

12.15 hrs.

\*DEMANDS FOR GRANTS—contd.

MINISTRY OF COMMERCE AND INDUSTRY—contd.

**Mr. Speaker:** The House will now take up further discussion on the Demands for Grants under the control of the Ministry of Commerce and Industry. Out of eight hours, 5 hours 40 minutes have already been taken and 2 hours and 20 minutes remain.

**Shri P. K. Deo (Kalahandi):** Mr. Speaker, Sir, this Ministry has got a vital role to play to take India to the take off stage or to the stage of a self-generating economy. The industrial picture in this country has greatly changed in the last decade and spectacular results had been achieved on increased production and diversification. With a base of 100 in 1951, the general index of industrial production has risen to 180 in 1961 and by the end of the Third Plan it is envisaged that there would be 70 per cent increase. That is to say, that will take the index figure to 306. That means the total industrial output will increase by 300 per cent. Lately, there has been a brake in industrial production and the tempo has been slowed down.... (*Interruptions.*)

**Mr. Speaker:** I have been watching. Other talks should be more subdued.

**Shri P. K. Deo:** The tempo has slowed down because of the non-availability of coal. Government should take all steps to see that coal reaches the various consuming industries in time and regularly.

While discussing this demand, our attention is generally focussed on the depleting foreign exchange and on the mounting debts. We will have to pay back our debts to the tune of nearly Rs. 600 crores by the end of the Third Plan period. We cannot

defer payment for an indefinite period; we shall have to be prepared to pay this international debt.

If a cursory glance is had at the industrial geography of this country, it will lead to this conclusion that no attempt has been made to measure the dispersal of industries in this country. Regional development as desired in the Third Plan is not achieved. Even though the Estimates Committee recommended that the development wing of the industries Ministry should be divided and established in some zones, instead of being located at one place at Delhi, no action has been taken in that regard. In 1949 we had as many as 23,000 factories which were governed by the Indian Factories Act of 1948. By 1959 the number has increased to 41,579. That means a rise of 80.8 per cent. The dispersal has not been made in conformity with the policy of the Government of India. Rather, it has helped in widening the gulf of disparity. In the last decade we have seen that in Bihar there has been a rise in the number of factories from 731 to 4904 in 1958. That means a rise of nearly 571 per cent. Next comes Rajasthan. In Bombay there has been a rise from 7729 factories in 1949 to 10,995 in 1958. Thought it is a rise of 42.3 per cent, in absolute terms there has been rise to the tune of 3266 factories. Similarly, in West Bengal there has been a substantial increase. But so far as my State is concerned, it has been most backward and it is in the last rung of the industrial ladder.

The number of factories is not actually the real indicator of the capacity for increased employment. The new additional employment in a large measure has been confined to Bombay, Madras and West Bengal. Orissa is of course the last in this bracket. In the new industrial employment created, Orissa is of course the last; even though the Rourkela plant had been commissioned in 1960,

\*Moved with the recommendation of the President.

there has not been a substantial change in the picture.

Regarding the distribution of new capital, I would quote from the Indian manufacturers' data. High concentration of capital took place in the last decade in Bombay and West Bengal. In Bombay, the total capital employed in 1948 was Rs. 195.2 crores; it increased to Rs. 438.3 crores in 1958. Similarly, in West Bengal, the capital employed increased from Rs. 133.6 crores in 1948 to Rs. 340.6 crores by 1958. This dispersal of industries has been upset by the new concentration of capital.

So also, if you analyse the distribution of salaries and wages, in the graph, you will see that West Bengal and Bombay touch the figure of Rs. 20 crores to Rs. 50 crores while in my State it is just between Rs. 2 crores and Rs. 5 crores.

Taking into consideration all these factors, I beg to submit that this lacuna or gap could easily be filled up if the Government make up their mind to establish various industries in the public sector in those regions which have been neglected so far. This industrial geography in this country is due to historical factors. As you know, when the Britishers came, they established their trade relationship in Fort William, Fort St. David and Fort St. George. From these three nuclei they projected their imperialistic expansion and at that time it was the colonial economy which was governing the establishment of industries in this country. But now it is a socialist economy that is functioning. So, this point must be considered from this new aspect. We have seen that the four centres of industrial, commercial and financial gravity are focussed in the four points of this country—Bombay, Calcutta, Madras and Delhi. It should be properly dispersed so that more employment potential could be created in the backward regions.

Regarding the public sector, my speech would not be complete unless I make a reference to the poor show that has been put up by the public sector. There has been a decrease in the earnings of the public sector from Rs. 2.01 crores in 1960 to Rs. 1.95 crores in 1961. This implication could be properly grasped by the fact that investment rose from Rs. 605 crores in 1960 to Rs. 709 crores in 1961. I quote this also from the official statements, and you will be surprised to find that in 73 public sector undertakings the profit shown in 1961-62 was just 0.3 per cent. If that had been so in the private sector, these people would have been out of their business. They would have been either ousted by the shareholders or the Company Law Administration would have ousted them from this business. But they happen to be in the public sector and, therefore, they still continue to carry on the business. We shall have to scrutinise and find out what is the real trouble, whether it is the wrong personnel who manage these public sector undertakings who are responsible or whether it is due to the lack of cost consciousness on the part of the public sector undertakings. I think both are right and it should be examined from this aspect.

I would like to point out something regarding the working of the STC. We know very well that our export position is very grim. At the same time, we have got a dynamic Minister in Shri Manubhai Shah and we expect that during his ministership our exports would be boosted up. But I would request that investment priorities should be geared up to the export angle. Our machinery should be modernised and should be streamlined, and priority should be fixed on the quality of our export goods. I am very glad to learn that our Minister pointed out the other day that there will be a pre-shipment inspection of our goods before they are actually exported. This is a very

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good thing and should be followed up.

Regarding the STC I beg to submit—now there is going to be a second STC known as the Mineral and Metal Corporation—that our experience with regard to the working of the STC has not been very satisfactory. Though it was founded to supplement the private sector activity, it has gone much beyond its original scope; rather, on the other hand, the established channel of trade has been upset by the interference of the STC. The neglect of the STC in exploring new markets and promoting export of non-traditional items is very conspicuous. It may be due to the unbusinesslike and bureaucratic attitude of the STC, I do not know; but a thorough probe is necessary in this regard.

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

**Shri P. K. Deo:** Sir, despite the facilities that the STC commands, the total export in 1960-61 was only to the tune of Rs. 26 crores as against India's total of Rs. 360 crores.

Regarding the barter deal I would like to say that the barter deal has failed to produce the advantages. Manganese which has been bartered against fertilisers and steel has not been very successful. In these cases negotiations are carried on in such a way that the exports fetch lower than the usual price. Barter costs much heavier than the normal international price. In this regard I quote from the report of the Economic Intelligence Unit of London. The report says:

"The Corporation also charge high rates of commission. The goods exported by the Corporation to the Communist Bloc countries are sold elsewhere in Europe at a discounted price whereas the the import of machinery and other goods from East European countries cost 15 to 20 per cent more."

If that is so, Sir, a thorough probe in this regard is most essential.

The Estimates Committee also recommended that the STC must have a building of its own. They pay high rent for the building of the Indian Express and they must have a building of their own. They must also try to utilise the Indian shipping as far as practicable. The Estimates Committee has categorically recommended that to boost up the trade of iron ore they should develop the Paradip Port and it should be linked with the Orissa mines. As the STC has got the monopoly in the trade of iron ore, I want to say a word about their supply to the various Indian steel mills in public sector.

In Bihar and Orissa alone there are 124 iron ore mines.

**Mr. Speaker:** The hon. Member's time is up.

**Shri P. K. Deo:** Just two minutes more.

Even though they have got an annual operating capacity of 20 million tons, at the moment the transport capacity is only 2.5 million tons. Those iron ore mines have been supplying to Rourkela and Durgapur through the State Trading Corporation for the last two years at a rock bottom price of Rs. 11/25 a ton for the blast furnace grade iron ore. Now it is learnt that the State Trading Corporation is not going to lift any more of it and Hindustan Steel will be supplied this by their own captive mines. We learn that by working the captive mines, their own mines, these iron mills would be incurring a loss of Rs. 7 to Rs. 8 per ton. I think that should be examined. If you want that industries in the private sector should prosper, the exports of iron ore should be guaranteed. Of course, the responsibility of the State Trading Corporation is there to look into this matter.

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

**Shri P. K. Deo:** One word more and I shall finish.

At present eight lakh tons of iron ore are lying at the pit-mouth and unless it is lifted and the supply to the iron mills is guaranteed, it will virtually amount to the cancellation of the iron ore mines without compensation even though in the Third Plan we envisage that 37 million tons of iron ore is to be produced. That will all be meaningless.

Lastly, I would like to point out...

**Mr. Speaker:** After my ringing all these bells, he is taking up a new point. That should not be done. Shri Heda.

**Shri Heda (Nizambad):** Mr. Speaker Sir, the first point that I would like to make is about the size of this Ministry. No doubt, a good chunk has been taken away from this Ministry and tagged on to the Ministry of Steel and Heavy Industries, yet the fact remains that the work of the Ministry of Commerce and Industry is so vast and so large that it is just like an ocean. It is not that there is any intensity anywhere in particular, but it is such a large variety that this Ministry has to look after thousands and thousands of things and it is very difficult to keep one's eye on them. Therefore when this re-organisation took place it would have been better had this Ministry itself been bifurcated into two independent ministries of Industry and Commerce.

The second point that I would like to make is about the nomenclature of this Ministry. It has got two departments, one is the Department of International Trade and the other is the Department of Industry. The name of the main Ministry remains as it is though the names of the departments have been changed. I do not know why the Department of Commerce has been changed into the Department of International Trade. The name, Department of International Trade, gives

one the idea that it is something different from general or internal trade and it deals particularly with international trade, that is, with import and export. But it is not so. Under the Department of International Trade all the old departments or the old activities of the Department of Commerce are there and some more prominence has been given to the import and export aspect. That is good, but in my opinion this name is not a proper name.

**Dr. M. S. Aney (Nagpur):** It is not a common name; it is a proper name.

**Shri Heda:** Then in the details I find that under the Department of International Trade there are certain plantation industries. I do not mind that, but I have not been able to follow why control over the stock exchanges has been taken away from the Department of Commerce and put under the Department of Industry.

**The Minister of Industry in the Ministry of Commerce and Industry (Shri Kanungo):** Stock exchanges are under the Finance Ministry.

**Shri Heda:** They should have been with Commerce, that is, with trade. Instead of that, it is with Finance. That was my point.

**The Minister of International Trade in the Ministry of Commerce and Industry (Shri Manubhai Shah):** Perhaps the hon. Member meant the forward markets.

**Shri Heda:** I meant control of the Forward Markets Act.

**Shri Manubhai Shah:** That is with international trade.

**Shri Heda:** I remember that, when I saw the communique for the first time, it was mentioned under the Department of Industry. So, I carried that impression.

These days we are giving great emphasis to foreign trade, that is, the

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export-import trade. It is good, Shri Kamalnayan Bajaj, while speaking on this aspect the other day, referred to a story of *Mahabharata*. He said that there is a big *chakravyuha* and Abhimanyu is facing it in the absence of Arjuna. I think it may remind us of *Mahabharata* but the simile that he has given is not correct according to the factual position today. I feel that Abhimanya is facing the *chakravyuha* but at the same time Arjuna is there to help and guide him, whether Arjuna is in the form of the hon. Minister of Commerce and Industry or in the form of the hon. Finance Minister or in the form of the new hon. Minister, Shri T. T. Krishnamachari whose jurisdiction is very difficult to define.

**Shri Sheo Narain (Bansi):** Who is Abhimanyu?

**Shri Heda:** Abhimanyu is Shri Manubhai Shah, the hon. Minister of International Trade. Therefore the story of the *Mahabharata* is not going to fit in here. I am certain that though the odds are very heavy and this *haakravyuha* is very difficult, particularly when we look at the attitude of the Aid India Club, we may be successful.

In this connection I may welcome the appointment of the new hon. Minister without Portfolio though, as I said, it is very difficult to find out what his actual duties would be. You may allow me here a little digression. The other day when the hon. Minister, Shri Mehr Chand Khanna, was replying to the debate on the demands of his Ministry, he virtually complained against the Home Ministry, the Irrigation and Power Ministry and some other ministries that they were interfering in his activities. They are undertaking various construction projects and he has to lend his officers, architects, engineers and what-not. Everything is done by his own men, yet the credit or discredit goes to others. I feel that in the Cabinet system that we are following generally an hon. Minister cannot complain against another hon.

Minister on the floor of the House, but after the appointment of another hon. Minister for creating co-ordination between three or four ministries, I think there was some ground or some good reason for Shri Mehr Chand Khanna to complain. However, this new appointment is there and I do hope that, as stated in the press, very soon these departments would also come under his purview and he would be able to guide them.

So far as the import-export trade is concerned, I think we can profitably look towards two great countries. One is Japan and the other is Belgium. Japan is talked of enough and I would not refer to it much. But I would like to refer to Belgium. It is easy to understand....

**Shri Narendra Singh Mahida (Anand):** May I rise on a point of order, Sir? There is no quorum.

**Shri Hari Vishnu Kamath (Hoshangabad):** There are only 35 hon. Members or so.

**Mr. Speaker:** Let the quorum bell be rung.

**Shri Heda:** May I proceed, Sir?

**Mr. Speaker:** How can he?

**Shri Hari Vishnu Kamath:** All empty benches opposite.

**Mr. Speaker:** Now there is quorum. The hon. Member might continue his speech.

**Shri Heda:** I was saying that it is easy to understand why Belgium should be in the forefront, at least as regards the Common Market, in this affair; extraordinary as it may seem, this small industrialised nation exports 40 per cent of her gross national product and between 65 and 70 per cent of all her industrial output. Indeed, one finds among the leading Belgian companies cases where the reliance on export markets is even greater than that. For example, Gevaert Photo Products, the star of the Brussels Bourse and the world's

second in this line (after, of course. Eastman Kodak), exports no less than 94 per cent of its total output! And its output last year covering as many as 13,000 different products, was worth more than 5,000 million Belgian francs, or about Rs. 50 crores. These exports were genuine exports, and not just the addition of the output of foreign subsidiaries, for Gavaert does not believe in manufacturing abroad, claiming that quality control is too difficult in overseas plant. Furthermore, Gevaert is directly concerned with the purchasing power of the developing countries because they count among its main clients for medical and industrial photographic equipment (X-ray film for medicine and for material-testing in steel and other industries, quality control apparatus, photo-copy and sound-recording equipment for offices, etc.); the medical and industrial divisions of this gigantic firm far overshadow the division making material for amateur photographers.

Gevaert's 94 per cent is perhaps an extreme case even in Belgium, but firms selling 70 to 80 per cent abroad are far from rare here, and they include some heavy industries such as steel, mechanical construction etc.

Now the point that I want to make is that unless we develop consciousness for export, it will not be possible for us to export in large quantities. The tendency in India is just the opposite to the tendency in Japan or Belgium. In Japan and Belgium they have got a long-range policy and programme for export, while the tendency on the part of Indian firms is to make hay while the sun shines. They make their programmes for a year or two and when they complete their deals we find that those firms do not exist. Therefore we have to create a climate in our country whereby private limited companies would be coming forward with the sole object of taking up export-import trade and they should have a long range programme of ten, fifteen or twenty

years, and slowly they should be able to build. If we do not differentiate between the long-range genuine exporters and casual exporters then the difficulty would arise that these casual exporters would take away the cream of export earnings and men operating with a long-range programme will get dissatisfied or discouraged. I am saying this because many times because of our import difficulties, export business is tagged with certain other aspects.

For example, we allow a certain type of exports and in lieu of that we allow a certain percentage of extra export of certain chemicals which in many cases are sold in our markets at as much as 400 per cent profit; there are even cases where they are sold at 800 per cent profit. So, it is just possible that a casual exporter may come forward taking advantage of a particular opportunity or moment and indulge in it. The main point that I am making is that we should develop a climate here as in Japan. Belgium or certain other countries where the export quantum of their trade is higher and we should encourage firms or companies which take up these exports directly and on a very large scale. Without this it will not be possible for us to export properly.

Sir, in my travels abroad I have noticed a certain aspect of our exports. We discussed this matter in the Estimates Committee and the previous speaker also referred to it. I refer to quality control. When a commodity is exported, there is a sample survey by Government. But what do they do? We went into the details and we found out a very funny thing. Suppose there are one hundred cases. Out of one hundred cases they take samples of ten. If out of ten, one is defective it is rejected and the other nine are allowed to be exported. I asked them why it should be so. When ten per cent of a commodity is below quality, the entire lot should be rejected. But that is not so. This difficulty is there. The other countries are very certain about their

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quality; therefore, they make a good name and once we have got a good name, we can be sure of getting higher prices. If our reputation suffers, we cannot expect even a reasonable price.

So far as textiles are concerned, many things happen. The length is not as it should be; the breadth is not according to specification; the count of the cloth is different from the one contracted for. A sample is shown; something else is supplied. Therefore, I would like to impress that our survey and assessment should be very strict, quality control should be tight for those who indulge in malpractices will bring a bad name to the country, and as such they should be penalised.

**Mr. Speaker:** I must point out to the House that we are hard-pressed for time. Tomorrow at five o'clock the Guillotine will be applied and all the Demands put to the vote of the House. There are nine hours allotted to the Finance Ministry and nine hours cannot be made up if we adhere to the schedule and also sit extra 45 minutes for the Finance Bill. Therefore the House, I may announce, would sit up to 6.45 p.m., for us to make nine hours.

**Shri Hari Vishnu Kamath:** May I ask why the Guillotine could not be applied at six instead of at five tomorrow?

**Mr. Speaker:** That is the time fixed.

**Shri Hari Vishnu Kamath:** It is not fixed by the Business Advisory Committee.

**Mr. Speaker:** It has already been fixed; we cannot change it.

**Mr. Speaker:** Dr. Singhvi. The hon. Member should be very brief, in view of the pressure on time.

**Dr. L. M. Singhvi (Jodhpur):** Unfortunately the pressure arises only now.

**Mr. Speaker:** He was absent on Friday. I wanted to call him on that

day. Therefore, he should not put forward that excuse.

**Dr. L. M. Singhvi:** I have explained the whole position to you.

**Mr. Speaker, Sir,** the Ministry of Commerce and Industry embraces functions and activities which are pivotal in the economic perspective of our national life and, therefore, the omissions and commissions of this Ministry naturally occupy a place of very high importance in our national economy.

Sir, a very deeply disconcerting feature of the present economic scene in the country is a deadly sense of dichotomy which is being assiduously fostered by certain politicians between the private and the public sectors of our national economy. It appears that this has almost assumed an aspect of veiled antipathy between these two sectors. A usually bellicose, petulant and over-bearing bureaucracy seems to be carrying on an undeclared cold war with business. And, Sir, this state of affairs, this lack of coordination, and lack of cooperation between the private and the public sectors, which in my opinion is very largely responsible for the lesser pace of progress we have been able to achieve—is due to the fact that Government has not been able to take care of the situation very effectively and adequately.

Sir, I assume that the plans and policies of the Government are intended to operate within the framework of freedom. I also assume that our economic policies and plans are not intended mainly to subvert any semantic superstition—be that socialism, or any other 'ism'. I say this because we often find daily bickerings, altercations and statements which reflect adversely on the private sector and they are calculated to create apprehensions rather than to allay them. If we expect the private sector to make a continuing and a constructive contribution to our national economy, we must cease this

kind of propaganda, this kind of irresponsible talk, because we must work for the emergence of an integrated, agreed framework of reference for national policies and planning. I am afraid that agreed framework of reference is today lacking to a very large extent.

I hope, Sir, that the hon. Minister when he replies to the debate would be able to assure us that in the coming five years Government would adopt a position which would allay these apprehensions, which would reassure this sector. I am sure in doing this he would create and contribute towards the creation of a proper climate for the private sector in this country.

Sir, I do not stand for the eccentricities of egocentric economics. I do not idealise freedom without the content of social justice. I believe that freedom is a clearing in the human jungle: the clearing once made, we must build, we must build with forethought, with harmony, with sincerity, with hard work. In this respect, I would say that we have not been able to harness various resources which lie idle and which lie waste in this country.

Sir, take an example. There is in this country an acute shortage of capital, but at the same time we find that there are large amounts of hoarded and hidden wealth in this country. (*Interruption*). Yes, huge hoarded and hidden wealth in the private sector. What have we done to draw it out, to activate these frozen assets in the country and to harness them in the service of the nation? I am afraid, Sir, we have done precious little. And I would like to suggest to the hon. Minister of Commerce and Industry, as well as to the other Ministers, the Minister of Finance and the Minister of Economic Affairs who are concerned with this, to ponder over this problem and to devise measures, not only compulsive measures, not

only statutory devices, but measures which would give incentives and would provide us with the much-needed capital in this country.

I would also like to say in this context that we must not attitudinise a doctrinaire approach of dog-in-manger's policy. The private sector should be called forth, should be persuaded and encouraged to come in the field where the public sector has no reason at the present stage to enter. This also is not being done in an adequate manner, and that is also responsible, I think, for the lack of development capital in the country. I think there is scope enough for both these sectors in the country. And when we call names to one sector, when we try to condemn one of these two sectors, we are only, in my opinion, cutting our nose to spite our face.

I would like to say here that so far as the huge hoarded and hidden wealth in this country is concerned, the Government should, if necessary, appoint a small committee to consider the various ramifications of the problem of the hidden and hoarded wealth, the extent of which is said to be of the order of Rs. 1,000 crores, at the very least. If that is so, then it is very necessary that the Government should consider appointing a small committee to call forth these frozen assets, as I call them, (*Interruption*). Nobody can estimate them, it is true, with any measure of accuracy, but I am sure that these estimates which are based on some impressions are justified, and if they are not justifiable I would like the hon. Minister to say so. Because, I know that authorities in the Government have previously made statements to this effect.

I would like to make a brief reference to the pattern of our imports as well as to the acute shortage of foreign capital that we are experiencing today. Regarding the pattern of



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imports, I would like to emphasize that a foresighted and a fair approach is an imperative necessity, it is the first pre-requisite for the success of our plans. I am afraid in the field of imports it is notorious that some persons are considered more equal than others, to quote a phrase from George Orwell. And this amounts to favouritism in granting import licences and creates a lot of cynical and demoralising talk in the country. I have, for example, an instance in my mind, namely the photographic trade. Licensing of imports for the photographic trade, I understand, was carried out in such a manner for the last ten years or so that a certain foreign firm was built up at the cost of various indigenous photographic firms who were established importers of photographic goods in the country. I would like the hon. Minister to consider this aspect of the matter.

An equally regrettable aspect of our pattern of imports is that there is certain ill-considered and irrational licencing of imports. I would like to draw the attention of the hon. Minister, for example, to the fact that in the jute industry, while you are granting, more freely than elsewhere, licences for importing converting machinery, you are following a highly restrictive policy in granting import licences for the import of the primary productive machinery, which is after all very necessary and without which the converting machinery would be of no avail. I have particular instances in my mind, but I do not think that they should be put up on the floor of the House. I am sure the hon. Minister is more aware of them than I am.

I would also like to mention, as has been mentioned by previous speakers, that recent experience shows that there is likely to be an acute shortage of foreign capital, that we cannot hope to receive much foreign capital through the institutional media of loans and aids from abroad. The other sources of foreign exchange for

us are also very limited. Tourist trade has its limitations, as we all know. Our foreign trade has been stationary, as is admitted in all quarters, for the last many years. While the hon. Minister of International Trade was addressing the House the other day in a very confident, captivating manner, I felt that perhaps our expectations may not miscarry. I was reminded, Sir, of a line from a nineteenth century poet:

For, tying the bonnet under her  
chin

She tied the heart of a young man  
within.

While the hon. Minister was making a very charming statement regarding the possibilities and prospects of foreign trade and earnings of foreign exchange, I felt that he should be reminded that even during the year 1960-61 there was a shortfall of Rs. 18 to 20 crores. If this shortfall is going to continue, how are we going to be able to achieve the target of augmentation of our foreign exchange earnings through international trade by nearly Rs. 40 crores annually? I hope that there is no heart breaking later on. I hope that we can streamline our production procedures and our cost structure. And, in order to earn more foreign exchange and in order to get more foreign investments into the country, we should stop raising and chasing controversies in the international field; we should create a climate, by fiscal and monetary policies, of attracting more foreign investments to this country. As we all know, in the past there has been very little increase in foreign investments in this country.

Sir, on this analysis it appears to me that the possibilities and the prospects of meeting our foreign exchange shortage are rather bleak and disturbing, and I hope that the utmost attention would be paid to this aspect of the matter, because in this alone lies our economic salvation for the time being. We cannot afford to re-tailor our plans or to cut them down. If we

continue at the same pace of economic progress it may not be possible for us to realise the target—it is not an ambitious target—but it will not be possible for us to realise even this target rightly set up, under the hithertofore lackadaisical policies, I hope, in this context, that the creation of the new Board of Trade would not be a mere addition to the large institutional machinery which we already have, but that it will be a functioning working body so that it would be able to help enhance our international trade substantially.

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Here, I would like to make a passing reference to the cost structure of our industry that is at the root of our difficulties in the field of foreign trade. I need hardly quote Shri Manubhai Shah who said three years ago just what he said two or three days before that we are being priced out in the international market because of inefficient management here, because of high prices here, because of a very top-heavy cost structure in the country. I am afraid very little was done in these three years since he made that statement. Many more such statements had been made earlier. During the last three years, we have done precious little. We have not followed any consistent policy calculated to alleviate our difficulties in this field. It appears to me that this is also evidence of the failure of our planners. They seem to have considered that they are helpless in the matter of reducing cost of production in this country or they thought that this was a matter which could be neglected and postponed. I am glad there is greater awareness of this problem now and I hope that given the determination on the part of the Government, this problem can also be solved.

There is a cognate matter, the problem of idle installed capacity in the country. I think this is one of the biggest problems confronting the

country today. We have lotus eating in the industrial field on such a huge scale that it is incredible. No systematic study of idle installed capacity or under-utilisation of resources has really been made in the country. From whatever figures are available from the skeleton statistics that are maintained by the Ministry of Commerce and Industry, I think I would be right in saying that there are many industries in which there is idle capacity to the extent of 50 per cent. or more. A recent study of how men and machines spend their time in Indian Industry reveals that almost 41 per cent. of the working time of the machines is wasted in trivial matters, in inspection, in getting repairs made, in getting spares etc. This does not reflect very well on a planned economy. Particularly when we proclaim the benefits of planned economy in this country, it is a shame that we have not been able to do anything in this matter. I would also like to point out here that the figures of the Ministry of Commerce and Industry on which I rely naturally because there are no other detailed figures available, are based on a single 8-hour shift a day and 300 days a year only. I would like to put it to the House whether a country like ours can afford such industrial siestas and idle workless hours and to have only 300 working days in a year of one 8 hour shift a day. Therefore, I would say that even the figures that are available do not reflect the extent of the real idle installed capacity in this country. I would, therefore, expect the Minister to take the House into confidence and tell us what he proposes to do about it in a concrete form, in a positive way, because this, I think, is an outrageous situation which is rather repugnant to the very concept of planning.

Then, I would go on to make a reference to the utilisation of industrial byproducts in this country, which is again a matter which has received scant attention at the hands of the Government. Instances are legion in

[Dr. L. M. Singhvi]  
 which industrial byproducts just go waste. We know that all technologically advanced countries in the world today are able to make very effective use of their byproducts and they make use of it in a profitable manner.

Paucity of time does not permit me to examine the functioning and organisation of the public sector undertakings in this country in any great detail. I would like, however, in the first instance to welcome the move for the establishment of a Standing Committee of Parliament for Public Undertakings. I hope that such a committee would do immense good. I also hope that through the instrumentality of such a committee, we would be able to reconcile the needs of accountability and autonomy in the public sector which is a problem which has bedevilled not only our country but several other countries also where nationalisation has taken place and where economic activity has gone apace in the public sector. I feel that autonomy and accountability are not necessarily antithetic. I feel, on the basis of experience of other countries such as the U.S.A. which has got large public undertakings and the U.K. and France that Parliament must continue to supervise the functioning of public undertakings. We cannot afford to abdicate our responsibilities because it is tax-payer's money that is invested. In this connection, I would like to say that there should be frequent efficiency audits and that there should be special committees to consider the functioning of public undertakings. I would also like to draw the attention of the House to a suggestion made by the Estimates Committee that 25 per cent. of the investments should be thrown open in the public undertakings to the public at large. I do not know why this proposal has been kept under cold storage for so long. I would like the Minister to tell us what he proposes to do about this suggestion. As he knows, the excuses given by the Government earlier were not accepted by the Estimates Committee in this connection.

I would like to be given five minutes more since I am the spokesman of the Independent Parliamentary Group.

**Mr. Speaker:** Five minutes I can't give. Three or four minutes he may have.

**Dr. L. M. Singhvi:** I would like to quote, since I have very little time at my disposal, in order to illustrate the supercilious bureaucratic temper that characterises our public undertakings I would like to quote one of the distinguished predecessors of the present Minister of Commerce and Industry, who has this to say:

"Another feature noticeable in several State enterprises these days is the presumption of expert knowledge on the part of those who are placed in charge of these ventures. As a consequence, dispassionate observers cannot fail to notice many square pegs in round holes. Individuals who may be good and efficient in certain administrative responsibilities and duties are thrust on ventures in which they could not ordinarily be expected to take even the remotest interest. These "Mr. Know-Alls" coming from some heights, ensure for themselves all the best benefits, advantages and comforts, unmindful of the burden and strain which they cast on these enterprises under their charge and spend a good deal of their time in carrying out the orders and directives from the superior bureaucrats of the Secretariat. Quite often, such a state of affairs leads to a demoralisation and corruption of the whole atmosphere of State enterprises with all the consequent evil results that ensue therefrom."

In addition to the problem of bureaucratic temper in industry, we have also the problem of doctrinaire political sloganeering and political tantrums. It is a spectacle of a frightened and embattled rider riding

the tiger of bureaucracy in this country in the field of public undertakings.

In this connection, I would like to quote from a high authority who says:

"In the old days the principal enemy of public enterprise was, no doubt, those who disapproved socialism. Now it is socialists themselves.

**Shri Manubhai Shah:** May I know whom he is quoting?

**Dr. L. M. Singhvi:** I am quoting Mr. Galbraith, an economist and a statesman.

**Shri A. C. Guha:** The previous quotation?

**Dr. L. M. Singhvi:** I wanted the Minister to guess. It was from Shri C. H. Bhabha. Mr. Galbraith goes on to say:

"Now, it is socialists themselves. For it is socialists who refuse to consider seriously the peculiar requirements of the modern productive enterprise, whether public or private; who decline to give it the autonomy it must have; who destroy it by meticulously pressing on its decisions and thus forcing upon it an intolerable and unworkable centralisation; who decline to see that the organisation of public enterprises must keep pace with new conditions and new tasks; who are careless about the standards to which management of the enterprises must be held; and who, on occasion encourage workers and consumers to appropriate the surplus on which expansion and growth depend and without which there will be stagnation. Above all, it is socialists who are responsible for the paralysing belief that success is a matter of faith, not works."

I have also a word to say regarding the Indian Standards Institution

regarding which I had moved a cut motion. Therefore, I suppose I can have just one minute to say a few things about it. We find that instead of Rs. 5 lakhs about 6 years ago, we grant about Rs. 20 lakhs to the I.S.I. now. I have, in the course of my study and enquiries, found that the autonomy granted to the Indian Standards Institution is being very grossly abused. I do not want to bring many specific instances to the notice of the hon. Minister on the floor of this House, but I would like to say this, that, in the first place, the actual conditions prevailing do not reflect much confidence of the consumers. To illustrate this point, I would say that the textile industry which is so big in this country and which looms large on our economic horizon does not have a single certification mark within its ambit.

I would like to say also that in the organisation itself, there are various drawbacks, there are various bottlenecks and there are various tyrannical things that are happening. As a matter of fact, a gentleman, or two continue even beyond the prescribed age of retirement. People are employed without an open advertisement. People are kept in service for two years, and no advertisement is made on an all-India basis. People are kept on the basis of favouritism and nepotism.

A stall was constructed recently in the Exhibition, for which a sum of Rs. 80,000 were paid to some favoured firm, and actually speaking, this firm gave a sub-contract, and this sub-contract was only to the extent of Rs. 35,000 so that Government got for Rs. 80,000 what was worth only Rs. 35,000.

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

**Dr. L. M. Singhvi:** I shall conclude in less than half a minute. I have also reliable information that the Institution is also asking its licensees to

[Dr. L. M. Singhvi]

contribute advertisements in the newspapers for it, which is bound to reflect on its impartiality and its judicial approach to things.

I hope that these matters will also receive the attention of the House, and the Ministry, and the Minister would be able to assure us that something effective and the needful will be done in this matter.

**Mr. Speaker:** Is there any Member from the D.M.K. who wants to speak? I find that there is none. Then Shri Bagri from the Socialist Group wanted to speak, but I find that the hon. Member is not present here. Now, Shri Hem Raj.

**श्री हेम राज (कांगड़ा):** अध्यक्ष महोदय, मैं आप का आभारी हूँ कि आप ने मुझे बोलने का मौका दिया है। स्मोल टी प्रोग्राम का मामला मैं आज मदन के सामने रखना चाहता हूँ। मेरे मे पहले अपने किसी भाषण में यह मामला साउथ के किमी मेम्बर माहत्र ने रक्खा था। स्मोल टी प्रोग्राम का यह मामला खाम तौर मे पंजाब के पहाड़ी इलाके और मद्रास के नीलगिरी हिल्स मे ताल्लुक रखता है। यह दोनों इलाके जहाँ कि चाय पैदा होती है पहाड़ी हैं। जहाँ तक हमारे पंजाब का ताल्लुक है यहाँ पर छोटी छोटी टी इस्टेट्स हैं जिन की कि तादाद १५०० के करीब है और उन का एरिया कोई ५ एकड़ मे ले कर ज्यादा से ज्यादा ५० एकड़ तक है। यह टी इंडस्ट्री पंजाब में कोटेज इंडस्ट्री की बेसिस पर चलती है। यह इंडस्ट्री खास तौर पर कांगड़ा और हिमाचलप्रदेश के मंडी इलाके में है। यह यहाँ की कोटेज इंडस्ट्री है। बड़ी मशीनें भी नहीं हैं और आम तौर पर हाथ से काम चलता है। लेकिन मैं समझता हूँ कि गवर्नमेंट की तरफ से और टी बोर्ड की तरफ से इस के प्रति अच्छा सलूक नहीं हो रहा है। टी बोर्ड की तरफ से कुछ कर्जे मंजूर किये गये थे, ग्रान्ट्स मंजूर की गई थी लेकिन आज तक वह खर्च नहीं की गई। वहाँ पर चाय का प्रोडक्शन भी कम हो रहा है। हिमाचलप्रदेश

और पंजाब में जहाँ ११ या साढ़े ११ लाख के करीब प्रोडक्शन था अब की फीगर्स यह बतला रही हैं कि प्रोडक्शन कम हो रहा है और वह १० लाख तक पहुंच गया है। जहाँ चाय की पैदावार घट रही है वहाँ उस की प्रोडक्शन कौस्ट बढ़ रही है। उस के साथ साथ कीमत जो वसूल हो रही है वह भी कम है। अमृतसर मार्केट से इस वक्त जो फीगर्स ली गई हैं उन के मुताबिक उस की कीमत १ रुपये १६ नये पैसे पर पाउंड चलती है। आज कल उस के ऊपर ऐक्साइज ड्यूटी बढ़ गयी है। ऐक्साइज ड्यूटी लगाने का जो कायदा उन्होंने रक्खा है और जोन्स जो बनाये हैं उन का नतीजा यह हुआ है कि हमारी जो ग्रीन चाय है उस की यह हालत है कि बहुत सारी चाय जो वहाँ पर तैयार होती है उस में से ५० परसेंट वह या तो अमृतसर मार्केट में पड़ी है या हमारे जो स्मोल टी प्रोग्राम हैं उन के पास पड़ी है। हमारी चाय अफगानिस्तान में बिकती थी। अफगानिस्तान एक ऐसा मार्केट था जहाँ कि हम उस को भेजते थे। अब लैंड रूट तो बन्द हो गया है और चूकि हवाई जहाज द्वारा भेजी जाती है इसलिये बहुत खर्चा पड़ता है। लैंड रूट मे भेजने में जहाँ २ आने की पाउंड का खर्चा पड़ता था अब इंडियन एयर लाइंस के जरिए भेजने में वह खर्चा बहुत ज्यादा बढ़ गया है।

इसी के साथ साथ आप ने टी पर ऐक्साइज ड्यूटी जोकि जोन नं० १ के पहले ५ पैसे थी अब उस को १५ पैसे कर दिया है और जिस का कि नतीजा यह हुआ कि यह चाय मार्केट में कम्पीट नहीं कर सकती।

टी बोर्ड ने प्रोडक्शन के लिहाज से जोन्स बनाये हैं। ऐक्साइज ड्यूटी जो लगाई है वह उन्होंने ने बेट के हिसाब से लगाई है। मैं चाहता हूँ कि यह जोन्स इस लिहाज से बनाये जायें कि वहाँ पर प्रोडक्शन कितना होता है और उस की प्रावस वहाँ पर कितनी वसूल होती है। इस लिहाज से देखा जाय और जो कांगड़ा के टी प्रोग्राम हैं और नीलगिरी के टी गार्डन्स

हैं उन की जुदा जोन्स बनाई जायें । इस पर ऐक्साइज ड्यूटी नहीं लगनी चाहिये । यह जोन्स तबदील करने चाहिए ताकि यहां की ग्रीन टी मार्केट में चल सके और यहां के टी गार्डेन्स आगे तरक्की कर सकें । इस के लिए मैं एक तजवीज यह रखना चाहता हूँ कि वह चाय जिसकी कि कीमत ३ रुपये पौड से कम हो उस पर किसी किस्म का ऐक्साइज ड्यूटी न रक्खी जाय । इस के साथ साथ मैं यह चाहता हूँ कि कोई और तरीका इस्तेमाल किया जाय जिस से यह ग्रीन टी का अफगानिस्तान जानें का जो मामला है वह ठीक तरह से हल हो सके । कोई और तरीका ट्रान्सपोर्ट का हो या कोई ऐसी सबसिडी हिन्दुस्तान की सरकार दे जिससे कि जो किराया टी प्रोअर्स को देना पड़ता है उस सबसिडी में वह किराया कम हो जाय ताकि उन की चाय अफगानिस्तान में जा कर बिक सके ।

एक और बात मैं अर्ज करना चाहता हूँ । टी बोर्ड की तरफ से ग्रान्ट्स और लोन्स वगैरह बाकायदा नहीं मिलते हैं । जो रुपया दो माल पहले और पिछले साल मंजूर किया गया वह भी खर्च नहीं किया गया । अगर यही हालत रही तो यह काम ठीक से नहीं चल पायेगा और फलस्वरूप यह टी गार्डेन्स बन्द हो जायेंगे क्योंकि उन की टी बुशज १०० साल पुरानी हो चुकी है । इन टी गार्डेन्स और जो टी इंडस्ट्री यहां पर चलती हैं उस में करीब १०००० के लेबर काम कर रही है । अगर इस इंडस्ट्री को कायदे से चलाना है और उन हजारों आदमियों को बेकार नहीं करना है तो मैं यह चाहूंगा कि इस के लिए वहां पर आप कम्पल-सरी कोअरपरेटिक्स बना दीजिये ताकि वहां के स्माल टी प्रोअर्स इन कोअरपरेटिक्स में चले जायें । उस सूरत में ही यह इंडस्ट्री बच सकेगी ।

इसलिये मैं अर्ज करना चाहता हूँ कि ट्रान्सपोर्ट चार्जेंज मीट करने के लिये उन को

सबसिडी दी जाय । जो जोन्स बनाये गये हैं उन को तबदील किया जाय और वह वहां की प्रोडक्शन कोस्ट पर पौड, प्रोडक्शन पर एकड़ और जो वहां प्राइस पर पौड वसूल होती है उस के मुताबिक बनाये जायें ।

एक बात मैं आप के सामने और अर्ज करना चाहता हूँ और वह यह है कि हमने यह एक कायदा अथवा सिद्धान्त थर्ड फाइव इयर प्लान में रक्खा था कि यह रीजनल डिस्पैरिटीज फौर दी परपज ऑफ इंडस्ट्रिय-लाइजेशन कम से कम रक्खी जायेंगी । इस लिहाज से हमारे पंजाब के साथ बहुत अच्छा सलूक नहीं किया जाता है । पंजाब में कोई हैवी इंडस्ट्रीज नहीं लगाई जाती हैं । पंजाब के लिए पब्लिक सैक्टर में सिर्फ मशीन टूल्स फैक्टरी की बात रक्खी गई है बाकी उस लिहाज से कोई हैवी इंडस्ट्री पंजाब में नहीं लगाई गई है । स्टेट सैक्टर में दो और फैक्टरियां लगाई जा रही थीं । हमारे पंजाब के पहाड़ी एरियाज में दो फैक्टरीज के लगाने का टारगेट रक्खा गया था । एक सीमेंट फैक्टरी और एक न्यूजप्रिंट फैक्टरी कांगड़ा में लगाने की बात की थी लेकिन उन को आहिस्ता आहिस्ता पहाड़ी एरिया में न लगा कर प्लेन्स में लगाया जा रहा है । दरअसल हो यह रहा है कि निप मिम्पैथी तो हम पहाड़ वालों के साथ की जाती है लेकिन अमल कुछ नहीं किया जाता है । यह चीज वहां पर चल रही है । यह सारा रा मैटीगियल, चाहे वह सीमेंट के लिए हो या न्यूजप्रिंट के लिए हो, कांगड़ा से लाया जा रहा है । इसी तरह से कुल्लू की पहाड़ियों से फर ट्रीज की लकड़ी लाई जा रही है । मामान तो सारा वहां से लाया जा रहा है और यह फैक्टरीज लगाई जा रही हैं प्लेन्स के अन्दर । इस से वहां की पहाड़ी जनता में बहुत अधिक असन्तोष फैला हुआ है । मैं निवेदन करना चाहता हूँ कि मैं नहीं चाहता कि इस सवाल को ले कर हमारे इलाके में कोई एजीटेशन हो । वह एक बार्डर

[ श्री हेम राज ]

एरिया है और इसलिए मैं खुद नहीं चाहता कि वहां पर इस बारे में कोई एजीटेशन किया जाये, लेकिन मैं यह जरूर चाहता हूँ कि सरकार को इस बात का ध्यान रखना चाहिये कि वह वहां पर ऐसे हालात न पैदा करे, जिस से लोगों में असन्तोष हो और वे यह महसूस करने लगे कि इंडस्ट्रीज कायम करने के बारे में हमारे इलाके के साथ इन्साफ़ नहीं हो रहा है और इस सवाल को ले कर किसी किस्म का एजीटेशन हो (Interruptions)

**अध्यक्ष महोदय** यही पर एजीटेशन नहीं शुरू हो जाना चाहिये ।

**श्री हेम राज** : इसलिए मैं माननीय मंत्री जी से निवेदन करूंगा कि ये दोनों फ़ैक्ट्रीज, जिन के लिये पंजाब के थर्ड फ़ाइव-पीअर प्लान में रुपया रखा गया है, खास तौर से पहाड़ों में, कांगड़ में, लगाई जायें, जहां पर उन के लिये कच्चा माल उपलब्ध है ।

इस बारे में एक उज्र यह किया जाता है कि कांगड़ा में ये फ़ैक्ट्रीज इसलिये नहीं लग सकतीं कि वहां पर ट्रांसपोर्ट की व्यवस्था नहीं है, रेलवे लाइन नहीं है । इस पर मुझे बहुत हैरानी होती है । मैं पूछना चाहता हूँ कि जब काश्मीर और हिमाचल प्रदेश में इंडस्ट्रीज कायम की जा सकती हैं, जहां पर रेलवे लाइन नहीं है, तो फिर कांगड़ा में, जहां जोगेन्द्रनगर तक रेलवे लाइन जाती है, इंडस्ट्रीज क्यों नहीं शुरू की जा सकतीं । इसलिये मैं माननीय मंत्री जी से निवेदन करूंगा कि इस किस्म के उज्र को नज़र-अन्दाज़ कर के ये फ़ैक्ट्रियां जिला कांगड़ा में ही लगाई जायें ।

इस के अलावा एक ख़ास बात यह है कि पंजाब के सारे जंगलात का ६/१० हिस्सा कांगड़ा डिस्ट्रिक्ट में आता है । वहां से सारे का सारा रेजिन पंजाब में आता है । वहां पर एक रेजिन फ़ैक्ट्री बहुत अच्छी तरह लग सकती है, लेकिन आज तक उस तरफ़ कोई

ध्यान नहीं दिया गया है । मैं माननीय मंत्री जी से प्रार्थना करूंगा कि वह वहां पर रेजिन फ़ैक्ट्री लगाने के विषय में विचार करें ।

पहाड़ों में अन-एम्प्लायमेंट उसी सूरत में दूर हो सकती है कि वहां के लोकल कच्चे माल का, रा मँटीरियल का, ज्यादा से ज्यादा इस्तेमाल किया जाये । वहां पर रा वूल है । बहुत दिनों से यह बात चल रही है कि एक इम्प्लूड वलन चर्खा मार्केट में आ जाये, लेकिन मुझे पता नहीं कि कब से इस बारे में एक्सपेरिमेंट्स चल रहे हैं और कब तक वे पाया-तकमील तक पहुंच जायेंगे, मुकम्मल हो जायेंगे । इस तरफ़ भी ध्यान दिया जाये और एक इम्प्लूड वूलन चर्खा तैयार कर के मार्केट में लाया जाये । अगर वह चर्खा बिजली से चल सके, तो बेहतर होगा । उस से बहुत ज्यादा प्रोडक्शन हो सकेगा, वहां का कच्चा माल इस्तेमाल हो सकेगा और वहां की अन-एम्प्लायमेंट भी दूर हो सकेगी ।

इन शब्दों के साथ मैं आप का आभारी हूँ कि आप ने मुझे समय दिया ।

**Shri Vasudevan Nair** (Ambalapur-zha): The Minister of International Trade has already spoken when he explained the various steps that he proposes to take for stepping up export trade. He pointed out that during the last decade trade with East European countries has jumped up very much. Of course, it is welcome. But we would like the Minister to remember that there is much more scope for the stepping up of our export trade not only with the East European countries but with many other countries in Africa, in our own Continent and perhaps in Latin America. Really vast possibilities have opened up for our country to have new trade links, and it is all the more better for us to find out new trade links with new countries; equally it is all the more better for us to reject the idea of depending on the traditional trade links very much, because experience is very painful. We have

seen during the last few months how politics has entered trade as also the economic help that we are getting. I do not want to go into details due to lack of time. But we would like to impress upon Government the necessity of diversifying our trade as much as possible.

Much compliment was paid to the Minister of International Trade, about his courage, about his cleverness and all that. But we would like him to have the necessary courage for the diversification of trade. It is really humiliating for us to sit waiting on the doorsteps of countries like Britain. When they have entered ECM, we will be in trouble. After all, they did not care for us very much. They are even unable to take care of themselves in the world situation today. We know how they are also pressed by the Big Brother to join the ECM. This the present world situation. So it is all the more necessary for our Government to have a cent per cent independent position in international trade.

13:25 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

I wanted to make use of this opportunity to draw the attention of Government to the sad and miserable plight of one particular industry, the coir industry, again. I say 'again' because in the last Parliament I had occasion to deal with this subject. But it was during the discussion of the Finance Bill and naturally the Minister of Industry was not replying to it. I would like the Minister of Industry to say something on this matter on this occasion, if it is possible for him to do so.

As far as this industry is concerned, it is common knowledge that in my State, Kerala, this is an industry on which more than a million people depend for their livelihood. This is an industry which used to earn a lot of foreign exchange for us. In 1951, by the export of coir goods we could get

Rs. 10 crores worth foreign exchange. But unfortunately this industry has lost, especially the manufacturing goods industry has lost, much of its foreign market during the last decade. That is the basic trouble with this industry.

The Coir Board was constituted in 1954. Actually, the Board is the doctor to look after the patient of this coir industry. But unfortunately, the record of the Board is not at all good or creditable. The Estimates Committee of Lok Sabha itself has produced a report on the work of the Coir Board where it has stated that the Coir Board could not help in the export of coir goods very much after it was constituted.

I do not want to deal with the Coir Board as such just now. I only want to invite the attention of the Minister to certain important steps that we would like him to take in order to save this industry as much as possible. The main difficulty is that there is unrestricted export of coir yarn to the West European countries where they are having now a manufacturing industry based on coir. I do not propose that the export of coir yarn should be stopped. That would not be a wise step as far as this entire industry is concerned, but at least something should be done to provide coir yarn at a reasonable price to the manufacturing industry here. That is one thing. Also, Government should make an inquiry; they should send a team or some officers to the West European countries to see whether actually our coir yarn is being made use of, as is feared, by these industries very much. We should find out how far the increasing export of coir yarn is affecting our manufacturing industry. It is feared that this is affecting the industry to a great extent.

Another difficulty is the higher freight rates on export of coir goods. I was glad to hear from the hon. Minister a few days back during Question Hour that Government were seriously



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taking up this question with the Conference Lines. The Minister was hopeful that something would come out of the discussions they were having with these Lines. I would like him to go ahead speedily as far as this problem is concerned so that the coir goods export gets some kind of relief by a lowering of the freight rates on coir. Till then, we would request Government to subsidise export of coir goods. We would like the Government to think about that problem.

There is another demand from the various trade unions representing the coir workers that it would be very good if a Coir Trading Corporation can be started. They have made concrete suggestions to the Government of Kerala as well as to the Central Government how a Coir Trading Corporation can very much help in putting the industry on its legs. We would like the Government to consider their proposal.

Another proposal is to include coir goods industry under the Industries (Development and Regulation) Act.

Yet another proposal to solve the problems concerning this industry is to encourage the co-operative sector of workers. It is a pity that during the Second Five Year Plan, the target fixed for organised co-operatives was not reached. Actually, it was decided that during the Second Five Year Plan, 284 co-operatives will be organised; but we could reach the figure of only 181. In an industry which is in very deep crisis, it is really a pitiable position. So, it has to be looked into and the co-operative sector has to be encouraged.

These are some of the steps proposed by those people who are interested in the well-being of this particular industry. I would like the Minister, especially the new Minister, to understand the seriousness of this problem. The entire coastal belt of the Kerala State is actually in a very serious crisis because this coir industry is the

backbone of the economic life of that region. At one time, it provided the people with livelihood. The situation was very good. Now the situation is very disappointing. It is better that the Minister sometimes goes to that part of the country and sees for himself and understands the seriousness of the situation and takes energetic steps to save this industry.

I will be done with yet another point. That also concerns our State. My friend on the other side, Shri Kappen, with vehemence and with feeling referred to this particular problem the other day. The general problem is the backwardness of that region as far as industries are concerned. Our complaint—and our charge, I should put it that way—against the Ministry and the Central Government is that in spite of the pious declarations nothing much was done till now for developing industries in that part of the country. Taking into consideration the large number, hundreds and thousands, of educated young people going without employment and taking into consideration the fact that land for cultivation is comparatively very little, we can be saved only by starting small and big industries in hundreds. The new economic survey that has been carried on has pointed out that during the coming 20 years, if Kerala is to catch up with the rest of India, at least Rs. 1000 crores should be invested. Of course, it is a shocking amount. But, what is happening today? Even those industries which were allotted for the State are in a state of uncertainty, whether they will after all come up or whether they will be shifted to some other place.

I am specifically referring to the case of the phytochemicals which is proposed to be started at Neriyanagalam. In this House itself contradictory answers were given on behalf of Government. We were sometimes told that it is because of the default of the Kerala Government to acquire land that the work is suspended. Actually, a note was circulated to that

effect in the Consultative Committee. Afterwards, we were told that the whole economics of the project is under consideration. Now, it is for the Ministry to see that as much is cut down as is possible. But we are interested in seeing that it is started in our State. Even a loyal Congressman like Shri Kappen speaking with vehemence shows the feeling of the entire people in that State. He put forth the statement that the British came to India through Kerala and now the Communists are trying to capture India through Kerala. So, some industries should be given to us.

Unfortunately, there are people in the State who are arguing like that. (*Interruption*). But, apart from all that, as far as we, on this side, are concerned, in spite of all such talk, we will go the whole hog with them as far as improving the condition of our State is concerned. No political difference stands in our way. We would only like our friends also to take up the same attitude. Now, I want a categorical statement from the Minister that all this talk or paper reports or rumours about the possible shifting of this particular plant from Kerala is not true, that it is going to come up in Kerala. We want to get a definite assurance from the Government as far as this question is concerned.

We hear that you are going to start some new industries in the public sector. Kerala should always be in your minds when you think about starting new Industries because—do not think that we are arguing for a particular State in a parochial manner we feel Kerala is India. In spite of its being neglected during the last so many years—we honestly believe it has been neglected; you may not believe it, including my friend Shri Kappen believe so—the Kerala State people do not think on the lines of the DMK. We do not think on lines of separatism. We have always resisted that. In spite of the painful experiences we believe that

it is the problem of India as a whole. You are going to start marine diesel manufacture in this country. We hear that Government is proposing to have some new industries, to have machine tools gain. When you have the consideration of the location of these industries in your mind, I would request the Ministry to keep the case of Kerala in mind. I am not pleading only for Kerala. We only want Government to implement the Industrial Policy Resolution as far as the development of backward regions is concerned.

I hope the Minister will give serious thought to these suggestions and will do the needful in the matter.

**Shri A. C. Guha** (Barasat): Mr. Deputy-Speaker, Sir, much has been said about the commerce side. So, I would like to deal mostly with industries wing of this Ministry which has made really good progress in industrial development. The main difficulty for our industry is about quality and also of cost. For internal consumption as well as for export, these are the two points which should be seriously taken into consideration; and something should be done to minimise the cost of production and also to improve the quality.

India is now almost a protected market. There is hardly any import from outside. So, the manufacturers have got a sheltered market. They can put any price on their products; and the consumers will have to take them at the prices put by these manufacturers. I do not know whether Government can introduce a compulsory system of cost inspection into all these industries so that the interests of the consumers may also be protected.

From the point of view of the consumers' interests as also from the point of view of export prospects, I think Government should seriously consider the question of having a system

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of compulsory cost inspection. Some time ago, I think about two years ago, the Minister in charge of Industries then, Shri Kanungo most probably, said that there was no such authority for Government under the existing Act. If so, Government can surely amend the Act and take additional power to have a compulsory cost and quality inspection in all the manufacturing industrial units. There was another question. Shri Manubhai Shah gave us a very solemn assurance that the project for the manufacture of a baby car will come into effect at an early date. I do not know what has happened to that.

**Shri Manubhai Shah:** It has gone to the Ministry of Heavy Industries.

**Shri A. C. Guha:** It brings me to the question of division of the Ministry. A ministry has to be formed according to some method or some administrative conveniences or inconveniences. But if a ministry is to be formed or deformed according to some personal considerations many troubles will creep in. The policy matter remains with this Ministry and the implementation of some of these will go to the other Ministry. This is wrong. Some time back, about 7 years ago, a similar division was effected but then of course it was a temporary arrangement. Now at least there should be some method for bifurcation of these Ministries. If the small car question belongs to another Ministry, I hope they will pass it on to that Ministry. There was the Jha Committee report submitted on the 6th February 1960. Then there was the Pandey Committee report submitted in March or April 1961. It is now more than one year and nothing has come out of it.

Shri Swaran Singh made a solemn declaration that no officer would be made a member of more than four boards of the public sector industries. But even now I find that at least some officers in nine public sector undertakings and some of them are Chairmen of at least 4-5 corporations.

**Shri Manubhai Shah:** No Chairmen now.

**Shri A. C. Guha:** They continue to be members anyhow.

**Shri Manubhai Shah:** Not of 9, but of three or four boards.

**Shri A. C. Guha:** I can show it in this report.

**Shri Manubhai Shah:** After it was laid on the Table of the House, this is a new decision... (*Interruptions.*)

**Shri A. C. Guha:** If there has been some improvement, it is all right.

I find there is a scheme for expansion of looms in the composite mills. But it has been mentioned in some of the papers circulated to us that no more powerlooms will be sanctioned and no expansion of powerlooms will be allowed. Again, There is an allocation of Rs. 4 crores in the Third Plan for the conversion of handlooms into powerlooms. All these are somewhat confusing and Government should clearly state the policy as regards power and handloom. There should not be any ban on the expansion of powerlooms. These are labour intensive industries. Though there may be a few big units, mostly these are units of 16, 20 or 50. I am not pleading for anything more than 50 power looms. Such units which are in the co-operative sector should be encouraged and there should not be any ban on the expansion of powerlooms up to 50 looms.

Even now I find that more than 63 per cent of the handloom weavers earn less than Rs. 60 per month. The handloom weavers are mostly exploited by middlemen and Government can do them much good by supplying yarn through Government agencies or through co-operatives and arrange for machines for sizing, and calendaring, for dyeing and bleaching also through the Government agencies. Marketing also should be taken over through the

Government agency. I include the co-operative societies also in this. In Bengal the position is that the handloom weavers are working just as day labourers at the mercy of some intermediaries. They supply yarn and take over the products while he gets just a marginal wage to continue his existence. Handloom sector is the next biggest sector to agriculture in the matter of employment. This state of affairs should not be allowed to continue here. Government should see that handloom weavers are not exploited in this way.

Reducing the disparities in incomes and decentralisation of economy are proclaimed objectives. But in the matter of licensing any industry or licensing for imports, special favour is shown to those who have already established themselves in the field. That may be a better method of getting better results for the time being; but such a policy is surely against the fundamental and basic economic policy of the country. They should try to see that their licensing policy is regulated in such a way as to help decentralisation of economy and to prevent concentration of wealth and means of production in a few hands. It has been alleged there has been no denial or repudiation—that not more than one dozen business magnates control more than 50 per cent or 60 per cent of the private sector of our industries. In this context, licensing policy as regards new industries or expansion of old industries or imports should favour new entrants so that they may get a chance and there may also be decentralisation of economic-power in the country.

I should now make a reference to two industries jute and tea. The main malady in the jute industry is the sharp fluctuations in the price of raw jute. Government, I think, has become conscious of the seriousness since last year when the price of raw jute shot up to Rs. 80 and this year, now at mill gate it is about Rs. 28. In this

condition no industry can thrive nor can any export thrive. Foreign buyers cannot depend upon us if the prices fluctuate like that so there should be some stability. Some Government agency, even STC, should take over the function of supplying raw jute to the mills.

**Mr. Deputy-Speaker:** The hon. Member's time is up.

**Shri A. C. Guha:** I shall finish in about five minutes.

**Mr. Deputy-Speaker:** Just two or three minutes.

**Shri A. C. Guha:** There is a buffer-stock authority; this also may be handed over to the STC. Two years ago they tried to purchase raw jute as a sort of price support to the falling price through co-operative societies. They did not help much. This year, I do not know how much they have purchased. I am told they have purchased about four lakh bales. I do not think that is quite adequate to give any price support. What I suggest is that the STC should be given the authority as also the function of supplying raw jute and of handling the buffer stock.

As for the export of jute goods, I think the Government should look into that matter also seriously. Shri Tyagi the other day mentioned something about the seizure by Customs because of under valuation. And yesterday's papers also mentioned something about under-valuation of goods; that 450 bales of hessian were seized by the customs authorities and confiscated to the Government and that a fine of Rs. 3 lakhs has been imposed on the party. So, under the circumstances, I would suggest that the Government should seriously think as to whether the export of raw jute can also be handed over to the STC. I do not think the foreign buyers will anyway be affected by that. Rather it would be easier for them to deal with one party and there will be some ele-

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ment of stability in price and there will also be less chance of price fluctuation due to speculation.

About export, much has been said, and I wish the Minister of International Trade, Shri Manubhai Shah, all success. I do not hope that he will meet the same fate as Abhimanyu as some hon. Member drew the analogy. It is a very serious matter. I do not know how far he will be able to do it.

But I would just like to enquire of him as to what is the purpose of having the Mudaliar Committee. It is no use dragging men from the pages of history for conducting some enquiry into the economic affairs. Persons who do not agree with our basic economic policy cannot really discharge the function of advising the Government in vital matters. I find that the Mudaliar Committee has reported against quality control, against pre-shipment inspection, against compulsory export and is silent on price control. But, on the other hand, it has recommended income-tax relief, sales tax remission, freight concession, currency retention, stabilisation and revolving fund. That means, all sorts of concessions from the Government have been recommended but there is to be no obligation on the part of the industry or the commercial side. In the report, they are against any obligation on the part of the industry or commerce. So, this sort of report can hardly be of any use to our work; it can hardly do any good for our objective. I think the Government will look into the matter of the possibility of expanding our export not on the lines suggested by the Mudaliar Committee but by their own adjustments. Quality and price are two main handicaps for our export.

I think there should be some pre-shipment inspection to ensure quality, and there must also be quality control. It is really surprising and we should feel somewhat ashamed that the ISI and Agmark specification are not recognised by foreign buyers as any guarantee about the quality of our

goods. I think we should have come agency, either the quality control authority or some other agency, whose certificates should be recognised by the foreign buyers as regards the quality and authenticity of our articles. Our merchants or exporters have not been quite fair in this matter. They have been guilty of some gross negligence and unfair practices— which should now be stopped!

**Mr. Deputy-Speaker:** The hon. Member's time is up.

**Shri A. C. Guha:** I shall finish in one minute. About tea, it is not correct to say that our tea export to the United Kingdom has not declined. It has declined in volume and in quantity. Only the rupee value has been more or less stagnant due to rise in price. Moreover, the tea export has declined in percentage; in absolute quantity also it has declined. I do not like to refer to the figures, but I can say that in percentage also it has declined. While the consumption of tea has been increasing all over the world, our export has been standing more or less stagnant, and in some respects, it has declined already. The Minister is quite optimistic about the tea position. I hope this optimism will prove to be correct. But still I think he has to be somewhat alert and cautious about tea. While I do not suggest any tax exemption for tea, I would suggest that something should be done to improve the quality of tea. The quality of tea has been declining. I would also suggest that something should be done for the supply of raw materials e.g., coal, firewood fertilizers, etc., at a fair price so that the cost of production of tea may be somewhat less than what it is. Proper credit facilities also should be extended at a subsidised rate.

**Shri S. M. Banerjee (Kanpur):** Sir, I want to put one question because I did not get a chance to speak. The question may be answered in the course of the reply. The question is whether it is a fact that on 24th

September, 1961 and on 17th February, 1962, a sum of Rs. 60,000 was donated by the Kanpur Kapada Committee as donation to the Congress and whether it is in conformity with the rules; also whether any action has been taken in this regard?

**Mr. Deputy-Speaker:** It has nothing to do with the Demands of the Ministry of Commerce and Industry.

**Shri Tyagi (Dehra Dun):** Why should such an allegation be permitted? There may be many other firms which contributed to the Communist party or to my hon. friend's party.

**Shri S. M. Banerjee:** I only want to know whether it is regular or not?

**Mr. Deputy-Speaker:** Order, order. Shri K. C. Reddy

**The Minister of Commerce and Industry (Shri K. C. Reddy):** Anyway, there could be a separate question tabled about it. Mr. Deputy-Speaker, Sir, the debate on the Demands for Grants of my Ministry has covered a very wide ground. Naturally, it has to cover such a wide ground because not only the matters which are within the purview of this Ministry but also matters which are directly under the purview of other Ministries but which have a direct bearing, nevertheless, on the industrial policy and programme of our country draw the attention of the hon. Members. Many matters of major importance, as well as details thereof, have been adverted to by hon. Members in the course of their speeches. I would like to express my thanks to all hon. Members who have either given expression to words of appreciation or given constructive suggestions or even criticised either mildly or strongly some aspects of administration of this Ministry. All of them will be useful and helpful to us in assessing the problems in their proper perspective and will enable us to on the right path.

I would like to say that so far as the industrial policy of the Govern-

ment is concerned, as also the various industrial programmes that Government have chalked out from time to time, they are all aimed as securing what the House knows; namely, the establishment of a socialist pattern of society. This is the definite objective of the Government. Whether in the matter of establishment of public sector projects or in the matter of giving encouragement to private enterprise to contribute itsutmost towards strengthening the industries in the country, or whether it be in the matter of starting small-scale, village or cottage industries, in respect of all these various matters the industrial policy resolution has been in the field, and all that is aimed at is to establish a socialist pattern of society.

The other day, the hon. Member who initiated this debate on the motion was saying emphatically that the muddled position—that is what he said—in which we are in respect of our foreign exchange would have been prevented if we had gone in for a policy of nationalisation of foreign companies or companies owned by foreigners or managed by foreign people. With regard to this, I would not like to say much, but only draw the attention of this House to a very important aspect. No doubt, this Government, as a sovereign Government, has got the right to nationalise any industry, whether owned by foreigners or by our own people here. But what we are aiming at is to secure more and more, a larger and larger, industrial production. If we have to make the maximum use of our available resources and to increase production, the policy should be not to nationalise the existing units which are contributing to production but to establish new units which will contribute to additional production, to increased production. Therefore, between the two alternatives, whether to go in for nationalisation of concerns owned by the private interests, by

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foreign interests, and the necessity to have more and more increased production, the choice is obvious. Nationalisation for the nationalisation's sake is of no use to the country. Of course, this policy has been made clear on more than one occasion in the past, but I thought I could state it again in view of the categorical statement made by one of the hon. Members that most of the troubles which we are facing today would have been or could have been avoided if we had gone in for nationalisation.

14 hrs.

Another hon. Member, I think it was Shri Yajnik, made very strong remarks in respect of the role of foreign investment in the industrialisation programme of our country. With regard to this matter I would like to say a few words explaining the policy of the Government. So long back as 1949 the Prime Minister speaking in the Constituent Assembly of India stated:

"Indian capital needs to be supplemented by foreign capital not only because our national savings will not be enough for the rapid development of our country on the scale we wish but also because in many cases scientific, technical and industrial knowledge and capital equipment can best be secured along with foreign capital."

He further stated that Government would "so frame their policy as to enable further foreign capital to be invested in India on terms and conditions that are mutually advantageous".

The policy, Sir, with regard to investment of foreign capital in industrial development continues to be governed by this statement. We have followed that policy consistently. It is only in cases where complicated know-how or where specialised knowledge is needed in order to build up any particular industry or where foreign

exchange is scarce that we are not able to go ahead with regard to the establishment of such an industry that foreign capital is welcomed and the industrial units are started.

It should also be remembered that whenever this foreign capital is invited to participate in our industrial programme in our country it is also subject to the various powers of regulation that the Government have under the Industrial Development and Regulation Act. There are several other Acts also which could be brought into force in respect of certain aspects of the industries established by the use of foreign investment.

There are one or two aspects about this foreign participation which I would like to mention at the present stage. As was pointed out in the House the other day, these cases of foreign collaboration and foreign investment have been growing from year to year and we have welcomed it. Last year, I think, there were about 400 cases of this kind, and in most of these cases Indian participation has been secured. In most of these cases foreign participation has been on a minor scale. Majority participation of foreign capital has been only in very rare cases. I think during last year there were only about 14 such cases and those cases were exceptional. Each case is examined very carefully on merits and only, as I said, in very rare cases where foreign capital is required even on condition that it should be majority participation that such participation is allowed. I do not want to go further in regard to this matter. I would only like to say that our welcome to private foreign capital is on a very selective basis. We do not allow foreign capital to participate in respect of trading concerns or banking concerns or commercial concerns. We do not allow foreign capital to come in in respect of industries which are of low priority or those which cover consumer goods. As I said earlier, it is brought in only in very rare

cases where complicated technical know-how is not available in this country and where but for such foreign participation it would not be possible to establish such an industry. So this policy has helped us to industrialise our country on a more diversified basis. It has helped us to establish greater production in certain spheres, and so long as, as I said, we have got the powers to regulate such capital in the units that have been established by such capital, I do not think there is anything that we need to be apprehensive of.

**Shri Prabhat Kar** (Hooghly): What about the foreign banks and foreign general insurance companies continuing here?

**Shri K. C. Reddy**: Yes, there are these cases. They are old cases. For example, in the plantations there is a lot of foreign capital. It may be that in banking and some other commercial concerns also there is a lot of foreign capital. As I said earlier, if we have to go in for nationalising such concerns we will have to utilise our scarce resources for paying compensation to them. We are bound to pay compensation to them in terms of our Constitution and we cannot just confiscate them. If we have to pay compensation, we must utilise our resources for the purpose and to that extent resources will not be available to us for establishment of fresh units and thereby increase our production.

**Shri A. K. Gopalan** (Kasergod): The Constitution can be amended.

**Shri K. C. Reddy**: Well, Sir, reference has been made to the rate of industrial production in 1961 and criticism has been made that the rate of increase has gone down when compared to the rate of increase in previous years. The rate of increase of industrial production in 1959 was about 8.7 per cent and in 1960 it was about 12.1 per cent. The rate of increase in 1961 has been somewhat lower than that—about 6

to 7 per cent, not even 7 to 8 per cent as has been mentioned in some of our earlier reports because these figures were based on provisional estimates and record of performance for ten months. But it should be remembered at the same time that the rate of increase in 1958 was only 1.7 per cent. The rate of increase during the Second Five Year Plan increased towards the end of the Plan because certain projects that had been established earlier took time to go into production, I believe, some of them, in 1960, and that contributed to the somewhat higher rate of increase in 1960. The cumulative rate of expansion during the Second Five Year Plan, it may be noted, was about 7 per cent, and taking the absolute figures at the end of the First Five Year Plan the general index of production was about 139. At the end of the Second Plan it was about 190 or thereabout, and we hope, at the end of the Third Five Year Plan, to reach a general index of production of about 329 or so. Therefore, at the end of the Third Five Year Plan we expect that the index of production will go up by about 70 per cent and the rate of increase, it is hoped, will be higher in the concluding years of the Third Plan though it might have been less during the last year.

I would like to say that so far as last year is concerned there were certain exceptional circumstances. Jute textiles production went down by 9 to 10 per cent because of the failure of the raw jute crop. Also, there was very little increase in respect of the cotton textiles production. Because of these reasons the rate of increase during 1961 has been, it is certainly true, lower than that in the previous year, but I would like to say that given the proper conditions it would not be difficult for the country to fulfil the expected increase in production by the end of the Third Five Year Plan.



[Shri K. C. Reddy]

All this is dependent on certain very important conditions that will have to be fulfilled. The House has already heard from the hon. Finance Minister about the foreign exchange situation that we are facing. It is indeed a very difficult situation, but we need not be downhearted. All steps are being taken in order to meet the exceptional situation that has developed. In respect of this matter I would like to inform the House of the step that we have taken in consequence of the statement of the hon. Finance Minister the other day on the floor of this House. The hon. Finance Minister stated that while our resources are much larger than our sterling balances, our aim should be to avoid any net drawal on them over the year as a whole, whatever the outcome of the Consortium meeting. In order to achieve this object, the House may already be aware as it has come in the press also, it has been announced that established importers will be granted licences against free foreign exchange only at half the levels indicated in the current Red Book. This will effect a saving of the order of Rs. 12 crores in a half-year through reduced licensing on spare parts, consumer goods etc. It will also be necessary to reduce the free foreign exchange allotment for licensing of raw materials to actual users. The cut in this field will, however, be much less and will be of the order of 10 to 15 per cent. The cut on actual users should be applied in a judicious manner having due regard to national priorities.

In this connection I would like to make one or two observations. Because of these cuts I hope that there will not be runaway increase in prices and the established importers will not exploit the situation by unnecessarily pushing up prices. I read in the papers this morning that there is already some tendency in that direction in Bombay and perhaps it may be so elsewhere also. This is a tendency which has got to be deplored. Unless

there is overcompelling reason and it is justified, this kind of increase in prices would not be proper. Also, it should be possible to produce in the country in increased quantities some of the items import of which has been reduced, such as, spare parts.

The impact or repercussions of the present foreign exchange situation on the industrialisation programme of the country, so far as I can see at the present moment, is very difficult to assess. No doubt, some projects of the industrialisation programme will not be affected by this. Those projects for which we have already got assistance will not be affected, but some other projects will be affected. I hope that industrial production will not be very seriously affected as a result of the various steps that have been declared will be taken in order to meet the present crisis that has developed in this particular matter.

Many aspects of the working of the public sector projects have been brought to the notice of the House by several hon. Members. The public sector projects have been growing and developing in our country. In the Second Five Year Plan out of an investment of Rs. 1,500 crores and odd about Rs. 800 crores were invested in the public sector. In the Third Five Year Plan out of a total estimated investment of about Rs. 3,000 crores about Rs. 1,800 crores will be invested in the public sector. This shows that industrial development in the public sector is going on at a fast pace. Dr. Singhvi, I believe, who spoke today, was apprehensive about the role of the private sector in the industrialisation programme of our country. I thought that this rivalry between the public sector and the private sector was almost a forgotten issue and that the private sector was now reconciled to the role that it has to play in the industrialisation of the country. I also thought that it did not have any serious grievance against the declared policy and programme of the country.

It has to be remembered that the

expansion and the development of public sector either directly or indirectly is of great help to the establishment of private sector enterprises also, for example, the establishment of the steel factories, the production of machines or certain other basic projects which the public sector has gone in for. As a result of these enterprises the private sector has had very good opportunities of developing their own programmes. Also, during the Second Five Year Plan the private sector has been given very many opportunities to develop its entrepreneurship and to establish new units in the country. I need not give details at the present moment of the very good work that they have done in various spheres of our industry. What all I would like to say is that the private sector has got a definite role to play in terms of the Industrial Policy Resolution of the Government of India to contribute to the industrialisation of our country and there is ample scope for it.

Some hon. Members pointed out that these public sector industries were not being managed efficiently and that the returns of these public sector undertakings have not been up to the mark. My colleague, the hon. Finance Minister in the course of the General Discussion on the Budget, both in this House and in the other House, has given convincing reasons and has shown that these public sector undertakings by and large have been giving good results. I do not want on this occasion to go into the working of all the public sector undertakings which are under the control or within the purview of various other ministries, but so far as my Ministry is concerned, there are 16 public sector undertakings. Out of these, three undertakings are still in the construction stage, namely, Hindustan Photo Films, the Indian Drugs and Chemicals Company. These three are still under construction. Four undertakings are merely promotional undertakings which have nothing to do with

production. Two undertakings are for the purpose of trade promotion and only seven undertakings are in actual production. So far as these seven undertakings which are in actual production are concerned, I have got figures here to show that the average return with regard to them works out to about 15 per cent. If you bring together various projects some of which are yet under construction, some which are promotional, some which have yet to go into full production and some which have gone into production and then work out a percentage and say that the public sector projects are not working satisfactorily, it is not fair. If we take such of the undertakings which have gone into production and have started full production, it is only then that we can have a clear picture of the achievements of the public sector undertakings.

One of the hon. Members said that we have not given ample information about the working of the public sector undertakings, and that we have not mentioned them in our annual report. The House knows that the annual reports of these undertakings are placed on the Table of the House from time to time. A review of the working of these undertakings, their financial position and profit and loss statements are all placed on the Table of the House for the information of hon. Members from time to time, and sometimes discussions also take place on these annual reports. So, it is not as if we are keeping back anything. But the fact that they were not included in this particular annual report should be no particular occasion for comment.

Then, Sir, many hon. Members have referred to the need for balanced regional development of industries. This is a hardy annual. On more than one occasion this demand is put forth on behalf of one State or another. In the course of the debate during the last two or three days special pleas have been made for establish-

[Shri K. C. Reddy] ing more and more industries, say, for example in Kerala, or in Andhra Pradesh or some other States. The plea that the allocations that were made for developmental projects by the Planning Commission are insufficient is one which has become uniform in respect of all the States, if I may say so. But then the policy that Government is adopting with regard to this particular matter is well known. During the First and Second Five Year Plans in the matter of selecting sites for the various projects, the particular need of removing disparities has been prominently kept in view. At the same time it should not be forgotten that in the matter of location of these big industries, certain other aspects will have to be borne in mind—economic factors, like availability of raw materials, proximity of consuming markets, power and water facilities and sometimes climatic conditions. All these will have to be kept in view and by and large the economics of the industry should be ensured, when a State is chosen for the location of a particular industry. These factors have always to be kept in view and subject to that every endeavour has been made for locating the public sector undertakings in as many different areas of our country as possible.

**Shri Yellamanda Reddy** (Markapur): In spite of the arguments given by the hon. Minister he cannot defend that they have taken into consideration the regional imbalance. Can the hon. Minister point out one public sector project in Andhra Pradesh in the first two Plans?

**Shri K. C. Reddy**: The hon. Member will have the satisfaction of having two major projects: the Synthetic Drug Project and the Heavy Electricals Project, and also two big fertiliser projects have been licensed. Whether the projects are in the public sector or in the private sector these projects are coming into existence. There are so many other units that will come into existence in Andhra Pradesh.

**Shri Bade** (Khargone): Please do not forget Madhya Pradesh.

**Shri K. C. Reddy**: The point I was making was that every care is being taken to establish these public sector projects in as many different areas as possible.

One other aspect that I would like to point out on this occasion is that it should not be understood or deemed that the establishment of a public sector project, whether at Bhilai or at Rourkela or at Durgapur, would benefit only that State. Steel projects are established in places where it is possible to establish them. But the benefits of such projects, the production of more and more steel or the production of more and more machine tools, have got a direct bearing and contribute to a large degree in the industrialisation of other parts of the country. Take for example, the small-scale industries, or medium-scale industries, or industries of that kind. They have got to be established more and more in several parts of our country for increasing the *per capita* income of those areas. How can that be done unless more and more steel is produced? How can it be done unless there are more and more machine tools? So, we should look at these matters from a more comprehensive point of view and not come to a hasty conclusion that these heavy industries will benefit only those parts of the country in which they are established. The benefits of these projects accrue to other parts of the country as well.

This leads me, Sir, to the subject of small-scale industries. It is very necessary if we have to step up the *per capita* income in our country in the various regions to go in more and more for the small-scale industries. During the last few years, Government have taken a series of steps to give a big push to the establishment of small-scale industries in different parts of our country. Loan facilities have been given, technical advice has been made available and several other steps

have been taken. For example, Small Scale Industries Service Institutes have been established in all States; Extension Centres have been started; credit facilities have been provided; supply of machinery on hire-purchase basis has been forthcoming and in several other ways the growth of small-scale industries has been encouraged in our country.

The House is aware of the progress that we have made in the matter of the establishment of industrial estates. About 122 industrial estates were sanctioned for being put up during the Second Five Year Plan. Sixty-seven have been completed and a good many of the others are in the final stages of completion.

**Shri Bade:** The hon. Minister may say something about powerlooms. Powerlooms are not being given licences and they find it difficult to get yarn also.

**Shri K. C. Reddy:** I will come to that if I have got the time.

There is a large programme of establishment of industrial estates during the Third Five Year Plan also. So far, proposals have come from the various State Governments to establish 200 additional industrial estates; 240 rural industrial estates and 50 workshops. Instructions have been given to the State Governments to spend 75 per cent of the total allotment for small-scale industries which is made available to them to be spent in small towns and in rural areas, so that the benefits of small-scale industrialisation may be available not in big cities only, but in undeveloped areas as well. Two-thirds of this will have to be spent in villages which have got less than 5,000 population. With regard to supply of raw materials also sufficient steps are being taken and in spite of the scarcity of certain raw materials special arrangements have been made for the supply of raw materials for the small-scale indus-

tries. I need not go into details in respect of those matters. I would like to say that a special committee in the Ministry was appointed to see in what ways the dispersal of small-scale industries could be effected. The committee's report has been received, and it is under examination of the Government.

I would also like to point out that an international team, with Ford assistance, has been invited to come over here to assess the progress of the small-scale industries scheme in our country and to find out in what ways this could be improved. This team has gone to several States, they have discussed with our own experts in the country, and they have gone back. They will come again and submit their report by about the end of this year. I hope as a result of the recommendations of this team it will be possible for us to give greater impetus to the establishment and development of the small-scale industries in our country.

With regard to village and khadi industries, one of the hon. Members was very critical about the working of the All India Khadi and Village Industries Commission. I would only like to say that the work of the Khadi and Village Industries Commission is a very difficult one. It is very complicated, and naturally it took the Khadi and Village Industries Commission some time before they could show substantial results. I have got here some figures about the performance in the field of khadi. I have figures in respect of the work of the Khadi and Village Industries Commission, and I will generally mention a few of them for the information of the House, because that will give a clear idea as to what has been done.

In respect of organisation, there were 1,613 registered institutions, 7,981 co-operative societies and 15 State Khadi and Village Industries Boards implementing the various schemes within

[Shri K. C. Reddy] the purview of the Commission, 4,000 production and 3,000 sales centres were organised for khadi by the end of the Second Plan period. 70 intensive and 12 pre-intensive areas, with a view to undertaking the development of khadi and village industries as an integral part of a scheme for the all-round development of selected areas, were also organised.

With regard to production, the production of khadi during 1953-54 was only 115.63 lakh square yards, against which the production during 1960-61, that is to say within a period of seven years, went up to 647.77 lakh square yards. In other words, it went up six fold. Similarly, the sales of khadi increased from Rs. 129.98 lakhs in 1953-54 to Rs. 1,240.13 lakhs during 1960-61. And the total production of village industries also increased from Rs. 8.97 crores in 1956-57 to Rs. 33.26 crores in 1960-61.

I am giving these figures, because one of the hon. Members, while speaking, made it look that there was not much of a progress in the sphere of khadi and village industries.

**Shri Bade:** The accumulation of stocks was purchased by all the States and uniforms for *chaprasis* were made out of them.

**Shri K. C. Reddy:** I do not know about that. What I can tell the House is that the Commission is headed by a person of eminence who is a devoted and dedicated servant of the country and whose interest in Khadi and village industries is well known. With such a person as the head, though there might be some objectionable features here and there which might have come to the notice of the hon. Members in a few cases, by and large we are satisfied that the Commission is working very well indeed.

With regard to employment—it is very important—employment has been secured for about 17.24 lakh persons in the field of khadi in 1960-61, whereas in 1956-57 the figure was only 8.81 lakhs. Of course, some of

them are part-time employees. The total employment provided by village industries, apart from khadi, was 5 lakhs. Thus the total number of persons employed in both khadi and village industries was 22.25 lakh persons.

**Dr. M. S. Aney:** May I put one question to the hon. Minister? Does the hon. Minister hope that this khadi industry is likely to be a self-supporting one within a measurable distance of time and would not stand in need of subsidy increasing every year?

**Shri K. C. Reddy:** Well, Sir, the object is that.

The Khadi and Village Industries Commission has evolved a new scheme, called *Gram Ekai* scheme in which 40 per cent of the khadi will be utilised by the people of the locality, and also the price of khadi will go down by 15 to 20 per cent. That is the objective, and towards that end the improvement of the technology is also being kept in view. The Amber Charkha has come into the field. This is a four-spindle charkha. Experiments are being made to evolve a six-spindle charkha and field tests are going on in that respect. If it is a success and is introduced in our country, then certainly the price of khadi will go down. All these things are under the consideration of the Khadi and Village Industries Commission.

Considerable research work is going on in all these matters. A research institute has been established at Wardha.

As regards training, a large number of people have been trained. The total number of persons trained in the Second Plan period was 4,61,280 under Khadi and 27,911 under village industries.

So, Sir, the work that has been turned out by the Khadi and Village Industries Commission is certainly one on which we can congratulate

ourselves. And though there might be certain shortcomings here and there, we should not minimise the great contribution it is making for providing employment, for utilisation of local resources, material as well as human resources etc.

Well, Sir, I do not want to take more of the time of the House on this. There are certain other matters to which I wanted to refer. There were certain apprehensions about the progress of one or two public sector projects. The hon. Member from Andhra Pradesh, Shri Yallamanda Reddy, wanted to know what had happened to the synthetic drugs project. I would only like to tell him that the draft contract between us and the Techno-Export has been finalised, and the techno-exports have sent this draft contract to their organisation in Moscow, and in about a week or so it will be possible for us to sign the contract. Meanwhile civil work is going on: the site has been levelled, the roads have been cut in, water and electrical supply for construction purposes has been provided, the lay-out plan for the administrative block and the hostel also has been completed. And even the master plan for the township has been completed. So, preliminary work is going on, and it is only a question of a few days by which the contract will be signed.

There was also some doubt expressed about the future of the phytochemicals project. Our friends from Kerala have stressed the need for giving more and more public sector projects to Kerala. I am in sympathy with them. I was wondering for what purpose the sum of Rs. 79 crores spent in the First Plan was utilised. I remembered the D.D.T. project which I had the pleasure of deciding that it should be established in Kerala. During the Third Five Year Plan, as the House is aware, four public sector projects will come into existence in Kerala. One of these projects is the phytochemical project. It is a mistake to think that we had given up that project or something

will happen to make it impossible for that project to come into existence. When we said that the State Government had not made available to us all the 400 acres of land, we did not mean that because of that the whole work has been held up. What we said was that the barbed wire fencing part of the work has been held up. The real difficulty about the project is that in the project report as submitted by our collaborators, the Russians, certain aspects regarding cost of production have been gone into now by the Phyto Co. The cost of production as worked out by the company people comes to something more than the cost of production that has been worked out by the Russian collaborators. The economics of this project has got to be looked into carefully and if necessary the pattern of production will perhaps have to be changed in order to make the unit a viable one economically. These matters are engaging the attention of the company and also they are under discussion with our collaborators. A delegation from here is about to go to Moscow to discuss these things and it is hoped that a final decision will be arrived at in regard to this at an early date. I would like to assure the House that there is no question of giving up this project or abandoning this project and that it will certainly be established in Kerala. Licences have been given for the establishment of a number of private projects in Kerala. In fact, the number of licences that have been given on a percentage basis is higher in Kerala than in several other States. I would like to assure hon. Members from Kerala that establishment of industries in Kerala will be kept in view.

**Shri Bade:** I submitted about powerlooms. There is an impression that the Government is favouring textile mills and killing powerlooms. I want the Minister to throw some light.

**Shri K. C. Reddy:** I am sorry, I cannot go into all these aspects at the present moment.

**Shri Bade:** This is side-tracking the issue.

**Shri K. C. Reddy:** Time is against me also. There are a number of points to which I should like to make a very brief reference.

Dr. L. M. Singhvi referred to one matter on which he wanted to have some information from me. He said that there was some favouritism or nepotism in the matter of issue of import licences. I would like to assure him that there is nothing in the policy as such which favours a particular individual or a particular form. In respect of the instance that he said, that is, in respect of film photographic material, I am aware that because of the exercise of consumer preference, films of one particular manufacture were imported in a greater measure and this has resulted in larger quota being given in favour of this manufacturer. Perhaps, it is this instance that the hon. Member had in mind.

**Dr. L. M. Singhvi:** I will request the Minister to study it further as he does not know the facts fully. I appreciate that I made these remarks only this morning and it is not possible for the Minister to ascertain all the facts. I hope that he will make a further study.

**Shri K. C. Reddy:** I was about to say that. I shall look into the matter and see whether any undue preference has been given to any particular party.

A word about the Indian Standards Institution. This Institution has been doing very good work. I do not want to go into the constitution or the organisational aspect of this institution because it will take a lot of time. I would like to say one word in regard to recruitment, and continuance of certain officers in this particular organisation, the procedure that is followed in regard to appointment of persons, etc. The I. S. I. has laid down certain definite rules for recruitment, promotion and retirement for all grades of employees.

Under the rules of the I. S. I. recruitment is always made through a Selection committee. Appointment, dismissal, removal, replacement, etc. of all employees appointed on a scale of pay maximum of which exceeds Rs. 700 per month requires the approval of the Government of India. The bye-laws relating to accounts and audit require the approval of the Government of India and the Comptroller and Auditor General of India. The accounts of the Institution are subject to the audit of the Comptroller and Auditor General of India. I would like to say that in the past, so far as we know, no serious irregularity has been reported against the Indian Standards Institution.

Then, I would like to say something with regard to certification marks, etc. The Institution has till now established more than 1800 Indian standards essential for industrial development and also for the articles which figure in our export trade. During the Third Five Year Plan, the Institution proposes to establish another 1500 standards. With regard to Certification of Marks scheme, since 1955, the Institution is also carrying out a Certification scheme under the Indian Standards Institution Certification Marks Act, 1952. Under this scheme 422 licences have been issued to manufacturers against 120 Indian standards covering a diverse range of commodities.

**Dr. L. M. Singhvi:** Are there any in the field of textiles?

**Shri K. C. Reddy:** I do not know about the particular product, I would like to look into it.

Out of these 344 licences are currently in force while 78 could not be granted because of unsatisfactory performance on the part of the licensees. I have given these figures only to show that the Indian Standards Institution is doing very satisfactory work. We should say nothing, I venture to submit, to damp their enthusiasm. This work has been of great benefit to the economy of our country.

**Dr. L. M. Singhvi:** The Institution is all right. It is about its functioning that I wanted to say something. It was not my purpose to damn the institution as such. I was referring to its functioning.

**Mr. Deputy-Speaker:** There should not be a running commentary.

**Shri K. C. Reddy:** There are several other matters to which I could have referred. Since I have taken more time than I intended to take, I will not refer to those subjects. The subject of export promotion naturally over-shadowed the debate. My colleague Shri Manubhai Shah has dwelt at length on the various aspects of export promotion the other day. Today also certain things have been said. I hope that, as a result of the drive that we have launched, not only in the immediate future, but as a long range programme, our export earnings will go up. I do not want to take more of the time of the House. I hope that the Demands will be passed by the House.

**Mr. Deputy-Speaker:** Does any hon. Member want any cut motion to be put separately? No.

*All the cut motions were put and negatived.*

**Mr. Deputy-Speaker:** The question is:

"That the respective sums not exceeding the amounts shown in the fourth column of the Order Paper including the sums already voted on Account for the relevant services be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1963, in respect of Demands Nos. 1, 2 and 112 relating to the Ministry of Commerce and Industry."

*The motion was adopted.*

**Mr. Deputy-Speaker:** 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, 1963, in respect of the heads of demands entered in the second column thereof against Demands Nos. 3 to 5 relating to the Ministry of Commerce and Industry."

*The motion was adopted.*

*[The motions for Demands for Grants which were adopted by the Lok Sabha are reproduced belowed.]*

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

"That a sum not exceeding Rs. 78,69,000 including the sums already voted on account for the relevant services be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1963 in respect of 'Ministry of Commerce and Industry'."

**DEMAND NO. 2—INDUSTRIES**

"That a sum not exceeding Rs. 20,75,45,000 including the sum already voted on account for the relevant services be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1963, in respect of 'Industries'."

**DEMAND NO. 3—SALT**

"That a sum not exceeding Rs. 64,96,000 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, 1963, in respect of 'Salt'."



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

"That a sum not exceeding Rs. 70,43,000 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, 1963 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. 2,84,19,00 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, 1963, in respect of 'Other Revenue Expenditure of the Ministry of Commerce and Industry'."

**DEMAND NO. 112—CAPITAL OUTLAY OF THE MINISTRY OF COMMERCE AND INDUSTRY**

"That a sum not exceeding Rs. 8,22,23,000 including the sum already voted on account for the relevant services be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1963 in respect of 'Capital Outlay of the Ministry of Commerce and Industry'."

14.50 hrs.

**MINISTRY OF FINANCE**

**Mr. Deputy-Speaker:** We shall now take up discussion and voting on the Demands for Grants under the control of the Ministry of Finance. The time allotted for this is 9 hours.

Hon. Members who want to move cut motions may send in chits indicat-

ing the numbers of the selected cut motions at the Table within fifteen minutes.

**DEMAND NO. 23—MINISTRY OF FINANCE**

**Mr. Deputy-Speaker:** Motion moved:

"That a sum not exceeding Rs. 1,35,24,000 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, 1963, in respect of 'Ministry of Finance'."

**DEMAND NO. 24—CUSTOMS**

**Mr. Deputy-Speaker:** Motion moved:

"That a sum not exceeding Rs. 3,00,66,000 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, 1963, in respect of 'Customs'."

**DEMAND NO. 25—UNION EXCISE DUTIES**

**Mr. Deputy-Speaker:** Motion moved:

"That a sum not exceeding Rs. 7,36,62,000 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, 1963, in respect of 'Union Excise Duties'."

**DEMAND NO. 26—TAXES ON INCOME INCLUDING CORPORATION TAX, ETC.**

**Mr. Deputy-Speaker:** Motion moved:

"That a sum not exceeding Rs. 4,66,75,000 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, 1963, in respect of 'Taxes on Income including Corporation Tax, etc.'."