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**LOK SABHA DEBATES**

**(Part II—Proceedings other than Questions and Answers)**

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**LOK SABHA**

Saturday, 1st October, 1955

The Lok Sabha met at Eleven of the Clock

[MR. DEPUTY SPEAKER in the Chair]

**QUESTIONS AND ANSWERS**

(See Part I)

11-22 A.M.

**CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE**

**REPORT OF MR. SCAIFE RE HINDUSTAN MACHINE TOOL FACTORY AT JALAHALLI**

Shri Raghunath Sahal (Etah Distt.-North-East cum Budaun Distt.-East): Under Rule 216, I beg to call the attention of the Minister of Production to the following matter of urgent public importance and I request that he may make a statement thereon, namely:

“Report of Mr. J. D. Scaife, Colombo Plan Expert, relating to the Hindustan Machine Tool Factory at Jalahalli.”

The Deputy Minister of Production (Shri Satish Chandra): Government have carefully considered the views of Mr. Scaife on the Hindustan Machine Tools Factory at Bangalore. Mr. Scaife's services were obtained by the Government under the Colombo Plan to assist in the work of the Machine Tools Panel constituted by the Engineering Capacity Survey Committee which was set up by the Ministry of Commerce and Industry to undertake survey of idle engineering capacity in the country. One of the terms of reference to Mr. Scaife as an Expert on the Machine Tools

Panel was to recommend a programme of rational manufacture so as to co-ordinate the existing manufacturing capacity in the country. In order to enable him to fulfil this assignment, the Government agreed, to include the Bangalore Factory in the purview of Mr. Scaife's survey. The Government at that time was not aware of the fact that a few years before Mr. Scaife had already expressed certain views on the Machine Tools Project and on Government participation in the Machine Tools industry generally. A note on Mr. Scaife's report was prepared by the Ministry of Production in March 1954 soon after the Report of the Engineering Capacity Survey Committee was received. This note has since been placed on the table of the Lok Sabha by the Commerce and Industry Minister in answer to Unstarred Question No. 700 on the 1st September, 1955.

I would now like to deal with certain specific statements of Mr. Scaife to which the Hon'ble Member has drawn attention in his notice under Rule 216. Mr. Scaife has remarked that “one-fifth of the Government's outlay at Ambernath and Jalahalli would have produced five times the effective result if it had been carefully invested in the private sector.” The precise basis on which Mr. Scaife come to this conclusion is not clear from his report. I would, however, say that the production schedule of the Hindustan Machine Tool Factory has been drawn up after a careful consideration of the demand in the country and of the production capacity in the private sector and that the purchase of capital equipment has been similarly closely correlated with the capacity of the factory and the lines of manufacture

[Shri Satish Chandra]

proposed to be taken up. I would also add that neither before, nor during, nor after his brief one-hour visit to the factory did Mr. Scaife make any attempt to ascertain the essential particulars of the factory's productive capacity, such as production schedules, operation schedules and machine layout charts. Thus this criticism seems to have been made without any detailed knowledge of the capital equipment of the factory or of its productive capacity.

In the opinion of Mr. Scaife the Swiss technicians at this factory suffer from a "psychological inability" to transfer skill to Indians. The exact meaning of this observation is not clear to the Government. I would like to state that for over one year now Swiss technicians have been training Indian personnel at the factory and the Management is satisfied with the result achieved; they are confident of building up early a team of competent Indian technicians to run this factory.

Mr. Scaife says that "the heart and brains of the organisation are outside India and outside the control of the Indian Management". The position is that the factory is entirely under Indian control. In a high precision industry like this we could not have done without the initial supply of technical 'know-how' from abroad. Though the initial planning work on the project has been done by the Technical Consultants in Switzerland, there is no doubt that with the acquisition of experience by our own men such planning work will be gradually transferred to Indian hands; the Government are confident that in due course we will be completely self-reliant in this matter. Mr. Scaife's observation that the organisation is outside the control of the Indian Management is contrary to the facts. The factory is managed by a Board of Directors and only two out of eight Directors are representatives of

Oerlikens. While Oerlikens as Technical Consultants have certain responsibilities for setting up production, they are under the control of the Board of Directors and are answerable to them.

Finally, Mr. Scaife has observed that this project will prove "colossal financial failure". Apparently he considers that the factory will not be able to produce machines of the required high precision and quality on an efficient and economic basis. The Government do not see any grounds for sharing either of these apprehensions. The factory has just started production and the Government expect that it will be possible to run it as an economic unit. I may add that in establishing a key industry like this something more than the commercial return over a short period has to be taken into account.

I would like to take this opportunity to state that the Government are very anxious to promote the development of a properly planned machine tools industry in the country. Towards this end they have tried to co-ordinate the production programme of this factory with that of the private industry and they will continue to maintain such co-ordination. The Estimates Committee whose Fourteenth Report has already been presented to the Lok Sabha have made some important recommendations bearing on this aspect and the Government will carefully examine the whole matter in the light of these recommendations.

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** May I submit that statements like this should not be read out before the House? It is impossible to follow them or to understand them. They should be placed on the Table of the House and not take up the time of the House. It has been repeatedly laid down. I am surprised that my colleague should read out this long statement. I am completely unable to follow that.

**Mr. Deputy-Speaker:** I have been always of that opinion. But, I thought that with respect to this important matter, Government as a whole wanted that the whole statement should be read out. Otherwise, I would have suggested to the hon. Minister that he should give a synopsis to the House and lay the entire statement, if it is a long one, on the Table of the House. We will issue instructions to all Ministries that in future such long statements ought not to be read out in the House. A synopsis alone must be read and the whole statement must be laid on the Table of the House.

**Shri Kamath (Hoshangabad):** May I submit that the statement was read out under the Calling attention provision of the Rules?

**Shrimati Renu Chakravartty (Bairhat):** It is with reference to Calling attention provisions. It has to be read out.

**Shri Nambiar (Mayuram):** He can read a concise statement.

**Mr. Deputy-Speaker:** He can read a brief statement and lay it on the Table of the House.

PAPERS LAID ON THE TABLE

HALF-YEARLY REPORT OF THE COIR BOARD

**The Minister of Industries (Shri Kanungo):** I beg to lay on the Table a copy of the Half Yearly Report of the Coir Board for the period ending 31st March, 1955, under section 19 of the Coir Industry Act, 1953. [See Appendix XII, annexure No. 28].

LIST OF CONCERNS TO WHICH EXEMPTION HAS BEEN GRANTED UNDER SECTION 56A OF INDIAN INCOME-TAX ACT.

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** I beg to lay on the Table a list

of concerns to which exemption under section 56A of the Indian Income-tax Act, 1922 has been granted during 1954-55, in pursuance of an assurance given in Lok Sabha on the 18th April, 1953 during the discussion on the Finance Bill, 1953.

LIST

Nil

NATIONAL VOLUNTEER FORCE BILL

**The Deputy Minister of Defence (Sardar Majithia):** On behalf of Dr. Katju, I beg to move for leave to introduce a Bill to provide for the constitution of a National Volunteer Force for imparting military training to citizens of India.

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

"That leave be granted to introduce a Bill to provide for the constitution of a National Volunteer Force for imparting military training to citizens of India.

*The motion was adopted.*

**Sardar Majithia:** I introduce the Bill.

INDIAN STAMP (AMENDMENT) BILL

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** On behalf of Shri A. C. Guha, I beg to move for leave to introduce a Bill further to amend the Indian Stamp Act, 1899.

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

"That leave be granted to introduce a Bill further to amend the Indian Stamp Act, 1899."

*The motion was adopted.*

**Shri B. R. Bhagat:** I introduce\* the Bill.

\*Introduced with the recommendation of the President.