

12.31 hrs.

**GRESHAM AND CRAVEN OF INDIA (PRIVATE) LIMITED (ACQUISITION AND TRANSFER OF UNDERTAKINGS) BILL.**

THE MINISTER OF INDUSTRY  
(SHRI GEORGE FERNANDES) Sir,  
I beg to move\*

"That the Bill to provide for the acquisition and transfer of the undertakings of Messrs Gresham and Craven of India (Private) Limited for the purpose of ensuring the continuity of production of goods which are vital to the needs of the Railways and of the industries manufacturing engineering products and for matters connected therewith or incidental thereto, be taken into consideration."

Sir, this undertaking was taken over by the Government in 1971 and since it has been under Government management. We decided that then it should be now acquired and this Bill provides for the acquisition in the first place and also provides for the transfer of this undertaking to help the government-owned company in Calcutta namely Braithwaite.

The decision to transfer this company to Braithwaite had to be taken because when we took the decision of acquiring this company, an Ordinance had to be issued to take care of a certain situation that had arisen. A moratorium on the various liabilities of the company had to be placed in mid August. And it was not possible at that point of time to take an immediate decision to set up a new company. So, by an Ordinance which was issued on the 30th September we decided to acquire this company and as an interim measure we decided to transfer the company to Braithwaite for management.

Yesterday, in the House, a petition had been submitted by an hon Member, Shri Dinen Bhattacharyya and also by Shri Shyamaprasanna Bhattacharyya on behalf of the employees of Messrs Gresham and Craven (Private) Ltd in which a suggestion has been made that this company should not be transferred to Messrs Braithwaite. A number of points have also been made while making this request through this petition.

Earlier, the Government had also received a number of representations from workmen through MPs and also through their trade unions directly. The main burden of the argument on the part of the employees who are pleading against the transfer of this undertaking to Messrs Braithwaite is that Messrs Braithwaite is currently a losing concern. In fact, during the last several years since the Government took over this concern the total amount of money that has gone into this concern is about Rs 32 crores. Here is a small unit which though, was in very bad state when it was taken over in 1971, its total production in 1971 was Rs. 366 lakhs. Today it is about Rs 170 lakhs.

In the last financial year the company had lost money. But there is reason to believe that this year the company may turn the corner. In any case in the coming years we believe, that this company would do well. Now this is a point of the workmen also. This is a company which has turned the corner, we expect that to do very well. We are a viable unit, a unit that has been nursed to help by the government management. So why do you now tag us on to a company which though under Government management, has not yet been able to turn the corner?

Sir I am not suggesting that there is a substance in this kind of reasoning. That is why, this Bill does provide for the formation of another company. If the hon Members read

\*Moved with the recommendation of the President

[Shri George Fernandes]  
 Clause 7 of this Bill, it very categorically provides and I may quote

7(1) Notwithstanding anything contained in sections 3, 4 and 6 the Central Government may, if it is satisfied that a Government company is willing to comply or has complied with such terms and conditions as that Government may think fit to impose, direct, by notification that the undertakings of the Company and the right title and interest of the Company in relation to its undertakings which have vested in the Central Government under section 3 and thereafter in the Braithwaite and Company Limited, under section 6 shall instead of continuing to vest in the Braithwaite and Company Limited vest in the Government company either on the date of the notification or on such earlier or later date (not being a date earlier than the appointed day) as may be specified in the notification'

In other words this Bill very specifically provides for the formation of another company at a later date

Sir the Ordinance was issued in certain circumstances. At that time it was essential that the company be transferred to another company and Braithwaite was chosen for this purpose. We have issued instructions to Braithwaite that Gresham and Craven of India (Private) Ltd shall operate as a separate unit that its accounts shall be maintained separately that the service conditions etc of the staff shall be what they are now and shall not be in any way integrated with those of Braithwaite works or employees. Therefore there is no reason to fear that the immediate management of this company by Braithwaite is going to adversely affect either the conditions of work of the employees or the overall management or the overall efficiency or the overall functioning of this company.

Sir, there are a few amendments which have been moved. I will deal with them when the hon'ble Members

move those amendments. But I would like to say a few words so that the issue is put in the right perspective.

Sir, one of the amendments suggests that instead of the amount of money which has been specified for payment on account of various charges one rupee may be the amount that be given. I would only submit that the money that has been allotted in this Bill is not as compensation to the shareholders or to the previous owners of the company.

**SHRI DINEN BHATTACHARYYA**  
 It is not clarified in your financial memorandum.

**SHRI GEORGE FERNANDES** I think it is very clear. In this connection I quote Section 8 of the Bill.

'For the transfer to and vesting in the Central Government under section 3 of the undertakings of the Company and the right title and interest of the Company in relation to its undertakings there shall be given by the Central Government to the Company in cash and in the manner specified in Chapter VI, an amount of rupees one hundred and seventy-six lakhs.'

Now Sir this money in fact is meant firstly to meet the various charges on account of the dues to the workers and secondly to meet the various liabilities of the government and of the banks. Not a pie of the money goes to the shareholders. I wanted to clarify this point so that while discussing this Bill we do not take up a point which is not really valid.

Sir, personally I would appreciate if this Bill gives us a chance once again to discuss the circumstances in which Bills of this nature have to come before Parliament that is, the overall sickness in Industry. Yesterday evening, the House adopted two Bills and both related to take over of sick mills in West Bengal. This is the third in the series and also from West Bengal. We have been discussing sickness in industry for quite sometime. But as of now it is obvious

that sickness is continuing All efforts of the past have not created a situation where we have been able to deal effectively with sickness in industry I have noticed that while discussing sickness in industry there is generally a tendency to discuss the faults of the management, invariably talk about the corrupt management or mismanagement that takes place which creates sickness in industry I should submit that this kind of reasoning does not really take us to the root of the problem Sickness in industry I have observed is due to a number of factors there are individual units that are sick, there are industries that are sick If an individual unit (in an industry which is prosperous) is sick, it may be due to mismanagement it may also be due to several other causes Technology keeps on improving and our industries seldom bothered about research, development or improvement in technology

SHRI JYOTIRMOY BOSU (Diamond Harbour) The main reason is siphoning of white money from the first line and black money in the second line

SHRI GEORGE FERNANDES That is one dimensional thinking this is not the thinking which is capable of taking on the whole problem If one looks at every problem from one dimension, from one aspect of the problem with great respect I should say that solutions cannot be found Sickness in industry is a major problem facing us today We have roughly 5,50,000 small scale units in India, of them 80,000 units are reportedly sick These are small units, there is no siphoning off there they are units owned by individuals may be private limited companies partnerships, by and large it is the young entrepreneurs who have set up small units in the country, after being in industry for a year or two suddenly they discover that the units have gone sick; it is not just a question of siphoning off of money; there is siphoning off where big industry is

concerned even without making the industry go sick, it is a different problem altogether

I should therefore very strongly urge that while discussing this Bill if the hon. Members were to look at the overall problem—what is it that causes sickness, where are we failing in technology, where are we failing in marketing where are we failing in monitoring sickness or providing necessary finances at the appropriate time If all those questions are discussed I think a purpose will have been served It will do good to industry, government and the workers not to speak of the consumer who is the greatest sufferer when an industry goes sick All sick units are nursed back to health by money which the tax payer has to pay it is the citizen's money that goes to subsidise the industry and therefore I shall appreciate a thorough discussion of that subject With these words I commend this Bill to the House

MR SPEAKER Motion moved

"That the Bill to provide for acquisition and transfer of the undertakings of Messrs Gresham and Craven of India (Private) Limited for the purpose of ensuring the continuity of production of goods which are vital to the needs of the Railways and of the industries manufacturing engineering products and for matters connected therewith or incidental thereto"

SHRI SAUGATA ROY (Barrackpore) Being West Bengal I congratulate Mr Fernandes for bringing forward this Bill for taking over the management of Gresham and Craven Company by the central government and vest it to the Braithwaite and Company In this work Mr Fernandes unlike his other activities has continued the good work done by the previous government in taking over the sick units in West Bengal The problem of this company is of a particular nature It was a British owned company manufacturing rolling stock for the railways And it remained closed for a long time, and



[Shri Saugata Roy] after a long struggle by the employees and after long efforts, this company opened in 1971. Of course Mr Fernandes has made quite clear, some of the points raised by the employees in their representation presented to Parliament. I only hope that he does form a separate board of directors for this company and gives the company its own management, instead of giving it to Braithwaites which already is sick. I am also thankful to you Sir—and through you to Mr Fernandes—for giving us this opportunity to discuss the question of sickness in industry in general. And as he has very correctly pointed out, in the last two days there were 3 bills in Parliament dealing with the taking over, by the Central Government, of industries which are in West Bengal.

MR SPEAKER And they are not the last.

SHRI SAUGATA ROY Yes, there will be many more. As he has also pointed out—and as I will tell you—the reasons are many, but there are 2 major reasons which I may mention. One is the basic industrial base in West Bengal. If you remember it, the industrial base as in West Bengal is a colonial one. The heavy engineering industry in West Bengal was set up mainly to cater to the needs of the colonialists, i.e. for the Railways and the ports which the colonialists needed to export things from India and to import things from England. With the outbreak of the 2nd World War and after it fit so happened that during the War years these companies made a lot of money but after the War no effort was made by the companies to modernize, rationalize or diversify their production lines as a result of which in the 50s, 60s and 70s most of these companies found themselves out of date. Gresham & Craven is one such company, Braithwaite Jessop and Industrial Standard Wagon are other such companies. All these companies, if you notice, manufacture rolling stock for the Railways, and these companies depend for their orders on the Railways in 1967

when West Bengal was hit by a severe recession, all these companies started falling sick. The railway orders started going down and unfortunately, no efforts were made by the Government at that time to see to it that these companies invested the funds which they earned out of their profits into diversifying and rationalizing the production of these companies. So, it is not only necessary that Government takes over these companies which have fallen sick, but also to see that after such take-over, enough money is given to these companies to diversify, modernize and rationalize their production.

But as I was saying, this is only one of the reasons for the sickness of the industry in the eastern region. The other reason, as Shri Bosu pointed out, was the siphoning of funds. This has happened in industries all over India. Look at the jute industry in West Bengal to-day. 6 jute mills are lying closed and many others are on the verge of closing down. This is so because the money which the jute mill owners have made has not been re-invested in these companies. This has happened in the textile industry also. When textile was profitable a lot of money was going into it. When it became less profitable and synthetics more profitable money was diverted from textile to and siphoned towards synthetics. It happened with tea gardens. A large number of tea gardens in the north of West Bengal are sick because of the siphoning of funds. It is this point which he has to ponder over seriously and he has to see what can be done to prevent further sickness. I am not one of those who believe that if the company falls sick, it is not the Government's business to take it over. It is the business of the Government to take it over, not only to protect the employment of those working in these companies, but also to see that production in the country generally did not go down, and that the production coming out of all these companies was not denied to the nation and to the State as well.

What do we do to prevent sickness? Some people have suggested that private sector companies should be requested to take over some of these sick industries. In this budget special concession was given to industrialists who will be taking over sick industrial units. I can tell you that the industrialists of this country are not going to take over companies unless they are profitable. They are not going to do it for national good. The private sector in this country has shown no responsiveness to national good nor has it built up any ethics of its own. So, I do not believe that the private sector can take over these companies and tackle this problem of sickness. The Government has to do this. What do we do to prevent a recurrence of such a thing? Although these things have been pointed out, discussed and debated, nothing concrete has been done in the matter.

In this context, monitoring in the industry becomes very important. For example, the Company Law Board is looking after the affairs of these companies. There are cases where the members of the Board of Directors have fought each other and the companies have become sick. But seldom have we come across an instance where the Company Law Board has effectively intervened to prevent a company becoming sick. Again, take the case of banks which give the depositors' money to these industries. Seldom has any bank come forward to protect the interests of these industries so that they do not become sick. I suggest that there should be a special body to monitor these things. It is not enough to have a cell dealing with your Ministry because this is a problem which is facing all industries connected with the Company Law Board and the Ministry of Finance, Revenue and Banking. That cell should monitor information about those units which are likely to become sick so that timely remedial action can be taken.

Many industrial units have been reopened after sickness in West Bengal.

During the period 1972-77, about 150 closed industrial units in West Bengal were opened by the Congress Government there. Some of these newly-opened units have been doing well while others are not doing so well. If such units are not doing well it is always due to the fault of the management. Unfortunately, we do not have good management in this country who can run sick industries well. In all those cases where the management of the taken over sick units has been good, the companies have done well and where the management is not good the companies have not done well.

I have seen a tendency in the Government to keep a top-heavy structure in the sick units. In fact the effort should be to see that the minimum of amount is utilized for overheads and the maximum amount is invested to diversify production.

Co-operation of the workers should also be sought to the maximum extent. Somehow or other, up till now the Government have not been able to associate the industrial workers with the running of the sick units so that the workers do not have a sense of belonging with the result that they have not been able to contribute as much as they could. You will understand that it is the workers who are most interested in seeing that a company after it is taken over functions well. They always try to put in their best because their employment will go if the unit is closed. The managements have not been able to inspire workers to do their work better.

At one stage Government has set up one Industrial Management Pool to recruit people for top level positions in the public sector. It was a good step and many competent people come to the Industrial Management Pool. I would suggest to the hon. Minister that the sick units should be run only by those who come from the Industrial Management Pool because it is crucial to have the best people to run the sick units.

I hope Mr. Fernandes will apply section 7 of the Act to take away the management of this company from

[Shri Saugata Roy]

Braithwaite & Co as has been asked for by the workers. If he does it, in future when he asks for the co-operation of this side of the House for running sick industries and sick units, we shall always be prepared to help

With these words I commend the Bill.

SHRI DINEN BHATTACHARYA (Serampore) I must congratulate the hon Minister for bringing this Bill but he has brought it with a split mind On the one hand he is saying that there is provision in this Bill to turn it into a Government company and that it is not necessary for it to be amalgamated with another firm which is also sick

MR SPEAKER Two negatives make an affirmative

SHRI DINEN BHATTACHARYA While initiating the debate he has mentioned that section 7 provides for a Government take-over of the company, but my point is why not now? There was enough agitation by the workers as well as the local public in the area where this company is situated in Calcutta

This company has enough potential to run on its own No doubt it was sick in 1970 but if you see its previous balance sheets from 1962 to 1969 you will find that it earned a profit of Rs 1 42 54 120 So it was not a losing concern It was earning profits and manufacturing many sophisticated materials for the railways.

This was a British firm So the natural tendency was to exploit the situation anyhow and because they were afraid that a day might come when the Government would take it over or nationalise it they did not take effective measures for diversification or renovation of machinery They were debiting rehabilitation charges in their accounts every year, but I doubt that they were spending the whole money for repair and replacement of machinery.

13 hrs.

I will only plead with the Minister that whatever effective management he may have and whatever effective production process he may introduce there, in this capitalist society there will be sickness in the factories any time and every time You cannot change it The hon Minister, Mr George Fernandes, is taking measures to see that at least some relief may be given to the sick industry He has himself mentioned that the workers have filed a petition through me

MR SPEAKER You may continue the speech after lunch

The House stands adjourned till 2 O Clock

31 01 hrs

The Lok Sabha adjourned for Lunch till Fourteen of the Clock

The House re-assembled after Lunch at Five Minutes past Fourteen of the Clock

[MR DEPUTY-SPEAKER in the Chair]

GRESHAM AND CRAVEN OF INDIA (PRIVATE) LIMITED (ACQUISITION AND TRANSFER OF UNDERTAKING) BILL—contd

SHRI DINEN BHATTACHARYA Mr Deputy Speaker, Sir, I had just started when the House rose for lunch I was dealing with a very important issue and it was that instead of handing over this Company called Gresham and Craven of India (Private) Ltd., which has good prospects and a good future to the Braithwaite and Company Ltd it would have been much better if it had been acquired and nationalised as a Government establishment under the direct control of the Government From the information supplied it appears that it is not only manufacturing items which are necessary for the Indian Railways, but is also manufacturing items which otherwise would have to be imported from outside for our railways If this



company is properly managed and properly fed, it could effect a lot of savings and could be a real asset for the country

The hon Minister Shri George Fernandes, is a very dynamic person and has really a great desire to bring about a change in the situation with which our industries, specially in the eastern sector, are faced. I have all praise for him but in this case, I would still appeal to him that he should reconsider his decision and keep this Bill pending till the petition that has been presented by me yesterday to the House on behalf of the employees is considered and disposed of by the Petitions Committee. Certain issues which the hon Minister has himself admitted have been raised in the petition. His case therefore will be further strengthened if he keeps this Bill pending till the judgment of the Petitions Committee. He can then proceed with the Bill. I think, technically he will not have to face any inconvenience in this matter and if it is so he may explain the same.

Another point I want to make is about this Braithwaite Company with which the Bill provides for amalgamation of this newly taken over company. There are lots of complaints against its management. Against the existing Director or the top man I have received so many allegations from the workers as well as from others and I will pass over these because you will not allow me to fully deal with all the points here and now.

MR DEPUTY SPEAKER You can give it to him

SHRI DINEN BHATTACHARYA I will only mention two points. During the long four years this Braithwaite Company could not even select right products for diversification. Whatever they were talking about four years ago suddenly coming out is the diversification project of the TEXMACO which is a Birla's concern. This is something strange which cannot be explained by reasons and business strategy.

The existing management discarded wagon production in the hope that they would be able to get some orders from the Defence. The only order they could secure was for defence trailers which were valued at Rs 1.47 lakhs and Rs 1.74 lakhs respectively. The cost of bought out components, the components which were to be bought from the market was about Rs 1.25 lakhs per trailer. Over and above these there was the cost of materials bought and labour, etc. Therefore, the company had to suffer heavy loss on this project and the performance was so bad that the Defence Ministry did not dare to place any further order in spite of the top management's having a heavy pull with the Defence Department.

Second point I want to highlight is the sale of scrap which was done by auction in the premises of the company to the highest bidder. That system was discontinued after the takeover. It is being done on tender basis to a party and it is a tragedy that the same party is getting order again and again although the order must be placed with the highest bidder.

The third point I want to make is that Miss Abha Maiti recently visited the factory. Braithwaites have two units, one is Clive unit and the other is the Angus unit. I have nothing to say against the Angus unit management but about the Clive unit management Miss Abha Maiti made a public statement that the food subsidy that was given for running the canteen was doubled and that still the workers and the staff were dissatisfied. The rise in the food subsidy was from Rs 40 lacs to Rs 80 lakhs. This is absurd. I say I have got some experience and have some knowledge about how these canteens are run. In regard to the purchase of the canteen materials, food articles and other things, there are serious complaints from the workers. The newly acquired company i.e. the Gresham and Craven Co Ltd is more or less running in a good way. The hon Minister

(Shri Dinen Bhattacharya)

has assured us that a separate management will be set up for this newly acquired company. In matter I have got apprehensions and doubts that there will be disparity in the earnings of workers of these two units. The employees of Braithwaits Company could not get any incentive bonus because of the functioning of the management. There are very efficient workers and they can produce very good items for which orders may be placed. But still they are regularly complaining that their earnings are falling lower and lower. Here in this newly-acquired Gresham and Craven Co., the workers are getting incentive bonus. All the facilities enjoyed by the workers of this company should be continued. I would request the Minister that instead of depending upon Braithwaite and company for the running of this unit, this company itself should be given every opportunity to run on its own. Government should take full responsibility in this regard. I have great expectations from the workers working in this newly-acquired firm. They are efficient enough to wipe out all the losses. Whereas Rs. 32 crores were spent by Braithwaite and company, here only Rs. 1 crore was given to this company. There Rs. 32 crores were eaten up by their management. Persons without technical knowledge and skill were placed in very high positions, given responsibility to run the whole show. Here, this Gresham and Craven Company has got efficient workers, supervisors and other staff who can manage it very well.

Finally I request the hon Minister to postpone consideration of the Bill till the Petitions Committee gives its verdict on the petition I placed before Lok Sabha on behalf of these employees.

\*SHRI A. MURUGESAN (Chidambaram): Hon. Mr. Deputy-Speaker, Sir, I rise to express my views on Messrs Gresham and Craven of India

Private Ltd. Acquisition and Transfer of Undertakings Bill, 1977 on behalf of my party the All India Anna Dravida Munnetra Kazhagam. The management of this Company was taken over by the Central Government on 31st March 1971. Though this Bill the Government propose to nationalise this Company. I have some doubts about certain provisions of this Bill and I request the hon. Minister to clarify them in his reply to the debate.

A five-year moratorium was imposed in the matter of payment of the Company's dues to the workers and to the Banks. Now payment of a sum of Rs. 1.76 crores is proposed for getting the right and title and interest of the Company vested in the Government. Besides this, a sum of Rs. 3.20 lakhs is also proposed to be paid to the erstwhile management in addition to the payment of interest at the rate of Rs 60,000 per month. A sum of Rs. 77 lakhs is to be invested for modernising and expanding it. The production of the Company in 1976-77 is reported as Rs. 177 lakhs. I wish that the value of the assets and the value of the machinery of the Company have been given in the Bill so that we know how the public money is going to be utilised.

I request the hon. Minister to give this information to the House in his reply to the debate. Sir, while the former management had not paid to the workers, and had also not cleared the dues to the Bank, why should the Governments now pay to it a sum of Rs. 3.20 lakhs? Opposing this payment of Rs. 3.20 lakhs to the erstwhile management, I conclude my speech.

SHRI VAYALAR RAVI (Chirayankudi): Mr. Deputy-Speaker Sir, I join my colleagues Shri Saugat Roy and Shri Bhattacharya in the remarks they have offered in regard to this Bill.

This Bill, as earlier pointed out, deals with the Company which still

\*The original speech was delivered in Tamil.



exists even after the British left India. In his remarks, the hon. Minister made some very good observations regarding the sickness of the industry in different sectors. Sir, this is fairly serious to take over the management of the sick units by Government. The Bill for the acquisition and transfer of the undertakings of Messrs. Gresham and Craven of India (Private) Limited is based on the Industries (Development and Regulation) Act, 1971. The management can be taken over only for a temporary period and this can be given back to the company by Government if they feel that they can manage well.

During the year 1967, when the bill on takeover of sick textile mills came up for consideration, it was clearly provided for in that bill that after taking over of the management of the sick units, they may not continue their management for long and can return them back. Under Sec. 6 and 7 of this Bill, it seems that Government has transferred the management of this company to another company which, according to Shri Dinan Bhattacharya is a sick industry. I mean they are transferring the management to Messrs. Braithwaite & Co. Sec 7 states clearly that Government has got the power to take over the management of the company if it feels so.

In this connection, I appeal to the hon. Minister to stick to Section 7 that there should be a management but that should not be the management of some bureaucrats but that should be under the management of the real workers who will see to it that their industry flourishes. Sickness of an industry is not a new phenomenon. The hon. Minister has made a reference to a sick unit and he must have also given thought to that unit. In the last thirty years, the hon. Minister may be aware that so many industries had come up in a big way which had become sick. But the management of the units dealing with public money some how or other divert the funds of the sick industry to some other industry. They try to divert funds to

some other industry in the private sector industry their own money may come to 5 to 10 per cent whereas the rest of the money comes or is financed by the financial institutions or corporations of the States or the Centre owned and controlled by Government of India. The finance have been handled by these people without any check being exercised over that. The Government come to know of it only when the labour makes some hue and cry that the industry is sick and that they are unemployed. It is at that time that Government come into the picture and take that over.

I would therefore make an appeal to the hon. Minister to consider certain points which are very relevant and important. As far as industrial concerns are concerned, the Company Affairs ministry has no power to look into the management aspect of such companies. Even his own ministry has no power to look into the management aspect of the industrial concerns. They can verify from the annual report of the company received after the approval of the Board. They have no authority and they have no say. There is nothing mentioned here for looking into the proper management of such concerns. Moreover, the financial institutions including the banks are irresponsible enough not to check up the malpractices involved or mismanagement that is taking place in such a concern, and they never take any care. They come in the picture at the last stage when the workers start agitating. The auditors are helping this process. The Chartered Accountants help the process of liquidation. Only after a report is received from the Chartered Accountants that the Government comes to know. So, I repeat the plea—I had made this plea when my party was in power—to nationalise the Chartered accountancy profession.

Sir, many a time discussion has taken place on the Floor of the House about the importance of planning and acceptance of industrial process. In developing economy acceleration of

[Shri Vayalar Ravi]

industrial process plays an important role. There should be a balanced growth. We have to take into account the utilisation of resources. The utilisation of resources depends on priority, need based and balanced growth. On many occasions we tend to forget this practice and many industries come up in the same sector which later on become sick. The market conditions may not be favourable at all times.

Sir, there was a report of the Industrial Development Bank and they made a study about the sickness of the banks. In April 1976 the then Industries Minister also had a conference. If there is such a Report I would like to know whether the Minister will examine these matters.

Sir, if you look at the textile industry you will find that many a time Government has come forward with different proposals. In 1974 Government took over 103 sick textile mills. Earlier they were running 73 sick mills. Now, these mills which have been taken over by the Government are still sick mills. Further a sick mill needs lot of money to make it work. In the light of this Government should formulate its approach towards sick mills. We have to think whether to waste money on old machines and also taking over the liability of the industry or is it better to have the same industry at a new place. Sir, textile industry is the one industry which has exploited the Government to the maximum. You may look at the amount of concessions which they have extracted from the Government. Now, this industry is again going to become sick. What is the permanent solution for this? I do not believe in committees, I wish the hon Minister to make some study in depth to find a solution which can help the government in solving and curing this trouble.

80 per cent of the financial commitment of the sugar industry is for cane prices, the price of raw material and

prices can vary according to the climate, monsoon, etc. Sickness can come in different ways. I appeal to the hon Minister to consider all these aspects and see that something is done concrete and permanent to find a way out, for the sickness of industries in different sectors. I endorse the view expressed by my friend from Calcutta that he should through clause 7 see that the management is handed over to very capable people including workers. With these words I support the Bill.

SHRI CHITTA BASU (Barasat) I am glad to say that the hon Industries Minister having a solid background of the trade union activity has to a large extent understood the basic problem of the sick industries of our country. In the course of his introductory speech he mentioned some of the basic problems which led to this unit's sickness. Naturally at this stage I do not want to dilate on that subject. I urge upon him to give serious thought to the question how to meet the growing sickness in industries of our country. Basically the causes are lack of working capital for certain industries, lack of credit, high bank interest rates, lack of raw materials or lack of markets. Of course there are other important aspects, mismanagement can bring about sickness. Having regard to all those things, I suggest that the hon Minister should study this problem and find out ways and means to avoid sickness once and for all.

The hon Minister himself was credited with the view that the workers of the sick industries themselves should take over the management and try to run them. Although an announcement was made sometime back, nothing concrete had been spelt out by him. As trade union activists we also feel that it is difficult for the workers themselves to manage the entire show unless there is some technical advice from some quarter. If the hon Minister is really serious about participation by workers in the



management, in maintaining or in increasing production and productivity, he should spell out certain concrete proposals in this respect and associate the workers of our country in this endeavour. I would very much like it if he takes this opportunity to spell out his thinking in this respect. I am also very much pained to know that some Ministers of Industry in the States made a public statement at Calcutta that it might become necessary, in certain cases of sick industry, to reduce the labour component. It is really preposterous. When the Government and the public financial institutions invest money for ridding a particular unit of its crippling sickness the principal consideration should be the interests of the workers there. The prime consideration should be to provide employment, and Government should not consider the proposal for reducing the labour component as a condition precedent to the taking over by Government of a sick unit. May I request the hon. Minister to make it clear that that is not the policy of government in the matter of take over of a sick unit? Rather the basic principle of Government should be to provide employment as also to generate and expand it. That should be the social objective of Government and not to reduce the scope of employment and throw out the workers. The country needs a proper clarification about the attitude of the Government.

In this connection, I would refer to the attitude of the Industrial Reconstruction Corporation of India. It is taken to be an important instrument in reconstructing industries, particularly sick industries. I have got examples to show that IRCI is devoid of social objectives. Their attitude is more like that of a private employer, who thinks in terms of time and motion study. Any trade unionist will understand what such a study is. I know a particular case in which IRCI did not agree to take over a plant because the time-and-motion study by the group set up by it had suggested

that there should be a reduction in labour component, i.e. unless the labour force was reduced, IRCI was not willing to take up the unit for reconstruction purposes. This shows that IRCI lacks a social objective. Government should make it abundantly clear that the take over proposal would be considered entirely from the point of view of the social objective of providing, guaranteeing and enlarging employment. This is the background in which the entire thing should be viewed.

I come to the Bill with his perspective. The proposal is for the amalgamation of Gresham & Craven with Braithwaite. Certainly Government cannot squander money away. There has to be a commercial point of view underlying every proposal. There is no doubt about it. I think that even the economic of these two units have not been studied properly. Had it been done I think the hon. Minister would not have incorporated the provision relating to such an amalgamation. Braithwaites have eaten up about Rs 32 crores from the Exchequer and till now it is dependent financially upon the Centre. On the other hand Gresham and Craven Company was granted only a loan of Rs 1 crore from the Centre since April this year and it has already earned a profit of Rs 23 lakhs and increased both its working capital and capital investments. Now you want to amalgamate a unit like Gresham and Craven with a concern like Braithwaite, whose economic viability is much more doubtful than that of Gresham and Craven.

If you look at the figures of profit and loss you will see that Braithwaite incurred a loss of Rs 3.57 crores in 1972-73 which increased to Rs 5.33 crores in 1976-77. The financial position of Gresham and Craven is much better, much more sounder as proved by their loss figures. In 1973-74 they incurred a loss of Rs 20.17 lakhs and in 1976-77 it was reduced to Rs 2 lakhs. In 1977-78 it is expected that they will earn a profit. This unit is passing through an economic crisis and is likely to become viable with a



[Shri Chitta Basu]

little pick up assistance from the Centre. But this unit is forced to be amalgamated with another unit, whose future is not known. The Minister owes an explanation to the House and to the nation also as to what is the rationale of amalgamating Gresham and Craven with a company whose economic viability is very much in doubt. I would request the hon. Minister to drop that particular clause which ties up Gresham and Craven with Braithwaite.

I also want to know from him why the Government did not consider it desirable to have a separate company with a separate management to run this unit, instead of having this amalgamation.

Finally I would like to share the view of Shri Dinen Bhattacharyya. Since a petition made by the workers of Gresham and Craven is pending before the Petitions Committee further consideration on the Bill may be postponed till the opinion of the Petitions Committee is available to the House. That will do justice to this House as well as to the workers in this unit.

**SHRI K. A. RAJAN (Trichur)** Sir, while introducing the Bill the hon. Minister has specifically stated that this is a problem connected with sickness in the industry. A number of hon. Members have suggested that it would be better to have an entirely different company to take over this unit in the interests of both management and workers.

While introducing the Bill the Minister was good enough to mention some thing with regard to sickness. He has stated that sickness may be due to various reasons. Suppose an industry as a whole is sick, there may be some reasons for it, but if a unit in an industry is sick, the reasons for that may be different. So, we cannot

club all these things together. If a whole industry is sick, there may be problems connected with the very structure of the industry. If it is an export-oriented industry, there may be problems connected with our export policy. Take the case of the coir industry. It is a major, traditional industry which gives employment to five lakhs of workers directly or indirectly in our State. It has gone through many crises and it is now crumbling down and decentralisation is taking place. To an extent mechanisation is also being attempted but how far it will help the country which has a developing economy and needs labour intensive industries is a different question.

I am very pleased to find that the Minister is thinking aloud on this problem of sick industries because, in addition to the private sector and the public sector we have now another sector namely the sick industry sector in our country.

This crisis in the cashew industry for example, is due to problems connected with our import policy. Take the case of the handloom industry. There, it is an entirely different problem. It is concerned with our overall cotton policy.

This is a very serious problem. Slogans have been raised that the workers should be allowed to run the industries, but I wonder how, under the capitalist structure the workers can run these industries and how wonderful things can happen.

I want to mention specially that the big industrialists and monopolists are really syphoning away the resources. They are deliberately doing things. Take the textile industry in Bombay, for example. The hon. Minister is quite aware of its problems. There, the big sharks are syphoning off the whole resources. So, how can the industry be run? According to the policy announced by the

Government these sick units are to be attached to healthy units in the private sector, but what is going to happen? Ultimately these people will take advantage of every concession given to the sick mills and kill their own units which are in good health. My request to him is to see that that does not happen.

The sick industry has become a common problem not only in the central sector but also in the State sector. The main question here is one of management. There should be a committee of management. Agencies of private industries should not be entrusted with the management of the sick industries. There are cases of big industrialists who have manoeuvred to get into the management of the sick industries. If you give the management to such people who have no commitment or ideology, nothing will come out. Because the sick industry is becoming another sector, we have to face the problem, and to solve that there should be a management pool. Those who are committed to an ideology and are interested in running the factories giving full employment to the workers should be entrusted with this task.

Unfortunately, whenever a sick mill is taken over, the first question that is asked is why not reduce the number of workers, why not reduce their emoluments? Is that the problem? The real problem may be elsewhere. While a sick mill is being run, the worker should feel that it is being run in his interest and that he should also share the burden. But all the burden should not be put on the worker so that he alone is not taken to task for having to run a sick industry.

As regards the involvement of the workers in a sick industry, the workers should be involved in the management of the industry from top to bottom. For the last so many years, we have seen that the workers' involvement in the management of the indus-

try is only to the extent of making a worker a member of the Works Committee which has no authority, no power but only to look after how the canteen is to be run. There is no real involvement of the workers. The workers should be involved in the purchase, in the sale, in the production and in all the sectors of the industry. They should feel that they have a stake in the running of the industry. Then only the proper involvement of the workers will be there.

The hon. Minister has clearly brought out a problem in which all are interested irrespective of the party affiliations. The entire country is facing such units. The involvement of the workers at all levels of the industry from the top to the bottom level should be there. I would request him to take that into consideration. I hope the hon. Minister will take note of my submissions with all seriousness.

PROF P G MAVALANKAR (Gandhinagar) Mr. Deputy-Speaker Sir, I start by broadly endorsing many of the points which have already been brought out so well by my colleagues from both the sides of the House. I am glad that this particular Bill and the entire question of the sick industries and the industries in general is under the charge of my good friend, Mr. George Fernandes, who not only because of his background has the understanding and the knowledge of the problems involved but also, I hope has the courage and the guts to implement what he thinks must be done in the interest of the nation. I only hope that the Government and the Parliament will support such of his actions as are in the interest of the nation and the economy of the country.

I am participating in this debate for three major reasons. I want to ask the hon. Minister pointedly as to why this particular measure came in the form of an Ordinance. The Statement of Objects and Reasons does not specify the reasons for the promulgation.

[Prof F. G Mavalankar]

of an Ordinance. It says, since immediate action was necessary, he did it on 30th September. We are now at the stage of replacing the Ordinance into an Act. I ask him and the Government in general as to when we shall give up the practice of issuing Ordinances after Ordinances between the end of one session and the beginning of another session. It was a bad habit started by the Congress Government and continued vigorously by the Congress Government. It is not a question of this party or that party. The power to issue an Ordinance laid down in the Constitution is only to be used in extra-ordinary circumstances when we cannot wait until the day the Parliament meets. I do not know why an Ordinance was required for taking over this Company. I would like him to answer that point also.

He also does not mention in the Statement of Objects and Reasons the specific reasons. He says "For various reasons, including mismanagement." What are those reasons? I would like him to tell us—at least a few reasons, in concrete terms as to why it became such a sick unit, a sicker unit and the sickest unit. Those reasons could have given us some clue to the Government's thinking and his thinking as to whether he has been able to diagnose the problem correctly and administer a remedy for the sickness. These two things are missing in the Statement of Objects and Reasons of the Bill.

I am glad that the Minister of Commerce, Mr Mohan Dharia is sitting here, perhaps, for the next Bill. I would like Mr Mohan Dharia to recall a particular fact. I come from Ahmedabad. Many of my friends here have talked about units in Calcutta, Kerala and other places. I think, both Mr Dharia and Mr George Fernandes know that in Ahmedabad which is my constituency there are more than 65 textile units and a substantial

majority of them are either sick or they are rapidly going towards sickness. On 14th August this year when my good friend, Mr Mohan Dharia, was in Ahmedabad, the workers of one particular mill—I will not go into the details of that—, namely, the Ahmedabad Lakshmi Cotton Mill met him and handed over a memorandum, to him.

MR DEPUTY-SPEAKER: Is it part of Gresham and Craven?

PROF P G MAVALANKAR: That is why, Sir, I perforce it by saying that I will not go into the details of the case. But, naturally, I am bound to take advantage of the debate going on on sickness in general and invite attention to the sickness of a particular mill in my constituency, namely, the Ahmedabad Lakshmi Cotton Mill. Mr Mohan Dharia went to the extent of saying, 'I will talk about this matter to the Ministers in Gujarat, and after I go to Delhi I will see to it that this mill begins to function before Diwali.' I am sorry to say, not only Diwali is over, but on November 15, this very month, the management put up a notice there saying that 'the mill is now totally closed'. Neither the Gujarat Government nor the Government of India is able to do anything. Why I am concerned is because more than 1700 workers have been suddenly thrown out of employment, including the staff of that mill.

THE MINISTER OF COMMERCE AND CIVIL SUPPLIES AND CO-OPERATION (SHRI MOHAN DHARIA): My hon friend should quote me fully. What I said was this. If the Gujarat Government wants, if they find that this is a viable proposition, then in that case, they can. That, he has forgotten.

PROF P G MAVALANKAR: I do not want to quote him incompletely. I am glad, he has completed it. My point is this. Mr. Dharia and the Ministers in Gujarat, after all, belong to the same Party, to the same organi-



zation They must try to work in a cooperative and partnership spirit and see that something comes out. It is no use the Gujarat Government saying 'Go to the Government of India', and the Government of India saying 'Go to the Gujarat Government' Where will the people go? Between the two Governments!

I am glad my friend, the Minister of Industries has talked about this sickness of various units in Parliament today. I also heard him last week in Delhi at a public function. I thought he was almost quoting my own words and my own feelings when he said that 'the sick mills are always sick, but the management are never sick'. In fact Sir, the sicker the mill, the richer the management! That is the difficulty. That is atrocious. That must be condemned. Why I am raising this is because, I find that in many of these companies and concerns, the managements are given undue latitudes, mudat after mudat, another hearing after two months and so on and so forth. The poor workers are in the meantime continuously suffering. Why this soft-peddling towards the management all the time? Perhaps, it is because they are more vocal, they have their offices in Delhi and they try to pressurize you and me. Of course, you and I may not allow ourselves to be pressurized. That is a different matter. But the fact is that they have strong lobbies in Government of India, in the States in Parliament outside Parliament in Legislatures and in the Press. But the poor workers who are in lakhs, have no such lobbies, they are not vocal they are not articulate enough to bring out their grievances. I request both the Ministers who are now sitting here and the entire Government to see that the managements are also taken to task. Not only that, if a sickness takes place, why should the management, who is not sick, also not be penalised in terms of their being forced to pay a part of it? I say this because the National Textile Corporation, unfortunately, cannot deliver the

goods to a significant extent. As things go, the NTC itself will be in need of treatment or injection. The tragedy is that the doctor himself has become the patient. Therefore it is no use saying to the Government all the time, take more mills. Instead of 103 it would be 245 or something like that. That is all. That is not the way out. I agree. In the meantime, however, what are the workers and their families to do in various parts of India? I am making only two points before I come to the Bill. The Bill part is very simple. I would like Mr George Fernandes and Mr Mohan Dharma, in fact the entire Government, to come out with a well-thought out, proper, comprehensive industrial policy. That is number one. Number two is this. They must also have a definite study oriented and action-oriented plan to deal with this sickness as early as possible—by looking into all aspects of the matter. We want this particular statement to come from Mr George Fernandes before the end of this Session so that when we go back to our constituencies we can at least give them words of comfort, if not bread and butter, which they have been denied for the last six months or more.

15 00 hrs

Now, coming to the Bill in question, I want to make one or two points briefly. I find that in Chapter III of the Bill on page 5, there is a heading 'Payment of Amount' in which the Minister says how the payment will be made to the workers in respect of their dues and to the management also. A sum of Rs. 176 crores is being provided in the Bill which would go to clear the dues to the workers of the company and to the banks. Over and above this, a sum of Rs. 320 lakhs is being paid to the erstwhile management. Why should the erstwhile management be paid all this? In fact, they have been responsible for more and more deterioration during these last several years. Why could not the Government think in terms

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of—I am just giving an idea—confiscating part of the assets of the directors concerned, pay from management's huge profits and large wealth to the workers etc., and not from the Government money, which is your money, my money and the public money? Why should the common man in this country, who is already poor and even below the poverty line, be compelled to pay this amount and not a farthing or paise should come from the private directors, the management, who had owned this company and many such companies in India and abroad?

Secondly, a sum of Rs. 77 lakhs has to be invested for modernization and expansion of the undertaking. So far so good. As many hon. Members have said, unless you pump in a lot of money for modernization, you cannot really get rid of the problem of sickness. But, while it has been mentioned that Rs. 77 lakhs will be given for modernization, the hon. Minister has not given us the facts—it least I could not get them—as to what is the total value of the assets of the Company which he has now taken over. I would like him to give that figure

With these words, I conclude, Sir.

**THE MINISTER OF INDUSTRY (SHRI GEORGE FERNANDES):** Mr. Deputy-Speaker, Sir, I am indeed glad that we had this chance to discuss problems of sickness in general and, to some extent, Braithwaite and Company because as I have observed, most of the fire of the hon. Members was directed towards Braithwaite and Company rather than any other specific unit. This is because, there are a number of sick units; Gresham and Craven of India (Private) Ltd., itself is a sick unit which has made losses and is still making losses.

A number of points have been raised in the course of the discussions. I would like to start by answering the

last one as to why was the Ordinance necessary.

I am myself opposed to any rule by Ordinance; I have opposed it always. I shall never feel myself comfortable and I hope that it will never be necessary for us, for this Government, to ever rule by Ordinances. In this particular case, it was not a political decision that we were implementing through an Ordinance. This unit was taken over several years ago and under the IDR Act, there was a moratorium on all the liabilities. Now the five-year period of the moratorium expired on the 13th August, 1977. We could have waited for this session to start and come with this Bill but it would have meant a number of cases in various courts, particularly in Calcutta by a number of people to whom the company owes money immediately seeking payment of their dues and we would have landed ourselves in a lot of litigation apart from having to under-write the liabilities of the previous owners. In fact, there was a delay. Even in issuing the Ordinance there was a delay. The Ordinance should have been issued the day the moratorium has expired. We waited for a few days. The Ordinance was issued on 30th September. I would like to assure the hon. Members that so far as Ordinance of this nature is concerned, it is designed primarily to safeguard the interests of the public, to safeguard the interests of the workers and to safeguard the interests of the unit and not in any way to create problems for the people.

There has been this attack on Braithwaite I wonder how the hon. Members would have reacted if instead of Gresham & Craven Bill we were to come forward with a Braithwaite Bill.

**SHRI DINEN BHATTACHARYA:** It will be the same.

**SHRI GEORGE FERNANDES:** I am not sure because when it comes to the take-over of a particular unit, then we are concerned with the well-

fare of the particular unit For instance when one talks of the amount of money that has been sunk in Braithwaite—personally I do not approve of the phraseology used by two of the hon Members when they said that a large amount of money has been eaten up by the management of Braithwaites If there are specific cases where any one in the management has eaten up even one paise, I shall deal with him as ruthlessly as possible

SHRI DINEN BHATTACHARYA I will send you the copies

SHRI GEORGE FERNANDES But the money that has so far gone into the Braithwaites, in so far as my understanding of the situation goes, has not been eaten up It has not been sunk For instance, in Braithwaite we have to-day a thousand workers who have just to be kept there without any work but they have to be paid and I am sure my esteemed friend and colleague, Comrade Dinan Bhattacharya would have led a procession of these workers insisting that not one man should be retrenched and that even if there is no work he should have been kept there In fact that was the burden of the speech of Comrade Chitta Basu and also comrade Dinan Bhattacharya and perhaps my friends here

AN HON MEMBER Including yourself

SHRI GEORGE FERNANDES Of course all that I am pleading for is a certain rational approach not a total one-dimensional and one-track approach but an understanding of the situation So Braithwaite is under difficulties If Braithwaite over the years had a poor showing, there have been a number of reasons Let us examine these reasons But let us not use the occasion to say that Braithwaite is a bad company, it was badly managed and it was not looking after the finance properly The canteen question was raised and the Minister of State for Defence was quoted to say that from Rs 40 lakhs the amount

has gone to Rs 80 lakhs I have made the statement, not only the Minister of State for Defence In fact, when I was discussing the overall sickness in various units managed by the Government of India in West Bengal with the Chief Minister of West Bengal, I pointed out to him how in Braithwaite Rs 80 lakhs is paid only as canteen benefits Some of that money is misused by the Canteen Committee —I presume not mismanaged by the management but by the workers because the Canteen Committee is the Workers' Committee

SHRI DINEN BHATTACHARYA You inquire

SHRI GEORGE FERNANDES I am only pointing out I am not making any allegation against anybody because these are particular problems some of which we have inherited not as a company but as a part of the total industrial culture through which we are moving and as a part of our trade union approach So we need to look into this problem not by attacking a particular company, not by attacking a particular undertaking but by appreciating the problems which a government undertaking is facing at a certain point of time

In Braithwaite for instance the company had to execute orders where losses were inevitable Now the options in a situation of that nature were as a wagon-supplying company on each wagon you lose money You know how much you are losing What is the option? Either you say, I shall not take any order, or you decide to underwrite a certain loss execute the orders, get the exchequer to pay a certain amount of money, underwrite some loss and say that 7,000 or 6,000 workers employed in the units are not denied their employment If you therefore take a decision to keep the company going even at a loss then you cannot complain that lot of money is being sunk in that unit As you know, our options are very limited, the options are very narrow



**SHRI DINEN BHATTACHARYA:**  
Change the management.

**SHRI GEORGE FERNANDES:**  
If changing management is to provide the real solution to all the problems, then, we can change all the management.

**SHRI DINEN BHATTACHARYA:**  
In respect of Railways and others you must see that they get the prices which are fixed. You have to start from that.

**SHRI GEORGE FERNANDES:**  
I am glad that TV point has been brought home. It is not only the management, it is the railways; it is not only the railways but it is the steel-producing unit, cost of steel and so on. There are also number of factors like power. I don't get power in West Bengal. Units could not operate to their maximum capacity because there is no power. Therefore, when we are discussing matters like these we should not be too harsh on any particular unit. They are managed by people who have been moved into positions of management in order to nurse those units. Take Braithwaite for instance. When we took over the production was Rs. 5.30 crores. This year the targeted production is of the order of Rs. 22 crores. Same is the position in Gresham and Craven. When it was taken over in 1972-73 the production was 3.66 lakhs. This year the targeted production is 2 crores and 6 lakhs. Therefore, one should not take any one-dimensional approach and say this is wrong. We have got several problems and not only the problem of management. There are a number of factors and we are examining all these and I hope that in the next few weeks Government will have the opportunity to formulate and declare a policy for dealing with these sick units.

While speaking on the Demands for Grants, I mentioned about a monitoring cell in this ministry. We are doing this monitoring work. The Reserve Bank has the monitoring cell. The

banks are doing monitoring work. The first warning signals are those which come from the banks. Others may have some stake in keeping the unit going, but the banks have the stake of their own money. They are the first who can provide us with these warning signals. We have told the banks about this. The Industry Ministry functions as the nodal point, which gets all the feedback from the Reserve Bank, from the various banks etc. and thus we will be able to take preventive measures. In West Bengal 150 units are lying idle. They are sick units. While initiating the discussion I said that we have over 80,000 units of the small-scale sector which are sick all over the country.

So, it is a massive problems which, by blaming the management or by blaming anyone sector, cannot be solved. There are good managers; there are bad managers. You have good managers in the private sector and you have also good managers in the public sector. You have also bad managers in both the private sector as well as in the public sector. There are very good engineers who turn out to be first-class managers. There are first-class managers who turn out to be very bad administrators. So, we have this human problem. I would most respectfully submit to the House that one should not generalise this aspect by good or bad management by picking up one particular individual or a particular company.

In so far as the decision to have this unit managed by Messrs. Braithwaite is concerned, I have made it amply clear that it is not a question of my personal assurance. The law itself, the bill, itself says that the Government will take a final decision in the matter. There is no question of a split mind or one track mind. Here, we have to take a certain immediate decision on the issue of an ordinance. Along with the ordinance, we had also to give this company for the management to someone; we decided

that since Messrs Braithwaite and Co have got all the infra-structures to manage the unit, we should immediately ask the company to manage this company. It is not for any other reasons. Here the wages are paid or will be paid by somebody. And so, the service conditions of the employees are to be protected. It is for the purpose of looking after that as a separate unit as and when we reach the point of setting up a separate company for this unit that this thing is being done. As a matter of fact, to-day, we are engaged in this kind of exercise in our ministry. When we are examining all the sick units in West Bengal particularly, those units which are in the engineering, wagon building and allied industries side—Jessops Braithwaite, Standards Burn and Lisham and Craven are the units which are concerning themselves with the production of items which the railways need—I believe that it is not necessary for us to have all these units. When I say that it may not be necessary for us to have so many units with so many overheads then people will start asking questions as to what will happen to the workers and what will happen to the existing establishment etc. So we are considering as to what should be done? Is it possible to amalgamate them into one and is it possible to ask Messrs Braithwaite and Co to whom the management of this company is being transferred that it should not produce the items which are not more in demand or when there is no adequate demand for the wagons. This has got an idle wagon capacity. Nobody perhaps wants to diversify these units. We can make one or two of them to produce the wagons we can make one of them to produce other structural with certain additional investment for certain modernisation or even with a certain rationalisation. And it should be possible for us to bring about a certain change. So we are presently working on this and I hope that I would be able to produce a report on the basis of restructuring of some of the units in West Bengal.

which are engaged in producing items of the railways. This will be brought about soon. This is one of the other reasons I appeal to the hon. Members to understand this. Just now we decided not to immediately create a separate corporate body or to create the whole superstructure with Chairman, Managing Director, General Manager and all that which go with them. Rather we want to see that this unit is managed by Messrs Braithwaite and Co pending our taking an overall view of the whole engineering industry in West Bengal and coming to final decision on the management of all these units.

Sir, there are a number of other points which have been made which are constantly under discussion. Take workers' participation! How much of workers' involvement should be there in the management of these industries. Shri Dinen Bhattacharya has also discussed the capitalist and non-capitalist or the socialist economies and made a few sweeping statements. I would prefer not to join issues with him today. I believe in a decentralised economic set-up and that is why I will not join issues with Comrade Bhattacharya today. He also made a very interesting point that any company managed by the British is bound to turn sick. This against is a sweeping statement. I do not believe that the British have any particular reason to make their companies go sick. If Gresham and Craven went sick it went sick for a variety of reasons. We will find out the reasons. We know what those reasons are. We cannot generalise those reasons in respect of any company. We shall be able to deal with this problem and find hopefully lasting solution to this problem of sick industry. Where workers' participation is concerned Shri Vayalar Ravi has in fact been very demanding. He referred to my trade union background and also what kind of workers' participation should be there. Comrade Rajan also spoke about the workers' participation. At

[Shri George Fernandes]

what level should workers' participation be brought about?

**SHRI VAYALAR RAVI** At all the levels

**SHRI GEORGE FERNANDES**  
At the factory level there is a certain kind of workers' participation, namely Works Committees. Experiments have been made by associating workers at the top level of management. I do not wish today to narrate specific instance but as a trade unionist have personally experienced the problems of workers' participation at the top.

**SHRI DINEN BHATTACHARYA**  
They become 'dalals'

**SHRI GEORGE FERNANDES**  
He has answered my problem. It is a question of entire industrial management culture. At what level shall we associate and how shall we associate and rather than sloganise on this question if we can discuss these issues at various levels in government and outside and come to certain conclusions there will be nothing like it. For instance, when I spoke on the Demands and Grants of my Ministry I said that if there are units which the private owners are not able to run let the workers take them over. There was a good response from workers of certain individual units. I received some proposals. We are considering those proposals. They were not complete proposals. But I was surprised when Comrade Dange and Comrade Ranadive two esteemed friends of mine and many of us here, were the most violent in their approach to my offer. They said this whole idea of asking workers to run the sick units is making the workers run capitalism. I joined issue with them on this matter in public. Now, this is again an approach which inhibits any serious discussion on a problem of this nature. If workers' participation or workers' ownership or workers' in-

volvement has got to be discussed then a beginning has to be made somewhere. I would not suggest that here there is a good unit you may take over. That is a proposition in itself. Someone can make that proposition. We can discuss that proposition. Suppose the government is taking over a unit and putting in public funds to make that unit run. Let a workers' committee be formed in that unit. Their money which would come in the normal course through banks or other financial institutions, let it be funnelled through the workers' committees, whom so ever we may appoint as caretaker or manager or administrator or director. Let the workers run and let them hire their managers, let them decide the wage structure, let them decide the total form of management, let them take over and run that unit. I am not asking them to make sick capitalism healthy, not at all. You yourself work as a worker, whatever your political ideology or convictions as a leader of the workers you come forward and take over this unit and see that nobody ruins it. Rather than have a manager who according to you may later on turn corrupt, who according to you may later on prove to be a non-manager, why not let the workers themselves organise into a committee which takes over that unit, appoint their managers and run it. Let us make an experiment. We discuss workers' participation in management. I am not talking of the workers sector, I am talking of workers really taking responsibility, at some point of time I believe we need to initiate such things.

**SHRI VAYALAR RAVI** Do you think that in the present economic and financial system prevailing in the country this is workable?

**SHRI GEORGE FERNANDES** I believe it is workable. Are there not workers' cooperatives, industrial cooperatives? Are not the industrial cooperatives within the parameters of



the existing system? We are not as of now poised for a total structural change in our political or economic system. We have certain problems. While dealing with those problems, is it possible for us to create a new industrial culture where the worker takes a specific responsibility? That is the question. I am not suggesting that we can resolve this problem over a debate on Gresham and Craven.

**SHRI VAYALAR RAVI** I wish the offer comes from BEST Bombay.

**SHRI GEORGE FERNANDES** I am posing this question so that we can have a discussion on this issue and come to some understanding, some consensus, so that an experiment can be made.

It was, I think, Mr Ravi again who wanted to nationalise audit. In other words, he believes that the moment an individual citizen is nationalised he becomes an honest citizen. If an auditor is corrupt, if an auditor is purchasable and gives a false report then, whether he is a private auditor or whether he is part of a huge levathan of a public sector audit corporation, he would be the same man. Our problem is with men, our problem is to get clean, honest men.

**SHRI P. RAJAGOPAL NAIDU** (Chittoor) Then nationalisation has no meaning at all.

**SHRI GEORGE FERNANDES** Public ownership or nationalisation as a philosophy, as a principle is one question that is different. Mr Ravi's point was different. When you have private auditors they go and give you a certificate in the manner in which the private owner asks them to give a certificate. Messrs X Y Z are today a private enterprise, a firm of chartered accountants, auditors. Mr Ravi's case is that they are dishonest men. Immediately they turn from a private limited company to a Government of India undertaking X Y Z become honest men. My submission is that they do not.

**PROF P. G. MAVALANKAR** I agree that nationalisation as such will not be a remedy. But if it is nationalised they will be made accountable to Parliament, whereas private people are not accountable to Parliament at all.

**SHRI GEORGE FERNANDES** With great respect, despite all the accountability, despite all the efforts made by all the committees of parliament, one has to sit in the chair of the minister of Industries and look at the questions that are posed about all the things that go on.

**SHRI VAYALAR RAVI** Is it then proper to understand that the Comptroller and Auditor General's functioning is not honest? They have the same functions, they are doing the same functions. Can we draw a conclusion that they are also dishonest?

**SHRI GEORGE FERNANDES** That is not the point. There are good ministers and there are bad ministers, there are honest auditors and dishonest auditors, there are good public men and bad ones. But let us not elevate human nature and human character to a public sector and private sector equation. Let us not do that. There are good Congressmen, and there are bad Congressmen.

Our problem in fact is to improve production and to improve productivity. And whether a unit is owned privately or publicly, production and productivity are aspects. There, we should apply our minds far more seriously than we are doing now. Therefore I was upset when Mr Chitta Basu referred to the IRCI in its time-and-motion study as though that study was an anti-worker one. Anyway, that was the impression he gave me.

**SHRI CHITTA BASU** My point was that IRCI should have a social objective, but instead of having it if it relies entirely on the time-and-motion study, then the problem will not be

[Shri Chitta Basu]

solved but will become all the more complex, and it will not be possible to provide employment or to enlarge its scope

SHRI GEORGE FERNANDES: I entirely agree that there must be social objectives, but they must also be tempered with efficient management

SHRI CHITTA BASU: Agreed.

SHRI GEORGE FERNANDES: Social objectives cannot be considered in isolation. We should not say that a unit may make losses; but for purposes of following social objectives, we should not worry about how that unit is run—whether efficiently or otherwise

SHRI CHITTA BASU: That does not mean that you should throw a large number of workers out

SHRI GEORGE FERNANDES: Finally, everything revolves round the point whether workers who are there, should be there or not. This is whether the best and maximum efficiency has got to be introduced into the functioning of those units. I am also against retrenchment of workers, I don't want any worker to be retrenched or punished for a fault for which he is not responsible. All my life I have fought for it. There is no reason why I should take a different position now. When institutions like the IRCI insist on a time-and-motion study, try to find out the viability of a unit and the best means of making a sick unit get back to health, some exercises are necessary and I feel that one should not get exercised if they try to study the problems and go into the job of finding solutions that are not ad hoc ones, but are solutions that may finally nurse the unit back to health

SHRI CHITTA BASU: But those workers should not be thrown out of employment only on consideration of

the fact that the time-and-motion study has come to a particular set of conclusions.

SHRI GEORGE FERNANDES: To the best of my knowledge, it has not happened so far, and I would like to assure the hon. Member that it shall be my endeavour to see that workers are not thrown out of jobs when we deal with problems of sick units.

I think I have met the various problems raised by the hon. Members who participated in the discussion. There are 1 or 2 questions. One question relates to what Mr. Murugesan said. He asked why is it that we have provided for Rs. 32 lakhs for payment to the company, under section 9(1). The same question was also raised by Prof. Mavalankar. This money is not going to the Company; not a pie of this goes to the Company. Hon. Members will see that there is a Schedule to this Bill at Page 14. Category I and Category II of the Schedule refer to wages, salaries and other dues of the Company and loans advanced by the Central Government and loans advanced by the banks. They take care of Rs. 178 lakhs that we are providing in section 8. The remaining Rs. 325 lakhs will go to meet the rest of the liabilities in that order in which we have decided the priorities. The Commissioner will deal with this question. I would like to assure Prof. Mavalankar, Comrade Murugesan and the House that not one pie of the money that is now being set apart is going to the previous owners of this Company.

One word about the petition. A suggestion was made that we might await the decision of the Petitions Committee. Comrade Dinan Bhattacharyya is a very very experienced, seasoned veteran parliamentarian. He knows that the Petitions Committee is, what it discusses and what recommendation it gives.

SHRI DINAN BHATTACHARYA: Still, it is a Committee of Parliament.

**SHRI GEORGE FERNANDES** I respect that Committee I have great respect for that Committee In fact, I have served in that Committee for four years as a member of the Petitions Committee In fact, I put some life into that Committee My submission is, that certain points have been made before the Petitions Committee The very same points have been raised and discussed in this House The issue that has been raised in the petition I have dealt with both in the opening remarks and in my reply

I would now request the House to accept the various clarifications that I have given and withdraw the various amendments that have been proposed some of which are due to a mis-understanding for example the one reducing the amount to one rupee I commend the Bill for consideration

**MR DEPUTY-SPEAKER** The question is

'That the Bill to provide for the acquisition and transfer of the undertakings of Messrs Gresham and Craven of India (Private) Limited for the purpose of ensuring the continuity of production of goods which are vital to the needs of the Railways and of the industries manufacturing engineering products and for matters connected therewith or incidental thereto, be taken into consideration

*The motion was adopted*

**MR DEPUTY-SPEAKER** We will now take up clause by clause consideration

The question is

'That clauses 2 and 3 stand part of the Bill

*The motion was adopted*

*Clauses 2 and 3 were added to the Bill.*

**Clause 4.—(General effect of vesting)**

**SHRI DINEN BHATTACHARYA.**  
 I beg to move

Page 4 lines 8 and 4,—

*omit "or the Braithwaite and Company Limited," (4)*

**MR DEPUTY-SPEAKER** I will now put amendment No 4 of Shri Dinen Bhattacharya to the vote of the House

*Amendment No 4 was put and negatived.*

**MR DEPUTY-SPEAKER** The question is

That clause 4 stand part of the Bill

*The motion was adopted*

*Clause 4 was added to the Bill.*

**Clause 5—(Central Government or Braithwaite and Company Limited, or the Government Company not to be liable for prior liabilities)**

**SHRI DINEN BHATTACHARYA**  
 I beg to move

Page 4 9 and 10—

*omit or the Braithwaite and Company Limited (5)*

Page 4 lines 16 and 17,—

*omit or the Braithwaite and Company Limited' (6)*

Page 4 line 24—

*omit of the Braithwaite and Company Limited (7)*

Page 4 lines 29 and 30—

*omit "or the Braithwaite and Company Limited" (8)*

**MR DEPUTY-SPEAKER** I will now put the amendments moved by Shri Dinen Bhattacharya to the vote of the House

*Amendment Nos 5 to 8 were put and negatived*



MR. DEPUTY-SPEAKER: The question is:

"That Clause 5 stand part of the Bill."

*The motion was adopted.*

*Clause 5 was added to the Bill.*

Clause 6.—(Vesting of the undertakings of the Company in the Braithwaite and Company Limited)

SHRI DINEN BHATTACHARYA: I beg to move:

Page 4, line 38,—

for "instead of continuing" substitute "continue" (9)

Page 4, lines 38 and 39,—

omit "or the Braithwaite and Company Limited," (10)

Page 4, line 43,—

for "the Braithwaite and Company Limited"

substitute "the Government Company" (11)

Page 4, line 44,—

for "the Braithwaite and Company Limited"

substitute "the Government Company" (12)

Page 4, line 49,—

for "the Braithwaite and Company Limited"

substitute "the Government Company" (13)

MR. DEPUTY-SPEAKER: I will now put the amendments moved by Shri Dinen Bhattacharya to the vote of the House.

Amendment Nos. 9 to 13 were put and negatived.

MR. DEPUTY-SPEAKER: The question is:

"That Clause 6 stand part of the Bill."

*The motion was adopted.*

*Clause 6 was added to the Bill.*

Clause 7.—(Power of Central Government to direct vesting of the undertakings of the Company in a Government Company)

SHRI DINEN BHATTACHARYA: I beg to move:

Page 5,—

omit lines 1 to 12 (14)

Page 5, lines 17 and 18,—

omit "or the Braithwaite and Company Limited," (15)

MR. DEPUTY-SPEAKER: I will now put amendments moved by Shri Dinen Bhattacharya to the vote of the House.

Amendment Nos. 14 and 15 were put and negatived.

MR. DEPUTY-SPEAKER: The question is:

"That Clause 7 stand part of the Bill"

*The motion was adopted.*

*Clause 7 was added to the Bill.*

*Clause 8 was added to the Bill.*

MR. DEPUTY-SPEAKER: The question is:

"That Clause 9 stand part of the Bill."

*The motion was adopted.*

*Clause 9 was added to the Bill.*

Clause 10.—(Management etc. of the undertakings of the Company)

SHRI DINEN BHATTACHARYA:  
Sir, I beg to move:

Page 6, line 9,—

for "The Braithwaite and Company Limited"

substitute "The Central Government" (18)

Page 6,—

for lines 14 to 23, substitute—

"(2) Where a Direction has been issued by the Central Government under sub-section (1) of section 6, the undertakings of the Company, and the right, title and interest of the Company in relation to its undertakings, shall vest in the Government Company specified in such section" (17)

MR DEPUTY-SPEAKER I put amendment Nos 16 and 17 to the vote of the House

Amendment Nos 16 and 17 were put and negatived

MR DEPUTY-SPEAKER. The question is

"That Clause 10 and part of the Bill"

The motion was adopted.

Clause 10 was added to the Bill.

MR DEPUTY-SPEAKER: New Clause 10-A Dr Ramji Singh—absent

Clause 11.—(Duty of persons in charge of the management of the undertakings of the Company to deliver all assets, etc.)

SHRI DINEN BHATTACHARYA  
Sir, I beg to move:

Page 6, line 25,—

for "the Braithwaite and Company Limited" substitute "a Government Company or on the appointment of a custodian" (18)

Page 6, line 25,—

for "Braithwaite and Company Limited" substitute "Government Company or the custodian" (19)

Page 6, lines 27 and 28,—

for "the Braithwaite and Company Limited" substitute "to a Government Company or on the appointment of a custodian" (20)

Page 6, lines 27 and 28,—

for "Braithwaite and Company Limited" substitute "Government Company or the custodian" (21)

Page 6, lines 31 and 32,—

for "the Braithwaite and Company Limited" substitute "the Government Company" (22)

Page 6, lines 32 and 33,—

for "the Braithwaite and Company Limited" substitute "the Government Company" (23)

Page 6,—

for lines 37 to 42, substitute—

"(3) On the vesting of the management of the undertaking of the Company in a Government Company the provision of sub-sections (1) and (2) shall apply to or in relation to, the Government Company" (24)

Page 6, line 40,—

for "the Braithwaite and Company Limited" substitute "the Government Company or to the Custodian" (25)

Page 6, lines 41 and 42,—

for "the Braithwaite and Company Limited" substitute "the Government Company or to the Custodian" (26)

MR. DEPUTY-SPEAKER: I put amendment Nos. 18 to 26 to the vote of the House.

*Amendment Nos. 18 to 26 were put and negatived.*

MR. DEPUTY-SPEAKER: The question is:

"That Clause 11 stand part of the Bill."

*The motion was adopted.*

*Clause 11 was added to the Bill.*

MR. DEPUTY-SPEAKER: The question is:

"That Clauses 12 and 13 stand part of the Bill."

*The motion was adopted.*

*Clauses 12 and 13 were added to the Bill.*

MR. DEPUTY-SPEAKER: Dr. Ramji Singh—Absent.

The question is:

"That Clause 14 stand part of the Bill."

*The motion was adopted.*

*Clause 14 was added to the Bill.*

MR. DEPUTY-SPEAKER: The question is:

"That Clauses 15 to 33 stand part of the Bill."

*The motion was adopted.*

*Clauses 15 to 33 were added to the Bill.*

MR. DEPUTY-SPEAKER: The question is:

"That the Schedule stand part of the Bill."

*The motion was adopted.*

*The Schedule was added to the Bill.*

MR. DEPUTY-SPEAKER: The question is:

"That Clause 1, the Enacting Formula, the Preamble and the Title stand part of the Bill."

*The motion was adopted.*

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

SHRI GEORGE FERNANDES: I beg to move:

"That the Bill be passed".

MR. DEPUTY-SPEAKER: The question is:

"That the Bill be passed."

*The motion was adopted.*

15.43 hrs.

[DR. SUSHILA NAYAR in the Chair]

#### ENEMY PROPERTY (AMENDMENT) BILL

THE MINISTER OF COMMERCE AND CIVIL SUPPLIES AND CO-OPERATION (SHRI MOHAN DHARIA): I beg to move:

"That the Bill to amend the Enemy Property Act, 1968, be taken into consideration."

This Bill seeks to provide for the continued vesting of enemy property, already vested in the Custodian of Enemy Property for India under the Defence of India Act, and Rules, 1971, and orders made thereunder. Hon. Members will have observed from the Statement of Objects and Reasons attached to the Bill that it seeks to replace the Enemy Property (Amendment) Ordinance, 1977 (11 of 1977), which had to be Promulgated on 23rd September, 1977, by the Vice-Presi-