

[Shri Liladhar Kotoki]

great. From 5 nP per kwh it goes to as high as 18 nP per kwh. This disparity should be removed. I request the Ministry to take up the matter with the State Electricity Boards and advise them to endeavour to lower these charges as far as possible.

In regard to rural electrification, I would invite attention of the Ministry to the new devices for generating power in the hilly areas. I understand the Defence ordnance factories have been manufacturing small generators varying from 5 kw. to 25 kw. These generators can reach distant areas in the hills where streams are there with perennial flow and where cheap electricity can be produced. I will request the Ministry to examine the feasibility of manufacturing these generators in good number and make them available to the hilly areas so that they may avail of the benefit of electricity for various purposes.

The problem of waterlogging, more particularly in the Punjab, must concern everybody. It has attained colossal proportions, and unless arrested in right time, we will be faced with various other problems. I will not go into details as my hon. friends, Shri Iqbal Singh and Shri Lahri Singh have already dealt with it. I will echo the demand they have put forward that this problem should be tackled effectively and urgently.

With these observations, Sir, I resume my seat.

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15.29 hrs.

#### RESOLUTION RE: PUBLIC SECTOR ENTERPRISES—*contd.*

**Mr. Deputy-Speaker:** We will now take up non-official business. The House will proceed with further discussion of the following Resolution moved by Shri Balkrishna Wasnik on the 4th May 1962:

"This House recommends to the Government to set up a Commis-

sion to look into the reasons for lesser efficiency and more cost in some of the public sector enterprises than those in the private sector",

as also amendments moved thereon.

**Mr. Deputy-Speaker:** Before we proceed, time has to be allotted. We have taken so far 54 minutes. Are there many speakers desirous of speaking on this?

**An Hon. Member:** Not many.

**Mr. Deputy-Speaker:** Shall we say one hour more?

**Shri S. M. Banerjee (Kanpur):** We have already discussed this during the Steel Ministry's grants yesterday.

**Mr. Deputy-Speaker:** The Minister has to reply and the Mover has to reply. So, let us have one hour and six minutes. We will have two hours for the resolution on the whole.

**Shri Daji (Indore):** As I was submitting the other day, this resolution is invidiously worded and the wording itself seeks to create an impression that the public sector undertakings *vis-à-vis* the private sector undertakings are lagging behind.

In this way, this Resolution seeks to put the public sector enterprises in the dock as it were; and a Commission is now sought for examining the working of these public sector undertakings. I have made it amply clear that if it is only a question of a committee or a commission being appointed to go into the working of the public sector undertakings, such a Resolution would be valid because all sections of the House have voiced the feeling and the general opinion that all is not well in the public sector undertakings.

However, as the Resolution stands, in its present form, it wants us to have a comparative study of the cost and price structure of the public sector and the private sector undertakings.

This was further buttressed in the speech of the Mover of the Resolution and friends of the Swatantra Party, both of whom used this opportunity to almost harass the public sector undertakings.

I will not support such a stand. I was submitting that the private sector is not so innocent as it is being repeatedly painted. It is not as if there are no lapses, no inefficiency, no muddles in the private sector. We all know of the Mundhra deal which has now almost become a synonym for muddling and financial trickery. That is not the only case known. There are umpteen number of cases known. If I have time enough I can really talk of them, of the financial swindlings of the private sector. I know at least half a dozen cases in my own State, of companies which have swindled the provident fund of the workers, which have swindled the ESI fund of the workers. The amounts were misappropriated, they not only did not pay their own portion but the portion which they had collected from the salary of the workers and deducted from the wages was withheld wrongfully and used as their own funds. I know of companies whose debts run to even more than their total capital. I know of so many other companies who have, by tricks of the financial magician's wand inflated their own assets and liabilities. I know of a company which had a written down value of Rs. 13 lakhs. That company was sold overnight to a new company. The directors are identical. The old company was sold for Rs. 52½ lakhs, thereby inflating the value by more than 4 times overnight. No cash payment passes. It is only new shares being issued for old shares. As a result, there is appreciation and the income-tax comes down.

I am referring to the case of the Bhopal Textiles Ltd. Even the Income-tax officer, under the powers invested in him under the Income-tax Act, held that this transaction was not *bona fide* but *mala fide* and entered into in order to avoid the incidence of

income-tax. Unfortunately, to our great surprise this company has managed to get the permission of the Controller of Issues of Shares and the inflated value was certified by him. So, the Income-tax Officer is also in a tight corner before the court. We are also in a tight corner when we go to the Tribunal. The certificate of the Controller of Shares Issues is cited as Government's certificate that the transaction is *bona fide*.

Let us examine this. Overnight the value goes up 4 times. The purchasers are the same; the sellers are the same. Only the legal personality is different. The old company was the Bhopal Textiles and the new company is the New Bhopal Textiles. The same set of Directors purchase it for 4½ times the value. This is only one of the instances that I can give of the financial swindling by the private sector companies. I can give a number of others.

Therefore, to compare the public sector with the private sector and run down the public sector undertakings by saying that the prices are high and the costs are high, as compared with the private sector, is the most objectionable approach to the problem. A general examination of the public sector undertakings with a view to getting better results can be understood. But a comparison with the private sector is, certainly, not called for.

What experience have we got of our public sector undertakings? There may be losses in Rourkela and Durgapur and Bhilai. There may be avoidable losses. As some one pointed out yesterday, the public sector spent about Rs. 1 crore on dimurrage. This is certainly an avoidable loss. Then, there was stores not found correct when checked up. This is certainly too much—Rs. 1 crore. They are avoidable losses. We are concerned about it. We would like to have a committee to go into this.

But the Resolution wants that the cost and price structure should be

[Shri Daji]

examined. Which heavy industry has given you a very correct price structure within 4 or 5 years of its working? Even yesterday, we heard complaints that these plants were not fully commissioned and have hardly reached their rated capacity. That is one point. Before the plants reach their rated capacity, before they are able to utilise their by-products, we are asked to have a comparative study of the price structures of the Tatas, the Jamshedpur plant and the Burnpur plant and the Bhilai, Rourkela and Durgapur projects. There is no comparison at all; it will be wrong because there is no equal foundation. The whole Resolution is biased against the public sector and hence I oppose this Resolution. This Resolution wants to put the public sector in the dock and arraign it for imaginary failures and lapses.

Therefore, this Resolution innocuous looking as it is, actually imports cold war between the public sector and the private sector. And, it is this importing of the cold war and the creation of the feeling that the private sector is doing much better than the public sector, and, therefore, an enquiry is needed is what I oppose. This Resolution wants us to compare the private sector with the public sector. Why compare with the private sector? Apart from the financial swindling, the private sector companies have also amassed a lot of profits, unconscionable profits.

Yesterday we were examining some of the private sector concerns. Let us examine some of the big concerns which during the last three years have paid dividends of about 103 to 105 per cent of their total capital. It has been actually so, according to the figures supplied by Government itself. There are companies who have amassed 300 per cent profit between 1950 and 1958. The profits have gone up to 300 per cent. The Tatas and IISCO; compared to 1950, in 1958, the profits have gone from 100 to 317. The Private sector should not be posed before this

House, and through this House before the nation, as an ideal to which the public sector should approximate. The public sector might do much better than what it does today and much better even than the private sector. But, it is not as if the private sector is the ideal to be placed before the public sector. Therefore, there is no question of appointing a committee or a commission to see that they come up to the ideal.

I, therefore, say that the Resolution in its present form is very objectionable and cannot be accepted by anyone who has accepted the principle of our planned development. Anyone who is even a pseudo-socialist—or I would say, anyone who is a crypto-socialist, not a Congress socialist, because a Congress socialist is a nebulous one—cannot support this Resolution which wants to measure the public sector undertakings with the yardstick of the private sector. This is something so atrocious from any conception of socialism or any concept of public sector underaking.

I was, therefore, surprised at this Resolution, which ought to have been moved by friends of the Swatantra Party, when it was moved by a friend from the Congress Party. This only shows that there are Swatantra friends hiding in the Congress; that there is some wolf in sheep's cloth. The sooner we tear off the sheep's skin and remove them from the Congress benches, the earlier we shall be able to march forward to the cherished goal of socialism which has been put before the country by the Prime Minister himself. The Mover of the Resolution has given out the game. The other day the Finance Minister was talking about communist wanderers. Yes, Sir. But there are very many Swatantra wanderers in the Congress. Beware of them; otherwise it will be too late. These wanderers are a little too many. Every critic of the Government's policies or of the Congress may be called a wanderer or a fellow traveller. These names are flaunted. I would like to see from the Govern-

ment side and equally strong and categorical and determined attack against those who are trying to pull down the very philosophy by which you swore before the electors, by which you got the votes, by which you loudly declared. Even from this Bench I want to sharply distinguish the others from the Mover as well his supporter from the Swatantra Party who read a bold speech certainly not prepared by him, almost in a language of the famous human crusader of the Swatantra Party who is never tired of tilting at the windmill of public sector. There is no windmill which he tilts at now and his sabre has been broken in the election; still he tilts and gets able support from the Congress Party. I strongly oppose it. What the Estimates Committee suggested is a sort of a House Committee of Members of Parliament to examine the working of the public sector with a view to improve its working so that we can cut away the waste and fruitless expenditure, and the delays of red tape and secretariat mentality imported into the public sector so that it may pulsate with new life and improved working and march forward to success from one pillar to another and from one milestone to another and giving, by its successful working, a determined reply to those who doubt and bark at the working of the public sector.

**Shri P. R. Chakraverti (Dhanbad):** Sir, the Resolution as it stands before the House speaks of something that spells inefficiency, tardiness and wastage not compensated by the returns. It raises some presumptions not corroborated by facts. As a result I find that it gives a handle to the advocates of Swatantra philosophy that finds delight in taking Alice into the Wonderland and in running after the mirage of freedom to be found in the concentrated shadow under the tall poplars and oaks, which stand between the sun and the bush below;—that means, unfettered feudalism, coupled with exploitation capitalism that suck the pen to be their victims. That is the

Swatantra philosophy that has been given a handle by this Resolution. So, I moved my amendment which reads as follows; I shall read it so that the agitated friends on the other side may know it:

“This House recommends to the Government to set up a Commission to examine the working of public sector enterprises *vis-a-vis* that of private sector enterprises from the points of efficiency and economy that has been attained.”

It is a long and debatable point how far the public sector operates efficiently and economically *vis-a-vis* the private sector. I would only try to point out the fact that in the attempt to develop a form of full economy, which we can claim to have started in a humble way, we have got to surmount so many obstacles. I admit there are many who view the democratic process as a particularly cumbersome machinery today in achieving planned objectives. They forget that India happens to be almost an isolated example of democratic development outside the small nucleus of democracies in some countries in the west.

If this attempt has been started at our end, let us understand, let us probe into the problem before we make our own comments. So my humble attempt in putting forth this amendment is to show that in the present set-up we have as yet to ensure that the public sector which comes with a promise, goes through the process of baptismal gradual development. That requires certain pruning no doubt. The other day, the Minister had been mentioning about the difficulties which the public sector had yet to undergo. In reply to a question, I found in the record that the Home Minister said, “as yet we have not developed a technique of operation whereby the public sector might be brought under careful supervision and be made amenable to

[Shri P. R. Chakraverti]

the control of this House and the Government”.

Undoubtedly, these should be manned by efficient personnel with adequate training and equipment, which could go in for higher technique of production. Today, if we compare the private enterprises *vis-a-vis* public enterprises, we can cite a thousand and odd examples wherein we find they suffer equally from certain handicaps, initial difficulties of growth and that growth nurtured in freedom not in totalitarianism or in any form of super-imposed will, as we have experienced in other parts of world. This fundamental factor comes to the fore when we take up the question of the application of improved technique projected into our economic growth under the Plan programme. Our

Third Plan has definitely indicated that the basic objective is to provide sound foundation for sustained economic growth. With the rapid expansion of economy wider opportunities of growth arise both for the public and private sectors. In the context of the country's planned development, the private sector has a large area in which to develop and expand. But the public sector is expected to grow both absolutely and in comparison and at a faster rate than the private sector. This makes it very clear that there is no attempt to taboo all our constructive efforts which are apt to bring in a new form of life, where every man knows that he contributes to the building up of the nation, to the growth of a society full of promise and marching to a higher stage of perfection.

15.49 hrs.

[SHRI MULCHAND DUBE in the Chair]

It is essential that efficiency and economy must be attained and for that purpose adequate machinery has to be set up. We must have a system that will be allowed to grow whereby the public sector will be made amenable to the control of this House. But, that is a big 'but'—in the day to day

administration, in its daily working, we have no right to interfere because it must have some initiative left; it must have some latitude of working, thinking process, active and creative thinking. The moment we find that the personnel is wanting in attainments, the moment we find that the system works under certain handicaps, we put a check on its ineffective operation and remodel the entire thing. But, as it is today, it must be allowed to grow and in that growth there will be a definite marching forward and a marching together. Both the sectors are on their march. It is a race, and in that process of race, this form of drawing the line and then dubbing somebody as inefficient, uneconomical and wasteful, does not help our creative activities.

When we appreciate that this present system has to be worked out in a manner that some efficiency may be injected into the system itself in its process of evaluation, I would rather suggest that there must be some high-powered Commission or Board for making appointments of the personnel and also for assessing the process of work which they are expected to perform and to find out how far they have failed in the same. That is a positive suggestion and there must be some suitable arrangement to regulate the activities of those people, who are administering the public enterprises ultimately holding themselves responsible to this House.

Today there is a race, I might say, between the disintegrating forces and the positive attempts at economic growth in India. It requires imagination, a courageous handling of the problem and statemanship that is not narrowed by Chauvinism, by sectarian outlook and by small petty thinking. In that process, we must have a positive philosophy that counts on the co-operative efforts of the different sectors of the people and then try to put them forward in the evolution of a new society.

I would, therefore, urge upon my

hon. friends on both sides to understand the implications of the Resolution which I want to be accepted in the amended form, which does not bring in any stigma, nor does it put any disability on the scope or on the fruitfulness of the venture—its promise to grow and grow into perfection. There have been outbursts of vituperation from both the Swatantra Party and the other party, whose members parade before the world the virtues of socialism and denounce others as crypto-socialists. We have had enough taste of their brand of socialism.

So, I am rather tempted to say that after the Mover of the Resolution has experienced these outbursts from those two sections, he will be in a chastened mood to accept the Resolution which I have put forward in the amended form.

I would also seek the co-operation of all hon. Members in accepting this amendment so that we can work effectively on a co-operative basis for the building up of the nation through evolutionary processes. We have only started; we are at the beginning, and as yet, we are not in any position to make any comments so far as the public sector enterprises, *vis-a-vis* the private enterprises, are concerned. I would say that it is time that we understood our own responsibilities in the matter: that we are only to give our help, our advice, our positive constructive suggestions, and thereby make the venture a success.

As Shri Daji has already said, I do

[Shri Prabhat Kar].

What about the cost? Today there has been so much talk about the rise in prices. What is it due to? Sometimes, it is said by some people that it is due to indirect taxation, but it is more because of this, namely, taking advantage of the imposition of indirect taxes, it is the private sector which imposes new prices which are out of tune with taxation, and as a result, the prices of commodities go up.

We have today an Institute of Cost and Works Accountants. I do not know why it should not be incumbent upon every company to appoint a cost accountant, according to the Companies Act, and give a certificate about the costing, thus not allowing the private sector to decide their own cost of production and raise the prices and earn fabulous profits. If there is to be an enquiry to lay down standards, it is essential in India that there should be an enquiry into the working of the private sector and not of the public sector. We have had, no doubt, on the floor of this House various other occasions to criticise the working of some of the public sector undertakings, but that is with a view to see that the public sector should improve. But once you agree to an enquiry to be made with a view to know the costing of the public sector, then, in that way, you give a handle to those who are against the public sector and who are trying their level best to see that no more nationalisation takes place and no more expansion of the public sector takes place.

16 hrs.

Therefore, this resolution under no circumstances can be allowed to be accepted. I wish that the Mover of the resolution, belonging to a party which professes socialism, should withdraw this and not give any handle to the Forum of Free Enterprise, who are off and on writing articles and sending pamphlets throughout the country to prove that if any improvement in this country is needed, it can

be done by the private sector and not by the public-sector. According to them, the public sector is a drainage of the country's revenue and it is disadvantageous to the country's economy. Therefore, I would request the Mover of this resolution to withdraw this.

**श्री डा० ना० तिवारी (गोपालगंज) :**

सभापति महोदय, मैं प्रस्ताव और अग्नेमैंट दोनों का विरोध करना चाहता हूँ। मेरी समझ में नहीं आता कि एक कमिशन नियुक्त करने का क्या मन्तव्य होगा। इससे क्या फायदा होगा और इसकी वर्किंग की जांच करने से कौन सी नई बात आ जायेगी। इस हाउस के सामने बराबर प्रश्नों के उत्तर में हर गवर्नमेंट अन्डरटेकिंग्स के सम्बन्ध में भी बातें आई हैं और प्राइवेट अन्डरटेकिंग्स के सम्बन्ध में भी बातें आई हैं। उनसे ज्ञात हुआ कि दोनों तरफ, पब्लिक सेक्टर में भी कम्पनियाँ ऐसी हैं जो अच्छी चल रही हैं, अच्छा प्रॉफिट अर्न कर रही हैं और कुछ खराब कम्पनियाँ भी हैं जिनको सुधारना है। वही बात प्राइवेट सेक्टर में भी मालूम हुई। प्राइवेट सेक्टर में भी ऐसी कम्पनियाँ हैं जो मिसमैजमेंट की वजह से बन्द की गईं और जिनको गवर्नमेंट ने मैनेजमेंट के लिये लिया। इस कमिशन की नियुक्ति से कोई मसला हल होने वाला नहीं है। अलबत्ता यह जरूर हो सकता है कि इसके लिये एक कमेटी पालियामेंट की हो जो पब्लिक अन्डरटेकिंग्स की देख भाल करे और उसमें कोई सुधार जरूरी हो तो बतलाये। मुझे याद है चन्द रोज पहले कांग्रेस पार्टी ने एक कमेटी नियुक्त की थी पब्लिक अन्डरटेकिंग्स के सुधार के लिये। उसकी ओर से कुछ सुझाव भी आये थे। इसमें दिया हुआ है कि पालियामेंट की एक कमेटी हो जो पब्लिक अन्डरटेकिंग्स की देखभाल करे। इस कमेटी की स्थापना के लिये अगर कोई प्रस्ताव आता तो शायद ज्यादा मौजू होता और इस हाउस के कंसिडरेशन में आता तथा उसको शायद हम लोग मान लेते। लेकिन वर्किंग के बारे में

कोई कमिशन नियुक्त किया जाये इसका कोई मतलब नहीं है। पब्लिक सेक्टर में चित्तरंजन फैंट्री है और भी फैंट्रीज हैं जहाँ बहुत अच्छा काम हुआ है मशीन टूल्स फैंट्री हैं जहाँ बहुत अच्छा काम हुआ है। लेकिन साथ ही रूरकेला ऐसी कम्पनियाँ भी हैं जहाँ बहुत खराब काम होता है और जिसकी वजह से बराबर इस सदन में और बाहर चिन्ता रहती है। यह सब बातें तो मालूम हैं। इस कमिशन को नियुक्त करने का क्या मकसद होगा? न तो प्रस्तावक महोदय ने और न जिन्होंने अमेंडमेंट किया है, उन्होंने बतलाया कि इससे क्या परपज सर्व होगा। पालियामेंट का कंट्रोल रहे, उसकी देख भाल रहे इसलिये जरूरत है कि एक कमेटी नियुक्त की जाये जो कि पब्लिक अन्डरकिटेम्स को देखे और बराबर जाकर उनकी जांच करें। इस कमिशन का कोई मतलब नहीं होगा। मैंने जैसा कहा, दोनों ही ओर, पब्लिक सेक्टर में और प्राइवेट सेक्टर में, कुछ खराब कम्पनियाँ हैं, कुछ अच्छी कम्पनियाँ हैं। चाहे अच्छा काम करती हैं। चाहे खराब काम करती हैं। समय समय पर उनके बारे में यहाँ सूचना आती रहती है। इसके लिये अधिक जानकारी की जरूरत नहीं है।

इसलिये मैं इस प्रस्ताव और अमेंडमेंट दोनों का विरोध करता हूँ और गवर्नमेंट से प्रार्थना करता हूँ कि वह पालियामेंट की एक कमेटी बना दे जो पब्लिक अन्डरकिटेम्स की देख भाल किया करे।

**Shri Indrajit Gupta** (Calcutta South West): Sir, this resolution which has been brought forward has already been referred to by some speakers on this side as being very innocuous-looking, but having a different motive behind it. I see on a closer reading of the text of the resolution that it refers, of course, to lesser efficiency and more cost in some of the public sector enterprises than those in the private sector. We should be thankful for small mercies.

At least there is an indirect admission here that all public sector enterprises are not necessarily more costly or less efficient than those in the private sector.

I am not concerned for the time being with the question whether the public sector enterprises have any scope for improvement or not, because that is not the purpose of this resolution at all. Therefore, the amendments which have been brought forward by some Members suggesting that there should be a committee to go into public sector undertakings in order to improve the efficiency are quite off the mark. That by itself would be quite a different matter for discussion. The point of this resolution is not that. The point of this resolution is the presupposition that it contains in its very text that the public sector enterprises are less efficient and more costly than the private sector. There is counterposing here of the two and I would suggest that this resolution is, therefore, something which is more in tune with the general campaign, if I may say so the propaganda campaign, which is carried on in this country, which sometimes assumes very virulent forms and at other times subsides somewhat, viz., the campaign to run down and denigrate the public sector as far as possible. This resolution, as far as I can see, is part of that campaign.

I am reminded, of course strangely enough, of what happened a few months ago when these very interests, who are very much concerned to prove that the private sector is superior to the public sector in many ways, were themselves advocating that some of these public sector plants should be thrown open to participation in equity capital by private interests. I cannot understand it; I hope the Mover of the resolution—he is not here—would be able to explain this. If it is presupposed that the public sector plants are *ipso facto* more inefficient and more costly than private sector plants, why were these gentlemen coming forward with this demand a little while



[Shri Indrajit Gupta]

ago that they should be allowed to participate in the equity capital of some of these public sector undertakings?

Of course, they can put forward certain excuses saying that by their entry into this, by their experience and expert technical knowledge, they would help to improve the working of the public sector. But to my mind, that was not the real reason at all. The real reason is somehow or other to sabotage the working of this public sector. There is also the fact which they are forced to admit in the text of this resolution that some of the public sector undertakings have become profitable after a certain period of running. We know that; we have discussed it many times in this House. Therefore, the general idea seems to be that so long as these public sector undertakings are still in a nascent stage, in the teething stage, let Government bear the brunt and share all the responsibility. Once they get stabilised and begin to earn profits, they would put forward the demand that they should also be allowed to participate in the equity capital of these concerns. I am glad that that move was defeated. It was strongly opposed in this House and the Government, I am glad to say, came forward with the assurance that this participation would not be permitted. This cuts the ground from under the feet of this presupposition, which is made in the resolution itself.

I think we must always bear in mind the essential fundamental difference between the two sectors, though both the sectors are said to be complementary to each other. I suppose that is the philosophy of the Government today. They are saying, we are having a mixed economy; these two sectors are not rival to each other, but they are complementary to each other. Well and good. But they are complementary to each other in a very special sense. That is also true. The basic difference is, we must remember

that whereas the resources which are generated by the public sector undertakings go entirely and wholly into the developmental fund of the State, and can be used for planning purposes. That is not the same with the private sector. Everybody knows that a certain amount of profit is mopped up by taxation. But when the private sector attempts to increase its efficiency and lower its costs by various means, I submit, the real motive behind it is not this. It is not as though they are all good Samaritans. The real motive is not that if they can make higher profits they would be able to give more to the Government to help them in planning. The meaning of the drive for more efficiency in the private sector is how they can increase that portion which will not go to the State but which can be pocketed by private interests. That is the drive for efficiency in the private sector. The portion which has to be given up to Government through taxation etc., is always grudged by them and it is never welcomed by them. There is a constant attempt to see that those taxes are lowered. Their drive for greater efficiency and lowering of costs means that portion of the profits or the revenue yield of those concerns which could be appropriated by the private owners which they try to increase.

This is the basic difference, and this should be the basic difference in our attitude to the two sectors. There is also one other fact. How is the private sector able to stand today? Without the assistance of the public sector they will find it difficult. These establishments which have been set up in the public sector are of such a type, producing capital goods or rolling-stock for the railways or heavy machines and other type of things which cannot produce quick and easy returns. They are not like a factory for making baby powder, nylon plastic goods or cocacola or something like that. These are not things like that. Everybody knows the economics of these things. This is the type of State

capitalism, in our view. Some people may like to call it socialism, but we think it to be a form of State capitalism. In the present conditions of our country we welcome it, because it helps to strengthen the foundation of our national economy.

But how would the private sector, we ask, whose interests are reflected in this resolution, be able to stand today without the State sector despite all its limitations? The rolling-stock manufactured there is used for the private sector. The steel manufactured in Rourkela or Bhilai goes nowhere else than to feed their plants. The machine tools which are being produced increasingly and will be produced in the State sector will go to equip some of the private sector plants.

Then, as far as finance goes I would like an enquiry committee to see what proportion of these private sector firms can operate today without huge loans and grants from the State. That is how they are functioning.

Therefore, my submission is that this resolution should be rejected because it starts with a presupposition which is entirely false.

Lastly, my apprehension is totally in a different direction, that even some firms—I am referring specifically to those ex-Mundhra concerns—I fear, after this interim period of Government control which is being exercised over them in order to put things right, are in the danger of being handed back again to the private sector. Such a big scandal took place costing even the job of a very eminent Finance Minister. It became national scandal. Some of those firms, I am told, are in the danger of being handed back to the private sector. I would like the hon. Minister to set my fears at rest. The British India Corporation, probably the biggest industrial complex in the whole of North India, which has been more or less under Government control so far

since Shri Mundhra disappeared from the scene, with about 30 per cent equity capital held by Government and the LIC, we are told, is going to be handed back to the private sector. Rumours arise that some plan is there to hand this whole British India Corporation complex to a certain firm of a well known family of private industrialists, to break up the existing board of directors and to bring in all the nominees of that private concern. I think this is the apprehension which should be more lively in the minds of hon. Members. When we have once projected an arm-by 'we' I mean the State—into this privately owned big industrial complex in order to put it on a better footing and run it more efficiently, we should not succumb to any pressure and try to hand it back again to a private concern.

Sir, I oppose this resolution, and I submit that if an enquiry is required at all it should be an enquiry into the private sector of India, what they are doing, how they are carrying on various forms of malpractices etc.

**श्री रामसेवक यादव :** (बाराबंकी) : सभापति महोदय, जो प्रस्ताव इस समय सदन के सामने विचाराधीन है मैं उसका विरोध करता हूँ। प्रस्तावक महोदय का इरादा कितना ही अच्छा क्यों न हो लेकिन प्रस्ताव पढ़ने के बाद यही आभास होता है कि सार्वजनिक क्षेत्र की निन्दा करने के लिये यह लाया गया है। निजी क्षेत्र के मुकाबले में सार्वजनिक क्षेत्र की इस प्रस्ताव में निन्दा की गई है . . . . .

**सभापति महोदय :** माननीय सदस्य पांच मिनट के अन्दर अन्दर अपना भाषण समाप्त करें।

**श्री रामसेवक यादव :** जी हाँ, पांच मिनट के अन्दर ही मैं समाप्त कर दूंगा।

हमारी सरकार ने समाजवादी ढंग के समाज की जो कल्पना की है दरअसल सारी

[श्री रामसेवक यादव]

गलती वही है। समाजवादी ढंग से उसे प्रेम है लेकिन समाजवाद से प्रेम नहीं है। आत्मा से मोह नहीं आवरण से मोह है। जब तक आत्मा से प्रेम नहीं होगा और आवरण से प्रेम होगा तब तक यह चीजें चलती रहेंगी और यह जो निजी क्षेत्र के लोग हैं उनको बराबर मौका मिलता रहेगा कि वह सार्वजनिक क्षेत्र को बदनाम करें।

सरकार की नीति मिश्रित अर्थ-व्यवस्था की है। अब इस मिश्रित अर्थ-व्यवस्था के अन्तर्गत निजी उद्योग और सार्वजनिक उद्योगों के बीच यह होड़ चलती रहेगी, इसमें दो राय न हैं और न हो सकती हैं। अगर मंत्री महोदय, सरकार और खास तौर से प्रस्तावक महोदय चाहते हैं कि सार्वजनिक क्षेत्र फले फूले और उसके अन्दर जो भी गड़बड़ पैदा हो दूर हो जाय तो उन्हें निजी उद्योग को हमेशा के लिये समाप्त करना पड़ेगा। सब से बड़ी गड़बड़ यही है। अगर प्रस्तावक महोदय सार्वजनिक क्षेत्र में जांच करने का प्रस्ताव लाने के बजाय इस तरह का कोई प्रस्ताव लाये होते कि निजी उद्योग समाप्त किये जायें और उसकी जगह सार्वजनिक क्षेत्र ले तो उससे ज्यादा हित होता।

सार्वजनिक क्षेत्र में आज जो कुशलता और निपुणता नहीं है उसका एक कारण यह है कि हमारी जो मशीनरी है, सरकारी कर्मचारी और अधिकारी जो हैं उनका दिमाग और दृष्टिकोण समाजवादी नहीं बन पाया है कि किस तरीके से सार्वजनिक क्षेत्र को सफलता के साथ आगे बढ़ाया जाये। इसलिये मैं चाहूंगा कि सरकार कुछ इस तरीके की नीति अपनाये और अपने और कर्मचारियों को समाजवादी समाज के उपयुक्त बनाये। सार्वजनिक क्षेत्र के उद्योगों को चलाने के लिये जिस कुशलता और ईमानदारी की आवश्यकता है वह उनमें भरे।

एक निवेदन यह भी है कि आज सार्व-

जनिक क्षेत्र को बदनाम और असफल करने की कोशिश की जा रही है। निजी क्षेत्र के लोग सार्वजनिक क्षेत्र में लगे हुए अधिकारियों के जरिये किसी न किसी तरीके से उसको असफल करना चाहते हैं। अब सरकार की भी इसमें एक गलती है। वह सार्वजनिक क्षेत्र पर खर्चा अधिक करती है सार्वजनिक क्षेत्र में जो अधिकारी लगे हैं उनके सुख सुविधा पर अधिक रुपया खर्च करती है और जिसके कि परिणामस्वरूप खर्चा बहुत बढ़ जाता है। जो माल उत्पादित होता है उस के मूल्यों में भी बड़होत्री होती है। इसलिये मैं निवेदन करूंगा कि सरकार इन चीजों पर ध्यान दे और इस प्रस्ताव को मूल ही से समाप्त कर दे क्योंकि इस प्रस्ताव का मतलब सीधे सीधे सार्वजनिक क्षेत्र के उद्योगों की भर्त्सना करना है और उनकी जगह पर निजी क्षेत्र के उद्योगों को प्रोत्साहन देना है।

**The Minister of International Trade in the Ministry of Commerce and Industry (Shri Manubhai Shah):** Mr. Chairman, Sir, it is a matter of gratification that all the hon. Members who participated in this debate today and last week have totally opposed both in spirit and the letter the resolution moved by the hon. Member. If I may say so with all humility, when the national government of this country launched upon the public sector undertakings it was with a definite social, economic and ideological consideration on the one hand and the historical compulsion of removing the backwardness of an under-developed country of the size of India on the other, that public sector was considered as the most vital part of the national reconstruction programme. It is, therefore, very natural that hon. Members have totally disagreed with what is against the national will and what is in the form of a historical contradiction that we should compare here the performances of the private sector and the public sector and to seek for the appointment of a commission to find out the efficiency of the public sector on the assump-

tion, which is totally unwarranted, that the private sector runs in a more efficient way than the public sector. Speaking with a personal note, I have intimate knowledge of both the sectors of this economy, and I do not entertain for a minute the theory that unit to unit, size to size and category to category anybody can aver or assert that a private sector enterprise runs better than its counterpart public sector enterprise. Firstly, the two things are generally broadly non-comparable, and even from the commercial point of view and purely from the point of view of economic profits and efficient working of an industrial enterprise, I can with all humility assert that the public sector in India has shown remarkable performance, looking at the size of the programme that we have undertaken.

similar undertakings not only in this country but in several parts of the world. We have the drugs factory in a very expanding way. We have the machine tools factory. We run even a hotel, as the House is aware, and this hotel, by all standards, has been acknowledged by both Indian tourists and a majority of the foreign tourists as one of the best run hotels in the world. I have travelled many times abroad and have lived in many hotels of the world in different countries. Recently, I was in one of the finest hotels in Canada. So, I can say, not because I am an Indian but as an impartial observer, that our hotel here run in the public sector can compare most favourably with any best run private enterprise hotel anywhere in the world, not only from the point of view of service which it is rendering but also from the point of view of profitability which these enterprises and the hotel are giving us.

One part will be those undertakings which, are in the construction stage. In the past, all the steel plants, the heavy electricals, the heavy engineering plant and many other enterprises which are still under construction have all been clubbed together into which the investment runs into Rs. 300 crores to 400 crores but which are yet to become fruitful after the period of construction is over and the period of gestation is over. In heavy industries it takes at least four or five years to get it completely constructed and gestation will take a period of another three years and it is only in the 7th or 8th year that it will yield good re-

[Shri Manubhai Shah].

turns, irrespective of whether it is a public sector or private sector enterprise, and it has nothing to do with the managerial competence or productivity for it is in the very nature of the technology of the enterprises such as this. Whether it is Tata Chemicals, run by a very big industrial house of this country, or it is Hindustan Aluminium run by another competent or big private enterprise in this country, whether it is the aluminium plant in the public sector or the machine tool plant in the public sector, all these enterprises take time by the nature of the technology involved and the managerial environment involved in these enterprises. The first three or four years are spent in construction and the rest of the two or three years are spent in gestation and it is only in the 7th or 8th year that it goes into stream. It is only then that we can compare our enterprises with any other enterprises, and when at that stage we mercilessly analyse and compare for the sake of efficiency, profitability, quality of products, manpower productivity, efficiency of enterprise with any enterprises in the world both in the public and private sector, we will find that we can stand comparison with some of the best run enterprises in the world.

The second category that we want to include is those enterprises which have already completed construction and have just started production like the heavy electricals projects. Now, there was some adverse comment in the House about this project. Very few people realise the nature of this enterprise. I think it was the year before last that Lord Chandos, who was the Minister for War in the Churchill's cabinet and now Chairman of the Associated Electrical Industries, London came to this country to examine and study the working of the heavy electricals project. At that time the programme was, as the House is aware, to produce Rs. 6½ crores worth of turbo-generators, turbo-al-

ternators etc. in Bhopal. Then we requested him to agree to a programme of four-fold increase, namely, Rs. 25 crores worth of production of heavy electricals per year. He was hesitant and he was totally reluctant and in several letters to me he was writing that "your country is an inexperienced country; even in the Soviet Union and elsewhere where the AEI have established public sector enterprises they have taken more time for proficiency to be achieved by the young skilled workers of those countries". So he was doubting whether the Indian technician would be any the more vulnerable or amenable to any better skilled training than that of the experienced countries which had imparted training to their technicians. When I went to London I requested him personally to visit India. He came here with 11 British experts and talking at a farewell dinner which he gave, at which the late Nawab of Bhopal was also present he said that he has seen the technicians trained in the factory and he was surprised to find that they are so capable in having absorbed the techniques and expertise which is very difficult for any technician to learn in such a short time. Rotating a turbine at 4,000 RPM or 8,000 RPM is not a technique which can be understood or imbibed within a short time. Those who are in the technological field will understand that it is one of the most difficult tasks in the whole world. So, he said I am so much satisfied with the examination of your trainees that I am not only prepared for a quadruple increase but, if you have the authority of Government, I am prepared to agree to a programme of Rs. 50 crores per year". We agreed and we signed a contract. Now the Bhopal project, as the House is aware, is going to have a Rs. 50 crore programme.

In addition to this, we started discussions with the Soviet Union and the Czechoslovakian government and, as the House is aware, we have finalised and started three more projects, one near Roorki, another in Ramachandrapuram and a third in Trichy

More than that I had the privilege of moving a motion for the setting up of a Joint Committee of Parliament in the last Lok Sabha. We are bringing forward that motion again very

[Shri Manubhai Shah]

soon before this House as also before the other House so as to set up a Joint Committee of Parliament to supervise the working of the public sector undertakings. That means that we want a more intimate association of the hon. Members of Parliament to watch, superintend, supervise and improve the working of these public sector undertakings.

**Shri S. M. Banerjee:** When is this committee likely to be formed?

**Shri Manubhai Shah:** Very soon. The House has assembled after the new Parliament has come into being. There were other formalities of governmental administration and the new Government taking over. But very soon the motion will be re-brought before the House.

**Shri Daji:** It will come after the gestation period of the new Cabinet is over.

**Shri P. K. Deo (Kalahandi):** It had some teething troubles.

**Shri Manubhai Shah:** The gestation period of the Cabinet does not take very much time. It is not like the heavy public sector enterprises. But all the same I agree with the hon. Member that there is a gestation period for everybody. A few weeks have been taken in that connection. Now very soon the motion for setting up a Joint Committee of Parliament for the public sector undertakings is coming forward.

Recently also, as in the past, we were reviewing the different policies and a comprehensive statement on the policy of Government on public undertakings had been placed on the Table of the House during the last session. That covers what form of management it will be, how recruitment will take place, what the policy on subordinate recruitment will be, what the broad principles of pricing

are, what will be the different criteria by which the Government judge the working of these undertakings, what the composition of the Board of Directors should be and who will be drawn on the Board of Directors etc. A complete and comprehensive statement has been laid on the Table of the House by me on the working of the public sector undertakings.

More than that recently a Labour Sub-Committee has been constituted to co-ordinate the broad labour policies of the Government in the working of the public sector undertakings. There also we have made no exception at all. Whether it is taxability of the public sector undertakings or labour relationship, we want to give proper leadership through the public sector to this country in every walk of public life. Similarly, in the industrial fields also, we want to provide the industrial leadership which the country lacked very much.

As one hon. Member rightly said, who would have provided this fare of production, of every variety of difficult production which nobody in the private sector could ever have undertaken in the industrial field in such a vast country where the expertise was lacking, except the Government of the country or the community, the nation or the State? It is only through the support and blessings of this House and the public policy of this country to expand the public sector undertakings in the field of industrial development that we have been able to provide adequate and dynamic leadership in the field of production to the whole nation.

The provision in the Third Five Year Plan is massive. It is not merely a few hundred crores of rupees here and there. The provision is for Rs. 1,550 crores which, perhaps on second estimates, might go right up to Rs. 1,700 crores. Twice the investment in the private sector during the Second Five Year Plan is being

planned by a country which is passing only through the infancy of its democracy and freedom. Over a period of 10–14 years to go into such enterprises with the courage, conviction and the expertise of a well-developed country can only be the good fortune of a great democracy like ours in which we have inherited a good leadership as well as very sound tradition of democracy.

Therefore I am glad that on the whole all the hon. Members of this House have rather disapproved of this Resolution. I would also request the hon. Member not to compare this type of thing. I can always welcome on behalf of Government every criticism even on the most minor detail of the work of these public sector undertakings because we want to profit by it. We are not in a mood of bravado or of claiming perfection. As I said, we are very imperfect in this matter. We have to run it through a democratic apparatus. We are not running them either through State capitalism or through the coercive apparatus of the State. Here an enterprise is open to anybody who wants to walk into the enterprise and check up what we are doing, where we are defaulting and what the weak points are. Sometimes the weak points of private enterprise which I know of when I was in a private enterprise and which, I know, could never be known to the outside world, come out for the public sector in the most distorted form and are presented to the public in a manner which is totally unconvolutive to the support which we have been receiving from some sections of the House on this Resolution.

Therefore I say that the support has not only to be mental and psychological but it has to be internal and out of conviction that we want to support the public sector in all its difficulties in matters of labour relations, of improving productivity and of having a collective bargaining of a peaceful type. Sometimes it is very dis-

tressing that these minor activities frustrate the working of the gigantic enterprises in which the nation has invested crores of rupees.

Therefore with all humility I may only appeal that the working of these public sector undertakings which have received so far the approbation of the whole nation and of this House should be once more confirmed. I would again take an opportunity to plead for this on behalf of my colleagues who are working in the public sector undertakings and the management. Those people are unheard of and go absolutely unmerited. They work under a great amount of discipline without any reward being given to them either in public or in financial terms. A managing director, a manager, a chief engineer, or a foreman of a public sector undertaking does not receive that approbation or financial emoluments which a private sector man gets. When good efficiency is notified in the private sector immediately it is rewarded in terms of money. Here the only reward, which is a very considerable reward, is the blessing and the support that this House can give to the right and good performance of the public sector. Therefore we value very much not only the criticism but the support also that individual enterprises get through these exhaustive analyses and probes by this House. We will welcome most such approbation to our public servants who are working in a devoted and dedicated manner in these public sector undertakings.

**Shri Balkrishna Wasnik** (Gondia):

Mr. Chairman, Sir, I am grateful to the hon. Members who have participated in the debate on this Resolution. They have given very valuable information. I am sorry to state that some of the hon. Members have taken this opportunity to condemn the private sector and some hon. Members have taken this opportunity to



[Shri Balkrishna Wasnik]

condemn the public sector. As a matter of fact this was not at all in my mind. Some motives were cast on me by some of the hon. Members opposite, but I do not think that they should have in any way thought of me like that.

In this country we have accepted mixed economy, and there are public sector enterprises as well as private sector enterprises. But it is time for us to see whether our public sector enterprises are working properly or not; and, if sometimes it is called for, we should also be bold enough to compare private sector enterprise with public sector enterprise and see whether our public sector enterprises are working better, more efficiently and whether their cost of production is lesser than that of the private sector enterprises or not. We should not feel shy of comparing these two.

The other day we had a discussion in this House and we found that in the eastern zone the cost per hour of flight of a private airline was something like Rs. 530, whereas the cost per hour of flight of the Indian Airlines Corporation in the very same place was somewhere about Rs. 820.

**Shri Prabhat Kar:** The risk of life was one thousand time more in the private sector.

**Shri Balkrishna Wasnik:** Everything was explained at that time. Shri Harish Chandra Mathur also raised a question whether sub-standard methods were employed by private operators or not, and the hon. Minister said that it cannot be done, and the Government also cannot allow such things, because it will be playing with the lives of the people of this country.

Therefore, if this kind of things are taking place, we should see why it is that a private operator's cost per hour of flight is only Rs. 530 whereas the cost for the public sector enter-

prise is Rs. 820. Why is there this difference. This is one case. There can be other instances, I do not know, which Members might not know, because we are not experts in the field of private sector or public sector.

The hon. Minister has suggested a Committee of both Houses to look into these things....

**Shri Daji:** Not to look into these things.

**Shri Balkrishna Wasnik:** He has suggested it—to supervise and improve the working of the public sector industries. The decision had been taken and this thing should have come about in the last session of the Second Lok Sabha, but I am told that it will be coming in the Second Session of the Third Lok Sabha. It is all right. I think some purpose will be served by the Committee that has been suggested by the hon. Minister. But I do not think that all the purposes will be served.

Anyway, I am grateful to the Members who have given us a lot of information about the public sector as well as about the private sector. Yesterday also we had a discussion here on the Demands of the Ministry of Steel and Heavy Industries, and on that occasion also when Members spoke, they told us a lot of things about the public sector undertakings. And the hon. Minister, Shri C. Subramaniam, has admitted that there is a great failing or weakness and there is evasion of responsibility or refusal to take responsibility on the part of the management of the public sector enterprises. We have to see why this evasion is there, who is responsible for the failing, who is responsible for more costs, who is responsible for lesser efficiency. I do not want to compare the private sector and the public sector, but let us see why the public sector enterprises are not working efficiently, why their cost is

not lesser or comparable or reasonable. These things we have to find out.

The other day, while moving the resolution, I had suggested that there should be something like "economic crimes" as we have in the heaven of my friends opposite, the U.S.S.R. There are what are called economic crimes, and if any head of a public sector enterprise fails to do something or fails to pay sufficient attention to the matter in his charge, he is held responsible and punished. There should be some arrangement like that in this country also.

**Shri Daji:** Why not in the private sector also?

**Shri Balkrishna Wasnik:** There it is the public sector, and those who fail in their duty are punished. In this country there is no such thing. He can evade anything and shirk his responsibility, and if one shirks responsibility nobody is held responsible. Therefore, I say that something like that should be here also, so that the public sector enterprises will run smoothly and in the interests of this country.

With these words, I beg leave to withdraw this Resolution.

**Mr. Chairman:** I take it that the amendments are withdrawn: all of them.

**Some Hon. Members:** Yes.

**Shri Harish Chandra Mathur (Jalore):** The whole House spoke for this withdrawal.

*All the amendments were, by leave, withdrawn.*

*The Resolution was, by leave, withdrawn.*

**Mr. Chairman:** Shri A. S. Saigal. Absent.

16.46. hrs.

[MR. SPEAKER in the Chair]

# RESOLUTION RE: CURB ON GROWTH OF MONOPOLIES

**Mr. Speaker:** Shri A. K. Gopalan.

**Shri A. K. Gopalan (Kasergod):** Mr. Speaker, I thought I would not be able to move this Resolution, because it was the third.

**Mr. Speaker:** You will have that liberty now.

**Shri A. K. Gopalan:** I am only saying that I did not prepare well because I thought that this Resolution will not come. I move:

**Mr. Speaker:** That may be the view of others also. We may fix a time limit then. What would be the proper time to be given? I learn that no time has been fixed. One hour?

**An Hon. Member:** Four hours.

**Some Hon. Members:** Two hours.

**Mr. Speaker:** I thought the next hon. Member may have an opportunity of moving his Resolution even if it be for one minute. Yes; Shri A. K. Gopalan.

**Shri A. K. Gopalan:** Sir, I move:

"This House calls upon the Government to initiate economic, political and other measures aimed at curbing the growth of monopolies and distributing the fruits of national economic advance more equitably among all sections of the people."

First of all, I want to point out that in the Directive Principles of State Policy, certain things are laid down. There are three important directions as far as State policy is concerned:

"that the citizens, men and women, equally, have the right