erection and production, training of Indian staff etc.

tons. There has been heavy imports of refractories to the extent of Rs. 300 lakhs every year on account of steel plants. Since Tata Iron and Steel Co. themselves were the large importers of refractories, they put up this collaboration proposal for Govt.'s approval. As will be seen, the implementation of this project will result in substantial saving of foreign exchange every year. Considering this aspect and also the foreign participation in the capital, the terms were found very reasonable.

SHEET GLASS INDUSTRY

1. Hindustan Pilkington Glass Works Ltd., 4 Chittaranjan Avenue, Calcutta, M/s Pilkington Sheet Glass Bros. of Eng- 30.96 mill. sq. ft., land 1951.

The capital of M/s. Hindustan Pilkington Glass Works is Rs.89 lakhs of which the foreign capital

The approval for collaboration of M/s. Hindustan Pilkington Glass Works, a company incorporated under the Indian company-

was 49%. In respect of technical know-how M/s. Pilkington Brothers of England were to receive the following payments between 1st Jan. 1953 to December, 1957—

- (a) £5,000 per annum.
- (b) 5% royalty on net profits.

With effect from 1st Jan. 1958 the foreign company was to receive 10% royalty on net profits.

ies Act, with M/s. Pilkington Brothers of England was accorded due to following reasons :—

(a) While there were indigenous manufacturers, the know-how for the specialised item like sheet glass was limited.

(b) The imports were of the order of Rs. 45 lakhs per annum.

(c) The demand of the item was increasing due to building activities and for further processing of sheet glass into mirrors, table tops etc.

(d) The collaborators were world renowned for manufacture of the item and it had the desired effect of giving incentive to the indigenous manufacturers to improve the quality and fuller utilisation of their capacity.

2. Indo-Asahi Glass Co. Ltd., 30 Chitraranjan Avenue, Calcutta.

M/s Asahi Glass Co. Ltd., Tokyo 1956.

Sheet Glass 36 mill sq. ft.

2

In consideration of the technical know-how to be provided by Asahi Glass Co. Ltd., Tokyo, the Indian Company have allowed shares of the face value of Rs. 35 lacs as fully paid up to the Japanese company in Japan and have also agreed to pay to them free of all Indian taxes in sterling 1 1/2 % of the net sales price of all sheet glass manufactured and sold by the Indian company.

As a result of this company's coming into being the imports have gone down from Rs. 45 lacs in 1954 to Rs. 1.8 lacs in 1959.

The Board of Directors of Industrial Finance Corpn. at their meeting held on 28-8-55, approved the proposal that the assets of the Sodepore Glass Works Ltd., a registered undertaking under liquidation be sold to the Asahi Glass Co., Tokyo for a sum of Rs. 62 lacs, being the most favourable offer obtained by the Corporation as a result of Public invitation for tenders.

THERMOS FLASK

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|-------------------------------------------------------------------------------|-------------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Indo-Japan Vacuum Bottle Co. (India) Private Ltd., Dufferin Bridge, Delhi. | 48,000 dozen | 2 | The German col-laborators are to receive 5% of the net profits of the industry earned by the factory at Faridabad which will be subject to Indian taxes. | The approval was accorded as the manufacture of thermos flasks entailed special knowledge. The existing factories could not improve the quality or efficiency of the units with the result that the price of consumable item used by common man was comparatively higher than the one obtaining in other countries. |
| 2. Poppat Jammal & Sons, Post Box 1274, Beradway, Madras-1 | 1,02,000 dozen.
Heat-resist-ing glassware 360 tons | 2 | Contribution of for-eign party is 33 1/2% in the share of capi-tal of Rs. 2 lacs. | The scheme of M/s. Poppat Jammal & Sons Madras was for an integ-rated unit which include manufacture of heat-resisting glassware and scientific glassware. As there was no indigenous production of heat-resis-ting glassware of the domestic type and scienti-fic glassware fell short of requirements, such a scheme was welcomed. |

1	2	3	4	5	6	
3.	Eagle Vacuum Bottle Mfg. Co., Bombay.	Eagle Vacuum Bottle Co. Tokyo, Japan 1956.	30,000 dozen	2	33 $\frac{1}{2}$ % share of the Japanese in the Capital.	<p>The imports at the time the schemes were approved, were to the tune of Rs. 12 lakhs and the demand was steadily increasing, the approval was accordingly to the parties which had the desired effects as it gave incentive to the indigenous manufacturers whose production has increased and the price has been lowered to a considerable extent. Further the consumer has the benefit of making selection from three brands.</p>

APPENDIX V

Statement showing the Summary of Conclusions/recommendations of the Estimates Committee contained in the Report.

Sl. No.	Reference to Para No.	Summary of conclusions/recommendations
1	2	3
1	4	The Committee suggest that the publication entitled 'Programmes of Industrial Development' should cover a wider ground so as to include practically all the industries for which there is a favourable climate as well as necessity in the country, and the likely capacity of each industry required to be developed, the amount of foreign exchange required having regard to the progress made in indigenous production of machine-building etc. The Five Year Plans no doubt serve a distinct and useful purpose especially to correlate achievements with resources and fixing the concerned targets. But the Committee consider that planning on a mere 5 years basis would not carry the country very far and quick enough.
2	9	The Committee feel that it might be useful to have a unified pay scale for Assistant Development Officers, as has been done in the case of Deputy Development Officers which might help in better recruitment. It would be also desirable to examine the possibility of recruiting young men in the lower categories and put them under a course of training, so that they can qualify themselves for employment in higher posts in due course. Such an arrangement might, to some extent, help the Development Wing in filling up its required strength of technical officers.
3	10	The Committee feel it desirable to have a proper scientific analysis of the work-load, existing and anticipated, in the Development Wing and to assess the requirement of officers to work to the programme of industrial development in the Third Plan.
4	12	The Committee feel that it may not be necessary for the Development Wing which is mainly concerned with tendering of technical advice and registration and licensing of industries to have a large non-technical

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staff. It is likely that some reduction may be effected by improving present methods of work to avoid duplication, unnecessary paper work and typing. The Committee recommend that the matter may be examined by the Special Reorganisation Unit with this end in view.

- 5 14 It is necessary to define the functions of the various officers in the Development Wing and fix a working ratio between the different categories of officers as recommended in para 10 (*c.f.* S.No.3 *ibid.*). By doing so, it may be possible to have better output, less of clerical work and have other advantages of a proper organisation.

The Committee recommend that an examination on this aspect may be carried out by the Special Re-organisation Unit.

- 6 16 The Committee are of the opinion that a more detailed examination of the allocation of work and functions of officials and staff of the Ministry of Commerce and Industry and the Development Wing may be useful.

- 7 17 Considering the heavy responsibilities of the two Senior Industrial Advisers in the Development Wing, it appears to the Committee that the number of Committees or Boards on which they are represented, are far too many. They suggest that the present appointments of the Senior Industrial Advisers or other officers in the Development Wing on a number of Boards/Committees should be reviewed to see whether they could not be relieved of the Membership/Directorship of some of the Boards/Committees etc. and enabled to devote more attention to the transaction of business at the Headquarters. The question of appointing other officers of the Development Wing to some of these Committees/Boards in the place of the two Senior Industrial Advisers may be examined.

- 8 21 It would be desirable to relieve the senior officers of touring by entrusting that work to the junior officers like Deputy Development Officers and Assistant Development Officers. Such an arrangement would give the junior officers an opportunity to go round the country, get familiar with the
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industrial units and their work and make them fitted to deal with the specific problems which are referred to them.

- 9 25 The Committee are glad to be assured that specific complaints regarding the exercise of powers vested under the industries (Development and Regulation) Act, 1951 by officers in the Development Wing, when brought up will be looked into. They may say, however, that there is not a general tendency on the part of individuals to carry such specific complaints to higher authorities, for they may be afraid that it may defeat the very purpose of doing so. It might be useful to examine how the powers under the Industries (Development and Regulation) Act, 1951 have been exercised in a representative number of cases.
- 10 26 Though the number of officers of the Development Wing during the past few years to joint private concerns on more attractive terms is not large, it would be inappropriate if the appointment of such persons in the private sector was in any way influenced by the official positions enjoyed by them. The Committee suggest that it might be interesting to find out whether any of the officers of the Development Wing who joined private firms, while working in the Development Wing had at any time any official dealings with firms or concerns which they later on joined and whether they went without prior permission.
- 11 30 The Committee have been assured that special steps have been taken by the Ministry to remove the delays in the issue of import licences. They suggest that the question of fixing a ceiling of foreign exchange for issue of import licences on the recommendations of the Development Wing itself to issue licences within that limit may be examined. Further the possibility of transferring a small unit of the Chief Controller of Imports and Exports to the Development Wing to deal with the actual issue of licences may be considered.
- 12 33 The Committee are doubtful whether it is necessary to have as many as 4 Sections for co-ordination in the Development Wing. In any case, in spite of these Sections, the complaints of delay continue. It is necessary to reorganise the present set-up for a more expeditious disposal of work. The Committee feel that it would be desirable to have a sample check of time:
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taken at various stages in the disposal of applications for industrial licences and grant of raw materials etc. during one licencing period and to remove any defects and bottlenecks found in the existing procedure. This could be entrusted to the Special Reorganisation Unit.

- 113 39 The Committee are inclined to agree with the opinion expressed by the Secretary to the Ministry regarding opening of zonal offices. There is, however, an unquestionable need to make available for all industrialists particularly those who do not have sufficient resources of their own, a single source for the purpose of furnishing upto date and detailed information about any matter relating to starting of new or expansion of existing industries. The Committee feel that it would be helpful to have a Public Relations Unit in the Development Wing for the purpose of furnishing information on industries to entrepreneurs and industrialists. They also feel that it may be desirable for the Development Wing to establish, in conjunction with State Governments, similar Units in the State Directorates of Industries for rendering similar assistance to the industrialists and entrepreneurs.
- 114 40 The Committee also suggest that Development Wing should promote close liaison not only with the State Directors of Industries but also with the commercial and industrial organisations in the country by posting them with all particulars concerning its work and the manner and method whereby it is assisting industrialists in putting through their proposals. Such organisations would then be in a better position to serve their constituents.
- 115 43 The Committee would suggest that Government may examine the feasibility of revising the procedure for receipt and processing of applications for industrial licence on the lines indicated in this para.
- 116 48 The Committee recommend that an investigation into the causes for delay in the disposal of applications may be undertaken and effective steps taken to reduce the time taken in the issue of licences. They suggest that the information regarding the number of applications received, the number disposed of, the average time taken in the disposal and the number pending and the broad reasons therefor and other cognate matters may be published in the Annual Reports of the Development Wing for information of the general public.

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17 50 The Committee suggest that a study of the causes necessitating the calling of additional information might be undertaken by the Ministry. Such a study would enable it to find out as to what extent the further references were due to incomplete information furnished by the applicants or to piecemeal disposal by the Development Wing. The first can be reduced by proper functioning of the Public Relations Unit recommended at para 39 above. The remedy for the second lies in the improving the procedure and efficiency in the Development Wing. They would also suggest as an additional measure that irrespective of the investigation recommended, a time limit for calling for the additional information by the Development Wing even as a time-limit is fixed for the supply of additional information by the applicant may be laid down. Such additional information should be called for all at a time.

18 52 The Committee, while appreciating the need for some service for an applicant coming from afar and not very conversant with the intricacies of the process for obtaining licences are at the same time aware of the malpractices such a system may lend itself to. They had desired to be furnished with the information regarding the persons who during a specified period frequented the offices of the Development Wing in connection with the issue of licences. That has not yet been furnished. In the absence of this information, it has not been possible for the Committee to find whether the undesirable practice obtains to any large extent. The Committee realise that such intermediaries can also function outside the Office premises and homes.

The Committee are of opinion that the Intelligence Department should keep a vigilance over the unhealthy activities of any such intermediaries in the matter of procurement of licences. They agree that there may be room for reputed firms or individuals to render assistance to the industrialists seeking licences, in which case a proper procedure may be prescribed for their operation including registration of their names.

19 53 [In the Committee's opinion, one way to eliminate unhealthy practices of the role of intermediaries in the matter of securing licences would be to make available to the applicant an authorised source which

could enable him to get direct contact with the officers concerned and obtain the information relevant to his case. The Public Relations Unit (*vide* para 39 of the Report) could be usefully entrusted with these functions.

20 56 The Committee feel that the Ministry of Commerce and Industry should exercise a close scrutiny over the transfer of the licences by the licencees to see that such transfers were *bona fide*. It would be desirable, in the Committee's opinion, to prohibit all transfers of licences without prior approval of the competent authority who should satisfy himself before permitting such transfer that it is in fact a *bonafide* transaction. They also recommend that a periodical examination of all the licences issued should be undertaken to see that the capacity licensed is actually installed and any licensee found guilty of misuse brought to book.

They recommend that all transfers of licences should be published in the Journal of Industry and Trade.

21 57 The Committee would further suggest that a period should be prescribed in the industrial licence itself indicating the time within which the plant should be installed, taking into consideration the nature of the industry. It the applicant does not take all necessary steps to install the machinery within the time prescribed or any extension given to him, power may be exercised to withdraw the licence.

22 58 The Committee feel that it would be useful if the applications for industrial licences give the information as to in how many and which concerns or groups of industries the applicant(s) were interested, as without such information the Development Wing could exercise little control on the growth of industrial empires. The Committee, recommend that the form of applications for industrial licence should be revised so as to make it obligatory on the part of an applicant to declare the particulars of the various firms, companies or groups of Industries wherein he held an interest as also particulars of licences pending utilisation.

The Committee consider that Government should take all positive steps necessary to give effect to their own policy of broad-basing the industrial sector on the lines suggested herein and others which a more detailed examination of the remedial measures may reveal.

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Meanwhile, the Committee suggest that a survey of holdings in the industrial field by the various groups of Industries and Business houses may be undertaken, if not already done.

- 23 62 The Committee need hardly emphasise that the programme of the development of one industry should be linked with the progress of the consuming industries. They would, therefore, suggest that a study of the expansion permitted in a few selected industries may be undertaken to see whether there has been any imbalance between the industries consuming manufactured raw materials and the production of the latter.
- 24 63 The Committee are of opinion that in the present circumstances of foreign exchange, due care should be taken to see that no additional units or capacity are created when there is no prospect of the availability of sufficient raw materials in the immediate future. Even regardless of the availability of raw materials, it would not be wise economy normally to instal extra capacity when the existing capacity in an industry is itself not fully utilised, unless it be for exceptional reasons where there may be certain zonal advantages.
- 25 65 The Committee feel that barring special exceptions it would be healthy for the economy of the country to have a large number of medium scale units rather than a few large units, the unit cost of production being fairly competitive. They have in their earlier Reports [cf. 77th and 79th Reports (Second Lok Sabha)] laid stress on the importance and the need to foster small scale industries by special encouragement. Likewise, the medium scale units have a special place in the economy of the country and there is need even as in the case of small scale industries those which may come under medium scale may be properly defined and such concessions as are necessary to foster them by way of raw materials, foreign exchange etc. may be determined and publicised. It is hardly necessary to add that the interests of small scale and cottage industries will continue to be safeguarded as hitherto.
- 26 66 The Committee are of the opinion that after the definition of a medium scale unit has been decided on, a State-wise list showing such industries together with ownership should be drawn up with the help of the State Governments and kept up-to-date.

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- 27 68 It is no doubt true that industries are located in favourable areas taking into account a number of factors—availability of power, water, raw materials, technical personnel, transport facilities, climate etc. Though the policy of the Government is a fair dispersal of industries, yet it is seen that they continue to be concentrated in certain areas—a line of development which the Committee are not happy about. The Committee recommend that the balanced development of the various regions in the country may be given a high priority. In doing so, Government may ensure that preference is given to the underdeveloped areas without affecting the basic economics of an industry to be set up. In order to achieve this object, Government might consider the feasibility of offering certain inducements to the industrialists like easy availability of land, power of allocation of building materials, raw materials etc.
- 28 71 The Committee consider it of utmost importance that the industries get the necessary raw materials in time so that production would run smoothly. They would emphasise that a close watch should be kept by the Development Wing on the raw material position and wherever they are in short supply, special efforts made to fill the gaps so that industries are able to maintain their full level of production. any programme for industrial development must necessarily take into account the availability of raw materials and the rate at which their supply can be increased to meet the increasing demand. A close coordination with the sanctioning authorities should also be maintained.
- 29 72 The Committee heard frequent complaints about the quality of the indigenous raw materials. They feel that special measures should be taken by the Development Wing to guard against the quality of indigenous raw material falling below specifications. When any unit fails to produce quality goods, Government may take measures to warn it in the first instance to bring them upto specifications, failing which the non-renewal of licence may be resorted to or in the alternative no raw materials may be made available to such units.
- 30 75 The Committee find it difficult to appreciate the reason for introducing a purely foreign firm especially in a non-essential consumer article when there was already an established Indian firm. It is also of

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interest to note that a number of articles such as tooth-pastes, face-powders, hair oils, cosmetics, nasal drops, gripe mixture and antiseptic lotions etc. are being produced under licences by foreign firms even though there were already in the field quite a number of established Indian firms. The Committee fail to understand the necessity for encouraging such foreign stuffs when all the while austerity is being harped upon.

- 21 77 The Committee feel that it is very desirable to ensure that the existing unutilised installed capacity is fully utilised specially before any foreign collaboration is permitted. They suggest that before permitting any foreign collaboration the unutilised existing installed capacity should always be assessed and steps taken to utilise such unutilised capacity before foreign collaboration for starting of new units is approved.
- 32 79 The Committee hope that the proposal to establish a full-fledged statistical section to deal with the compilation and analysing of industrial data will soon be implemented.
- 33 82 The Committee suggest that Government may consider whether it would not be more appropriate to call on the industrial associations/bodies to formally propose their representatives to the Development Councils who may be appointed by Government to these Councils. Such a procedure, the Committee feel, would ensure better representation of the varied interests on the Councils and inspire a feeling of confidence in the industry as a whole.
- In respect of industries which are fairly well established and developed, it is worthwhile considering whether it is necessary for Government to continue with Development Councils as heretofore and whether it will not be more useful if the industries themselves were to set up their own organisations with whom the Development Wing may keep close contact.
- 34 83 The Committee notice that there is no uniform or set pattern in the presentation of the Reports of the Development Councils. The Committee recommend that a uniform pattern for presentation of these Reports may be evolved.
- 35 86 The Committee urge that a review of the working of the Non-ferrous Metals Control Order, 1958 may be

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		undertaken so that the defects in the procedure of allotment of quota, distribution and the sale of various non-ferrous metals like copper, zinc, tin etc. in the black-market might be eliminated.
36	89	The Committee feel that it would be desirable for the Government to make the method adopted for the computation of non-ferrous metal quotas etc. known to the actual users concerned either through the various Chambers of Commerce and Industry in the country or by publishing suitably in the Red Book or by Circulars posted directly to the applicants or by issue of Press Notes.
37	90	The Committee feel that checks should be regularly and strictly carried out to prevent improper utilisation of the allocations of the raw materials in short supply.
38	93	The Committee are glad to note the steps taken by the Government to encourage the employment of Indians in foreign-owned industrial concerns. They hope that the need for progressive Indianisation in the higher cadres in these concerns will be continuously kept in view by Government.
39	94	The Committee note with concern the existence of over-invoicing of imports of raw materials. They hope that Government will take all possible steps to stop the practice.
40	95	The Committee feel that the Drug Controller, who controls the manufacture of drugs and pharmaceuticals by the small-scale and large-scale units, could be consulted profitably in order to avoid variation in prices of imported raw materials for drugs and pharmaceuticals.
41	98	There is considerable leeway to be made up to make the country self-sufficient in respect of machine tools. The Committee trust that all efforts will be made to encourage production of the variety of machine tools including the special types so that major requirements of the country are met from indigenous production. They would suggest that in order to encourage the small ancillary units and to decentralise the production of machine tools, certain concessions by way of making raw materials easily available may be extended to those units.

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42	99	The Committee suggest that special steps should be taken to increase the training facilities for operators for working on lathes by expanding the existing machine tool units and by establishing fresh schools wherever necessary.
43	100	The Committee feel that there is a need for carrying out a comprehensive survey of the requirements of the various drugs and equipment necessary to produce them. They would also suggest that measures may be taken to expedite the production of essential drugs in the country. The Development Wing may also publish detailed information regarding the production and imports of various drugs.
44	101	The Committee trust that all efforts will be made to explore markets for the export of Indian Drugs and Pharmaceuticals.
45	103	It will be seen that the functions of the Development Wing are quite wide and comprehensive. The Committee's examination has mostly proceeded on the basis of the reports of the Development Wing, its Councils and the material made available to them by the Ministry. There may be different views held on its actual functioning, but it is fairly evident that by and large it has proved useful. If some of the defects and shortcomings could be remedied, its usefulness to build the industrial economy of the country will greatly improve. It has functioned now for a long enough time to necessitate a comprehensive review with a view not only to improve its working and efficiency but also to ascertain its exact impact on the industrial development of the country.

APPENDIX VI

Analysis of the recommendations contained in the Report

I. Classification of recommendations

- A. Recommendations for improving the organisation and working :
S. Nos. 1, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 31 and 32.
- B. Recommendations regarding development programme:
S. Nos. 22, 23, 24, 25, 26, 27, 28, 29, 30, 33, 34, 35, 39, 40, 41, 42, 43 and 44.
- C. Recommendations for effecting economy :
S. Nos. 2, 3, 4.
- D. Miscellaneous :
S. Nos. 36, 37, 38 and 45.

II. Analysis of the recommendations directed towards economy

S. No.	Para No. of the Report	Particulars
2	9	A unified pay scale for A.D.Os. might help in better recruitment.
3	10	A scientific analysis of the work load in Development Wing to assess the requirement of officers may be undertaken.
4	12	The desirability of reducing non-technical staff in the Development Wing may be examined.
