

**Shri Surendranath Dwivedy:** Up to 5 O'clock.

**Mr. Speaker:** The House will have to sit up to 5 O'clock every day except on the days when there are half-hour discussions. The Vivian Bose report is there; two days for that. If we want to sit longer—

**Shri Surendranath Dwivedy:** We agree to 12 hours.

**Shri Daji:** 12 hours.

**Mr. Speaker:** If the House agrees to 12 hours, it is perfectly all right.

**Shri U. M. Trivedi:** 12 hours.

**Shri Vidya Charan Shukla:** For the Vivian Bose Commission report we have agreed that the time will be 12 hours.

**Mr. Speaker:** If the House wants to sit for six hours each day, it will be 12 hours. Now, I shall put the motion that with these amendments the report be agreed to. The question is:

"That this House agrees with the Fifteenth Report of the Business Advisory Committee presented to the House on the 8th April, 1963, as modified."

*The motion was adopted.*

12.18 hrs.

\*DEMANDS FOR GRANTS—*contd.*

MINISTRY OF COMMERCE AND INDUSTRY—*contd.*

**Mr. Speaker:** The House will now take up further discussion and voting on Demands for Grants under the control of the Ministry of Commerce and Industry. Out of six hours allotted, five hours and five minutes have already been taken. Shri D. S. Patil.

**Shri Daji (Indore):** Sir, may I submit in this connection that if we sit after 6 O'clock, normally, the extra

time taken should not be deducted from the time allotted. We sat up to 6.35 or so yesterday. The extended time should not be deducted from the time allotted. I am only submitting a convention by which we may be guided.

**Mr. Speaker:** If I had adhered to that, I would have called the Minister straightway. But now I have called a private Member.

श्री दे० शि० पाटिल (यवतमाल) :  
अध्यक्ष महोदय, आपने मुझे अवसर देने की कृपा की इसके लिये मैं आपका आभारी हूँ ।

अध्यक्ष महोदय, वाणिज्य तथा उद्योग मंत्रालय आवश्यक वस्तुओं के उत्पादन, वितरण और मूल्यों का भी नियंत्रण करता है । इसलिये कपास के उत्पादन और कपास की कीमतों के बारे में भी यह मंत्रालय अपनी नीति निर्धारित करता है । कपास की कीमतों के बारे में खास कर जो हमारे मंत्रालय और विशेषतः मंत्री महोदय श्री मनुभाई शाह के दिल में गर समझ है वह मैं निकलना चाहता । कौटेन ग्रेड्स जो उत्पादन करते हैं उन कपास पैदा करने वालों की मांग कपास का अधिकतम भाव बढ़ाने के बारे में नहीं है और जो सीलिंग प्राइसेज हैं उन के बारे में उन की कोई शिकायत नहीं है । उनकी शिकायत तो यह है कि फसल के मौसम में कपास के भाव गिरते हैं और जो रुई का अधिकतम भाव है वह रा कौटेन को नहीं मिलता है । उसी का परिणाम कपास के उत्पादन पर हुआ है ।

अध्यक्ष महोदय आप ने देखा होगा कि ऐज ऐ पालिसी सेंट्रल गवर्नमेंट ने १-अई ६२ को कौटेन पालिसी एनाउंस की और १९६२-६३ सीजन के लिये कौटेन की १२५ रुपये सीलिंग प्राइस बढ़ायी लेकिन

\*Moved with the recommendation of the President.

[श्री दे० शि० पाटिल]

सेंट्रल गवर्नमेंट ने इसके इम्प्लीमेंटेशन करने का काम इस मंत्रालय की तरफ भेजा। अक्टूबर में टेक्सटाइल कमिशनर में एक स्कीम बनाई और स्कीम बनाने के बाद उन्होंने किसान का कपास मार्केट में आने लगा तो कपास के मूवमेंट पर कुछ रिस्ट्रिक्शंस लगाये। सर्वे सेंटस बहुत कम रक्खे और कुछ अच्छी क्वालिटी जो थी उस पर कुछ रिस्ट्रिक्शंस लगाये। परिणाम उस का यह हुआ कि कपास के भाव बहुत गिरे कृषि मंत्रालय ने किसानों के हित को ध्यान में रखते हुए फ्लोर प्राइस के बारे में वकालत की है लेकिन अब तक उस के बारे में विचार नहीं किया गया है।

कल यहां ऐसा बतलाया गया कि जो फ्लोर प्राइसेज हैं उनको बढ़ाने के बारे में एक हफ्ते या दो हफ्ते में ऐलान हो जायगा। मेरा आपके जरिये नम्र निवेदन है और आज भी प्रश्नोत्तर के वक्त यह बात कही गई कि हमारी यही शिकायत रही है कि जब किसानों की कपास ट्रेडर्स के हाथ में जाती है तब प्राइस बढ़ाने की बात यह मंत्रालय सोचता है। अध्यक्ष महोदय, मैं आपकी भक्ति इस मंत्रालय से निवेदन करूंगा कि फ्लोर प्राइस बढ़ाने की बात आज करने की कोई जरूरत नहीं है। अब बत्ता बुवाई के पहले अगले सीजन के लिये अगर प्राइस बढ़ानी है तो दो, तीन महीने के बाद उसे बढ़ा सकते हैं। लेकिन आज यही वजह है कि ट्रेडर्स को मिलऑनर्स को मंत्रालय ज्यादा भाव देना चाहता है। किसान के पास तो माल रहा नहीं है। चार महीने से संसद सदस्यों ने फ्लोर प्राइस बढ़ाने की मांग की लेकिन मंत्रालय ने ध्यान नहीं दिया कृषि मंत्रालय ने कामर्स एंड इंडस्ट्री मिनिस्ट्री के साथ एक ज्वाइंट कमेटी बुलाने की काफी कोशिश की लेकिन उस बैठक में इस कामर्स एंड

इंडस्ट्री मंत्रालय का कोई मंत्री हाजिर नहीं हुआ।

आज फ्लोर प्राइस बढ़ाने की बात चली है वह किसानों के फेवर में नहीं है। ट्रेडर्स और मिलऑनर्स को ज्यादा पैसा दिलाने के लिये यह कीमत बढ़ाने का सवाल यहां निकला है। मैं आपके जरिए इस मंत्रालय से निवेदन करूंगा कि एक दो महीने बाद आप कौटेन की प्राइस बढ़ाने की बात सोच। थर्ड फाईव इयर प्लान में कौन का टारगेट ७० लाख गांठ का है। सन् १९६१-६२ में कपास का उत्पादन घटा और वह ४५ लाख गांठ रहा जबकि सन् १९६०-६१ में वह इससे अधिक था अर्थात् ५४ लाख टन गांठ का था। इसलिये अगर हमें कपास के उत्पादन को बढ़ाना है और किसान को अधिक कपास पैदा करने का प्रोत्साहन देना है और देश में लॉग स्टेपुल कौटेन ज्यादा पैदा करनी है तो यह जरूरी है कि किसानों को उनके उत्पादित माल के उचित दाम मिले। इसलिये सीलिंग प्राइस बढ़ायी गयी और उस का नतीजा बहुत अच्छा हुआ। हम देखते हैं कि उत्पादन में वृद्धि हुई।

Production of cotton as compared to the price targets has been as follows:-

सन् १९६०-६१ ५४ लाख गांठ, सन् १९६१-६२ में ४.५ लाख गांठ, सन् ६२-६३ में ५४ लाख गांठ और सन् १९६५-६६ का लक्ष्य ७० लाख गांठ का है। सीलिंग प्राइस बढ़ाने का सरकार ने जो निर्णय किया गया उसका परिणाम यह हुआ कि गये साल ५४ लाख गांठों के उत्पादन का जो लक्ष्य रक्खा गया था उसके पूरा करने की कोशिश है।

जब उत्पादन गिरता है तो यह कहा जाता है कि मौसम खराब था लेकिन मेरा कहना है कि ऐसा कहना गलत है। इस

तरीके से सोचने से आपका उत्पादन नहीं बढ़ेगा। कौटन का ऐरिया कितना बढ़ा है, यह देखना चाहिये और मैं मंत्री महोदय को यह आश्वासन देना चाहता हूँ कि कार्तकारों ने लॉग स्टेपुल कौटन का ऐरिया बढ़ाने की कोशिश की है। उन्होंने इस के लिये अपनी ज्यादा पूंजी लगाई है और वह उसको ज्यादा से ज्यादा पैदा करने की कोशिश करते हैं।

मैं यह निवेदन करना चाहता हूँ कि कपड़े का बंधा अपने देश में एक बहुत महत्वपूर्ण बंधा है। मैं इस के बारे में कहना चाहता हूँ कि इस बंधे को अगर बढ़ाना है तो इसके लिये प्लानिंग कमिशन ने जो एक पालिसी दी हुई है वह पालिसी ऐड्याप्ट कर लेनी चाहिये। पालिसी डिस्ट्रिब्यूशन की है। अब जहाँ कपास पैदा होती है वहाँ अगर कपड़ा बनाने की मिलें खोल दी जायें, यह इंडस्ट्रीज अगर कपास ग्राइंग ऐरियाज में अर्थात् रूल ऐरियाज में खोल दी जायें तो कपास का उत्पादन करने वाले किसानों को फायदा पहुंचेगा। यह खेद का विषय है कि आज बड़े बड़े शहरों में ही इंडस्ट्रीज लगी हुई है और सैट अप हो रही है। गांवों की इस बारे में पूर्णतः उपेक्षा हो रही है। अहमदाबाद, बम्बई और शोलापुर आदि स्थानों में ही इंडस्ट्रीज का डिस्ट्रिब्यूशन हो रहा है। हम चाहते हैं कि जहाँ कपास पैदा की जाती है वहाँ पर कपड़े की इंडस्ट्रीज लगाई जायें देखने में यह आता है कि इन पिछले १५ सालों में कोई इंडस्ट्री रूल ऐरिया में चालू नहीं की गई। इस कारण ट्रांसपोर्ट चार्ज भी बढ़ जाते हैं। इसलिए मेरी प्रार्थना यह है कि कोआपरेटिव बेसिस पर जहाँ जहाँ मिल खोलने के लिये अर्जियां आती हैं वहाँ जल्दी जल्दी उनकी मंजूरी मिलनी चाहिये।

मेरी कांस्टीट्यूंसी में वहाँ के लोगों ने जिनिंग और प्रेसिंग हर एक ब्लाक में और

जिले में एक स्पिनिंग और वीविंग इंडस्ट्री कोआपरेटिव बेसिस पर खालने का निर्णय किया है। उस के लिये उन्होंने अर्जी की है और जरूरी रुपया भी जमा किया है। लेकिन अभी तक उसके खोलने की उन्हें स्वीकृति नहीं मिली है और उनको अभी यही जवाब मिला है "एप्लोकेशन इज अंडर कन्सिडरेशन"। लेकिन गवर्नमेंट की तरफ से उसको इनकरेजमेंट न मिलने के कारण लोगों द्वारा कोआपरेटिक्स में पैसा जमा कराना घट रहा है। दो, दो लाख रुपये का चन्दा जमा करना और बाद में मिल खोलने के लिये मंत्रालय की तरफ कई कई महीने तक आशा भरी दृष्टि से ताकते रहने से कार्यकर्त्ताओं को बहुत दिक्कतें पेश आती हैं। आवश्यकता इस बात की है कि इस तरह की अर्जियां जल्दी से जल्दी मंजूर होनी चाहिये और कोआपरेटिव बेसिस पर गांव के लोगों को स्पिनिंग और वीविंग मिलें खोलने के लिये सरकार को प्रोत्साहन देना चाहिये।

रूई की जो सीलिंग प्राइस है उस के बारे में हमें कोई शिकायत नहीं है लेकिन कच्चे कपास के मुनासिब दाम किसानों को अवश्य मिलने चाहिये। फसल में कपास के दाम गिरते हैं . . . . .

**अध्यक्ष महीबय :** माननीय सदस्य का समय समाप्त हो गया है।

**श्री बे० शि० पाटिल :** सितम्बर, १९६२ से आज तक की कपास के भावों को यदि आप देखें तो मालूम होगा कि फसल में १०० रुपये भाव गिरा है। एक दूसरी बात यह है कि फ्लोर प्राइस और सीलिंग प्राइस में बहुत फर्क है। इतना अन्तर दुनिया में कहीं भी नहीं है। सितम्बर, १९६२ में जह् अधिक्तम एक १४७ के मूल्य १२६४ प था और न्यूनतम मूल्य ६७२ रुपये था। अधिक्तम मूल्य और निम्नतम मूल्य में इतना अन्तर होना उचित नहीं है। इसलिये प्रार्थना की गई है कि फ्लोर प्राइस को

[श्री दे० शि० पाटिल]

बढ़ाया जाय। जब अप्रेजों का इस देश पर राज्य था और वह यहाँ पर मैनचेस्टर के कपड़े को लाना चाहते थे और देश में पैदा होने वाली लॉग स्टेपुल को प्रोत्साहन नहीं देना चाहते थे इसलिये उन्होंने फ्लोर प्राइम नहीं बढ़ायी। अब तो जमाना बदल गया है और देश में इस जनता की प्रजातंत्री सरकार का राज्य है और मेरी प्रार्थना है कि कपास की फ्लोर प्राइम २०० रुपये से बढ़ानी चाहिये।

दूसरी रिक्वेस्ट जाते जाते मैं यह करना चाहता हूँ कि यह सही है कि स्मोल स्केल इंडस्ट्रीज देश में पहले की अपेक्षा अधिक पनपी है और उन में प्रगति हुई है लेकिन अभी भी उन पर काफी रिस्ट्रिक्शंस मौजूद हैं। हम चाहते हैं कि देहातो में और ब्लाक्स में कोऑपरेटिव बेसिस पर इंडस्ट्रीज खोली जायें। इसके लिये जरूरी है कि अभी जो रुकावटें डाली जाती हैं वे हटा ली जायें। अब एक रिस्ट्रिक्शन तो यह लगाया जाता है कि जहाँ १५००० की पापुलेशन हो वहाँ के लोग ही ऐसी इंडस्ट्री आर्गेनाइज कर सकते हैं। लेकिन मेरा कहना है कि पिछड़े और अविक्सित इलाकों में जहाँ कि बाबू वगैरह कच्चा माल ज्यादा पैदा होते हैं वहाँ पर इंडस्ट्रीज खोलने के लिये कोई रुकावट नहीं होनी चाहिये।

आप ने मुझे जो समय दिया उसके लिये मैं आपका आभारी हूँ और मंत्री महोदय से मेरी प्रार्थना है कि वाणिज्य और उद्योग मंत्रालय की जो नीति है वह किसानों के लिये कैसे लाभकारी रहे, उसके लिये वे नोचने की कृपा करें।

**Shri Rameshwar Tantia (Sikar):**  
Mr. Speaker, I would like to say a few words about jute and tea. The hon. Minister for International Trade was pleased to say yesterday what Government propose to do to help the

tea industry. I will only mention two points regarding jute. The quality of the jute should be improved. Now, the quality produced in Bihar is very poor. The difference in price between good quality jute and bad quality jute is quite big sometimes as much as Rs. 20 to 30 per maund. While good quality jute was being sold last year at Rs. 50 per maund, the poor quality jute was being sold at Rs. 20. In Assam until ten years back only poor quality jute was being grown. Now, within these ten years they have greatly improved the quality. So, if they want it they can improve the quality. I feel that Government should give first priority to the improvement of the quality of jute.

Then, the price of jute in September and October is always low because the small traders have not got facilities for advance against jute. So, they are forced to sell it at a lower price. I suggest that Government should construct some bonded warehouses in the mofussil so that the cultivators and small traders can keep their jute there and get money against that. It will enable the cultivators to keep their jute with them until November or December when the prices go up.

Coming to tea, I have not much to say on that. The Tea Board is functioning very well. Even during the emergency, the Chairman of the Tea Board visited the border tea estates. I think the decision of the Government to abolish the export duty on tea is a wise step. Even then, a problem will arise because the internal consumption of tea is rising every year. So, unless we increase our tea production, I think we will face shortage of tea, as demand will outstrip supply. So, every effort should be made to see that the production of tea goes up.

Yesterday, Shrimati Akkamma Devi, the hon. Member from Nilgiris, suggested that every facility should be

given to the small estates and long-term financial arrangements must be made for them. I support her fully. These are the tea planters who are going to fill up the gap in production. So, the Minister should consider their case favourably and some arrangements should be made for granting them loans.

The present licensing system retards the growth of industrial development and, as I said some days back, it is very defective. The year before last 1,350 licences were issued; last year 1050 licences were issued. I do not know how much of them are lying idle. An application has to pass through five or six Ministries before a licence is ultimately granted. It has to pass through the Commerce and Industry Ministry, Planning Commission, Finance Ministry, Transport Ministry if it involves communication or transport and so on. It is a big hurdle. An applicant has to wait for six months or more to get a licence. For ordinary people who have no contacts it is next to impossible to get a licence within a reasonable time. Licences are normally given only to those firms which can employ high-salaried people as contact men. It is very difficult for ordinary small industrialists to get licences. If Government are really keen on rapid industrialisation of the country, some method should be devised by them by which each and every person who wants to set up a small industry should be able to get licence, provided his scheme is technically feasible.

Even when an applicant gets a licence, he has to pass through another hurdle, and that is power shortage. At least in West Bengal it is my experience that no new industry can be put up before 1964 when Bander power will come. So, while on one side we are planning to have more industries and more production, on the other side, there is shortage of power, which shows that there is something wrong in our planning. When we plan to have more industries,

simultaneously we must plan for supply of sufficient power too.

Then, I am of the view that super profits tax will retard the growth of industries. If the Ministry of Commerce and Industry also feel the same way, they should do something to see that it is done away with. After all, it is a combined venture of the Government. They should firmly tell the Finance Ministry that since our object is to make the country industrialised within a short time and nothing should be done in a manner which will retard the growth of our industries, they should do away with the super profits tax, as it is bound to affect industrialisation to a very great extent.

May I, Sir, have another two minutes?

**Mr. Speaker:** Yes, if he so likes; but he wanted only five minutes in the beginning.

**Shri Rameshwar Tantia:** On jute I will say there will be competition from Pakistan and other countries also. So, if we do not act just now, it will be too late. It is a good thing that we have introduced broad looms. Now we have to give first priority to the improvement of quality. If we fail in that, I think there will be a big gap between our demand and production and we will have to depend on imports from Pakistan.

There is too much of delay in the issue of licences, because many formalities have to be gone through before a licence is issued. If an application for licence is made to the Ministry and it is found on examination that the proposal is reasonable and feasible, it should be approved immediately, without any delay. Now an application has to pass through so many Secretaries, Directors, specialists and so on that it takes a long time before a decision is taken. If we agree that our object is rapid industrialisation, I feel something should be done by the Government to see that these hurdles and difficulties are removed.

[Shri Rameshwar Tantia]

Then, many of the licences which have been granted are not at all used. There are licences which are one and a half years or two years old where nothing has been done. What have they done in the matter? I hope some reply will be given to this point by the Minister in his reply to the debate. I am of the view that if those licences are not used in time, fresh licences should be issued to other people and the old licences should not be permitted to be used after a prescribed period to be fixed by Government.

**Shri Hem Raj (Kangra):** Mr. Speaker, Sir, yesterday, the Minister of International Trade gave us some hope that the interests of the small tea growers will be looked after. So far they have been disillusioned because no help has been extended to them for the last so many years, as far as I know because the Tea Board is dominated by big vested interests. Therefore, the small tea growers have not had a good deal from the Tea Board. At least so far as my area is concerned i.e., Himachal Pradesh, Punjab and Uttar Pradesh, the tea gardens in that area have not had a fair deal from the Tea Board. We find from the statistics published by the Tea Board that the production of tea in the Kangra valley is decreasing. At the same time, because of the accumulation of stocks, the price fetched by this tea is going down. The money that has been allotted by the Tea Board for the development of tea has not been fully spent. When this question was put to the spokesmen of the Ministry, they have admitted that the small tea gardens have not been looked after so well. Only yesterday, the hon. Lady Member from the South, put forth before the House one suggestion and complained that the small tea gardens of the South are not being looked after well. The fate of the small tea gardens in the North is no better.

When the Public Accounts Committee was examining the Tea Board, the Committee was informed that green tea was grown in Kangra and Dehra Dun and that not much has been done by the Tea Board for the development of tea in those areas. Therefore the Committee was constrained to remark:

"The Committee are, therefore, unable to find any justification for such large savings on the development schemes to the tune of Rs. 12 lakhs on the one hand and, on the other failure to improve the production of green tea which has a good export market."

The Committee hoped that proper attention would be given to this aspect in future.

So, Sir, for such a long time we have been pushed aside. This green tea growing area should be developed. I want to make certain suggestions in this regard. We have been representing that the excise duty on green tea should be done away with. For that purpose, we represented that a separate zone for this area be demarcated. But that has not so far been accepted. My first suggestion is that a separate zone for this area be demarcated and at the same time this area be exempted from excise duty.

My second suggestion is that research should be made on the low productivity of this area. At the same time, I would say, when the Tea Board is giving direct subsidy for fertilisers and for transport to the Tripura area, I do not understand why, when the land route has been closed by Pakistan for Afghanistan and other Middle-East Asian countries, the subsidy both for fertilisers and transport be not given to the green tea growing areas. Also, I want that the results of the experiments for the development of tea which are made by the different stations be made available to the tea growers of this area free of any cost.

Then, I want that a separate representation be given on the Tea Board from these tea growing areas. This demand was also made by the lady Member from the South. We want this because the interests of the small tea growers neither from the south nor from the north are being properly looked after by the Tea Board. Therefore, a separate representation on the Tea Board should be given to the tea growers both from the north and the south.

Then, Sir, tea statistics from the tea growing areas of north do not find a place in the Tea statistics of the Tea Board. Therefore, those statistics should also find a place here.

**Mr. Speaker:** The hon Member may try to conclude now.

**Shri Hem Raj:** Sir, one or two points more I want to make. I may kindly be given two or three minutes more.

There is another problem and that is about the border districts of Lahaul and Spiti, whether they are the traders from Ladakh or from Lahaul and Spiti in Himachal Pradesh. Those people used to trade with Tibet. But that trade has now been stopped. Now, the things have come to such a pass that all those traders are dying and they have not yet been given any rehabilitation grants. The position is, the trade between Tibet and Nepal is open and the trade between India and Nepal is open. But when those people go to Nepal and buy something from Nepal, then any goods that they bring from Nepal are being confiscated. I have got the cases that have happened in my area where they have been fined thousands and thousands of rupees without giving any warning to those people. When they buy such things from that area, when they bring those goods from there, those goods are being confiscated. Those poor men have been ruined because of the closure of trade with Tibet, in the first instance and secondly, when they

bring goods from there from Nepal they are fined thousands of rupees. You can imagine the feelings of those people. The people of those areas are frustrated and they are very much angry with this action of the Government. Therefore, I would warn the Government that they should treat all these border people with leniency and with sympathetic mind.

**Mr. Speaker:** The hon. Member should conclude now.

**Shri Hem Raj:** There is another matter also. In those areas there is the only cash crop *kuth root*. That used to be exported to China. That is stopped. That is not being exported now. The price of *kuth root* has come down to a very low level. I would therefore, request the Commerce and Industry Ministry that they should try to find some other market for the export of *kuth roots*.

Then, the only rock salt mine that exists in India is in the Mandi area. The other salt mine, as you Mr. Speaker know, we have left in West Pakistan. The rock salt which is found in the Mandi area was going to be mechanised in the First Five Year Plan and a sum of Rs. 1 crore was allocated for it. Even after 11 years the matter stands where it was. In the previous year, only Rs. 2 lakhs were spent for that purpose and this year, 1963-64, only an amount of Rs. 1 lakh has been earmarked. I want that this matter should be expedited. I also learn that these mines are also being taken up by the Hindustan Salts Ltd. and, I think, the Hindustan Salts Ltd. will expedite the mechanisation of these mines.

I hope the Commerce and Industry Ministry will look into all these matters and do justice to the hill people of these areas which are already backward and which are suffering for a long time.

**Mr. Speaker:** The hon. Member should conclude now.

**Shri Hem Raj:** With these remarks, I support the demands for grants of the Ministry of Commerce and Industry.

**Mr. Speaker:** It should not be taken by the hon. Members that the ringing of the bell is only a hobby with me and I indulge in it for the sake of pleasure.

**Shri Hem Raj:** I had been sticking to your ringing of the bell. But today only I had wanted more time.....

**Dr. P. S. Deshmukh (Amravati):** Mr. Speaker, Sir, although there are quite a few points I would have liked to dwell upon, I would touch only one or two points here. I would, first of all, like to support all the suggestions that my hon. friend Shri D. S. Patil has made on behalf of the cotton growers and the attitude of the Textile Commissioner. The Ministry of Food and Agriculture is trying to get the cooperation of the Ministry of Commerce and Industry so that whatever orders he passes, or interference he does, would be in consultation with the Food and Agriculture Ministry, and not only on his own when naturally the interests of the mill-owners and other people predominate.

The point that I want to impress upon the Ministry is that they should give a little more sympathetic consideration for the development of cooperatives in external and internal trade, especially the external trade. I must acknowledge with gratitude that there have been occasions when the Ministry has supported cooperatives and especially the National Agricultural Cooperative Marketing Federation. But sometimes there is a sort of a fall off and then they propound theories which are absolutely anti-cooperative.

**Shri U. M. Trivedi (Mandsaur):** Why from them?

**Dr. P. S. Deshmukh:** The cooperatives are unable to compete on equal terms with private firms. If you are so fond of giving monopolies to the public sector and the State Trading Corporation, there should be the least hesitation in giving monopolies to co-operatives. They are fair and more beneficial to the country and to the Government and to everybody. Then, they directly help those who produce goods. In the case of pulses and so on, things are getting on very well when the State Trading Corporation had given to the Federation the full authority and exclusive right to procure pulses. But, when at the instance of one influential merchant or firm from Bombay, some departure was sought to be made, which was initially not liked by the Commerce and Industry Ministry, I know, but somehow, they had to let a sort of a mouse into the show. But, then they thought that it is much better that more rats would come along through the same hole.

I would like to suggest that the policy that we were following was the best. They should pursue that. It is a fleabite. Out of the whole external trade, the pulses monopoly to the co-operatives is only Rs. 4.5 crores worth. I can assure you. I am prepared to stand personal guarantee that your exports will increase, the growers will get a better price and the things will be done well. There are some people who run down the co-operatives at the least possible excuse. I do not know if they have a prejudice against the co-operatives or they think in a very different way. I am sure,—I am prepared to convince any officer who hesitates to help the co-operatives,—that if there is any falling off or non performance, there must be some substantial cause for it.

I like the State Trading Corporation. I stand as a sort of a father of this organisation because I was the Chairman of the committee which recommended the establishment of the State Trading Corporation. They



have done very excellent work. But, the State Trading Corporation, in many respects, works as if it is a Secretariat department. We know what trouble people have in the contractors getting their money. Some people get their T.A. Public advocates whom we engage have to wait for two years before they get the payments. The same thing is repeated in the case of the National Federation. In one or two instances, there is considerable harassment if you do not receive the payments. That is a complaint, as a matter of fact, of all the co-operatives in the country. It is not only the Ministry of Commerce and Industry which has to be blamed. Everywhere whenever co-operatives have to deal with the Government, they come across these difficulties.

There are pools of cotton. They have got co-operative ginning and pressing factories. The Government comes forward because these people give pure seed. They purchase it. They ask them not to sell. For 6 or 8 months, they do not pay a single pie. How is it possible for the co-operative ginning factories to survive or the pool to be there if the funds which are owed to them are not given? If the policy which was being followed in the Commerce and Industry will be followed, I am sure, they will deliver the goods. We will do better performance. I am sure the performance of the Federation compares well with what the merchants were doing, is far better. I am prepared to swear by it. So far as the quantum is concerned, the prices, purity, the name of India is concerned, in giving goods of the description which we contracted for, there is a certificate by the Chairman of the State Trading Corporation itself, that the Federation does not require even samples to be sent. People are prepared to contract on the basis of mere description. That was the reputation which the Federation had got. I am sure that reputation can be maintained with a little more sympathy and a little better understanding with the co-operatives.

श्री तन सिंह (बाड़मेर) : अध्यक्ष महोदय, नारेबाजी और नीति का जितना राजनीतिक महत्व है उतना आर्थिक और औद्योगिक दृष्टिकोण से महत्व नहीं है। हमारे उद्योग और वाणिज्य विभाग ने स्वयं अपनी रिपोर्ट में इस बात को स्वीकार किया है कि संकटकालीन स्थिति को देखते हुए उत्पादन के लक्ष्यों को बहुत शीघ्र और अधिक गति देने की आवश्यकता है। इस गति को देने में यदि जो हमारे आज तक के कार्यक्रम हैं उनकी तुलना जो कुछ हम कर रहे हैं उनसे की जाय तो मैं निवेदन करूंगा कि इस समय बड़ी आवश्यकता है कि हमारी नीति में और हमारे कार्यक्रम में क्रान्तिकारी परिवर्तन किये जायें। समय के अभाव को देखते हुए मैं केवल एक प्वाइंट पर अपना मन्तव्य प्रकट करूंगा।

हमारा औद्योगिक नीति सम्बन्धी जो प्रस्ताव है, अर्थात् जो इण्डस्ट्रियल पालिसी रेजोल्यूशन है, उसके अन्दर आवश्यक परिवर्तन करने की आवश्यकता है क्योंकि जो औद्योगिक उत्पादन हम करना चाहते हैं वह हमारे लक्ष्यों से अब भी कम है। यद्यपि इस बार उत्पादन ८ प्रतिशत बढ़ा है, लेकिन पिछले वर्ष इसी काल को यदि हम ध्यान में रखें तो पिछली बार ११.१ प्रतिशत बढ़ा था जब कि इस बार ८ परसेन्ट बढ़ा है। वैसे बढ़ने को तो बढ़ा ही है, किन्तु वार्षिक अनुपात में वह १४ प्रतिशत अब भी कम है। औद्योगिक उत्पादन के लिये जो चीजें आवश्यक होनी हैं उन सब को हम यदि ध्यान में रखें, अर्थात् विद्युत्, कच्चा माल, ईंधन और यातायात, तो इन चारों दृष्टिकोणों से भी हमारे यहां कोई विशेष परिवर्तन हुआ हो, ऐसा बात नहीं है। अगर एक एक को लें तो मैं निवेदन करूंगा कि विद्युत् का उत्पादन भी जितना कि हमने लक्ष्य किया था उससे कम है। हमने जो १.३३ मिलियन कोलोबाट्स का उत्पादन किया है वह हमारे लक्ष्य से १५ प्रतिशत कम है। तीसरी पंचवर्षीय योजना के अनुसार हम जो वार्षिक लक्ष्य प्राप्त करना चाहते हैं उसके

[श्री तन सिंह]

लिये हम आज जो उत्पादन कर रहे हैं उससे ६ मिलियन कीलोवाट्स अधिक उत्पादन हमें करना पड़ेगा। मेरे विचार से वह हमारी क्षमता से कहीं अधिक होगा और मेरा अनुमान है कि हम उसे पूरा नहीं कर सकेंगे।

कच्चे माल का जहाँ तक सम्बन्ध है, अभी २४४ मिलियन डालर्स का हमारा यू० एस० ए० से समझौता हुआ है इम्पोर्ट मेन्टेनेन्स के लिये। मेरा ख्याल है कि इसमें जो प्राइवेट सेक्टर के उद्योग हैं उन्हें भी अपना उचित हिस्सा मिलना चाहिये, अन्यथा उन उद्योगों का प्रोत्साहन घट जायेगा। लेकिन हम पब्लिक सेक्टर को बहुत ज्यादा महत्व देते हैं और उसका का नतीजा हमारे सामने है। हमने तीसरी योजना के अन्त में इस क्षेत्र से ४५० करोड़ रु० का लाभ बतलाया है। इसमें ३०० करोड़ रु० सेंटर से बतलाया है और १५० करोड़ रु० राज्यों से बतलाया है जो कि हम तीसरी पंचवर्षीय योजना के अन्त तक प्राप्त कर लेंगे, जबकि वास्तविकता यह है कि सेंटर के तत्वावधान में चलने वाले जो राजकीय क्षेत्र के उद्योग हैं उनसे हमने केवल ३२२ लाख रु० का लाभ पाया है और १६३ लाख रु० का लाभ अलग अलग स्टेट्स में चलने वाले उद्योगों से हुआ है। मेरा विचार है कि यह बहुत नगण्य लाभ है। ऐसी स्थिति में यदि इस समय हम पब्लिक सेक्टर एंटरप्राइजेज को इतना अधिक महत्व देते हैं तो उचित नहीं है। ऐसे समय में जबकि शान्ति का समय हो और जब अधिक उत्पादन की इतनी आवश्यकता न हो जितना कि नारेबाजी से और नीति से मतलब हो, उस समय में ऐसा किया जा सकता है, लेकिन जिस समय हमें रक्षा के दृष्टिकोण से बहुत अधिक उपकरणों की आवश्यकता है उस समय केवल नीतियों से काम चलने वाला नहीं है। इसलिये हमें अपने नीति सम्बन्धी प्रस्ताव में आवश्यक परिवर्तन करना चाहिये।

**Shri Subbaraman:** (Madurai): Mr. Speaker, I think you very much for the opportunity that you have given to me to speak. I congratulate the Minister, and so also the Minister for International Trade and the Minister for Industry for the vast improvements that have been done in all sections of industries.

The aim of Government is welfare state. In a welfare state, every citizen should have the minimum requirements of life. Employment alone will bring the requirements of life for the people. To give full employment, Government have been taking quite a number of measures. Basic industries are quite necessary for giving employment. But, that does not go too far. Village industries, khadi and the handloom help to a great extent in meeting the unemployment question. Government are giving a lot of encouragement to improve and increase production of khadi and village industries. Gram ekai movement is a very good scheme. It creates self-reliance in the people. It helps the people of the villages to assemble, to consider what their needs are and how to meet them. If every village is made to rely upon itself, we will be meeting the unemployment question to a great extent. I would like to suggest one thing in regard to this matter. Research, though carried on, should give special emphasis on improving the Ambar Charkha. In Ambar Charkha, the carding section is the most difficult one. Though we have now got Ambar Charkha with six spindles, if we improve the carding section of the Ambar Charkha, it will lessen the strain of the workers who are at it. So also, some research should be carried on so that matching colours are found out and good designs are produced. We can take advantage of our ancient own paintings and architecture. There are vast improvements going on all over the world, and we can adapt them according to our genius.

13 hrs.

At the same time, quality should be maintained and controlled. America has come forward to take a fairly good quantity of *khaddar*; probably it is because of the designs that they have agreed to import that quantity. If we improve that, I think that they will take further quantities.

In regard to the handlooms, we are sending a good quantity of our products to the eastern countries. But the quantities have not been so satisfactory. There is a lot of scope and there are good prospects for improving our exports. But we should see at the same time that the quality is maintained and further improved.

As regards handloom weavers, I would suggest that if we spend some more money or set apart some more money for their housing, there would be better prospects of our further improving the production of these goods. There are a lot of prospects for improving the handloom goods production. Handloom industry should be given all protection from the competition of powerlooms and automatic looms. If we continue to give further encouragement to handlooms, there are possibilities for several lakhs of people more to get employment in the handloom industry.

There are backward areas in every State and also in every district. A survey should be taken of those parts, and suggestions should be given to them as to what sort of village industries and small industries can be started in those places.

Owing to the Gold Control Order, lakhs of goldsmiths have been thrown out of employment. Though Government have come forward to rehabilitate them, it has not helped them very much. So, I would like to impress

upon Government that they should not be satisfied with what they have done, and they should further attend to their rehabilitation as quickly as possible.

The foundries in Madurai are suffering very much—I have already told the Minister of Steel and Heavy Industries several times, and I have written to him also about this—for want of pig iron. Government should think of some scheme under which they can supply pig iron to these foundries, and that should be done as quickly as possible. If that is not possible, they should import pig iron and make the foundries work as efficiently as possible.

About short staple cotton, we are exporting a large quantity of short staple cotton to Japan and other countries. We want thicker and coarser yarn for rope-making and for nets. So, we should start some factories or some other projects so that we can make full use of the short staple cotton.

Though Government are doing a lot of things for the small scale industries, the people are not able to understand them fully. So, it should be publicised to a greater extent. That is what I would like to request.

There are certain drug manufacturing companies under Government, but the cost of the medicines is a little higher, and, therefore, it is not possible for the poor people to go in for those medicines. So, I would suggest that the prices should be lowered.

Now that cement is in shortage, slag and coal ash....

**Mr. Speaker:** After the ringing of the bell for a second time, no new point should be taken up. Of course, a Member can be allowed to complete the sentence or the idea that he has, but no new point should be taken up. Now, the hon. Member should conclude.

**Shri Subbaraman:** Now that cement is in shortage, slag and coal ash should be made use of and available to people so that they can replace cement by making use of them.

About cardamom Government have been pleased to form a directorate of cardamom. In the Madras State, Madurai district is the only district which produces cardamom. Though this directorate has been formed, no member from the Madurai district has been included in it. So, I would like to suggest that a member from the Madurai district should be included in the directorate.

Since there is no time, I shall conclude here, and I support the Demands of the Ministry.

**The Minister of Commerce and Industry (Shri K. C. Reddy):** Mr. Speaker, Sir, the hon. Members who have participated in this debate yesterday and today have covered a very wide ground indeed, and I am grateful for the words of appreciation that fell from some of the hon. Members regarding the working of this Ministry. There have been criticisms as well, and I would like to say that those criticisms have been taken note of, and it shall be the endeavour of everyone concerned with this Ministry to profit by those criticisms and to see what could be done in order to improve the working of this Ministry.

13.07 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

Some hon. Members referred to the structure of the Ministry and the present shape of this Ministry. The House is aware that at the time of the reconstitution of the Ministries in April last year, the Department of Heavy Industries was transferred to the Ministry of Steel and Heavy Industries, and later in the year, as some hon. Members have pointed out, the development Wing was transferred to the Ministry of Economic and

Defence Co-ordination. Some hon. Members did not seem to have appreciated this new structure of the Ministries. I would not like to say much about it, but I would only like to point out that this Ministry at the present moment, though some hon. Member said it was a truncated Ministry, has a scope which is so vast and varied. Whatever arrangement we may make in respect of the governmental work, I think that it is very necessary for all Ministries concerned to work in a spirit of co-operation, and every attempt should be made to co-ordinate the working of these Ministries in order to improve the industrial growth of the country. So, this requires continuous co-operation. So far as my Ministry is concerned, whatever changes may take place in the structure of this Ministry, we shall be only too ready, and we shall make every possible effort, and earnest efforts at that, to co-operate with the other sister Ministries in order to bring about satisfactory industrial growth which is so necessary and essential at the present moment more than ever.

I am sure that some more Members would have participated in this debate if they had the time, and made this Ministry. I am afraid that I shall not be in a position to deal with all the points that have been raised in the course of the debate by various Members. Limitations of time preclude that possibility. So, it shall be my endeavour to refer to some of the major aspects only and to give an assurance that in so far as the points, which I am unable to cover or refer to are concerned, we shall do everything possible to give our best attention to them, and to study them carefully with a view to securing wherever possible such improvements in policy as well as in administration as may be feasible.

Yesterday, my colleague Shri Manubhai Shah had intervened in the

debate and had dealt with the export problem at considerable length. He underlined the importance of exports in our present economy and pointed in great detail the steps taken to boost up our exports in order to fulfil the targets for export laid down in the Third Plan. It is not necessary for me to add to what he has said. The vigorous promotion of our export programme is one of the major planks in our economic policy and everyone concerned in Government is keenly alive to and conscious of the compelling need to build up our exports as rapidly as possible and maximise them to the extent feasible.

In this connection, I would like to say that every possible co-operation is coming forth to increase production, both in the sphere of industry and of agriculture, to enable more and more exports to be realised. I would say further that all departments of Government are co-operating in this matter. Yesterday, my hon. colleague referred to certain Ministries which had taken certain steps to increase our exports. He referred to various matters. Today certain Members who spoke referred to the cotton policy of Government. Some have referred to jute and tea. These aspects were also covered by my colleague in his speech yesterday and I do not think it is necessary for me to refer to them again in my speech. I wish it had been possible for my other colleague, Shri Kanungo, to speak about certain aspects pertaining to industry and the company law administration with which he is intimately connected. But owing to limitations of time, it was not possible for him to intervene in the debate. Therefore, today I would like to confine myself to these two departments.

One of the most important points made in respect of industrial progress and development was what some hon. Members called the slow rate of growth. I think Shri Daji, who opened the debate and certain other Members referred to it and said that

during last year the rate had been only 8 per cent whereas two years ago it was about 11 per cent. During 61-62, it was only about 6 per cent.

With regard to this, I would like to make one or two important points. In the very nature of things, it is not possible to secure an even rate of development during every year of any particular plan period. For example, it will be noticed that during the Second Plan period, in the beginning the rate of growth was 4 per cent., then about 3.8 per cent and then it went up to 8 per cent and then to 11 per cent. So there was a gradual rise in the rate. This is accounted for by the fact that in the beginning of any plan period, industrial licensing is resorted to to cover the targets prescribed in that plan period. So during the first two years or three years, the rate of growth will not be so marked or as high as in the concluding years of the plan by which time all the new licences that had been granted would have been implemented and production started. I referred to this aspect last year and I would like to repeat it now.

**Shri Jashvant Mehta (Bhavnagar):** What was the target for the first year of the Third Plan?

**Shri K. C. Reddy:** There was no particular target for the first year; it is for the whole plan period. The endeavour should be to fulfil that target and the time for judgment will be at the end of the Third Plan and not in any particular year of the plan period. I have endeavoured to point out that variations in the rate of development in various years are naturally bound to be there. If I may say so, these are to be expected. If sufficient allowance is made for this, I do not think it is a matter for disappointment that the rate of growth was only 8 per cent last year. One wishes it could have been better, but our effort should be in the direction of improving the rate in subsequent years.

I would like to refer to one or two other important aspects of this

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matter. As the House is aware, during the last two years, there has been a much severer foreign exchange crisis than previously. Against this background, it is a matter for some satisfaction that we have been able to secure even an 8 per cent rate of growth. I would like to mention the foreign exchange availability position during the last two years, or rather during the last three half years. The foreign exchange availability between October 1961 and March 1962 was to the tune of Rs. 184 crores, during April 1962 to September 1962, Rs. 161 crores and during October 1962 to March 1963 Rs. 151 crores. During this period, it dwindled by about Rs. 30 crores. In spite of this, the growth of industrial production has been sustained at these levels.

There is another important aspect. The fact that the growth has been sustained in spite of this reduction in foreign exchange availability indicates the extent to which indigenous resources have substituted imports, a very important aspect which I would like to highlight. This feature is also brought out by another set of figures to which my attention was drawn recently. The Annual Report of the Ministry of Economic and Defence Co-ordination has given very illuminating figures of purchases made by the DGS & D during the First, Second and Third Five Year Plans. During the First Plan, the DGS & D purchased goods worth about Rs. 173 crores, during the Second Plan, Rs. 1103 crores and so far during the Third Plan Rs. 259 crores. The percentage of imported equipment included in these figures works out to 41 during the First, 24 during the Second and 19 so far during the Third Plan. These figures give an indication of the steady growth of indigenous industry which is able to supply an increasingly large part of stores and equipment required. This is a healthy feature of our industrial growth and I hope this will be continued in future also with better and better results.

I would also like to point out here that the process of utilisation of more and more indigenously available material will, if anything, be accelerated in the coming years. For example, the indigenous availability of certain materials like aluminium, synthetic rubber, carbon black, tyre chords, steel, pulp, caustic soda and certain other chemicals will have a much more significant impact, and it is because of this that I venture to hope, and I would like the House to share this hope with me, that even though the prospect of our getting any appreciable quantum of foreign exchange for raw materials are not particularly bright, we shall be able, nevertheless, to sustain without diminishing our present rate of industrial growth.

In this connection, I would like to refer to one very important aspect which is very necessary at the present juncture. It is no doubt true that ultimately we have to depend for our maintenance imports on our own resources and not on aid for that purpose also. One can understand our dependence on foreign aid for our developmental purposes and for import of capital equipment. Nevertheless, at the present moment when we are passing through a very dynamic developmental phase, it is very necessary that we should have some assistance to pay for the import of components of capital goods, steel, non-ferrous metals and certain other important raw materials. As time passes on import substitution and expansion of exports, to which we are giving very earnest attention, may render this less necessary, but at the present stage, as I said, it is of particular crucial importance. I have referred to this aspect at the present moment because the consortium of friendly countries is meeting very shortly, and I hope they will be able to appreciate such suggestions as are made in this behalf by us.

Industrial production has to be increased in every possible way. The

challenge that the country is facing at the present moment demands that industrial production should be stepped up. It has been repeatedly said that defence and development should go together, and we should not do anything to belittle the necessity of industrial development. So, in connection with increasing our industrial development, I would like to refer to one or two important aspects.

Some hon. Members referred to unutilised capacity that is existing in our various industrial units. Figures have been given. I do not know from what documents those figures were taken out, but I have a feeling that these figures, the presentation of these figures and the basis on which these figures have been worked out, are not quite, if I may say so, fool-proof. In fact, we are at present trying to look into this matter more carefully, and my Ministry, in consultation with the Planning Commission and the Ministry of Economic and Defence Co-ordination, is trying to work out figures which are more reliable and which can give a clearer idea of what exactly the position is in respect of this very important matter.

Having said that, I would like to point out that unutilised capacity is there to some extent, though I am not prepared to agree readily and immediately that it exists to the extent that it is said to exist. Of course, to the extent that there has been shortage of foreign exchange and consequent inadequate availability of imported raw materials, it is quite possible that the existing capacity has not always been fully utilised, and this applies to both the small-scale industry and the large-scale industry. Also, capacity might not have been fully utilised in certain spheres because of transport difficulties, shortage in availability of power, coal etc. Whatever difficulties there might have been in this sphere in the past, I think I will be correct in saying that thanks to the efforts put forth during the recent months, particularly by the Ministry of Economic and Defence Co-ordination and also other

Ministries, these problems have been solved to a considerable extent, and in the utilisation of capacities that already exist, the position has improved.

Here, I would also like to point out the way we compile these figures. The newer units whose capacities have been taken into account have all been added together. They have not had time actually to go into full production. The moment a unit is established, its capacity which is on the books is taken into account and it is added to the existing capacity and certain inferences are drawn. After all no unit produces to its full-rated capacity immediately it is established. So, in giving figures dealing with capacity and actual production, I would suggest allowance should be made for this fact as well.

**Shri Daji:** Will you make an assessment and let the House know what according to the Government is the position?

**Shri K. C. Reddy:** I have already said we are looking into the matter. In fact, the Government itself would like to know what exactly the position is more definitely than what the present figures reveal, and certainly when we finish that work, we will take the House into confidence because we would like the House to know the real facts.

I should add we are constantly on the look out for capacities which are really unutilised or under-utilised with a view to seeing whether they could not be brought into use, particularly now when defence needs can well do with the fullest working of our available capacity.

Many criticisms have been made by several hon. Members on the question of industrial licensing. Reference has been made to the procedure which we follow in industrial licensing, stating that it is very cumbersome, that they have to go a number of officials, that there is considerable delay in the issue of industrial licences. It has even been said that there is a certain

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amount of favouritism, that big people get the licences, that small people do not get them. Several criticisms have been made on this point. While not claiming that everything is perfect, that no deficiency exists or no mistake has been committed, I would like to assure the House that every care is taken by not only myself and my colleagues, but also by the officials in my Ministry, to see that licences are given only on a just basis, and not on any basis of preference or partiality. In fact, wherever any party has any grievance, he has certain remedies open. He can appeal and ask to look into the matter again, and we are always ready to look into the matter. But by and large, industrial licensing has been going on, I should venture to say, in a very proper manner.

Regarding procedures, again I would not like to claim perfection, there is considerable scope for improvement of procedure. The Federation of Indian Chambers of Commerce and Industry also had suggested certain changes in the procedures to be adopted. In consultation with them we have improved our procedures, and on the whole I feel that our disposals are much quicker now than before. I may support this statement by one or two facts. For example, applications for licences which were more than three months old, which were about 500 in number in November, 1962, have been brought down to 300 in February, 1963. We are making sustained efforts to bring down the number of licence applications which are more than three months old. To save avoidable efforts on the part of entrepreneurs we are periodically publishing lists of industries for which licenses are not proposed to be given. The lists are drawn up on certain rational grounds. The latest list is a long one containing 211 items. This big figure might have created some apprehensions in the minds of hon. Members. The list contains only those industries, barring a few which are of luxury character, in regard to which industrial licences had already

been issued to cover the Third Plan target. We cannot go beyond the targeted production because, otherwise, we will be placed in difficulties and stresses and strains will increase upto a limit we can take a risk but beyond that it is not desirable. This list is reviewed every half year. If the licence holders have not taken effective steps or production is not likely to materialise in regard to any particular product we restore the particular item to the licensing list. So it is reviewed from time to time; certain items are omitted and certain items are added as and when necessary. In the nature of things, it is not desirable to have free licensing as one hon. Member pointed out. We keep under review the targets envisaged in the Plan and wherever there is justification for revision of targets we entertain applications for industrial licences. For instance in respect of aluminium tyres, explosives, etc. we have gone beyond the targets prescribed because we felt the necessity to do so.

**Dr. M. S. Aney (Nagpur):** You cannot do that without reference to the Planning Commission?

**Shri K. C. Reddy:** Of course, in consultation with the Planning Commission. We can do nothing without consulting the Planning Commission. In this context there were some criticisms about favouring certain industrial houses; there has been an attack on concentration of economic power. It has been the continuous effort of my Ministry to encourage new entrepreneurs, particularly in industries which have become established, which do not require complicated or special know-how or large block of capital. For instance, last year in the matter of issuing industrial licence for establishing textile mill we secured not only proper regional distribution but we said that in the grant of licences in these fields, they should not be given to people who are already entrenched in these industries.

**Shri Heda (Nizamabad):** Is not the licence given to the new entre-



preneurs purchased by the old ones who are already established in the industry?

**Shri K. C. Reddy:** I do not know about that. In a particular case brought to our notice I have been enquiring from the State Government whether any such thing has happened. I heard something from the State from which the hon. Member comes but I had not definite information.

**Dr. L. M. Singhai (Jodhpur):** Does this Ministry on its own motion strive or endeavour to collect its own information and intelligence?

**Shri K. C. Reddy:** What I may say is that we would be grateful if hon. Members who come to know anything of this kind would be good enough to pass them on to us. It is not as if Government has no agency to find the truth about these matters. Our textile commissioner's office is constantly reviewing the position and watching the progress made.

**Shri Daji:** If the transfer is legal, even if we give information what action is possible? I can give you right now examples of textile mills licensed by you last year having changed ownership.

**Shri K. C. Reddy:** Please pass it on.

**Shri Daji:** But what is its use?

**Shri K. C. Reddy:** It is an undesirable practice which has got to be controlled. If such instances are brought to our notice...

**Shri Gauri Shankar Kakkar (Fatehpur):** How can it be controlled if it is legal?

**Shri Heda:** The entire assets of the new ones are purchased by the old ones; it is thus given a legal shape. I do not think Government can do anything about it.

**Shri K. C. Reddy:** That is a different matter. We can make a law.

There are always methods to which people would like to resort to overcome some legal obstacles. If this kind of thing goes on we will have to be vigilant and new measures will have to be taken.

**Shri Priya Gupta (Katihar):** The point at issue is whether the Government can take legal action against such things? What can the Ministry do at present about the transfer of these licences? Are there any administrative rules?

**The Minister of Industry in the Ministry of Commerce and Industry (Shri Kanungo):** Transfer of licence is prohibited.

**Shri K. C. Reddy:** I think it is a specific condition of the licence when it is issued. If that is done we can take action to revoke the licence.

It was pointed out during the debate that information in regard to the issue of industrial licences to the big industrial houses has not been provided to this House in accordance with an undertaking given by my colleague Shri Kanungo and that it is about a year since such an assurance was given. My colleague interjected when this point was made and said that this information has been made available. I would like to tell the House that the information had been passed on to the Ministry of Parliamentary Affairs; possibly by now they have or in the near future they will place that information on the Table of the House...

**Shri Daji:** For next year's debate?

**Shri K. C. Reddy:** It is true that in respect of industries which require considerable capital investment only well-established houses can be reasonably expected to be successful, in launching any new enterprises we have to take care of the need for more and more industrial production. Because of the necessity to have more and more industrial production, it

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becomes incumbent and compelling to give industrial licences to these big industrial houses, and it is only under such certain circumstances that these licences are given to them.

In this connection, I would like to refer to the oft-repeated point made by hon. Members about the need for proper regional distribution of industries. Taking the large-scale industries first, hon. Members are aware that the policy of dispersal is embodied not only in the industrial policy resolution but also in the various plan documents. It has been the continuous and constant endeavour of the Government to see that these projects in the public sector are established in States where there have been no public sector projects, of course, after taking into account all the relevant factors to which I shall refer a little later. It is because of this you will find that in most of the States in our country today, in fact in all States, some public sector industrial project or other has been established. I do not want to go into details. Hon. Members of the House are aware of the steps that have been taken by the Government to see that public sector projects are established in various States of our country.

The other day, Shri Koya, I think, was saying that no public sector project has been established in his State, Kerala. Recently, I am glad that a decision has been taken to establish a machine tool plant in Kerala and I hope it will go through. A decision has also been taken to establish an oil refinery in Kerala, and I hope that will also be speeded up. So also with regard to other States, decisions are being taken by the Government from time to time for the establishment of these public sector projects.

In the practical application of this policy, as I said, there are some obvious considerations which should be kept in mind. For example, the proximity to raw material sources, proximity to consuming centres, avail-

ability of power, water, transport facilities, etc.—these certainly will have to be kept in mind before any project is established in any part of the country. It is, of course, true that in the public sector it is possible for Government to be somewhat less rigid than in the private sector, though even there, it would not be sound policy to completely ignore these essential factors. In a country of our size, it is quite possible for us to select sites in different parts of the country without materially ignoring these factors. It is no such considerations, for example, that various units in the public sector have been located in comparatively less developed areas, in places like Rishikesh where the Anti-biotic Factory has been decided to be established; Kotah where a precision tool instrument factory is to be established; Hyderabad, and such other places. Even in the private sector, Government's licensing does, to a considerable extent, help to move industrial units to what may appropriately be called under-developed or depressed areas. For example, a PVC plant has been licensed to be established in Rajasthan. I also learn that a licence has been sanctioned for the production of industrial explosives in Madhya Pradesh. I can give several instances of this nature to prove the point that I am making, that in the matter of establishment of not only public sector projects but also in the matter of establishment of private sector units, the need for regional dispersal of industries is constantly kept in mind.

The same consideration is given importance in the matter of establishment of small-scale industries as well. While it may be that the larger industrial estates have not been located at any considerable distances from industrial cities, it is nevertheless a fact that over the entire area of the country you will find industrial activity is largely stimulated by the small industries programme. There are a number of small towns dotting the

country from Cape Comorin to Kashmir where there are small industries established today, where five or seven years ago there was no evidence of any such prospect.

One hon. Member said—I think it was Shri Harish Chandra Mathur—or enquired about the impact of the emergency on the civilian industries. but I might say that the woollen industry, for example, and cotton textiles, and dry storage batteries, tyres, trucks, road-rollers, etc.,—to mention only a few of them—have had to readjust their production programme to meet the defence needs. Some of these industries are at the present moment under the special care of my colleague, Shri C. Subramaniam and the needful is being done in respect of this aspect.

I think reference was made by a certain hon. Member to the small-scale industries sector. As the House is aware, a number of orders have been placed by the Director-General of Supplies and Disposals, with the small-scale sector, to meet the defence needs.

At this stage, I would like to mention one important matter that was raised by two or three hon. Members. I do not want to go at length into the working of the public sector projects which are under the care of my Ministry or under the care of some other Ministries of the Government of India. They have a definite role to play, and the role that they have to play has been clearly enunciated by the industrial policy resolution and in the Plan reports that have been put before the country from time to time. It is a very heartening feature that the role the public sector is playing in our economy is increasing from year to year and from Plan to Plan period. I do not want to go into the details, but the position today is vastly different from what the position was, say, at the beginning of the first Five Year Plan or at the beginning of the second Five Year Plan. The share that the public sector projects have

got either from the investment point of view or from some other important points of view, is very marked indeed. This, if I may say so, is one of the ways by which we can combat or prevent what has been feared by several hon. Members is happening, namely, the concentration of economic power. The fact that the public sector is growing should be a heartening feature, and it is in this context that the hon. Members of the House are very eager that these public sector projects should be constantly under their scrutiny and the accountability to Parliament should be ensured and certain arrangements should be made in order to secure this very worthwhile object.

Reference was made to the delay that has taken place in the matter of setting up of a joint committee of the two Houses of Parliament in order to scrutinise the working of the public sector undertakings. I do concede that there has been some delay in regard to this matter. Several attempts were made on previous occasions to set up a Joint Committee of this nature. The necessity for such a Joint Committee is not questioned. It is very very necessary. The Government also is very keen on setting up a Joint Committee of the two Houses of Parliament. More than a year ago an attempt was made and a resolution was brought before this House. But then several objections were raised by several hon. Members of the Houses belonging to various political parties and so the resolution had to be withdrawn with a view to give further thought to this very important question. On a later occasion, another attempt was made and the resolution that was placed before the House again did not meet with the approval of the other House of Parliament, namely, the Rajya Sabha. There is some keen difference of opinion between the two Houses of Parliament, the Rajya Sabha and the Lok Sabha, and the Government have been trying to find out how best this difference of opinion could be resolved and on the basis of some common unde

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standing a Joint Committee of Parliament could be set up. This Committee, as the House is aware, is intended to be a Committee of both Houses and the Members of both the Houses on this Committee should have more or less equal powers, of course, in accordance with the Constitution. Attempts are being made at various levels to see whether an understanding could not be brought about between the two Houses and these attempts have not yet concluded. I hope it will be possible within the next few weeks to bring a resolution to set up a Joint Committee for scrutinising the public sector projects.

**Dr. L. M. Singhvi:** Are we to understand that the Government is now thinking of giving anything more than associate status to the Members of the other House on this proposed Committee for public undertakings? May we take it that as promised earlier this resolution for the formation of this Committee would be brought before this House during this session?

**Shri K. C. Reddy:** I do not want to anticipate things—the pros and cons of the proposals—because that might not be helpful to bring about an understanding between the two Houses. What will ultimately have to be done will have to be in accordance with the provisions of the Constitution. At the same time, we should not take away any powers of the other House in our attempt to have a Joint Committee in which they will have only associate status. As I said, I do not think it is desirable at the present stage to go into the merits of the question, because it is likely to prejudice an understanding between the two Houses which is very necessary for setting up this committee.

**Shri Daji:** It was suggested in the House that the Minister may call together the various leaders of various groups and the Chairmen of the PAC and the Estimates Committee, sit together and knock it out. No move to this effect has so far been made. Merely considering will not bring the

two Houses together. What is necessary is to call a formal or informal meeting of the Members of various groups of both Houses and come to a decision.

**Shri K. C. Reddy:** It was done informally on the previous occasion. We also intend to have the advice of the hon. Speaker of this House and the hon. Chairman of the Rajya Sabha. These are being discussed at party forums also. Even Members of Government have been contacting various Members of the House to see what could be done about this matter. I hope it will be possible to have some concrete results as early as possible.

**Dr. L. M. Singhvi:** Mr. Deputy-Speaker, this statement is being made, as you will recall, in pursuance of an assurance given to the House by the Minister of Parliamentary Affairs. At that time it was made clear definitely to the House that some definite indication of the intentions of the Government would be available to us when the Minister of Commerce and Industry replies to the debate on the demands. I am sorry to say that we are not taken any further than we were before, because we are being told that this matter is being considered. We should be told definitely when this would be brought up.

**Shri K. C. Reddy:** The Government is not keeping idle over this matter. In fact, from day to day, we are pursuing this matter and Government is very keen that this Joint Committee should be established at the earliest possible moment. It is not correct to say that we are trying to avoid the setting up of that Joint Committee or that we want to scuttle it, as some hon. Members said. That is not the object of the Government.

**Dr. L. M. Singhvi:** Give us the date. The hon. Minister must stand by the assurance given by the Minister of Parliamentary Affairs to give us a definite indication of the date by which he would bring up this resolution for

the formation of this committee. Otherwise, the House must go on with its own programme and intentions.

**Shri K. C. Reddy:** I am afraid I cannot give a definite indication of the date. But I can give this assurance that we will do everything necessary and possible to bring into existence this Joint Committee as early as possible. I hope it will be much sooner than the hon. Member thinks.

**Shri Kanungo:** How about it if it is passed in this House and thrown out in the other House?

**Dr. L. M. Singhvi:** Why do you think it will be thrown out in the other House?

**Shri Kanungo:** I know.

**Dr. L. M. Singhvi:** It only means the Government is losing confidence in its own policy if it thinks that this resolution would be passed in this House and thrown out in the other House. It is hardly for the Minister to say so, when we are expecting a resolution from the Government to be brought forward.

**Shri K. C. Reddy:** Not only with regard to this matter, but with regard to various other matters on which at times differences of opinion crop up between this House and the other House, our endeavour should be to bring about harmony. It is not desirable, it is not in the best interests of the country and of Parliament to go on accentuating these differences of opinion. Whenever they crop up, it should be the endeavour not only of Members of this House, but of the other House also, to bring about understanding and harmony. It is only in that way that we will secure worthwhile results and successful working of the parliamentary democracy in the country.

I should like to be brief with regard to the other matters that I

have to deal with. Time is against me and I have to deal with a number of other important matters. Reference was made to the small-scale industries and the development of these industries in our country during the past few years. Yesterday one or two hon. Members referred to this very pointedly. Shri Mathur particularly referred to certain aspects of the growth and development of small-scale industries at the present juncture. These small-scale industries have come up in a very ideal manner in our country and it is even said that we are setting up a very good example for others to follow in respect of this. I do not want to go into that aspect, but I will confine myself to the situation that has arisen so far as the small-scale industries are concerned in respect of the availability of foreign exchange, supply of requisite raw materials, finances that will have to be provided to the small-scale sector both for imported equipment and also for imported raw materials, and also in respect of making the requisite finance available for purchase of indigenous machinery as well.

It is quite true that in the last half year, the foreign exchange allocation to the small-scale sector came down to about Rs. 4½ crores for items other than steel and non-ferrous metals. This meant a cut of about 50 per cent of the peak figure that was allotted to small-scale industries in an earlier half-year. I would like to say that even considering the foreign exchange difficulty through which we are passing and of which the House is aware and taking into account the cut which various other sectors have had to face, I wish this undoubtedly drastic cut in the sphere of small-scale sector could have been avoided. To some extent, however, the full impact of the cut was softened by the inflow of sizeable volume of defence orders, about which the House is already aware.

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I would like to assure the House and Mr. Mathur—he is not here—that I am not behind any hon. Member in the concern that has been rightly felt for the small-scale sector. I am aware of the employment potential that this sector involves and my Ministry, therefore, has taken up this matter with the Ministries of Economic Affairs and Iron and Steel. I am glad I am now in a position to assure the House that the prospects for the future of small-scale industries are not as bleak as my friend, Mr. Mathur, suggested yesterday in the course of his speech. I can assure the House that the allocation for April-September 1963, i.e., the next period will show a distinct improvement. Coupled with the efforts which are being made to reorientate the industries in this sector and to the maximum extent possible to utilise indigenous raw materials, I think we could look forward to the future with some reasonable confidence. This would cover the points made that the small-scale sector is being starved of raw material supplies.

14 hrs.

Then, Sir, in respect of capital goods imports, it is true that the previously existing credits have all been utilised by the Small Industries Corporation. They were pretty quick in utilising these credits. They did it very rapidly. Now they are facing a situation when no balance is available from the previous credits. But now I am in a position to say, and I am glad to assure the House, that fresh credits will soon become available to the Corporation so that they can revive their scheme of hire purchase for imported equipments. I am not in a position, obviously, to indicate to the House what additional amount would be available for this purpose, but I can assure the House that some amount would be made available.

With regard to indigenous credits, to which also a reference was made, the position is somewhat encouraging, and I am glad to say that the National Small-scale Industries Corporation will be placed with adequate funds and the Corporation, in this respect also, can revive its activities very soon.

I would now like to say something about the khadi and village industries. The importance attached to khadi and village industries is, I believe, realised by this hon. House. There have been certain criticisms about certain aspects of the working of the Khadi and Village Industries Commission. I shall refer to them a little later. This Khadi and Village Industries Commission, as the House is aware, has been recently reconstituted, and it is a matter of gratification to me and also, it may be, to the House as well, that Shri Dhebar, who has distinguished himself in many fields and who was till recently a distinguished Member of this House, has accepted the chairmanship of this Commission. Only the other day he had a long discussion with me with regard to various aspects of the working of the Khadi and Village Industries Commission. He also referred to certain financial rules that will have to be framed in order to improve matters. I do not want to go into details about the points discussed with him, but I would like to say that he has addressed himself to this very important work with great earnestness and in a spirit of dedication and devotion, and the House can look forward to striking results in the sphere of the working of this Khadi and Village Industries Commission in future years.

**Dr. L. M. Singhvi:** What about Rural Industrialisation Commission?

**Shri K. C. Reddy:** In this connection, I would like to pay my tribute to Shri Vaikunthlal Mehta who has been connected with the Khadi and

Village Industries Commission and, earlier to that, with the Board for nearly ten years. His ill health has compelled him to give up the work that he had undertaken all these years. With his characteristic enthusiasm he did quite commendable work in connection with this important sphere of our national activity.

Hon. Members would be glad to hear the progress that has been made in the matter of khadi. I will give only very few figures. The production of khadi has gone up from 125 lakh square yards ten years ago to 839 lakh square yards. The employment in khadi industry has gone up from 3.79 lakhs people to 17.46 lakhs people—nearly two million people. Sales of khadi have increased from about Rs. 130 lakhs worth of khadi in 1953-54 to nearly Rs. 20 crores worth of khadi in 1961-62.

One of the major functions of the Khadi and Village Industries Commission is to render financial assistance to a large number of institutions working in the field of khadi and village industries. From the date of its constitution to the end of March, 1961, as the House is aware, the Commission disbursed a total of Rs. 92 crores. These funds are made available to three agencies: firstly, to institutions direct by the Commission itself; secondly, to the statutory State Boards which have come to be established only recently in most of the States; and, thirdly, to the State Governments. I would like the House to note the fact that out of this Rs. 92 crores disbursed by the Commission during the last six years, as much as Rs. 64.27 crores, that is, two-third of the total disbursements, were advanced directly by the Commission to the khadi and village industries institutions, and out of these Rs. 64.27 crores utilisation certificates, about which a mention has been made, have been received for as big an amount as Rs. 61.24 crores from these institutions—that is to say, about 95 per cent. There is, therefore, no difficulty

in watching the proper utilisation of these direct advances. It is in connection with the disbursements to State Governments and to the State Boards that some difficulties have arisen. So far as disbursements to the State Governments are concerned, they are credited to the Consolidated Fund, and these amounts come up to about Rs. 6.60 crores. They come within the purview, as the House will appreciate, of the audit of the accounts of the State Government. It is only where disbursements take place through the statutory State Boards that there has been a backlog in the receipt of utilisation certificates. The Commission, I am glad to say, is fully aware of the position. And we, in consultation with the Auditor-General and the State Governments, are trying to evolve a working machinery which would obviate such delays as there are in the submission of proper utilisation certificates. I am referring to this matter as this has been engaging the attention of a large number of hon. Members of this House. All I need say at the moment is that the Commission is fully alive to its responsibilities to see that the hard earned money of the people provided to it out of the Consolidated Fund of India is properly spent and accounted for. A reference has been made to the Tariff Commission. I think it was my hon. friend Shri Guha who referred to it. I do not think I need reply to it at length. I would like only to say that the functions of the Tariff Commission solely in relation to protection have no great significance these days in view of the stringent import control which we are exercising. Nevertheless, they are advising in respect of a large number of commodities fair prices for which have to be fixed. They are also keeping a continued watch on industries which have been declared as protected and from time to time they also recommend de-protection in respect of those industries which have been able to stand on their own feet. It is, of course, true that the Commission by

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itself might not be able to secure any reduction in prices even in respect of the protected industries, but once it recommends the protection and the Government accepts that recommendation the industry is certainly thrown open to forces of competition which, if circumstances permit it, should result in the reduction of prices.

One hon. Member—I think it was Shri Daji—referred to the Sholapur Mills affair. This has figured in recent weeks both in the Rajya Sabha and in this House. Shri Daji referred to the connection of Shri Thackersey with the Sholapur Mills. As my colleague, Shri Kanungo, stated in the other House, there is some evidence that, in a report submitted by two auditors many years ago, certain findings have been recorded against Shri Thackersey. This report, however, I would remind the House, was made at a time when the Company Law was administered by the State Governments on our behalf. It is only a few days back that we have been able to obtain a copy of this report from the Bombay Government. We are going into that report and are trying to trace the steps that were taken after that report was submitted to the Bombay Government. The time that has elapsed makes this process somewhat difficult and, pending a full study of this matter, I do not wish to say anything on the merits of the allegations against Shri Thackersey. My colleague has promised to place a statement on the Table of the other House as soon as our study is completed, and I shall arrange to place a copy of the statement on the Table of this House also, with the permission of the Speaker, at the appropriate time. I should perhaps explain that the action taken by the Central Government and the Government of Bombay in regard to the Sholapur Mills with a view to keeping it going could be separated from the subject matter of this particular enquiry.

I shall now refer to some minor points which certain hon. Members have touched. For want of time, necessarily I will have to be very brief. The hon. Member, Shri Koya, referred to the quality of newsprint that is being produced at Nepa. Every effort is being made by the Nepa Mills to improve the quality, but we have to contend against certain inherent defects in the raw material, on which the plant is based. If allowance is made for this, I think the hon. Member will concede that the quality has shown improvement during the last year. I might mention for the information of the House that we are exporting the possibility of increasing the production of newsprint at Nepa, if necessary by importing pulp. We intend to double the production of this factory. I mention this because the hon. Member, Shri Koya, considered the possibility of import of newsprint from Pakistan. Of course, I am not suggesting that we should not consider the proposal of the hon. Member as well.

Then reference was made to certain other points, a number of minor points. In respect of them I would like to mention that all of them will be looked into. I am not in a position to refer to them at the present moment. For example, reference was made to the present shape of NIDC, setting up of a personnel commission for recruitment to public sector projects, reservation of certain types of sarees for handlooms, the establishment of a soda ash factory in Rajasthan, the closure of paper mill in Gorakhpur, defective import policy in permitting import of certain finished products in preference to raw materials and several other matters by the hon. Members who participated in the debate today. I can only say that we shall carefully go into those matters and do whatever is found to be necessary and feasible in respect of them.

Now I would like to take a few minutes of this hon. House to refer to



some very important matters pertaining to the Company Law Administration. Particularly after the publication of the Vivian Bose Commission Report on the working of the Dalmia Jain Companies, these have gripped the attention of not only Parliament but also of the general public in our country. In the previous years, the Company Law Administration was not receiving any attention, or if I may say so not much attention, at the hands of Parliament, but now this subject has become a very vital and important issue. So, it is very necessary, in the interests of the healthy growth of corporate sector, that we have to discuss the various aspects, various factors, that have come up in regard to this matter.

Speaking generally with regard to the working of the Company Law Administration, certain aspects were referred to yesterday by the hon. Member, Shri Daji. With regard to the basic ideals and objectives which, according to him, should have been achieved by our administration, there can be no real difference of opinion. The task of furtherance of social justice, prevention of undue concentration of economic power, bringing to book persons who have been found guilty of malpractices under the existing law, problems of economic development on sound and healthy lines, all these are undoubtedly the tenets to which Government subscribe wholeheartedly, and I am grateful to the hon. Members who have underlined the need for following a policy which would accomplish these social and economic objectives.

In this connection, a reference has been made to the inadequacy that exists in the administrative set up, in so far as dealing with the problem of corporate sector is concerned. He has quoted an extract from the annual report of this Department. It is a fact that there is a certain organisational defect in the present administrative set up which does not make for an integrated approach to the various aspects of corporate administration and

management in our country. Some years ago, in addition to the administration of the Company Law, subjects like stock exchange, capital issues and also the working of certain financial institutions were under one department but, owing to reasons to which I need not refer at the present moment, they were bifurcated and certain agencies were brought under the Ministry of Economic Affairs and the Company Law Administration came under the Ministry of Commerce and Industry. Certain comments and certain suggestions have been made by the Vivian Bose Commission report also in respect of this matter. At the present moment, I can only assure this House that this matter will receive the earnest consideration of Government with a view to seeing if any better arrangement could be arrived at.

Shri Daji also referred to certain trends regarding the holding of places of profit by directors and their relatives and he has quoted the figures given in the annual report of the Department to show that an increasing number of relatives of directors is being appointed to places of profit in the higher remuneration brackets. As it is, it is not a breach of law but only a sort of evasion, as he himself pointed out. He has also referred to the large number of contracts which provide for fixed monetary benefits of Rs. 50,000 or more per annum which have been sanctioned by Government. These are trends which, if I may say so, have not escaped the notice of Government, as is proved by the fact that we ourselves brought them out in the annual report. I am quite clear in my mind that this is not a healthy trend and it has to be controlled. At present we are keeping a constant watch over it, and I can assure him and the House that, if and when necessary, Government will not shirk taking powers to arrest this disturbing trend and at the time when we bring up proposals before the House for amending the Companies Act this aspect will also be considered.

Reference was also made to the low fines that are being imposed by the

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courts for violation of the provisions of the Company Law. This is a matter on which we have repeatedly expressed ourselves as most unhappy, and we can only express the hope that gradually the gravity of such offences would come to be realised in all quarters and penalties commensurate with such gravity imposed in those cases.

I would like to refer only to two or three more aspects in respect of the Company Law Administration. Reference was made to the indirect and tortuous evasions based on undesirable and unsound company practices cited in the report of the Department. These malpractices which have come to light on the basis of close scrutiny of the documents filed before the Registrars by companies and subsequent enquiries based thereon are being kept under a constant watch and though, under the law as it stands, no action might be possible against the persons responsible for these malpractices, it is invariably brought to their notice by the Department that such acts are against sound company practice. Here also I would like to say that if it is felt necessary at any particular point of time, Government will not hesitate to tighten the provisions of law to prevent these malpractices, but I would appeal to the business community not to force the hands of Government in this way but to develop a sense of social consciousness and to adopt a self-imposed ethical code so that without having to resort to legislative measures these undesirable and unhealthy practices are voluntarily given up. In this contest, I would also say that a healthy public opinion which condemns such instances of contravention of the spirit of the law would materially contribute to the checking of these dubious practices. The attention that Parliament is giving to these matters nowadays, I hope, will have a salutary effect and will result in a healthy functioning of the corporate sector in our country.

In this connection, I would like to make one point. It is not fair, it is

not proper, it is not desirable to treat the whole of the corporate sector in the same way, to tar them with the same brush. This was referred to by Shri Daji yesterday, and I am glad that he acknowledged it that he does not want the corporate sector to be liquidated, he does not want to have a sort of general offensive against the corporate sector and he only wants that the malpractices should be located and those who indulge in those malpractices should be proceeded against. He was also careful enough to add that—I am glad to note it—under the existing law, nothing can be done against the rule of law. I am glad he mentioned all these aspects.

**Shri Daji:** They should not be fined one anna per day.

**Shri K. C. Reddy:** It is a matter for courts. I cannot say anything.

**Shri Daji:** You can amend the law and prescribe the minimum penalty as we have done in many cases.

**Shri K. C. Reddy:** I have already referred to it. I do not think there is need for me to say anything more.

Then, Shri Daji quoted extensively from the Reserve Bank and the Department's studies to show how there has been a growing concentration of economic power in this context in the hands of directors and managing agents and how a large part of the corporate wealth is being controlled by a few leading business houses. These are facts which I do not propose to controvert but it must be kept in mind that as against this there has been a tremendous growth of the public sector, as I have already referred to earlier in the course of my speech, in the last few years and it is not as though a few industrial houses in the private sector alone have gained in economic strength. In the light of the considerable increase in industrial activity in recent years there has been an all-round expansion and it should not be overlooked that the expansion in the case of companies like the Tata Iron Steel Co. and Indian Iron and Steel Company would account for a great deal of the type of increase in

assets etc. that the studies referred to by Shri Daji have brought out.

I would like to mention, in this connection, the steps that have been taken. Under the Companies Act itself, certain provisions exist to prevent growth of monopolies. I would mention only a few of them. The number of directorships in public companies that an individual can hold is limited to 20 under section 275 and no managing agency concern can have more than 10 public companies under its management by virtue of section 332.

**Shri Daji:** Too high.

**Shri K. C. Reddy:** Further, a number of restrictions on inter-company investments have been placed by the provisions of section 372 and the remuneration payable to managerial class as a whole is controlled under sections 198, 310 and 348. While these provisions are no doubt effective to some extent, company law by itself cannot effectively prevent the growth of monopolies. Executive agencies like the Licensing Department, Capital Issue Controller, financial institutions which make financial resources available for the growth of industry also materially contribute to prevent the growth of monopolies by the manner in which they exercise their executive power.

Now, I would like to say a few words about the Vivian Bose Commission Report which is going to be discussed at great length during this session of the House and I think it will not be necessary on my part to deal with it at any great length at the present moment. I would only say, this report after it was received—the first part of it was received in the month of June last year and the second part was received in the month of October—it was carefully studied in the Department and after consulting the Law Ministry steps were taken to get it printed and place it before the House. The Government after close study of the various irregularities and malpractices mentioned in the report considered it necessary to have the

matter further examined by two legal experts and this examination is now going on. I would like to assure the House on this occasion that there has been no intention either to suppress anything or shield anybody or to preserve complete secrecy about private business houses as observed by Shri Daji yesterday. If there is a feeling in the minds of anyone that these people who indulged in malpractices of the kind that have been brought to light by the Vivian Bose Commission will get away with it, I think, that is unjustified and there is no basis for that.

There was also a reference to a case of an auditor who seems to have been a party to a certain questionable transaction by a bank. I am not quite aware of all the facts and I would certainly be grateful if these are supplied to me to enable me to follow up the matter further. So far as the auditor's role is concerned, it is indeed most deplorable that a Member of an honoured profession should have acted as was stated yesterday on the floor of the House and I shall certainly see that the matter is pursued further, as I said, if the necessary details are supplied to me.

I have only two more points to make in regard to the company law administration. One is with reference to the propriety of companies making political contributions. This is a question which has arisen time and again in the past. Under the Indian Companies Act, 1913 a company or its Board of Directors could make political contributions to any extent provided the company had taken power to that effect in its Memorandum of Association. The Companies Act, 1956 curtailed the power of the Board of Directors of a public company and of a private company which was a subsidiary of a public company to a contribution in any financial year of Rs. 25,000 or 5 per cent. of the average of net profits of the company during the three preceding financial years, whichever was greater. The Board of Directors could exceed this limit only with the consent of the company in general meet-

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ing. Later, as the House is aware, the Viswanatha Shastri Committee which was appointed by Government in 1957 to suggest amendments to the Companies Act, 1956, went into this question but observed that contributions by companies only to political parties did not require to be more strictly controlled as long as contributions from other sources were not similarly regulated. The Committee was of the view that the question of regulation of political contributions was a broad question of public policy outside the scope of company law. So, this subject is not the one which could be considered only in the context of the administration of the company law, but it could be considered in a wider context. Whether the law relating to elections has to be modified, or what other steps have to be taken, or what other decisions will have to be taken, what policies the concerned political parties or the Government might decide to pursue in regard to this matter, are not the subjects in respect of which I would like to say anything at the present moment. I am confining myself to the contributions that companies could make to political parties for whatever purpose it might be.

The Viswanatha Shastri Committee recommended that in so far as political contributions by companies were concerned full information relating thereto should be incorporated in the accounts of the company. The Government accepted the recommendations of the committee regarding disclosure in the audited accounts of information concerning political contributions and amendment to that effect was included in the Companies Amendment Bill, 1960. During the passage of the Bill through Parliament, my predecessor, Shri Lal Bahadur Shastri, out of deference to the wishes of some of the Members, agreed to the imposition of an absolute limit on the power of companies to make political contributions. Thus section 294A of the Act came to be enacted which fixed an absolute limit of 5 per cent. of net profits or

Rs. 25,000 whichever is greater, in respect of such political contributions. In permitting political contributions within this limit and not placing an absolute ban against them, Parliament seems to have been influenced by the considerations that contributions to political parties are made by companies with full knowledge of the proclaimed ideologies of the different parties so that it cannot be contended that such contributions determine or influence the policy of various political parties. So, it is not as if political contributions by companies to political parties will corrode our democracy or interfere with the healthy functioning of our democratic system. Also, the full disclosure of such contributions in profit and loss account is now required by law and placing a prohibition against limited companies alone from making political contributions would not be fair or proper as such contributions could flow from other sources and if at all it is the law relating to elections rather than the Companies Act which would be considered for amendment in this connection, as I have already referred to a little while ago.

I would also like to tell the House that so far as Government companies are concerned, we issued instructions nearly two years ago that they should not make any contributions even within the limits permitted by law.

The last point that I would like to mention is about the need for amending the Companies Act.

One hon. Member referred to the need to prevent the various malpractices occurring in the corporate sector, if necessary by amendment of the law. This is a matter which is under the consideration of the Government. The Vivian Bose Commission report, while observing that the provisions introduced by the 1956 Act and the 1960 Amendment have made it very difficult for companies to commit the type of irregularities and malpractices which were thrown up in the course

of their investigation into the affairs of the Dalmia-Jain group of companies, recommended a few further changes in the Company Law to plug certain existing loopholes. These have been studied in the Department of Company Law Administration, together with the suggestions of the Jenkins Committee which went into the working of joint stock companies in the United Kingdom, and Government is very much seized of the need for bringing up a Bill at an early date to further amend the Companies Act in order to prevent some of these malpractices and arrest certain growing unhealthy trends in corporate administration. We are also in this connection awaiting the recommendations of the two eminent legal gentlemen to whom the Vivian Bose Commission report on the working of the Dalmia-Jain companies has been referred.

14.31 hrs.

[SHRI KHADILKAR in the Chair.]

We expect them to make certain recommendations with regard to the amendments that have to be made to the Companies Act in order to prevent the malpractices that have been brought to notice in the Vivian Bose Commission report and otherwise also. So these are all matters which are under constant study by the Government. They will receive the earnest consideration of the Government. I hope that all these, that is, the steps taken by Government, as well as public opinion, and the opinions expressed by Parliament in regard to this matter will result in a healthy corporate sector coming into existence in our country. This Company Law administration, Sir, is going to figure very prominently during the debate that will take place in this House on the Vivian Bose Commission report. So I do not think it is necessary for me to take any more time of this House with regard to this matter.

Sir, I have taken considerable time of this House. I am grateful to the

House for the kind indulgence it has shown to me. It remains for me only to give the assurance that so far as my Ministry is concerned it will be our endeavour to do whatever is possible in order to improve the industrial production in our country, to create the necessary industrial base that is so absolutely essential to face the challenge that this country is faced with at the present moment.

**Dr. L. M. Singhvi:** In view of the fact that very large funds are committed to the care of the Government under this Ministry and in view of the fact that public sector undertakings and similar undertakings are of very great importance to our economy, I would like the Minister to make a statement on some of the things that he has been pleased to dub as minor. For example, the question was raised in respect of the NIDC and the Personnel Commission.....

**Mr. Chairman:** Order, order. At this stage the hon. Member can only put a question or ask for an explanation, not make a speech.

**Dr. L. M. Singhvi:** I want to know whether Government have formulated any specific thinking on the working of the NIDC as a financing agency, and as an addition to the proliferation of agencies, and whether the Government are going to create a Personnel Commission for the public sector undertakings which has been suggested and advocated also by the Estimates Committee of this House.

**Shri K. C. Reddy:** I have taken already an hour and a half, and I would not like to take more time of this House in dealing with important matters of this nature. So far as the latter subject is concerned, that is, the establishment of a personnel commission for recruitment to the public sector projects, what all I can say is that the matter is under the consideration of the Government.

**Dr. L. M. Singhvi:** That is a stock answer.

**Shri K. C. Reddy:** I do not think it has been possible to take a decision.

**Shri Kanungo:** It is not so easy.

**Shri K. C. Reddy:** And it is not so easy, as my hon. colleague is saying. Certain principles are being followed even now by the public sector projects. It is not as if they are doing this recruiting business in an arbitrary manner. Certain principles have been laid down, and certain considerations they have to keep in view when they recruit personnel for these public sector projects. As I said, this is a matter which is still engaging the attention of Government. I do not know how soon it will be possible for Government to come to a decision regarding this.

With regard to NIDC I would like to say that so far as the financial aspect of the working of the NIDC is concerned, the granting of loans for example to textile concerns etc. has been taken away from the purview of the NIDC and it has been entrusted to the Industrial Finance Corporation already. The NIDC, in the days ahead, will be concerned mainly with the promotional aspect of industries, development of industries, technological service by establishing a Bureau for that purpose; it is only that kind of thing that the Industrial Development Corporation will be concerned with. So far as the financial aspect is concerned, the granting of loans etc., as I have said, that will cease to be the function of the NIDC.

**Shri Joachim Alva (Kanara):** There are one or two small things which would like to ask. I did not want to interrupt the impressive statement of the Minister. The first is, is it true that they are going to place large funds at the disposal of the National Small Industries Corporation despite the emergency.

**Shri K. C. Reddy:** I do not quite understand the question of the hon. Member. In the course of my speech

I said that some funds are going to be placed at the disposal of the National Small Industries Corporation for small-scale industries generally. It is very very necessary to make these funds available to them. In fact, if we do not do so in this period of emergency these industries will come to grief and industrial production will suffer, and this is a thing which we have got to safeguard against. It is for this reason that I said that certain steps have been taken and I gave an optimistic view of the matter. I do not know whether the hon. Member takes exception to what I have said, and he does not want these things to be done.

**Shri Joachim Alva:** No, no; we want more funds.

**Shri Heda:** I have only a small question to put. So far as the cancellation of licences is concerned, the Minister has highlighted the lacuna of the licensees not using the licence and starting industries. But the cancellation takes a very long time. And my observation is that generally it takes two to three years after which only the licences are cancelled. Is Government concentrating, in view of the fact that this problem has become serious, on finding out ways by which the licences can be cancelled earlier?

**Shri K. C. Reddy:** There is a prescribed procedure in regard to this. It is not as if we can do it arbitrarily. A certain time should elapse before the question of revocation of a licence can be taken up. Three, four or five months immediately after a licence is issued we cannot think of revoking the licence.

**Shri Joachim Alva:** Mr. Daji said that fifty officers are needed to pass a licence.

**Shri K. C. Reddy:** A statement giving all the information about this matter has been placed on the Table of the House, and I would like to invite the attention of the hon. Members to that. And also, before revo-

cation of any licence, we have to issue a show-cause notice and we have to hear the party as to why such and such steps have not been taken, and it is only after giving them a hearing that we can ultimately decide on the cancellation of a licence or otherwise. So these are procedures which cannot be short-circuited, and action is being taken in all the cases in accordance with the procedure that governs this matter.

**Shri Joachim Alva:** One last question. The hon. Minister has said about over-weightage in certain regions with regard to industries. May I know if the hon. Minister is fully aware of the fact that all industries are being concentrated in Bangalore, and to the detriment of Bangalore, but next door there is Kolar which has a labour population of forty thousand, and if the Kolar gold mines are exhausted those forty thousand families will not have the wherewithal to support themselves. Why is not a single small-scale industry established there where water is plenty, land is plenty, and why are the other industries not forced to go there?

**Shri Kanungo:** You have gold there.

**Shri K. C. Reddy:** I am rather surprised at the statement made by the hon. Member. It is not as if all the industries have been located at Bangalore. In fact, when I go to Bangalore and Mysore the complaint is that not enough industries have been located there. And I do not want a wrong impression to be created by the intervention of the hon. Member who comes from Mysore, that all industries have been located at Bangalore. So far as Kolar is concerned, I come from that area, and I would be very very happy if we did have certain public sector projects or small-scale industrial units established there as early as possible. With regard to small-scale industries, I can only say this. It is not the Government that can establish these industries. Entrepreneurs should come forward and if entrepreneurs come forward, cer-

tainly, the Government will give all assistance to establish these industries. In this connection, I may point out that a decision has been taken by the Mysore Government that one of the new industrial estates that will have to be established in the Mysore State, will have to be at the Kolar gold fields.

**Shri Jashvant Mehta:** I have not received a reply regarding Kalinga Tubes Ltd. I read that a licence was issued to Kalinga Tubes Ltd. worth Rs. 60 lakhs for importing zinc. It was gold. Another point is about C.I. pipes. Kalinga Tubes Ltd. is not giving according to the prices decided by notification.

**Shri K. C. Reddy:** What I can say at present so far as these two matters is this. In respect of one of the matters, that is, import of zinc and utilisation of zinc, a detailed question was answered on the floor of the House, I think, in December, 1961 by my colleague Shri Manubhai Shah, and it was stated at that time that there was no basis for that complaint that had been made. After due enquiry, it was found that there was no basis. Subsequently what has happened, I do not know.

**Shri Jashvant Mehta:** Will you enquire it?

**Shri K. C. Reddy:** With regard to the second matter, I would like only to point out this. It is now under the control of the Ministry of Steel and Heavy Industries. I hope it will be possible for my colleague the Minister for Steel and Heavy Industries to say something about it in the course of the debate which will come up on the Demands for Grants of that Ministry.

**Some Hon. Members rose—**

**Mr. Chairman:** I am sorry, no further questions. Already the time is up.

I will put all the cut motions together.

**Some Hon. Members:** Yes.

*All the cut motions were put and negated.*

**Mr. Chairman:** The question is:

"That the respective sums not exceeding the amounts shown in the fourth column of the order paper, be granted to the President, to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1964, in respect of the heads of demands entered in the second column thereof against Demand Nos. 1, 2, 3, 4, 5 and 113 relating to the Ministry of Commerce and Industry."

*The motion was adopted.*

[The motions of Demands for Grants which were adopted by the Lok Sabha are reproduced below—Ed.]

**DEMAND No. 1—MINISTRY OF COMMERCE AND INDUSTRY**

"That a sum not exceeding Rs. 70,09,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Ministry of Commerce and Industry'."

**DEMAND No. 2—INDUSTRIES**

"That a sum not exceeding Rs. 19,87,23,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Industries'."

**DEMAND No. 3—SALT**

"That a sum not exceeding Rs. 57,28,000 be granted to the

President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Salt'."

**DEMAND No. 4—COMMERCIAL INTELLIGENCE AND STATISTICS**

"That a sum not exceeding Rs. 86,86,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Commercial Intelligence and Statistics'."

**DEMAND No. 5—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF COMMERCE AND INDUSTRY**

"That a sum not exceeding Rs. 3,39,96,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Other Revenue Expenditure of the Ministry of Commerce and Industry'."

**DEMAND No. 113—CAPITAL OUTLAY OF THE MINISTRY OF COMMERCE AND INDUSTRY**

"That a sum not exceeding Rs. 10,60,37,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Capital Outlay of the Ministry of Commerce and Industry'."

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**

**Mr. Chairman:** The House will now take up discussion and voting on Demand Nos. 90 to 100 and 139 to 143 relating to the Ministry of Transport and Communications for which 9 hours have been allotted.