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tablished, if no other type of adverse circumstances arise. From a *prima facie* observation and preliminary data that we have got, the indications seem to be that the resources in that area seem to be good, the ore is good, electricity is easily available, and the water resources are also there. If all factors conducive to the location of zinc smelter in the Zawar Mines area found technically and economically sound and feasible, we hope that the zinc smelter will come up there according to the schedule which the Government have drawn up and for which a continuous review is being made every three months.

Most of the points which hon. Members made, I have tried to meet. I can only say that regarding the non ferrous metal industry, very great attention is being paid from different directions and I would not take up the time of the House by going into the various details.

Most of the hon. Members know that our present production of Aluminium comes to about 12,500 tons per annum and in the Second Five Year Plan, we are hoping to produce 40,000 to 50,000 tons per year. One of the factories is coming up in Mettur and another in Rihand. We are very much conscious of this fact that the country needs development in non-ferrous metal part of the industry. We are giving it a very high priority and all due care will be taken to develop it.

Sir, I am very grateful to hon. Members for the active support they have given and the generous references they have so kindly made in this connection. I have taken note of all their observations and I can assure them that their constructive comments, which are very useful will be looked into properly. I can assure every hon. Member that all the suggestions that have been made in order to improve the working of the Tariff Commission and the working of the industries which are expanding at the cost of the consumer will be properly

looked into as the benefits are to be derived by the country, the consumer and the industry.

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

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration".

*The motion was adopted.*

**Mr. Chairman:** I will put all the clauses together

The question is:

"That clauses, 1, 2, the Enacting Formula, and the Title stand part of the Bill."

*The motion was adopted.*

*Clauses 1, 2, the Enacting Formula, and the title were added to the Bill.*

**Shri M. M. Shah:** I beg to move:

"That the Bill be passed."

*The motion was adopted.*

#### INDUSTRIES (DEVELOPMENT AND REGULATION) AMENDMENT BILL

**The Minister of Heavy Industries (Shri M. M. Shah):** Sir, I beg to move:

"That the Bill further to amend the Industries (Development and Regulation) Act, 1951, be taken into consideration."

Sir, as hon. Members of this House are aware the Industries (Development and Regulation) Act was enacted in 1951. The object of that measure was to bring within the jurisdiction of the Union Government certain industries of all-India importance and to provide a machinery by which these industries could be developed and regulated in conformity with the National Plans. As the House is aware, this Act actually came into force in May, 1952. In 1953, certain amendments were made to this Act, mainly for the purpose of removing certain

practical difficulties that had come to light in the working of the measure and for the inclusion of certain additional industries in the First Schedule to the Act; viz., artificial silk, dye-stuffs, soap, plywood and ferro-manganese.

Hon. Members are aware that when the Industries Act came into force some apprehensions were expressed in several quarters about this measure. This measure has now worked for over four years and if I may say, the way in which this Act has been working during this period goes to show that the original apprehensions were largely unfounded. In fact, there has, of late, been a demand from several quarters that the scope of the Act should be enlarged and several industries should be brought within the purview of the Act.

Before coming to the subject-matter of the Bill before the House, I might mention briefly some of the salient facts about the working of this measure during the last four years.

As laid down in Section 5 of this Act, a Central Advisory Council of Industries has been established, consisting of representatives of industry, labour, consumers and primary producers pertaining to the scheduled industries. I must take this opportunity to thank the Members of this Council for the very valuable co-operation and guidance that they have given from time to time. This body has held seven meetings so far and advised Government on various problems relating to the scheduled industries and the working of the Industries Act.

Another aspect of this measure is the constitution of Development Councils. We have so far set up ten Development Councils for the under-mentioned industries:

- (1) Heavy Chemicals (Acids and Fertilisers);
- (2) Heavy Chemicals (Alkalis);
- (3) Internal Combustion Engines and Power Driven Pumps;
- (4) Bicycles;

- (5) Sugar;
- (6) Heavy Electrical Industries;
- (7) Light Electrical Industries;
- (8) Art Silk Textiles;
- (9) Woollen Textiles; and
- (10) Pharmaceuticals and Drugs.

Hon. Members will also be happy to learn that now we are going to appoint another council for the development of non-ferrous metals. Several of these Councils are doing very useful work for the development of the Industries with which they are concerned.

The provisions of the Industries Act relating to the grant of registration for existing undertakings and licences for new ventures have been working very smoothly. Over 3,000 industrial undertakings pertaining to the scheduled industries have been registered under the Act and about 1450 licences have been issued for the establishment of new industrial undertakings since the inception of this Act. Several schemes of substantial expansion and manufacture of new articles have been sanctioned. A Licensing Committee has been set up for the examination of the applications received for licences. This Committee acts as the main instrument of the Government's industrial policy and tries to secure a planned development of industries according to the Government's policy.

Coming to the subject of the Bill before the House, you will observe that the Act as it stands now applies to 42 industries which are listed in the First Schedule. As I have stated, there has been a demand from the industries that the scope of the Act should be extended so as to include a number of other important industries. It has been pointed out that certain industries which are closely related to those already included in the Schedule do not find a place in the Schedule. For example while rayon is included, staple fibre, which is a related item, does not find a place. That was an obvious omission. While ferro-manganese finds a place,

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the other ferro-alloys like ferro-chrome and ferro-silicon are not included; while paper is included, the related item wood-pulp does not find a place, while heavy chemicals are included, fine chemicals and photographic chemicals are not included. We now propose to fill in these omissions. There are also a number of industries of considerable importance like the manufacture of television sets, teleprinters, X-ray equipments, plastic mouldings, industries, synthetic rubber, photographic film etc., which have acquired considerable importance in the present stage of the country's development. The Bill which is now before the House seeks to add some 31 industries to the Schedule of the Industries Act. The Central Advisory Council of Industries, to which I have just made a reference, has considered this proposal and has approved the inclusion of these industries in the First Schedule.

As hon. Members would have noticed, the present arrangement of the items in the First Schedule is in the form of a list. We are now taking this opportunity of classifying them in a scientific and rational manner.

A few minor difficulties have been brought to light in the working of this Act and the Bill seeks to make a few amendments for removing these difficulties. Let us see briefly the various difficulties that have come to our notice.

As regards the amendment in clause 2, I may explain that clause (b) subsection (1) of section 13 of the Act at present applies only to cases where registration is revoked on the ground that it had been obtained by misrepresentation as to an essential fact. There is now no provision in the Act for licensing of those undertakings whose registration has been revoked for other reasons than the one mentioned above, e.g., on account of closure, discontinuance of production of articles falling within the scope of the Act etc. We are, therefore, making slight amendments in section

13(1) (b) which would permit such undertakings to recommence business after securing the licence under the amended Act.

The second amendment in clause 2 covers licensed undertakings which seek to effect substantial expansion. Section 13 (1) (d) now provides for licensing of substantial expansion of industrial undertakings which have been registered. There is, however, no provision at present for the licensing of substantial expansion of licensed undertakings, that is, an industry which is already licensed, if it wants to undertake a substantial expansion today under the present Act there is no provision to bring it under the purview of the Act. This amendment seeks to regularise that position and to provide for licensing of such substantial expansion.

The amendment in clause 5 provides for the licensing of undertakings, which by reason of an exemption order granted under section 29-B of the Act, do not require to be registered or licensed under the Act at the time of the commencement of the Act or at the time of the establishment or when they commenced manufacturing or producing new articles or when they sought to effect substantial expansion, as the case may be. There are so many industries which are not in the Schedule now. When these industries are grouped under the Schedule, naturally we will have to make provision to see that they are properly registered and licensed. This particular amendment seeks to authorise the Government to take suitable action in that manner. Therefore, the provisions are now introduced in clause 5 under which industrial undertakings which were subject to the exemption order can be licensed when the exemption is cancelled.

Amendments to clauses 3, 4 and 6 are only consequential. I have already given notice of some amendments to the revised First Schedule to the Act as now proposed in clause 7. The main amendment which I have proposed is to include organic fertilisers,

which the Ministry of Food and Agriculture desire to regulate as regards quality, distribution and price. Also, we propose to add sizing materials including starch under "Chemicals" in the Schedule. These are the principal points on which the amendments are proposed.

While moving this Bill I take this opportunity to say that the licensing of industries under this Act has been somewhat adversely criticised in several quarters. I might submit that I can only draw the attention of the House to the report of the Central Advisory Committee which was appointed under the Chairmanship of Pandit H. N. Kunzru. The Committee, after going into the licences issued and the applications pending, has, to say the least, highly commended the speed with which the licensing committee has worked. That does not mean that there is no scope for any improvement. I can assure the House that further action is being taken and care is exercised to see that the speed of licensing, looking into the various applications, obtaining the information required under the Act and expeditious disposal of all applications is improved. There has been much improvement during the last six months. The pending applications, which were about 490 in the month of April, has now been reduced to 176 and perhaps by the end of this month we hope that the number will be only 49 or 50 pending applications. This is exclusive of special applications for textile mills and re-rolling mills and etc. The number of licences issued every month also, from an average of 22 at present, is reaching the figure of 70 to 80 per month. All this goes to show that this Act, about which several apprehensions were being entertained in several quarters, has worked for the promotion of industries and in no case has it worked to the detriment or retardation of industrial development.

Observations have also been made in several places and by different persons as to the place which the different industries find under the

industrial policy statement enunciated recently by the Prime Minister of which a copy was laid on the Table of the House. It is true that in a developmental economy like ours where the country and the State are wedded to the socialistic pattern of society the relative roles of the public sector and the private sector should be clearly understood both by the industries and the public at large. That cannot be denied. As a matter of fact, it has now been gradually accepted and I am glad to say that the climate in the country has been generated whereby the role that the public sector has to exercise in the field of industrial development is being fully appreciated and realised. In a country so under-developed in the industrial field as ours, where the missing links in industrial development are many the State has got to regulate judiciously too very often the development in the private sector and to move and that too at a fast speed and pace to set up industries in the public sector. And the State has to set up such industries which are vital to the growth of the nation and those industries which are of national and strategic importance. Apart from those industries, there is ample scope, and that too of a healthy nature for the private sector. We can be sure that there will be regular and speedy development as a result of the working of the Industries (Development and Regulation) Act. Thus it is sought to create a sort of co-ordinated development between the industries which are vitally considered necessary to be set up by the Government, and that too without loss of time, and such industries which can very well be looked after in a country so big as ours by the several industrialists and entrepreneurs in the different fields of industry. These industries should also grow not in a slipshod manner but in a planned and regulated manner so as to give the maximum benefit of industrial development, to the community and to the industries in general. With these preliminary observations and the assurance that the Government looks upon the enlargement of the Schedule to the Act

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not as a measure of taking any very strict coercive steps by restricting its field of action but as a promotional measure for the establishment of industries. I am sure that all the sections of the House will welcome this bill. If some figures which are very relevant to the production of industries could be placed before the House, they will also appreciate that as a result of the working of this Act not only the development has been facilitated but the production also has increased considerably.

Before this Act came into operation in 1952, if you take the figures of 1949 as indicative of the development of industries at that stage, as the House is aware, the production of sulphuric acid in 1949 was 99,456 tons. In 1952 when the Act came into force the production slightly declined to 96,000 tons, that is, from 99,456 tons it declined to 96,000 tons. In 1955, that is, after a few years of the working of this Act, the production rose to 1,66,200 tons. It shows that in the three years after the coming of the Act and subsequent years the production has gone up. In respect of soda ash, which is one of the basic industries in this country, the production in 1949 was 17,916 tons and rose to 77,268 tons in 1955. Same is the case with cement which was 2.1 million tons in 1949 which came to 3.5 million tons in 1952 and which has risen to about 5.7 million tons during the current year. In case of textiles, the same is the phenomenon, though not of a very remarkable nature. The textile industry was already well-established. Even there, the production in 1948 was 4318 million yards of cotton cloth which today stands at about 5200 million yards of cotton cloth. In August this year we have reached the record production of 478 million yards per month and that will continue to increase every month, thanks to the activity of the industry as well as the care exercised by the Government. I beg to submit, Sir, that the working of this Act on the whole and the purpose of this amendment to enlarge its scope will be welcomed by all

sections of the House. I would like to assure hon. Members that any concrete suggestion that they may offer in this regard would be properly looked into by the Government.

**Mr. Chairman:** Motion moved:

"That the Bill further to amend the Industries (Development and Regulation) Act, 1951 be taken into consideration".

**Shri G. D. Somani (Nagaur-Pali):**  
Mr. Chairman, Sir, we have just heard from the hon. Minister about the working of the various industries under the Act and how the production of the various industries has gone up due to the steps taken by Government from time to time. I may tell the House that there is no difference of opinion so far as the principles of the Bill are concerned. As the hon. Minister himself pointed out in his preliminary remarks, the Central Industrial Advisory Council which consists of almost all the interests in the country has unanimously resolved that the Act should be strengthened by incorporating in it various other important industries which were so far not included under the working of this Act. We had only 43 industries regulated under this Act; but now a further list of 31 industries is going to be added to ensure their running and functioning under this Act. So far as the principle is concerned, it is unanimously recognised that if the industrial development of the country is to be regulated and organised according to a planned programme of development, then it is very essential that the Government should have proper powers of regulating the establishment of new industries and the expansion of the existing industries. It is, therefore, a matter of common ground that we should have this Act for the development and regulation of industrial development in the country. Therefore, there is no difference of opinion so far as the Bill is concerned. As this Act is being amended to include various other important industries, it gives me an opportunity of making a few observa-

tions about the working of this Act since it was enacted.

As the hon. Minister has pointed out, there have been complaints about the delays in the disposal of various applications for licensing of new industries or expansion of existing ones. An analysis has been made which shows that in almost 50 per cent of the cases the applications received by the Ministry were kept pending for almost three months before even a preliminary examination of those applications was taken up by the Licensing Committee. It does not happen that once application comes up before the Licensing Committee it is sanctioned automatically. It might be that the application itself might be lacking in some particulars and the fact that 50 per cent of the applications were put up before the Licensing Committee three months after they were received in the Ministry clearly indicates the abnormal delay which is caused in the Ministry in disposing of these applications. We are on the threshold of an ambitious programme of industrial development throughout the country and if this ambitious programme is to be implemented successfully and promptly and if this Act is to serve the main purpose of promotion of development of industries, then, there cannot be any serious difference of opinion about the desirability of minimising the delay as far as possible. In any case, the Ministry should see that the application is put before the Licensing Committee within a month after its receipt in that office. I am quite aware of the initiative, drive and energy of the present Minister who is piloting this Bill and who is taking special pains to ensure that the various applications that are pending before the Ministry are disposed of. The Ministry should give more attention to the developmental and promotional sides of their activities rather than to the regulatory or restrictive provisions that are contained in the Act. Sir, if the industries are expanded or if new industries are to be established, it is highly essential that the various regulations under which any new industry is established

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should be able to function in a manner which will not retard its growth. It is not licence alone which is the problem. Even after the licence is obtained, there are hundred and one ways in which the Ministry's active help and cooperation would be necessary if the establishment of new industries is to be undertaken in the most expeditious manner desirable. My submission to the hon. Minister, therefore, is that, in the light of the experience we have gained so far, some effective and urgent measures should be undertaken not only to see that the applications are disposed of without delay, but also to see that the regulations which come in the way of the establishment of the new industries are exercised in a manner which will not cause any avoidable delay.

Now, I would like to refer to the various aspects of the functioning of this Act. Of Course, the Licensing Committee is guided by the broad policy of the Government in the matter of capacity which is laid down by the Planning Commission as well as by the Ministry concerned. But here again some discretion should be exercised by the Ministry and the Licensing Committee not to stick too rigidly to the targets or the capacity laid down. Because, after all, it is quite obvious that all the licences that are issued do not materialise immediately. Indeed, in certain cases licenses remain pending for quite a long time, due to various reasons—they may be financial or something else. My submission is that while the broad targets as laid down by the Commission may be the determining factor in the issue of licences, this capacity should be treated in a rather liberal way. For instance, in regard to the textile industry we are told that two million spindles were licensed several years ago. But most of these licences never materialised, due to reasons which are quite well known to the Ministry. As soon as the Ministry came up to the very limited number of spindles which they were authorised to issue, they closed all further applications. And it happened that those who were not in a position to

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utilise their licences had their licences on their hand for quite a long time, while those who required them very badly either for balancing purposes or those uneconomic units which could have been able to raise their capacity to an economic level were deprived of the opportunity of doing so. My submission is that there should be certain broad considerations as to how any existing uneconomic unit—which by itself is a drain on the national economy, in the sense that its capacity is not economical—could be helped and the cases of those units should be considered irrespective of the broad policy of certain targets laid down for particular industries.

Then, cases have come to light where applications for the spinning of staple fibre yarn or weaving of staple fibre cloth have been refused, simply because they thought that there would be an infringement of the limit of looms that has been imposed by the policy of the Government. Such policy targets, in my opinion, should be carried out in a manner which will not impose any rigid limit on the installed capacity, but each case should be examined on its merits, and wherever it is found that in the broader interests of that unit or of the industry it is essential to sanction five or ten per cent more of the targeted capacity, then it should be within the discretion of the Licensing Committee to give due consideration to the applications of such units.

Then, various conditions are also imposed by the Licensing Committee which also are not of a uniform character. Recently it has been brought to the notice of certain new industries being established in certain parts of the country that they are required to agree to take their coal requirements by sea. It so happens that the freight of coal transport by sea to those units is something terrific compared to what they have to bear if the coal is transported by railway. These new industries have, in the initial stage, to face certain special difficulties even in the ordinary course at the time of establishment of the

new units. And if over and above those difficulties they are asked to undergo an additional burden in the shape of transport of coal by sea, I think it imposes an unduly heavy burden upon the establishment of a new unit. This matter about coal is already a subject of enquiry by a Committee; and whatever may be the policy of the Government in due course, I do not think the Licensing Committee is justified in imposing restrictions of this nature.

It has also happened that although representatives of various Ministries are there in the Licensing Committee, after the licence is issued the necessary transport facilities are not made available, and the Railways later on point out their inability to cope with the traffic. I quite agree that in view of the growing requirements and in view of the resources available with the Railways, it may not be possible for them to carry the entire traffic that they are called upon to carry. But when the Railways themselves are represented on the Licensing Committee it should, in the ordinary course, be the policy of the Railways to satisfy themselves about the transport requirements of that unit in the particular year of production when it is likely to function, and in view of that to ensure that the necessary facilities are made available; and when the unit goes into production it should not be faced with the difficult situation of being told by the Railways that they are not in a position to carry the traffic which is required to be carried at the time of production.

Then, there are quite a few other minor points of difficulties that are experienced by the various industries, in the working of this Act. It is not my intention to give a long list of those difficulties. Nobody is better aware of them than the hon. Minister himself; because, in the day-to-day regulation of his Ministry he himself comes across the genuine difficulties of those who are in the process of establishing new industries or who are

in the process of expanding their existing units. I would, therefore, like to stress again that the Ministry should take special care to see to the promotional and developmental side of the Act rather than concentrate more on the regulative or restrictive features of the Act. We recognise that the industries have to be regulated, that the development has to be planned according to the agreed policy of the Government. But subject to the overall policy of the Government enough help could be made available, and is certainly being made available by the various Government departments, for the promotion of these industries. But what is wanted is this. So far as the delays are concerned, I mentioned about the Licensing Committee. As I said a little later, the delay that one is confronted with is not only with the Licensing Committee, but with the issue of licences, control of capital issues, relaxation of controlled materials and so on. And I would suggest to the hon. Minister to have in his own Ministry a special Development Wing to which anybody could look forward for any assistance in case of any difficulty in any of the issues. I am aware of the cases where the matters have been brought to the notice of the hon. Minister and he has taken special pains to see that the industrial development does not suffer. But it is not possible for everybody to get that special help, and therefore I am suggesting for some uniform procedure under the Act by having a special Development Wing of the Ministry which will look to all the difficulties of that party right up to the time of production. The responsibility should not end with the issue of licences, but that Development Wing of the Ministry should at all times be willing to afford such reasonable assistance as is possible in regard to the various permits and licences and various kinds of assistance which are required before the unit concerned comes into production.

As I said, the country is going forward with great speed by the industrialisation of the various resources

of the country. And it is in the context of the need to do, everything possible to assist the promotion and development of industries on such a vast scale that the working of this Act should be so ensured as to assist the promotion and all-round development of those industries.

There is only one other point to which I would like to draw the attention of the hon. Minister, and that is this. When any application for licence is rejected by the Committee, an opportunity should be given to the party to make a proper appeal. I understand that there is a Review Sub-Committee functioning. But the party concerned does not get the full reasons which compelled the Licensing Committee to reject that application. Unless he knows the various details and the reasons as to why it was rejected, it is not possible for the party concerned to make out a proper case for a review of his application. Therefore it is only fair that wherever any application for licence is rejected due to any grounds, those grounds should be made available to the party concerned so that he can have an opportunity of getting his case reviewed. And this Review Sub-Committee should as a matter of fact properly function as an appellate body, and if for any insufficient or improper reason any application has in the first instance been rejected by the Licensing Committee, it should be open to the Review Sub-Committee to reconsider the whole case in all its aspects and to approve any licence which may have been originally rejected.

These are the few points to which I wanted to draw the attention of the hon. Minister when this Bill is considered. This Bill is a really necessary piece of legislation. There is no doubt that due to the various kinds of assistance and encouragement that have been received by industry from the Ministry, it has been possible to expand the production in various industries. I would also like to know something about the establishment of these Development Councils. The



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hon. Minister gave the list of a few industries where such Development Councils have been established. I do not think that there is such a Development Council for the cotton textile industry which is a well organised big industry. I would like to know the criteria for the establishment of these Development Councils and why such a Council has not been established for the cotton textile industry.

With these words, I generally support the Bill.

**Shri Bansal (Jhajjar-Rewari):** Mr. Chairman, no one can have any objection to the principle of adding to the list of the scheduled industries. As far as that goes, I welcome the addition of these 31 new industries to the schedule. I also welcome the effort that is now being made to classify scientifically the various industries under main heads. I was going through this classified list and I found that perhaps the classification could have been improved. Under main head No. 13, Commercial, Office and Household Equipment, you see typewriters, calculating machines and hurricane lanterns have been included. I should submit that hurricane lanterns and sewing machines should be in a separate category from typewriters and calculating machines.

**Shri V. P. Nayar (Chirayinkil):** Why not cooking utensils?

**Shri Bansal:** Similarly, I find that Instruments, scientific, mathematical, etc., have been divided into three main headings. I should have imagined that one main heading would have been sufficient for these instruments. We have one item Industrial Instruments, another item Scientific Instruments and a third item, Mathematical and Surveying Instruments. I think all these could be lumped together under one head, Industrial and Scientific Instruments. Then, I find that there is one item Chemicals and another item Dye-stuffs and another item Drugs and Pharmaceuticals. I think there could be a better scientific

classification of this also. All of them could have been brought under Chemicals, Drugs and Pharmaceuticals. Then, I find synthetic rubber and rubber have been shown separately. There must have been some reason. But, I do not think there can be much basis for dividing synthetic rubber from rubber. I am bringing these to the notice of the hon. Minister and in case this division of various industries under main heads has been done in a hurry and if it requires to be looked into, I am sure, the hon. Minister will do so.

Coming to the main amendment apart from the addition of more industries to the schedule; I find that the Bill seeks to provide that where registration has been revoked on such grounds as closure of the undertaking or discontinuance of production of certain articles, a new licence will have to be taken. I do not understand why there should be need for a new licence when a concern has closed down for a temporary period. What I feel is, it may be that due to some financial reasons, a concern closes down temporarily and its registration is revoked. Then, that firm should be asked to register again and not necessarily take out a licence. Because, if it could have worked with registration before this Act came into force, I do not see what reason is there for its not being able to continue to work with merely registration and why should there be need to get a new licence. What I am afraid of is, if a licence is insisted upon, that would cause a lot of delay. I know of a case recently where a concern which had closed down had to wait for four or five months for getting a fresh licence. What happens in all such cases is that, the existing capacity of the machinery lies idle. I do not think it is in the interests of the country to allow such a delay to take place.

There is another amendment under which a licence will have to be taken, namely where the exemption granted

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under section 29 of the Act has been cancelled. That means, supposing an industrial unit was exempted from taking a licence although the industry as such came within the purview of this Act, and all of a sudden the Government decided to cancel that particular exemption, then, the unit will have to take out a licence. I suggest that in all such cases, the granting of a licence should be a mere matter of routine and should not involve such long delays in procedure as it involves these days.

My hon. friend Shri G. D. Somani has—already referred to the cases of delays. I have also got an analysis with me of the way in which 660 applications were dealt with in the year 1955. I find that exactly 30 per cent. of the applications were considered for the first time after a period of three months. Actually, under the rules which have been framed under the Act, Government are supposed to answer finally to the applicants within a period of three months. If an application is not complete, they are supposed to tell the applicant that the application is not complete and so the required data should be filled up. Otherwise the applications have got to be sanctioned within a period of three months. But, here I find in 1955, as many as 30 per cent. of the applications were considered for the first time after a period of three months had passed.

**Shri V. P. Nayar:** What were the industries?

**Shri Bansal:** I have the entire list of 42 industries and it would take quite a long time to go through that. I have worked out the number of industries and the percentages. I do not think it is worth while going into all this. But, I can point out this. As compared to 30 per cent. in the totality of applications, that is 660 applications, in the case of ferro manganese, 40 per cent. were considered for the first time after three months, in the case of dye-stuffs, 75 per cent. were considered for the

first time after three months; sewing machines 50 per cent.; internal combustion engines 60 per cent.; art silk yarn and fabric 54 per cent.; iron and steel 80 per cent.; sugar 37 per cent.; and so on. What is worse, in the month of January-February, 1956, 50 per cent. of the applications were considered for the first time after three months. That shows that up to the period for which I have latest information, the situation did not improve, but it worsened. That is, instead of 30 per cent. of the applications being considered for the first time after three months, 50 per cent. were considered for the first time after three months. I would suggest to the hon. Minister to please gear up this Licensing Committee and see to it that they do not take such a long time and go against the intention of the framers of the legislation.

This does not exhaust all the cases. I know of four cases, applications for sugar industry, where an answer that the applications will be considered after the report of the Sugar Capacity Committee has been received was sent after four months of the receipt of the application. In one case such a reply was sent after nine months. That a preliminary reply stating that the case will be considered after the report has been received was sent after nine months, shows a very sorry state of affairs. I also know of certain cases where applications took as long as 16 months to be granted. I would not name those industries. I think the hon. Minister himself is quite aware of them. I also think that the manner in which these applications are processed, referred back and forth to the State Governments and the various committees requires to be looked into. I would suggest to the hon. Minister to see that in this process there is no element of vendetta taking place because there is a feeling around that such a thing is happening, and I made a reference to it at the time the Demands for Grants of the Commerce and Industry Ministry were being passed. I would earnestly request the

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Minister of Heavy Industries and our new Commerce and Industry Minister that they should not allow this feeling to continue, because when you allow such applications to remain pending, when you allow such applications to go to and fro the State Governments and the various expert bodies and come to a decision after as long a period as 16 months, such a suspicion is bound to go round.

Then there is another aspect, namely the reasons for refusal of grant of licence. In 44 per cent. of the cases of refusals, the refusal was on the ground that there is already enough capacity in the country. In one case where a party wanted to manufacture printed tin containers, the answer was that there was already sufficient capacity. My friend sitting opposite, while talking on the Tariff (Amendment) Bill, pointed out the case of the Metal Box Company which is charging exorbitant prices for tin cans required for the fruit preservation and other industries. Now I suggest to the Government that it is not enough that there is enough capacity in the country. Government should also see the price at which the products of that industry are being made available to the consumers. Government have a duty to see whether that concern is not having a monopolistic position in the country. I think the examination of applications will not be complete unless such considerations are fully examined by Government.

[MR. DEPUTY-SPEAKER in the Chair]

15.53 hrs.

I have a communication from a party that they applied for licence for the manufacture of bilentren, which is a pharmaceutical product, and it was refused on the ground that the terms of foreign collaboration were not reasonable. The terms were that the foreign concern wanted 1,000 Swiss Franks per annum and a royalty

of four per cent. Frankly I do not know what is inequitable in these terms. But even if there is anything inequitable in these terms, in my opinion that was quite counter-balanced by the fact that that product is being sold at three times the price today in this country over what it would cost the consumer if the licence is granted and production starts. Even taking it for granted that what was stated by the applicant in this regard was not quite correct and that the price difference would not be so much, I would like to know from Government their policy in regard to royalty and whether they have come to any conclusion that the terms of royalty and foreign participation, all that is involved in foreign participation, will be these and not more than these. I have been trying to find out from Government the percentage of royalty that they will normally allow. I have not got a categorical reply so far.

The other day on the floor of the House it came out that the Defence Ministry has entered into an agreement with a German concern for the manufacture of railway coaches in the Hindustan Aircraft Factory on a royalty basis. I wanted to know from the hon. Defence Minister the percentage of royalty that was being given. He could not answer the question. If my information is right, the royalty could not be less than four per cent.

I am not at the moment saying that four per cent. is a reasonable amount. It may be reasonable in some cases. I understand Government in some cases have allowed as much as 12 per cent., if I mistake not. I think that is very unconscionable and the general royalty should be two or 2½ per cent. But what I want to know from Government is whether, before refusing an application on this ground, they had made up their mind that the terms of foreign collaboration should be this and not this, and whether it has been made public so that the intending parties do not unnecessarily waste

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their time first in entering into agreements, then coming before Government for a licence and then being told that their licence will not be granted.

I would like to impress upon this House the great harm that is being done to the country by this delay in giving licences. I know of a case where the party entered into a final arrangement with a foreign concern for setting up a factory. Their application took 16 months to fructify and in the meanwhile naturally the foreign participants are bound to get restive. They are bound to begin to suspect the motives and the capacity of the Indian counterparts. This does not create a very good impression either in the foreign countries or help the Indian concerns which want to establish industries. I want to put up a factory today after considering all the economic factors which are ruling in the market. After a year or a year and a half the situation may change. Some other substitute may come in the market, and I may not feel the necessity of putting up the industry. Therefore, I suggest that the Minister should see that applications in almost every case must be examined and answered within a period of three months, and on no account should delay be allowed to take place.

Then there is the question of various principles involved in the consideration of these applications for licences. In one case an application was refused on the ground that transport would not be available, but subsequently it was granted. I want to know what happened to the transport within a period of two or three months, who decided that transport would not be available at first and later on who came to the conclusion that it would be made available.

In another case a concern wanted a licence for producing carpets out of cotton waste. The licence was refused on the ground that cotton waste can be used by the handloom industry. It can be used by the handloom industry, but the fact remains that today

we are exporting huge quantities of cotton waste. In fact, we are the only country exporting cotton waste, while in other countries it is being used for manufacturing first class textiles. You make carpets out of cotton waste, jute waste and silk waste. You make carpets, blankets, you make all types of fancy goods from cotton waste, but we are exporting it and allowing other countries to manufacture beautiful stuff out of it. And when a concern wants to put up a factory in order to utilise the waste material, it is told that it will not be given the licence because cotton waste can be used by the handloom industry.

Then in one or two cases licence was refused for staple fibre looms on the ground that the same looms can be used for cotton yarn. That concern assured Government that it will instal these looms in a separate shed. But the Government said, 'No', simply because the staple fibre loom is the same loom as the cotton loom. Even admitting that the looms are substitutable, could not Government with all the machinery and with all the forces at their command see that looms are not used for producing cotton textiles? I think it is a very sad commentary on the power of vigilance of the Government to refuse licence on a ground like this.

16 hrs.

On the last occasion, I had made a reference to the fact that certain cases have come to my notice where a word has gone round to the applicants that if they change the location of their factories from one place to another, the licence may, perhaps, be granted. This has not been told to them officially or plainly but a sort of word has been sent to them. What I said was very hotly denied by the then Commerce and Industries Minister. I revert to the charge again.

**Shri A. M. Thomas (Ernakulam):** What is wrong in that especially when we have in view the question of regional development?

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**Shri Bansal:** I am coming to that. What I take objection to is to an officer putting in a word and using his influence. In fact, I have stated on the floor of this House that we will have to give consideration to regional development. I myself come from a backward area and I have been impressing upon this House and upon the Ministers concerned the necessity of doing something for taking into consideration the locational aspect of industries. But the manner of doing this should not be this.

Take the case of the electrical furnace industry. Government should come out with a categorical statement that they will allow so many furnaces to be put in the country and in so many regions. They should say in a straight forward manner that they will allow 2 units for Haryana, 2 units for Kerala, 1 unit for such and such a place and so on. On that basis, they must let it be known to the country that they are keen for the regional development of the country, that they would like applications for setting up factories in such and such an area and that they would give preference to people who apply for the setting up of industries in those areas. This should be the straight forward method of going about this question of developing the various regions of the country on an equitable footing rather than some officer trying to bring to bear influence on the helpless applicants.

I am glad that this locational aspect has already drawn the attention of Government. I am very glad that they have equalised the steel prices. That itself, I think, helps the process of equitable regional development. We had a feeling that industries can be developed only at the sources of the raw materials. I think it is an out-moded theory. Actually, the transport of raw material on the whole is cheaper than the transport of finished goods because raw materials can be transported in bulk while the finished goods require more elaborate packing.

That differs from industry to industry. If you despatch a scientific instrument, then, it takes much more in packing. If you are despatching sewing machines it is quite costly as far as packing is concerned. But if you are despatching only iron bars you do not have to do any packing. Therefore the idea that industries must necessarily be located at the sources of raw material should not now weigh very much with the licencing authority. The licencing authority should give weighty consideration to this question of development of the country on an equitable basis.

There is one more point and that is relating to the appellate authority. I know that at present the system is that when a licence is refused, the applicant is asked to apply to the Ministry if he wants to appeal. Although the appeal goes to the Ministry, the decision is taken by the Minister concerned. There have been some cases where the appeal has been accepted but the cases have been very few. Actually, there have been one or two glaring instances where, in the opinion of the Licencing Review Sub-Committee to which my hon. friend the Minister referred, the licence ought to have been granted but was not granted. In such a case, if there was a proper appellate authority, perhaps, injustice would not have been done.

I know the difficulty in evolving a suitable appellate machinery. But, we have the Review Sub-Committee which meets once a year. My suggestion is that the Review Sub-Committee should meet at least once in three months. At the last meeting of the Committee I made a suggestion that it should be made to meet at least once in six months. The suggestion was accepted by the Chairman and even by the spokesman of the Ministry. But about ten months have passed now and the meeting has not taken place. Only one meeting will take place in the year. I should like that the Sub-Committee, if it is invested with the powers of the appellate authority, should be made to meet

every three months so that it could look into the rejected cases and make suitable recommendations to Government. I do not say that its verdict should be final. But what I suggest is that whatever the Review Sub-Committee says must be carefully examined by the Minister concerned and that he should normally accept its recommendations.

I would also make the suggestion which I had made at a meeting of the Review Sub-Committee that the papers relating to the licences should be circulated more regularly. What I am saying becomes relevant in view of the fact that the hon. Minister referred to the remarks of the Review Sub-Committee. At present, the members of the Review Sub-Committee get all the papers in one bundle with the result that there is hardly time to scrutinise all the cases very carefully. I must say that I myself was responsible for the very wholesome compliment that has been referred to by the hon. Minister. But, on going through the cases again and examining them in greater detail my conclusion has been somewhat different as will be evident from the remarks which I made in the beginning of my speech.

**Shri V. P. Nayar:** Mr. Deputy-Speaker, I would not have participated in the debate at all but for the two preceding speakers, Shri G. D. Somani and Shri G. L. Bansal. A complaint was made that usually the Licencing Committee takes on an average more than 3 months for the issue of a fresh licence. Shri Somani said that that was preventing the growth of certain industries. Shri Bansal went a step further and said—he gave facts and figures—that out of 660 applications some 30 have been submitted to the Licencing Committee 3 months after receipt in the Ministry and some 40 per cent have been submitted after 4 months and so on like that.

I asked a question also as to which were the main industries in which the licences were so delayed by the Licencing Committee and I asked that

question with a purpose. The answer has already been made that there has been delay. I do not advocate nor do I justify the delay of 3 months. But there is bound to be delay in view of the complexity of the problems. Shri Bansal himself said that when you think of a new industry, it is an old idea to think that the industry should be located at a place where the raw material is abundantly available. He gave the example of steel and said that if steel is rolled it does not require any packing while, on the other hand, if you manufacture sulphuric acid or nitric acid it requires very elaborate and costly packing for transport. That precisely is the argument which I want to give for the complaint which Shri Bansal and Shri Somani also made. You must understand the context in which these things are applied. It is not as if these industries can be given the consideration they deserve overnight and permits granted or licences granted. This morning we have had a discussion on how a unit which was supposed to have been constructed or erected on the request of the previous Government for the manufacture of calcium carbide remains today the most uneconomic unit. We want to prevent that. We do not want industrialists to take advantage of the provisions of certain Acts or the concessions which Government can give for setting up industries at wrong places and avoiding others from entering in the field. There are certain advantages which I can point out. Supposing tomorrow an industrialist applies for a factory. We have to weigh so many pros and cons; we have to take into consideration several aspects which would not have been at all necessary some time back. We are thinking in the way of a planned development, as was very rightly pointed out by Shri Somani. We know of the case of cement factories, for example, in wrong places. That is why the Tariff Commission had to enquire. The hon. Member knows that in the case of cement factory in Travancore-Cochin and in some other places, the Tariff

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[Shri V. P. Nayar]

Commission has been obliged to recognise that there is an increased cost of production. Why? Because at the time when the factory was licensed, it had not been possible to weigh all the considerations, and it was allowed to be guided by the whims and caprices of one enterprise or another. Although I do not subscribe to or justify the delay of three months or four months in the issue of permits, I would very strongly urge upon Government even at the risk of delay not to issue permits in a haphazard way unless and until Government are perfectly satisfied that this and this place alone shall have the industry, and this and this firm alone can be given. It has been posed by Shri Bansal in a very very clever way. Supposing an industry does not get permission to start a factory or manufacture for a few months, what happens? It all depends very much on the nature of the industry. Supposing it is a biscuit factory which can be included within those schedules, where is the harm in having a delay in granting the licence? I fail to understand it. It is a long list, that is what I understand, and that long list cannot consist of names each belonging to a particular industry; it must be a group of industries. I can understand, for example, if a person applies for the manufacture of antibiotics, and if that is delayed, then certainly the Government has to be put into the dock, or if there is any other vital industry which is necessary and for which the application has been made but deliberately delayed, or again an industry for which Government had all the means of finding out where and at what place and by what agency it should be run, it is understandable. Shri Bansal made a point also that when one industry was promised foreign collaboration and when a licence was applied for, it took six months. Am I correct? On certain conditions of collaboration Government did not agree. I want to say something about this. It is certainly a field in which Government ought to

be more cautious, knowing as we do from our experience that it is not always the case where the foreign collaborators come for the industrial development of our country.

Take the case of our petrol refining installations. I was surprised to read even the Planning Commission admitting that because we did not have a particular insistence on the crudes which were offered to be selected for the petroleum refineries, today we are not in a position to compel them to manufacture one of the most essential requirements, the lubricating oils. The crudes which are being distilled by Burmah-Shell, Standard Vacuum Oil Company and Caltex will not yield any of the lubricating oil requirements of this country, because at the time when the factory was set up, our Government did not compel them to select the particular crudes from which apart from distilling aviation spirit and motor spirit, we could also have made use of the waste for the production of lubricating oil which is as essential as any other oil for the country. That mistake we want to avoid.

Take the agreement of the Imperial Chemical Industries helping the Haffkine Institute of Bombay. The other day the Health Minister laid on the Table a statement showing the details of the agreement between the Imperial Chemical Industries and the Government of Bombay. Certain synthetic anti-malarials, for which the Imperial Chemical Industries had a monopoly, were supposed to be given for manufacture to the Haffkine Institute. When I read through the agreement, I was shocked because one of the conditions which pinned down the Government of Bombay and the Haffkine Institute was that that particular undertaking should not produce the very much required synthetic anti-malarial, paludrine, for more than a particular quantity, that is, 10,000 pounds or so. Over and above that the Haffkine Institute could not manufacture, but the Impe-

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rial Chemical Industries under the same agreement, was allowed all the right to manufacture any other substitute anti-malarial synthetic drug and sell it in the market as it pleases. Things like that we want to avoid. We want to prevent foreign collaboration of that nature. If the foreign collaborators had been very well with us and if they had been motivated only by the desire to give India a better industry, I could have certainly understood that there should not have been any delay. Especially in the case of companies and in new fields where we know that foreign collaboration is required or where we cannot get on without foreign collaboration, I am not against getting foreign collaboration on decent terms, but on any terms, because certain articles are very very vital, I am not for the development of our economy. I am not going to share the position of Shri Bansal for this reason that if you analyse most of the agreements between a foreign collaborator and an Indian entrepreneur, you find that the conditions have been very very obnoxious so far as the interests of the Indian industry are concerned.

I am, therefore, suggesting that whenever there is a smell of foreign collaboration, whether it is patent or hidden, Government should take double precaution to ensure that the collaboration does not result in any way in hampering the progress of the industry.

Having said this, I would like to say something about certain entries also. I personally feel that although the Industries (Development and Regulation) Act of 1951 gives certain powers, I do not find many cases in which those powers have been used, except in the matter of licensing. If the hon. Minister can give an undertaking that he will use the powers to the extent possible, then I can give him several instances in which Government have not other go but to interfere immediately. I am giving an instance. Last year when I was in Madras, a complaint was brought to my notice of

one of the carborundum companies having imported certain articles. I had access to the entire correspondence in which the Indian representative, who happened to be a foreigner, wrote to his British principals that when he packed and forwarded the particular machinery, it must be labelled as such and such so as to escape the high import duties. I sent it to the Finance Minister; presumably it is in his waste paper basket, I do not know and I have not received any reply from him.

Things have happened, especially in the abrasive and grinding wheel industry, it is very bad. I earnestly ask the hon. Minister to look into that. It is not as if you should control the licensing alone. Take for example the food processing industry. I find, as Shri Bansal said—I agree with him here—that it is not a very happy classification. Of course, there could have been a slightly better classification, but I am not supposed to be an expert to suggest that. But here I have certain genuine doubts, and I would like the hon. Minister to answer me when he gives his reply. Under food processing industries, we find canned fruits and fruit products—that is one item. Does it mean “canned fruits and canned fruit products” as you normally interpret the law, or does it mean “canned fruits and all fruit products”? If all fruit products are included in it, even dry fruits will also come in. It is not necessary for canned or tinned or bottled fruit products. Things like that could have been avoided. Then there are other processed foods. There is an industry in which 75,000 women find work in my State and which is on the brink of a crisis—it is the cashew-nut industry. Although it is called a processing industry, there is very little processing; it is only decorticated and cracked and fried. That industry has been facing periodic crises. It is already in the schedule. Times without number the Government of India's attention has been particularly drawn to the periodic crises of this industry. What has



[Shri V. P. Nayar]

been done except that even when we put questions in the House, very often the hon. Ministers on the other side give us answer that it has not been possible to collect the information? For a simple question asking for certain information, the Government takes sometimes three months. Why do you find fault when a license is not issued for three months? It is very natural.

In such cases where an industry is already included within the scope of one or the other of the item—just as cashewnut will be included among the items under 'other processed foods'—we find that the response from the Government, when certain aspect of industry are leading to a crisis and when it is pointed to the Government, is poor. It is sitting idle. For instance, in this particular matter, we have consistently from 1953, agitated—my friend Shri A. M. Thomas and Shri Achuthan will lend me support that this particular industry required tackling at a governmental level in a particular way. We have said that that industry is in a crisis today because of the import of raw nuts which amounts to fifty per cent of our requirements being in the hands of three monopolists in Bombay. I have asked the Government to give us the names of those monopolists but the Government says that it has no information. All the aspects of the industry which come within the purview of this schedule should be taken. It is not as if the decortication of cashewnut that alone—should form part of this schedule. All allied aspects of the raw materials side of the industry should also be taken into consideration. Government should pay more attention to these things. I am not at all grudging the inclusion of all the items proposed or even some more.

Take the case of chemicals. As I told the House this morning, I am not a chemist nor do I understand even the fundamentals of chemistry. (Interruptions). The chemicals

include several items such as fertilisers, inorganic heavy chemicals, organic heavy chemicals, fine chemicals including photographic chemicals, synthetic resins and plastics, etc. I want to know if some articles will come in any of these categories. For instance, take crude sulphur. I just do not know whether it is organic or inorganic.....

**Shri M. M. Shah:** Inorganic heavy chemical.

**Shri V. P. Nayar:** I do not consider sulphur to be heavy.

**Shri M. M. Shah:** In chemical terminology, it is a heavy chemical.

**Shri V. P. Nayar:** This is what I want to know. Sulphur could have been given a separate place. The consumption of sulphur is a positive indication of the industrial development of a country. Unfortunately, our sulphur position is very bad and we do not have enough sulphur. We have to import. Sulphur is the basic requirement for any industry, not merely the chemical and pharmaceutical industries, but many other industries. I do not find it.

Take for instance vitamins. Where does it come? Does it come within the fine chemicals or any other chemicals?

**Shri M. M. Shah:** Drugs and pharmaceuticals.

**Shri V. P. Nayar:** It is no drug nor a pharmaceutical product. Vitamins are something which are used in pharmaceuticals.

**Shri M. M. Shah:** It is a drug. (Interruption.)

**Shri V. P. Nayar:** I just do not know. I am suggesting that there may be lacunae and they should be rectified. I am pointing out this aspect because I understand that there is an attempt made for the manufacture of vitamin A, especially from the lemon grass oil

which is abundant in my State. A private man may want to make it. Manufacture of vitamin A is being contemplated and I do not know when we will be having a factory to manufacture it. There are other vitamins which we can manufacture in India without much difficulty. Take again the scorbic acid. I just do not know. Ordinarily, I am told that it comes under heavy chemicals. Is it a fine chemical or pharmaceutical or drug? I do not understand any of them to include vitamins. In the context of the development of the pharmaceutical industry, it is very necessary because most of these patents or most of the other drugs and pharmaceuticals which we have, have a dose of vitamins. Vitamins offer the panacea for almost all kinds of diseases—they say so rightly or wrongly. We have to have vitamins for their nutritive value which is undisputed.

Again in paints I do not find—possibly I may be wrong—titanium oxide.

**Shri M. M. Shah:** It comes under paints and varnishes and under inorganic heavy chemicals

**Shri V. P. Nayar:** It is a component of paint. Paint, as I understand, is something which is ready for use. It may be cellulose paint or lacquer paint, varnish paint or some other paint.

**Shri M. M. Shah:** Then, perhaps all the chemicals and all the engineering and other products will have to be listed and then it will contain over a million products.

**Shri V. P. Nayar:** I am not arguing for the sake of argument. There are certain general categories which include specific items.

**Shri A. M. Thomas:** What is my hon. friend suggesting? Does he want the genus or the species?

**Shri V. P. Nayar:** I know the difference between the genus and the species. In chemistry there is no genus and species. Please do not confuse it with biology. I only want

a general grouping to be indicative and I have some specific cases where I have personally some doubts.

Under the item headed 'glass', I find six articles listed: hollow ware, sheet and plate glass, optical glass, glass wool, laboratory ware and miscellaneous ware. Unless you take the glass used for packing injectibles as miscellaneous ware, it cannot come here. The pharmaceutical industry has complained that the sterile glass manufactured in India does not conform to the pharmaceutical standards. The result is that what is packed inside gets deteriorated much quicker than the due date.

Take the case of ceramics. This item includes; fire bricks, refractories, furnace lining bricks, China ware and pottery, and sanitary ware. I want the hon. Minister to let me know whether the porcelain requirements of the electrical industry will come within any of these categories.

**Shri M. M. Shah:** That is China ware and pottery and all that. Usually, most of the headings are indicative of the categories of industries to be included. The components are illustrative. So, you will see that all ceramics are included under this heading.

**Shri V. P. Nayar:** The difficulty will arise when somebody wants to have a factory and applies for the requisite permission. When you have given a general heading of specific details, anything specific other than those included within the general heading, will not come in and no court will consider it in any other light. A potter will also have to come for a licence because he used China clay; that is the basic material for ceramics.

**Shri M. M. Shah:** Anybody employing less than fifty persons does not come within the purview of this clause. Otherwise, pottery also is likely to come in.

**Shri V. P. Nayar:** Suppose there is a co-operative society engaging 200

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people and it starts a factory for potteries on a cottage industry basis.

**Shri M. M. Shah:** They have to take a licence.

**Shri V. P. Nayar:** It is absolutely irrelevant under this clause. (*Interruptions.*)

**Mr. Deputy-Speaker:** Order, order. This should not develop into a private conversation.

**Shri V. P. Nayar:** I am only requesting the hon. Minister to consider whether this will stand scrutiny in a court of law. We do not wish for disputes or invite them to be taken to a court. But, if there is one, then what happens? Let us also find out the holes and plug them.

A point was made about the locational aspect. I do not find Shri Bansal here. He said that it was not always the raw material aspect or even the supply position of other articles which should guide the Government in taking a decision as to the location of a particular factory. I submit with due respect, that that has to be considered in certain cases.

Take for instance, the backward areas where there are special problems which call for industrial development more urgently than the other parts of India—I mean the States in the south of India where there is over population with the heaviest density of population, where the pressure on agricultural land is the heaviest, where the per capita land available is one-third of the rest of India, where there are no basic industries and where the consumer industries which we have, have periodic crises. What is the position in such areas? Suppose three persons apply—one from the State of Travancore-Cochin, one from Punjab and another from Uttar Pradesh—for a milk-producing factory. In that case, I submit, preference ought to be given to a person who applies from Travancore-Cochin for the simple

reason that per capita consumption of milk in Kerala is only one ounce whereas the Punjab it is about 16 ounces. In such cases the locational aspect is certainly a paramount consideration and you cannot brush it aside.

**Mr. Deputy-Speaker:** Shri Bansal did not object to the locational aspect of the question. What he objected to was that the officer had passed some orders and there was some under-hand dealings.

**Shri V. P. Nayar:** I could have understood if he had stopped with that.

**Mr. Deputy-Speaker:** He said, if that was done as a matter of policy and the announcement was made in advance then this aspect should be considered.

**Shri V. P. Nayar:** Sir, I know him to be the chief spokesman of the Industrialists here. He did not confine himself to those remarks. He went on to say that the theory of locational importance is outmoded. That was the very phrase which he used. If it is outmoded, I submit, with my very limited knowledge of the industrial picture of India.....

**Mr. Deputy-Speaker:** The hon. Member should not make it a point to answer it necessarily because it has been proposed by Shri Bansal.

**Shri V. P. Nayar:** No, Sir, I am meeting his point in order to press the claims of my State. I am sure Shri Thomas who will speak after me, will also touch this point. We have certain problems. I had several discussions with the hon. Minister on these problems. The hon. Minister knows that certain industries, although they may not be very justifiable, have to be established in Travancore-Cochin and other parts of Kerala. At present he is thinking about steel fabrication plants. Where is the steel in South India? I do not know about the availability of steel there except from

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the Bhadravati steel works. What is produced there may not meet the requirements of fabricating of two or three plants. But the Minister is already thinking in terms of setting up one or two plants. We have got to develop the engineering industry. If the locational question is considered then certainly we have no claim. Therefore, what I say is, neither are we locationally at an advantage nor are we placed in an advantageous position in respect of the availability of raw material. Even then the Government of India have necessarily to go out of the way and permit certain industries being started at some places only because such places will have certain very very acute problems which cannot be solved otherwise.

I do not want to take any more time of the House though we have plenty of time and I visualise that the debate might even collapse. I do not want to say anything further except to request that the Government should not confine its activities merely to the licensing of factories. Especially in the case of factories which have been started under licences issued by the Government, the Government should assume an overall control. The Government should keep their production, their expenditure, their profits and their general working in complete control so that they may play a vital role in the development of our economy.

**Shri U. M. Trivedi (Chittor):** Mr. Deputy-Speaker, Sir, I am not going to spin the yarn as long as my predecessor did. I do not know much about these industries, but what I feel is this. The whole picture as presented today brings out one thing in very base-relief and it is this, that either this country belongs to the capitalists or to the communists and to nobody else.

**Pandit K. C. Sharma (Meerrut Distt.-South):** It belongs to the people.

**Shri U. M. Trivedi:** The debate on this Industries (Development and Regulation) Amendment Bill indicates

that it is only these people who are in the know of things and nobody else.

**Mr. Deputy-Speaker:** That is why, I think, the hon. Member had to stand up.

**Shri U. M. Trivedi:** Yes, that is the only reason. I am talking only of the middle-men and not of these big people. At one end there is the picture as presented by my hon. friend Shri Bansal saying that the licensing of industries may be carried out and the factories may be located at places where the industrialists think such factories should be started without any thought whatsoever as to whether raw material is available at those places or not. He says that industries should be started at places where the capital lies. At the other end is my friend Shri V. P. Nayar who suggests that only some particular type of considerations should weigh and everything must be concentrated at places where the Communist Party is very strong, everything must be at Travancore-Cochin and nowhere else. My personal submission is this.

**Shri Bansal:** As you are distorting both the sides I do not mind.

**Shri U. M. Trivedi:** I do not know whether I am doing that or I heard you twisting the whole thing. However, as strong words do not break bones I will allow you to use any strong language that you may like.

The whole difficulty is that control itself is very bad. Why should the Government step in and have all the industries enumerated here completely controlled by licence? Why should private enterprise be deprived of its right to carry on any industry that it chooses to carry on? In our country we could have very easily said that control must be exercised for the purpose of not allowing aliens to develop any industry. Why should Government have thought it fit to add to the list of already controlled industries? There are already 42

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industries which are already controlled. To that they are adding another 31 industries.

If you look into the list you will find that even storage batteries and dry cells are included. If ten or twenty persons who know the process of manufacturing dry cells form a co-operative society and they want to develop that industry in a small village near about Delhi, they will have to apply for a licence and it may not be granted by the Government for four months.

**Shri Bansal:** They need not apply. They will get exemption.

**Shri U. M. Trivedi:** Under what law?

**Shri Bansal:** Here is a clause exempting small-scale industries.

**Shri U. M. Trivedi:** Or, if they have more than 200 men working.

**Shri Bansal:** There is no "or"; it is only in respect of small-scale units.

**Shri U. M. Trivedi:** If that is the case, why have these agricultural implements been brought into the picture for the purpose of control? Supposing some ten or fifteen—nowadays even ordinary plough costs as much as Rs. 100—join together to manufacture ploughs, their capital certainly will go beyond the limitation put and therefore they will have to apply for a licence. It is quite true that people living in big cities—who are controlled by people like Shri Bansal—like Calcutta, Delhi or Bombay, who know all these affairs, will be the only persons who will reap the benefit of these provisions. People living in villages or small towns may not know even the existence of this law. They do not know how this law works. As Shri Bansal himself was pointing out, only people who have got pals, only people who can influence officers and Ministers will be able to get things done. Only those

people will be able to get licences. If that is the object in view, it is not fair.

**Mr. Deputy-Speaker:** I have been trying to follow the hon. Member and I find that the middle-man is attempting to draw from both sides and is not contributing anything of his own.

**Shri M. M. Shah:** I may just clarify one point. The small industries do not come under the purview of this Bill. Anybody setting up less than 50 people do not come under the purview of this Bill.

**Shri U. M. Trivedi:** Very good. Apart from that, what I say is this. If the idea is that only people living in big cities like Calcutta, Bombay, Delhi or Madras should benefit, it is not fair. These are the people who will be in the know of things. Under the new theory propounded by Shri Bansal, these are the only persons who will be able to establish factories in big cities. He says that the factories should not be established at places where the raw material is obtainable. We have, in trying to industrialise our country, somehow or other over-stepped the limits, and we are breaking up the villages and dragging the people from the villages to the cities. Instead of establishing factories at places where the raw material is available, we are now trying to have factories at places where the rich persons live and where the standard of living is now being brought down to such a callous condition that the slums of Bombay and the slums of Delhi cannot be cleared by this process. It is, therefore, desirable that when a licence is being granted, care must be exercised. But then, I am not in favour of this licensing system at all. Even if it is a question of Rs. 1 lakh, I would say that this is not the method of controlling this whole show. In other words, the Government have stepped into every little thing which is an ordinary day-to-day affair of the country.

Further, a capital of Rs. 1 lakh is no capital at all today. It is the very

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minimum that would be required even for a small industry. In having this control over the industries, the controlling hand of the ruling party will become very apparent, and that is what I was suggesting when the Chair pulled me up for having said something which he thought was not very relevant. My submission is this. If the object is that the industries should be controlled through licences which would be granted by virtue of this provision, then, such licences will certainly be granted according to the law laid down by the Government. Therefore, even if a man wants to invest about Rs. 1 lakh or Rs. 2 lakhs, why should he go to the Government for applying for this licence? If, as things stand, and as Shri Bansal himself was saying that it takes about three or four months before some pull is exerted, then, I say that it is a very clear case to show that such a thing should not happen. If it was something like a post-office, so that one can just go and take the thing desired or if it was like purchasing something else, say, paying court-fees, and having the thing done, it would have been all right. It would be something. But here, it is not like that. The Government has a controlling hand. That feature, so far as our country is concerned, is not a feature which can be looked into with any qualm.

It appears to me that there is something fishy about this.

**Shri Tek Chand (Ambala-Simla):** That is because you are a vegetarian.

**Shri U. M. Trivedi:** In the Statement of Objects and Reasons, the Government do not give any indication why it has become very solicitous for those who have cheated the Government in obtaining licences. Why should the Government after six years, say—and how has this idea dawned upon the Government—that those who have been ‘cheats’, ‘deceits’, people who could be said to have committed an offence under the provisions of section 420

of the Indian Penal Code, should be looked upon with grace? The healthy provision which appears to have been put in the old Act is now being repealed. Why should it be done?

I say that the provisions in clause 2 are these:

“in clause (b), the words “on the ground that it had been obtained by misrepresentation as to an essential fact” shall be omitted;”

“Misrepresentation as to an essential fact”. Those are the words used. They will be omitted. Has it been found out that there have been many people who have committed this fraud upon us? Has the number been so numerous as to indicate to us that it will be hitting too many people, that it will somehow or other throttle the industries which have been started? What are the reasons for this amendment? I see absolutely no indication whatsoever, why the Government have come forward with such a measure. It is up to the Government to come forward with a full statement of Objects and Reasons. The Statement of Objects and Reasons should not merely contain what the Government are going to do. As it is, the Statement of Objects and Reasons is just a fallacy, and it is begging the issue. If you want to amend the provisions, you may do it. Well and good. But the amendment must be indicated in the Statement of Objects and Reasons. On the other hand, the Statement of Objects and Reasons just says that “The Industries (Development and Regulation) Act, 1951, which has brought under the control of the Union 42 industries by reason of the declaration contained in section 2 of that Act, enables the Government to secure the development of those industries in conformity with its industrial policy.” So, “The Schedule is now proposed to be amended in order to bring,” etc. The Statement of Objects and Reasons does not indicate why any change is contemplated in the existing healthy provision. It does not show who has misrepresented, who

[Shri U. M. Trivedi.]

had done wrong and played fraud with the Government. His licence will be put up on a par with those honest people who are honest enough to place all the facts before the Committee! I can well realise it.

The very purpose of the Statement of Objects and Reasons is that you must say why a particular amendment is being sought. For instance, another amendment which is provided in clause 2 says as follows:

"(ii) in clause (d), after the words "which has been registered", the words "or in respect of which a licence or permission has been issued" shall be inserted".

The Statement of Objects and Reasons, in relation to this amendment, says:

"The second amendment in this clause covers licensed undertakings which seek to effect substantial expansion".

That is good, but the explanation ought to be there. But the explanation is missing except that it shows what the Government are going to do.

**Shri M. M. Shah:** The hon. Member was absent when I elucidated every provision made in the Bill. All explanations were given as to why a particular amendment is inserted.

**Shri U. M. Trivedi:** I am very sorry. The Minister might have done it. I quite accept that. He might have given the explanations. But what I say is this. The explanation ought to be given in the Statement of Objects and Reasons. The Statement of Objects and Reasons is meant for this purpose. But the Statement of Objects and Reasons is completely silent on this point. That is my point.

Therefore, my suggestion is this. In future, whenever such a law is being brought before the House, the Government should see to it that all the facts which can enable the Members of this House to study the law fully and to apply their minds fully,

should be given. They need not have all the volumes brought together, but the Members must be enabled to know what law is being sought to be made so that they may exercise their mind over it.

सेठ अचल सिंह (ज़िला आगरा—पश्चिम) : उपाध्यक्ष महोदय, जो बिल हमारे सामने है, उस का हम स्वागत करते हैं, क्योंकि जब तक हम अपनी इंडस्ट्रीज़ को पूरी तरह डेवेलप नहीं करते हैं, तब तक हमारी सैकंड फाइव यीअर प्लान कामयाब नहीं हो सकती है। इस के अतिरिक्त इंडस्ट्रीज़ के जरिये ही इस देश के लाखों लोगों को रोज़गार मिल सकता है और बेकारी काफी हद तक दूर हो सकती है। प्राइवेट सैक्टर में तेईस सौ (२३००) करोड़ रुपया इंडस्ट्री में लगने वाला है। इस बिल के जरिये जो ३१ इंडस्ट्रीज़ को कंट्रोल में लिया जा रहा है, वह तो ठीक है, लेकिन अगर सरकार सिर्फ इंडस्ट्रीज़ को कंट्रोल करती रहे और उन की डेवेलपमेंट न करे, तो यह बिल लाभदायक नहीं हो सकता है। कंट्रोल के साथ ही साथ डेवेलपमेंट होना निहयत जरूरी है। गवर्नमेंट को देखना चाहिये कि कौन कौन सी इंडस्ट्री कहां कहां स्थापित हो सकती है, किस को क्या सहायता, सलाह और ग्रान्ट मिल सकती है। उसी अवस्था में वे इंडस्ट्रीज़ सफल हो सकती हैं। हमारे देश में इंडस्ट्रीज़ की बहुत कमी है। हमारे यहां करोड़ों रुपये का माल विदेशों से आता है। अगर हम अपने देश में इंडस्ट्रीज़ को तरक़्की दें, जैसा कि इस बिल का उद्देश्य बताया गया है, तो इससे अच्छी बात कोई नहीं हो सकती है। इंडस्ट्रीज़ के जरिये ही हमारे भारतवर्ष की प्रत्येक मनुष्य की इनकम पच्चीस परसेंट से पैंतीस परसेंट तक बढ़ सकती है जैसे कि द्वितीय पंचवर्षीय योजना में है।

मैं यह जरूर चाहूंगा कि जो इंडस्ट्रीज़ गवर्नमेंट कंट्रोल में हैं उनके लिये यह जरूर

## Amendment Bill

देख लें कि उनमें कम्पीटीशन न बढ़े । अक्सर मैं ने देखा है कि एक एक शहर में एक किस्म की कई कई इंडस्ट्रीज हो जाती हैं और उनमें कम्पीटीशन बढ़ने की वजह से वे इंडस्ट्रीज अधिकतर फेल हो जाती हैं । इस बात का गवर्नमेंट को पूरा ध्यान रखना चाहिये कि गवर्नमेंट कंट्रोल इंडस्ट्रीज में प्रतियोगिता न हो, कम्पीटीशन न हो ।

इसके साथ ही साथ मैं ने देखा है कि इंडस्ट्रीज को लाइसेंस प्राप्त करने में काफी असुविचार्यो होती हैं । कम्पनीज को लाइसेंस हासिल करने में बड़ी परेशानी होती है । मेरे सामने एक केस एक बीविंग मिल का आया है जिसमें उसके मैनेजिंग एजेंट ने लाइसेंस के लिये एप्लाइ किया था और बड़ी मुश्किल से जाकर उसको वह लाइसेंस मिल सका । उससे कहा गया कि जब तक काम नहीं चलता तब तक तुमको एक हजार रुपये सालाना बतौर रैमुनेशन मिलेगा । अब आप स्वयं समझ सकते हैं कि एक हजार रुपये साल में कोई भी मैनेजिंग एजेंट कैसे काम कर सकता है । मेरा निवेदन यह है कि इंडस्ट्रीज को कंट्रोल करने के साथ साथ उनका डवेलपमेंट होना चाहिये और उनको अच्छी सलाह मशविरा और आउट और लोन वगैरह मिलना चाहिये ताकि उनसे जो आशा रखी जाती है उसको वह पूरा कर सकें । इन शब्दों के साथ मैं इस विषयक का समर्थन करता हूँ ।

**Shri M. M. Shah:** I am very grateful to the hon. Members for the warm welcome that they have readily given to this amending Bill. It also appears from the observations made by practically all the hon. Members that the Act has succeeded in its original purpose. This is more a promotional measure rather than a purely restrictive measure.

My friend, Mr. Bansal, has emphasised the delays in the disposal of applications. As I have already said, in October, 1956, the number of appli-

cations pending before Government was 176, barring the applications for textile mills and re-rolling mills and in another one month, as I indicated, I do not anticipate more than 49 or 50 pending applications. This only goes to indicate that due care is being exercised in an increasing manner to see that all delays are obviated and an expeditious disposal takes place of all applications for licences. I might also submit to the House that this is not merely a stamping authority, so that as soon as an application is received, immediately it should be sanctioned.

Several hon. Members have pointed out that the main purpose of this Act is to have a planned development of industries in the country and some time will always be necessary in order to elicit the necessary facts from the State Governments and different ministries etc. regarding the various matters connected with the industry. There are other matters also like the targets that have to be continuously kept in view before a licence can be given. It is true that the targets envisaged in the Second Five Year Plan are not the maxima, but the minima and as our hon. Prime Minister has several times emphasised, in a country so under-developed as ours, which is trying to develop very fast in an accelerated manner, the targets should be reached much earlier than the time fixed. As this hon. House is aware, the targets of several industries are almost  $2\frac{1}{2}$  to 3 times the present index of industries in this country. They will all be necessarily reached practically in every category of industry. In my preliminary observations, I have given an analysis of the several important industries in which targets are already being fulfilled. I am glad to inform the House—and the House will be glad to know—that in more than 50 per cent of the industries, the licensing of the establishment has already been approved of to reach the targets of the Second Five Year Plan. If the speed is maintained, and the climate and tempo generated in the country



[Shri M. M. Shah]

as a result of planned activity increases, we are sure that we will be able to reach the targets in the remaining industries also within a very short period.

Another point made by some hon. Members was about the amendment of the classification that has been sought to be made in the present amending Bill. We have tried to rationalise the classification and make it as scientific as possible; but, there can always be a slight difference of opinion between one category of industries being placed under one class and another category under another class. For instance, my friend Shri V. P. Nayar was pointing out that the classifications are not complete, whether porcelain would come under ceramics or electrical industries etc. The value of this Schedule is purely indicative. This is an illustrative schedule and by putting a particular industry in one class or another, it neither takes away the importance nor increases the importance of that industry so that it may receive a higher priority at the hands of the licensing committee. The whole Schedule was considered in the Central Advisory Council for Industries and it was drawn with the concurrence of the members. As the House knows, the Council is represented by industrial experts, technical experts, representatives of the consumers etc. The categories have been worked out with their full concurrence. If in the course of the working some changes are found necessary, as suggested by hon. Members, in respect of any industries, I shall be most glad to make the necessary changes.

I do not want to take up much time of the House. If any hon. Member brings to our notice any case of delay, or somebody used a stronger word "bias" or "vendetta" towards particular industrialists in the licensing committee, I can categorically give the assurance that all such cases will be promptly looked into and remedied. It is a body composed of representatives of the Ministries con-

cerned, the Planning Commission and the various Directors of Industries of State Governments; I have seen it working from close quarters even before I came here and it passes my comprehension that such a body will have any bias towards particular industries or industrialists. The House has already provided a wholesome remedy for such a type of lacuna. As the House is aware, the Central Advisory Council every time appoints a committee which also consists of Members of both Houses of Parliament to consider the work of the licensing committee. The report of the Kunzru Committee to which I have already made a reference is a pointer in this regard. On the whole, we may rest assured that the licensing committee is trying to work in a very satisfactory way.

About the location of industries and regional development, the Government and the Planning Commission have from time to time emphasised that the disparities in the development between region and region will be an essential criterion which should be taken into consideration in issuing new licences. I can assure the House that we are taking constant care to see that whenever an area is under-developed in regard to a particular industry, new licences are granted for the establishment of that industry in that area. Some areas may be backward in some industries only. This is taken into consideration by the licensing committee in deciding the location of industries.

I now come to the amendments. The amendments with regard to organic fertilisers and chemicals other than chemical fertilisers were put in at the instance of the Food and Agriculture Ministry, because they wanted it to be divided into two classes.

17 hrs.

Then it was stated about the amendment regarding misrepresentation of facts as to why not that may not be

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omitted. May I draw the attention of the hon. Members to the Statement of Objects and Reasons where it has been clearly stated that it is not the intention of the Government to condone such cases generally. As a matter of fact, in the original statute the provision is already there. We are enlarging the provision so that if any particular industry, on grounds other than misrepresentation of facts discontinues, e.g. stoppage due to strike or lock out, it should also be possible to give the licence again. As Mr. Bansal was saying it is more for regularising rather than considering the application afresh and I can assure the hon. Members that the provision is purely to rectify a legal omission and nothing more than that. It is not considering the whole application *de novo* in cases of factories which have closed down. With these words, Sir, I commend the Bill for the consideration of the House.

**Committee on Private  
Members' Bills and  
Resolutions**

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

"That the Bill further to amend the Industries (Development and Regulation) Act, 1951, be taken into consideration".

*The motion was adopted.*

**COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS**

**SIXTY-SECOND REPORT**

**Shri Jaipal Singh (Ranchi West—Reserved—Sch. Tribes):** Sir, I beg to present the Sixty-second Report of the Committee on Private Members' Bills and Resolutions.

17.02 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Friday, the 16th November, 1956.*