

SOME HON. MEMBERS: No, no.

SHRI P. G. MAVALANKAR (Ahmedabad): In this Session we have been postponing half-an-hour discussions every time, and some of us are quite prepared and ready here to ask questions. So why should that depend on only one member? The discussion on the Finance Bill may continue tomorrow. We should not postpone the half-an-hour discussion.

श्री मधु लिमये (बारा): यह बिल विधेयक का मादला आज मात्र घट में संपाद होने वाला नहीं है, इस लिये इसको आज नहीं लेना चाहिये ।

MR. SPEAKER: All right. Mr. Damani

17 39 hrs

#### HALF-AN-HOUR DISCUSSION

##### SETTING UP OF PAPER AND NEWSPRINT UNITS IN JOINT SECTOR

SHRI S. R. DAMANI (Sholapur): Mr Speaker, Sir, this half-an-hour discussion has arisen out of the answer given on 24th July, 1974, to my Unstarred Question No. 471. My question was:

"whether the joint sector idea in setting up paper and newsprint units has run into difficulties and if so, the basic differences that have arisen between Government and the parties who were ready to cooperate in the beginning."

In reply to my question, the hon. Minister has said:

"Discussions on the pattern of management and mode of financing of such projects have been held between the Government and the private sector parties, and various alternatives are under examination."

My aim in asking the question was with what urgency Government was setting up units to increase production in the Joint Sector scheme, or otherwise.

My second aim was to know how far the ideas projected by the hon. Minister himself of the joint sector have crystallised whether there is

some uncertainty or whether it has taken some definite shape of participation between the public and private sector. With that intention I raised that question but the answer was not clear. Therefore I have raised this half-an-hour discussion.

We know very well that at present there is an acute shortage of newsprint as well as paper in the country. For the last 15 years there is only one unit for newsprint at Nepa with a capacity of 75,000 tonnes but it produces only 47 per cent of its capacity and meets only 30 per cent of the country's requirements.

17 42 hrs.

[MR HENRY AUSTAIN in the Chair.]

Provision has been made and assurances were given that the production will increase and that efforts are being made to see that the country becomes self-sufficient in this regard and that we are not to import newsprint from abroad. But so far no new unit has come into production and as such, the situation has become very serious. The newspapers are finding it very difficult to get the required quantity of newsprint. They are always pressing the Information and Broadcasting Ministry for allotment of more quotas. They cannot afford to buy newsprint at high prices in black market. And this thing is going on. Now, many news papers have already reduced their size and the number of pages. I think a time will come when, if this situation continues, they will have to bring a mini newspaper and mini news items and at that time it will be difficult for them to give space for Ministers' speeches which they are getting at present ...

THE MINISTER OF INDUSTRIAL DEVELOPMENT AND SCIENCE AND TECHNOLOGY AND AGRICULTURE (SHRI C. SUBRAMANIAM): That will be a very good thing.

SHRI S. R. DAMANI: Now, the Hindustan Paper Corporation was set up in 1970. What was its aim? The aim was to set up 3 pulp and

paper projects and one newsprint project, to increase the production of pulp and newsprint. Four years have passed and I want to know from the hon. Minister what progress they have made in this regard. The idea was to put up one Pulp and Paper project of 30,000 tonnes capacity in Nagaland. I think it is only on paper. Then one project at Nowgong for pulp and paper with 80,000 tonnes capacity and another at Cachar with 80,000 tonnes capacity and the fourth one is the Kerala Newsprint project with a capacity of 70,000 tonnes. These are the four projects undertaken by this Hindustan Paper Corporation. Since 1970, four years have passed but nothing has happened. This is a very serious matter. We know it very well. There is acute shortage of exercise books and note books due to which the students are suffering very much. These could not be supplied to the students and they are facing great difficulties on this account. This is the situation which we face. No note-books are available. So, what is required is that we should bestow our attention to increase production. And, about the joint sector, I would respectfully submit, this is a good scheme of properly worked out. Private sector can give know-how. Managerial talent can be given by them. Managerial efficiency can be provided by them. So far as financial aspect is concerned, finance can be provided by both, and its control may be in the hands of the State. This is a good idea but this remains as idea only because no definite rules are framed. We do not know what the functions of the participants would be who will be in charge of production who will be in charge of finance, etc. what is the function of the Chairman? All these are put in vague fashion. Whenever we see shortage like these, something definite should be done. You have to say, this will be the area where the private sector will come in; this will be the area where the State control will come in, etc. This will have to be spelt out properly as that parties can come into this field.

MR. CHAIRMAN: Please conclude Only two more minutes.

SHRI S. R. DAMANI: We are thinking up of putting many small steel plants. The Minister of Steel Mr. Malaviya said the other day, about 1000 mini steel plants. Why government does not think of small plants of 25 tonnes spread all over the country for paper and newsprint? We have got talent. That will not cost more than Rs. 3 to Rs. 4 crores. If hundred plants are there, there will be machinery available in the country and it can be used. Why should we go in for big plants then? Medium-sized plants can be set up in the joint sector by small entrepreneurs.

MR. CHAIRMAN: Please resume your seat.

SHRI S. R. DAMANI: Small plants must be encouraged. We can achieve greater production by this way, instead of depending only one larger plants. Sir, I shall conclude by requesting the hon. Minister to answer specifically on three or four points.

What are the reasons for the projects of Hindustan paper corporation not coming up even after four years?

How and by when the country's production will be increased to match the demand?

When will be finalise the broad outlines of the scheme of Joint Sector, so that the private entrepreneur may know what is expected of him and what is his role under this scheme?

Lastly I want to know this: Will be example the suggestion of putting up small units in small towns to help the economy of such small towns?

These are my questions and I request the hon. Minister to reply to these points which I have raised.

SHRI B. C. NAIK (Kanara): Sir, the Minister of Industrial Development has given me a reply regarding some of the paper mills in this country which are supplied raw materials in the form of bamboo. The rates per ton of bamboo vary in Madhya Pradesh from Rs. 55

per ton to Rs. 3 per ton in Maharashtra, Rs. 17 per ton in Karnataka at present and in Orissa, of course, this is got at Rs. 8.40 per ton.

The paper industry has been subsidised by way of industrial concessions and subsidised rates on the royalty of bamboo.

**SHRI C. SUBRAMANIAM:** The discussion is relating to the setting up of a newsprint unit in the joint sector. Certainly we are not discussing the entire gamut of the industry. Therefore, I do not know whether the discussion now covers the entire scope of the paper industry since he has gone into the raw materials, the cost etc., etc.

**PROF. MADHU DANDAVATE (Rajapur):** Can you follow how the discussion has come up?

**MR. CHAIRMAN:** You are entitled to put questions only—that too in two minutes. If you are going to cover the entire field of the joint sector concept, I do not know where you will end.

**SHRI B. V. NAIK:** Since only thirty minutes have been allotted, I hope at least you will give me five minutes.

**MR. CHAIRMAN:** In thirty minutes the hon. Members will have to put their questions. Then only the Minister will reply.

**SHRI B. V. NAIK:** I am trying to bring in the raw materials because the principal core sector has been subsidised. Therefore, the question of joint sector has to be seen in relevance and in relation not only to the holding of the equity participation in the capital structure of these units proposed to come but, in the form of capital participation, state forests also go into the paper mills in this country, which have been subsidised in the paper industry to the tune of crores of rupees and which run into an astronomical figure. Therefore, I would like to know from the hon. Minister whether these various alternatives

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that have been told to us since October 1972 when the Industries Minister himself made a statement regarding the joint sector concept are related to the appointment of Chairman and Managing Director of the Board of Directors of the joint sector company. As far as I remember—the hon. Minister will also bear me out—he has categorically stated that the main incharge of the management will be a Government man. Under the circumstances, I fail to understand what is there to be discussed with anybody including the representatives of the private sector. He may also kindly tell us whether there is going to be a deviation as far as the key management personnel of these joint sectors are concerned. Why should he be the nominee of the government? In such a case, why should there not be any scope for other alternatives.

In the last one minute, I would like to say that since the concept of the Joint Sector means that the joint sector will have equity participation by the private sector, I wonder whether the joint sector idea of the Government in the management field in the private sector has its capital or whether it has worked anywhere else in the industrial field not only in this country but elsewhere also.

**SHRI P. G. MAVALANKAR (Ahmedabad):** I welcome this half-an-hour discussion because I find from the answer given by the hon. Minister that he has not given any satisfactory answer at all on a very important subject like this. From that point of view, I wish to ask him briefly the following questions—

Does he not realise that the shortage of paper and newsprint in our country is acute and is getting more acute as months pass by, and if so, is he going to depend for supply of paper and newsprint on the indigenous production as available and through imports from abroad, or is he also going to do something to augment the supply by having more production in the

country? If that is the approach, my next question is whether he wants it to be in the private sector or the public sector? If the private sector is able to do it, what is Government's objection to allowing the private sector to have more production in these two plants?

My next question is in regard to the joint sector. I am myself quite in favour of the joint sector idea. Therefore, I am asking him whether Government are really in favour of the joint sector idea, and if so, whether he will take advantage of this discussion and tell this House in some broad details what exactly is his and Government's idea of the joint sector. What are the broad points involved? From the answer given when the original question was put, we find that the hon. Minister has only said that discussions were held on patterns of management and mode of financing. Various alternatives were examined, but then he says that the main points of dispute or disagreement related to appointments of chairman, managing director and board of directors. So, may I take it that the question of management in general and the mode of financing are points on which there is an agreement and the disagreement is only on the personnel? Or, is it also on some of the basic points in regard to formulation of principles of joint sector idea? I would like the hon. Minister to kindly give some details on this.

Lastly, will he not agree with me that paper and newsprint are very valuable in our country, because they involve basic ideas and needs of freedom of press, freedom of information and freedom of expression in our democracy, and that if we have this continued shortage and continued more and more shortage of newsprint and paper, then not only our educational institutions, but our newspaper world and our citizenry in general will be in great difficulty? Therefore, my question is: What is he going to do with regard to all these matters?

SHRI VAYALAR RAVI (Chirayinkil): I shall begin where my hon. friend Shri Mavalankar has just left. It is true that there is so much of scarcity of newsprint and writing paper, and this has affected the supply of writing paper to the student community as a whole

In this connection, I would like to know from the hon. Minister whether this joint sector concept has eroded the activities of the Hindustan Paper Corporation in the public sector. I am asking this question specifically for this reason. I have nothing personal, but the reports appearing in our newspapers, especially in Kerala, do give the impression that the present chairman and managing director of the Hindustan Paper Corporation is somehow or the other delaying the Kerala newsprint and paper project. I would like to know whether he has himself put it a condition to join it that no order should be given for any machinery or no global tender should be invited if he is to assume powers there. In spite of the Government's request, still things have been very much delayed. Since the joint sector idea has come up, there are rumours now that the project may go to UP or some other State, therefore, this fear has been growing in Kerala that the newsprint project may be shifted from Kerala to in favour of the joint sector project.

17.59 hrs.

[SHRI VASANT SATHE in the Chair]

I would like to know specifically from the hon. Minister whether he had written a letter on July 15, to the Chief Minister of Kerala which says that he may be forced to review the stand, and the newsprint project in Vellur may not materialise due to certain reasons. I would like to know whether it is a fact. What were the reasons for sending such a letter which may harm the interests of the State of Kerala and the newspaper industry as a whole as well? I would like to know whether in the HPC some officials are not serious about the public sector project and they are

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more in favour of the joint sector project.

**SHRI K. P. UNNIKRISHNAN** (Badagara): I should like to say that the tycoons of the paper industry Birlas or Thapars, have a very clear design; they not only want that the HPC project in Kerala should not materialise but also that the joint sector may be delayed, unless they are patronised. They have a captive market and in the situation generated by acute shortages, the normal laws of monopoly operate and they want to corner the profits for themselves. Is the Government aware of this danger? I have a specific case in point. I should like to know from the hon. Minister whether the house of Birlas was an applicant for the joint sector project in U.P.? If so is he also aware that the House of Birlas through another company Gwalior Rayons are trying to pressurise the Central and the State Governments in the guise of getting raw materials for their rayon pulp plant in Calicut and to prevent the implementation of the public sector project in Kerala? Will the Government of India take measures to see that the public sector project comes up in time? Despite its highly capital intensive nature, will preference be shown to new parties and not to those who have already become tycoons in the paper field?

**SHRI C. SUBRAMANIAM:** The scope of the discussion has been enlarged but certainly I do not want to avoid answering the questions. As for newsprint, there is no joint sector project at all under consideration. Either they are in the private sector or in the public sector. Hon. Members know that NEPA is under production and it is in the process of expansion; by the end of the year expansion will be complete. In addition they have taken up the Kerala newsprint for 80,000 tonnes. Hon. Members raised some doubts whether it would go according to schedule or there would be delay. As far as the processing of the project is concerned, it is going

on as per schedule. But certain doubts were raised with regard to the availability of raw materials because the raw materials originally pledged to HPC were under consideration for being diverted to Birlas for production of rayon yarn pulp. This was because under the agreement entered into by the Namboodiripad Ministry Birlas had been given certain rights with regard to raw materials and these raw materials are not available according to the contract and therefore I am told that Birlas had gone to Court asking for damages of Rs. 5 crores against the Kerala Government. We received information that for the purpose of settling that dispute some of the raw materials allocated to HPC newsprint project was under consideration for being diverted to Birlas. It is about this that I wrote to the Chief Minister. If we invest about Rs. 125 crores and ultimately we find that there is no adequate raw material, then not only Kerala would be a loser but the nation also would be a loser. I wanted clarification about this and I asked whether there was any basis for these doubts with regard to the availability of raw material.

I am glad to inform the House that whatever might have been the position in the past, today it has been resolved and the Chief Minister saw me today and assured me that there is no question of diversion of any of the raw materials which would be required by the HPC. Therefore, there need not be any misapprehension in regard to that. He has promised to put it in writing and send it to me by day after tomorrow because day after tomorrow the investment board and the Finance Ministry have to take a final decision with regard to the allocation of foreign exchange and acceptance of the revised estimate from Rs. 80 to 125 crores. So, hon members may be assured that the Kerala project will go according to schedule.

Some doubts were raised about HPC. I made a statement this morn-

ing in the other House and I will repeat it here. The Chairman, Mr. Zutshi, is one of the dedicated and committed officers. He has given up a very remunerative job under Thapara and taken over as Chairman and Managing Director of HPC for a considerably lower emolument mainly because he has earned enough and he wants to serve the nation. Having known his functioning during the last few months, I can say without any hesitation that there can be no question of his playing the game for anybody else except for the interest of the public sector and the nation as a whole. I request hon. members not to cast any aspersions on his integrity.

The mover asked, what is happening to HPC? Nodoubt HPC was a little bit of a sleeping organisation till Mr. Zutshi came. That was why he was brought in. Since then it has pick'd up and going forward. As far as the Nagaland project is concerned, it is for 30,000 tons of printing paper and is expected to be completed by 1976-77. Orders for the main equipment have already been placed. Kerala newsprint project is expected to be completed by 1977-78 and we will stick to that. Foreign exchange and finance is likely to be cleared within a few days. We have taken up Nowgong and Cachar projects also for 80,000 tons each. The project report is ready and they are under examination by the Finance Ministry. The Mandya project was about to be handed over to a private capitalist, but we took it over. Its capacity is 10,000 tons. After we have taken it over, the production is a little above the capacity. It is to be expanded to 20,000 tons per annum. This expansion is likely to be completed by 1977. So, there is no question of HPC sleeping over the projects. They are taking expeditious steps to implement the projects.

The central point was about the joint sector projects. We have two joint sector projects under consideration, one with the Birlas in UP and another with Bangurs in M.P. The

financial participation has been settled. 25 per cent will be the private party's participation, 26 per cent Government participation and the rest thrown open either for financial institutions or public contribution.

Now the question is what should be the management set up. The private sector seem to think that they alone can efficiently run major industries. Therefore, they say that the entire management should be handed over to them, even though we may be a partner in that. My concept of joint sector is completely different from what the big houses seem to think. After all, if you look into the big houses, it is not Bangur who is managing it, it is not Birla who is managing it but it is the professional manager who is managing it even in the private sector. If it is a question of hereditary management, you can write it off, as you can write off bureaucratic management of a public sector project. We can write off hereditary management, may be by chance some person may be competent. I do not rule it out. But one should not become a manager simply because he is the son, son-in-law or nephew of a particular person. Therefore, the real management is professional management. They alone can deliver the goods. Then the question is, to whom in the joint sector the professional management should be responsible. Should it be responsible to the private house which is collaborating in the joint sector, or should it be responsible to the Government, or is there any other concept of it?

As far as management is concerned, as already pointed out by some hon. Members, the key posts are the Chairman and the Managing Director.

As far as the Board of Directors is concerned, it goes on the basis of the equity holding. Therefore, there is no difficulty with regard to that. The point of view of these two houses is that we may nominate the Chairman but, as far as the Managing Director is concerned, they should

be given the option to nominate the Managing Director. They not only want to nominate the Managing Director, but whether he should continue or not also should be at the sweet will of the private house. That would mean that the Managing Director would be looking to this house for directions rather than to the Government.

My idea is let us professionalise the management. I am not going to appoint anybody as Chairman. I will appoint a person who is competent in professional management as Chairman. Then, let us have the Board of Directors. Then, let the Board of Management appoint the Managing Director, who will be responsible to this Board of Directors rather than to the private house. If he has got to be removed, he cannot be removed simply because the private house does not like him. He can be removed only on the basis of any charge of incompetence by the Board of Directors and not by anybody else. This is my concept of joint management. In my view, this should be the concept of management even in the private sector. Simply because it is owned by a particular house, the management should not be responsible to that House and take the interests of that house as paramount, rather than the interests of the industry. Today the main difficulty is that even though it is professional management, its loyalty is to the house and not to the industry as such. This is what I call de-linking the management from ownership. I do not mind who owns it, but it should be run by professionally competent people with integrity, who would take the interests of the industry and that enterprise, and not the interest of the house, even though they may have a dominant interest in that. How to bring about it is a different thing altogether. I can tell the hon. House that the question of de-linking of management from the ownership of the bigger houses, not nationalisation, is under examination.

Apart from that, in the joint sector there can be no question of handing over the management to the private sector. Then they can have the private sector; why go in for the joint sector? They want not only contribution but creation of confidence in the public that the Government are also participating in this and, therefore, you can subscribe to this with some confidence, and still they want to retain their hold on the management.

Certainly, I am not going to be a party to that. That is not my concept of the joint sector. This is the real difficulty as could be anticipated.

Both the Birlas and Bangurs are not willing to consider this sort of management. When we say, Birlas, you know there are so many Birlas now, not just one. There are so many houses of Birlas. This is one branch of Birlas. They are not willing to consider this sort of management. Bangur also met me. He also thinks that he cannot agree to this. He says, "As far as the Managing Director is concerned, he should be my man. If I do not like him, he should be removed." He put it bluntly. This is where it has got into a deadlock.

This is not a newsprint project. The hon. Member wanted to link it up with the shortages of newsprint and, therefore, to yield to the compulsions of the circumstances to the larger houses. These are only printing paper and pulp projects.

**SHRI S R DAMANI:** There is the shortage of all type of paper. I have no intention to bring any such thing here.

**SHRI C SUBRAMANIAM:** I will deal with that aspect also.

Therefore, it is a question of what do we do about it. If they are not willing to do it, we can as well give it as a private project saying, "You float the thing; you get the money and go on with it. You cannot ask the Government to participate in it."

There is also a question of H.P.C. taking over these two projects also in U.P. and Madhya Pradesh. This is under consideration. But, unfortunately, there are constraints of resources. We have some proposals with regard to resources also. This is a matter which is still under discussion with the Planning Commission as far as these two projects are concerned.

Apart from that, we have already licensed sufficient capacity in the private sector and they are all coming forward with regard to expansion. Therefore, there is no question of, for the purpose of just getting more production, ourselves to contribute to the equity and grant the management to the private sector. It is not going to happen. If it is necessary, I would like to take up in the public sector. I think, we can manage the resources also. This is my judgment. But it is ultimately the Planning Commission and the Finance Ministry also to agree.

Then, the hon. Member mentioned about small plants. Here also, small plants are coming up, say, of 20 tonnes, 25 tonnes, etc. There is no question of big houses coming in. There are quite a few small projects which are already under operation and new projects are also under implementation. Therefore, we should not confuse the issues by saying that because there is the shortage of paper, let us yield to the compulsions of the circumstances and let us accept all the terms put forward by the larger houses. That is not going to happen.

**SHRI B. V. NAIK:** Where has the joint sector succeeded then?

**SHRI C. SUBRAMANIAM:** We have a large number of joint sector projects. Take, for example, the Gujarat Fertiliser Factory. It is a joint sector project with complete Government management. It has succeeded. Then, there is the Scooters Ltd. which is being put up as a joint sector project. It is a joint sector project, Government owning 51 per cent

and even a foreign party owing 10 per cent along with a private party. A large number of projects are being implemented by the State Government and private people participating together. Already, there are quite a large number of projects under implementation and also under production. Therefore, this is not new concept. But here, because they think that they are bigger houses and they can dictate terms, and they think we should yield to them with regard to the question of having Managing Directors, they are under an illusion.

18.20 hrs.

#### DISCUSSION RE: RECENT ROCK-BURSTS AND LANDSLIDES IN KERALA

**MR CHAIRMAN:** Now we take up the discussion under Rule 1973 Mr. C M Stephen to raise a discussion on the recent rock-bursts and landslides in Kerala.

**SHRI C. M. Stephen (Muvattupuzha):** Mr. Chairman, I am really sorry that I have to take the time of the House at this late hour. But there is ample justification for it. If my memory is correct, this is the first time that on an issue like this concerning Kerala we are seeking the indulgence of the House for a hearing. I have heard discussion about drought and floods being raised umpteen times, but we have never come here to place before the conscience of India the agony which Kerala is now going through. I use the word 'agony' with the full implications of it, realising the situation there.

What has been happening in Kerala today is a total disaster, if I may say so. The disaster is three-dimensional, coming simultaneously. There is on the one side the sea erosion on a large scale rendering a large number of fishermen in a situation of complete starvation and water encroaching into the land of Kerala. Then as far as the middle low-lying area of Kerala,