

Shri C. D. Pande (Naini Tal Distt. cum Almora Distt.—South-West cum Bareilly Distt.—North): May I know . . .

Mr. Speaker: No questions are asked when statements are made.

Shri Kamath: On a point of order. When a Minister corrects an earlier answer, does it not become a fresh answer on which further questions can be put ?

Mr. Speaker: Hon. Members will kindly read the statement, and if any important questions arise out of that statement, I am willing to admit them later and give them a fresh opportunity.

DEMANDS FOR GRANTS

Mr. Speaker: The House will now resume further discussion of the Demands for Grants relating to the Ministry of Commerce and Industry. Out of 6 hours allotted, 1 hour and 43 minutes have already been availed of and 4 hours and 17 minutes now remain.

When does the hon. Minister propose to reply ?

Sardar Hukam Singh (Kapurthala-Bhatinda): There is a motion regarding the Forty-ninth Report of the Committee on Private Members' Bills and Resolutions.

Mr. Speaker: That will be taken up at 3 P.M.

Shri Bansal (Jhajjar-Rewari): **Mr. Speaker,** Sir, once bitten twice shy, and today I would like to speak in a way that the reactions of the hon. Minister of Commerce and Industry are not as sharp as they were the other day. After all, we live and learn and I have learnt that the so called humble men, exalted Ministers and *prima donnas* all react alike.

Last year when I was speaking on the Demands, I had occasion to say that the Ministry was suffering from a sense of ennui. I am very happy to say that I won't repeat the charge this year, because tremendous progress has been made by the Ministry during the year under review. Both in the field of international trade and industrial development including cottage industries, rapid progress has been made and the Ministry and the House can well be proud of all the developments that have taken place.

It is a good sign indeed that our foreign trade is diversifying, both commodity and country-wise. There are a large number of new articles which are entering into our foreign trade, and the number of foreign countries with whom we are beginning to trade is increasing. The credit for this goes to the able officials of the Ministry who have done everything in their power to see that the pattern of our trade is diversified. We have been proponents of multilateral trading. I adhere to the multilateral trading system. But now that all the foreign countries and even the mother of free trading countries, UK, are coming more and more towards bilateralism, I am not sorry that our trade is also entering bilateral channels.

Although, as I said, our trade has increased and has got diversified, even then we are facing a large number of difficulties in increasing our export trade, particularly in the South East Asian markets. What are the handicaps we are suffering from? Some are external and some are internal. Among the external handicaps are the double pricing system that is being insidiously adopted by even a country like UK. I have before me a small extract from the *Statesman's* London correspondent's report about a month back where it was reported that the UK traders were indulging in double pricing in their drive for export promotion. They are charging lower price in some cases from the foreign buyers, and higher prices in others where the goods are in scarcity. I won't quote because my time is only 15 minutes. A similar thing is happening in Japan. I understand that until a few months back any exporter who exported goods from Japan was allowed to retain 10 per cent of the export proceeds in the country of export. Now that percentage has been reduced to 5. That means that the Japanese exporter is placed in a position to undercut any other seller in foreign markets by 10 to 5 per cent.

Then another difficulty—partly external and partly internal—is the lack of sufficient shipping space. I understand from importers in foreign countries and even from our exporters that they face this difficulty of getting adequate shipping space, and even if they get some space, the time factor is there and they are not able to get it in less than a month or two months, while I find that in some other countries, say, Japan, if an order is placed, shipping space is made available within three or four days.

Then, there is the question of freight and freight structure. I am glad that the Ministry has appointed a Special Officer to go into this. Perhaps, a report from that Special Officer has also been received. I would very much like the hon. Commerce and Industry Minister to take the House into confidence as to what has been found out by that Special Officer and what steps are going to be taken to remove this difficulty of discriminatory freight rates.

Another point, in this connection, which I want to emphasise is our Trade Commissioner's services. I have had a number of occasions to visit and meet our Trade Commissioners abroad, our Commercial Secretaries etc. Firstly, I find that their offices are not adequately manned. There is no research service attached to them. In most places, there is only one Commercial Secretary or Trade Commissioner, perhaps, with one stenographer. What I am suggesting is that our Minister should send a small team of one of his Ministers and some officers, to the various countries where we are going to develop our trade, to see what steps have to be taken to organise our Trade Commissioners' Offices in such a way that they are able to render greater service in the development of our foreign trade.

There is also the question of status of our Trade Commissioners. I understand that a Trade Commissioner is even lower, in status, than an Under Secretary. Then, it is also not clear as to whether he is under the jurisdiction of the External Affairs Ministry or the Commerce and Industry Ministry. The status must be placed on a stable footing. If they are serving abroad they should be able to look forward to something which an Under Secretary is able to look forward to in this country.

As far as our exports are concerned, I find, from a report of the Indian Textile Delegation to South East Asian countries, that in certain lines we are losing the export market because of the bans we are placing on the manufacture of certain types of goods. Take the case, for example, of lungis and check cloths. The mills are prohibited from manufacturing this type of cloth and the result has been that we have lost our market in Burma, which was quite substantial. My suggestion, therefore, would be that in cases where we are losing our export market on account of these bans, we must see to it that if certain mills are

coming forward to produce those varieties of cloth for the sole purpose of exporting them, then, they should be allowed to do so.

I now come to the industries side, where very heartening progress is being made year after year. I am particularly glad to note that in the year under review, industrial development has increased by about 9 to 10 per cent. In certain lines of manufacture, the production has increased by even 20 per cent. The report of the N. I. D. C. is also before us and I am glad to see that that body has also made some progress, although that progress is only in regard to exploration and study of the various types of industries. It is also heartening to note that a large number of concerns have been approved under the Industries (Development and Regulation) Act and as many as 560, or so, applications have been accepted for the establishment of new industries or development of the established ones.

In this respect, I would like to bring to the notice of the hon. Minister the question of regional distribution. I am one with Shri Asoka Mehta, who has always been emphasising this point on the floor of the House that we must have suitable distribution of new industries all over the country and I am glad that the licensing committee has been taking this factor into consideration. But, I would be failing in my duty if I did not bring to the notice of the hon. Minister that, in some cases, this has not been done in a very open manner. I know of one or two instances where, although the licensing committee has not expressed itself one way or the other, the sub-committees or the officers concerned, who are charged with going into the applications more thoroughly, have been passing hints that the applications will be accepted if only the factory is located in such and such a place. Now, as I said, I am not at all against regional distribution; but, I suggest that there should be a policy statement that industries of such and such type will be allowed to be established in such and such a region only and the impression should not be given that some officers interested in a particular region are trying to force the applicants to go there against their will and, perhaps, against the policy of the Government itself.

There is also the question of steel scrap. As you know, we are exporting steel scrap to foreign countries who are making no other use of it than to convert it into steel. My point has been that

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you should ban all export of scrap. On the other hand, we should try to import scrap, if there are some concerns forthcoming to instal electric furnaces to smelt this scrap and convert it into steel. After all, scrap is bound to be much cheaper than the steel which we are importing from various countries at fantastic prices.

In this connection, I would like to refer to the Development Wing and the organisations connected with the development of industries. I know that the Development Wing has been doing very splendid work. But, I see that there is only one Chief Industrial Adviser at the helm of affairs in that department. I have known how busy the Chief Industrial Adviser is. In the very nature of things, when so many development works are being undertaken, over such a large field, he is bound to be busy and so his organisation. But I would suggest that inasmuch as the entire private sector depends on his advice and assistance for development of industries, it will be, perhaps, worthwhile to have not one but two or three Advisers of his status who could look to various things. For example, there could be one Chief Adviser for Engineering and heavy industries; there could be another for heavy chemicals and allied chemicals and there could be a third...

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): Then he will cease to be a Chief Industrial Adviser.

Shri Bansal: I say persons of his status. There could be another for miscellaneous industries. This, I say because I have heard people saying that at times when they have gone to see some officers, they have been told that the person concerned was much too busy. I know he is much too busy because work is increasing. And, it is only for this reason that I am suggesting that his work should be lightened and other officers of a comparable status should be appointed so that the people who come here to consult him and to seek his advice, from all the four corners of the country, do not have either to wait here indefinitely or go back disappointed.

Shri Velayudhan (Quilon cum Mavelikkara—Reserved—Sch. Castes): Twenty Development Officers are coming, I think.

Shri Bansal: I will now devote the remaining two or three minutes of my

time to small-scale industries. I have noted that in the small-scale industries, a lot of organisational work has already been done. Industrial estates are being founded—about 20 of them are on the tapis. New industrial institutes are also being founded and 4 offices of the National Development Corporation are also in existence. But, here, I want to invite the attention of the House to the fact that administratively the Small-Scale Industries Board and the Corporation are not functioning as efficiently as they ought to. I know that organisational problems are tremendous and they could not be overcome in a day. The size and nature of the difficulty to which I will invite the attention of the hon. Minister will show that a lot of organisational work has to be done and, even though we have to do some radical thinking on this, we must not shirk it. For example, during 1955-56 both the State Government and the Central Government allotted certain funds for loans to be given at a low rate of interest to the small-scale industries. Out of a sum of Rs. 3 crores that was sanctioned, only Rs. 88 lakhs was disbursed. That means the disbursement rate was less than 30 per cent. In another case, where funds were made available for the setting up of small-scale institutes, the amount which was sanctioned was Rs. 1,75,00,000. Out of that only Rs. 14 lakhs was utilised, giving a percentage of just 8. If you look at certain States like Madhya Bharat, Rajasthan and Hyderabad, they did not utilise even a single pie. That, perhaps, shows that unless we gear up the administrative machinery, either by placing these organisations directly under the control of the Central Government, or by taking some other radical action, the development and progress on the small-scale industries front will not be as rapid as we would wish and as is envisaged in the next Five Year Plan.

I am very glad that a lot of research and a large number of research projects are being undertaken to help the small-scale industries. The experts made available by the Ford Foundation and by various other countries can help in this task, but that alone will not serve the purpose. For this, the Directors of industries, their organisations, our own Corporation, our Board and all such organisations will have to dovetail their activities into each other in a manner that rapid progress is made on this very important front.

Lastly, I want to say a word about the organisation of the Chief Controller

of Imports. I am very glad to see from the report that the number of applications dealt with has been increasing and they have all been dealt with very expeditiously. In this respect I would like to pay a special tribute to this organisation, because I had an occasion of coming in close touch with the working of that department when the Indian Industries Fair was on. And I must say that without the help of that organisation and the expeditious disposal of the applications, the fair would not have been as successful as it is reported to have been.

As regard to the development of industries, I would like the hon. Minister to keep a constant watch on the price trend in the country and adjust the programme of industrial development in the light of the price movements. Only this morning it came in the papers that the Prime Minister paid a visit to our Khadi Emporium. And during the course of a brief talk that he gave there, he referred to the Ambar Charkha. We are all very glad, Sir, that experiments about the Ambar Charkha are being made. But I warn the House that we must keep a close watch as to how far our textile production has to increase and, if it is not allowed to increase, what are going to be the repercussions on our inflationary situation. I am not going to sound a note of alarm at this stage, because I believe that inflation is being kept under check (*Interruptions.*) But, I must tell my mocking friends that when the impact of inflation is felt it will be mainly, on two commodities—foodgrains and cotton piece-goods. I am glad that, as far as foodgrains are concerned, a programme of importing about a million tons has already been finalised. About the textiles, all that I am trying to say is that the hon. Minister for Commerce and Industry must assure the House that he is not against Ambar Charkha in the least and that all the production of yarn by the Ambar Charkha will be bought and made available to the handlooms. There should be no difficulty on that score at all. But, on no account should scarcity be allowed to develop in the country as far as the item of piece-goods is concerned, because, if that happens, there will be nothing to check the inflation in the country. I am sure the House has no difference of opinion on this subject. No one is against the Ambar Charkha and I am one of those who believe that we must patronise it and see that it improves, because improvements must be there. Without improvement the yarn will not be usable. So, I have no difference of opinion with my friends on

this. Only the production of textiles should not be allowed to reach a level where the price will rise beyond the reach of the average man. I am sure, if we take these steps, we will have no difficulty in marching ahead from stage to stage in our next Five Year Plan.

Shrimati Tarkeshwari Sinha (Patna East): Mr. Speaker, Sir, it has been common knowledge that industrial development, along with transport, forms the kernel of the Second Five Year Plan. Though India had a very fine career of industrial development, I would like to mention here that the character of her industrial development has been such as to make the desire for diversification through the building up of heavy industries, very strong and persistent. And so it is gratifying to note that the heavy industrial projects which have been formulated in the Draft Second Five Year Plan are going to make up for the neglect in the First Five Year Plan.

But it is a little unfortunate that in the field of industry, with its luminous future the character of our mixed economy has been greatly debated, and on the proportion of mixture it still remains fluid.

Sir, for some new-born ultra-socialists it has become quite fashionable nowadays to justify all the acts of State intervention in the name of the socialist pattern of society, while on the other hand the spokesmen of the private sector are leaving no stones unturned by decrying the State intervention that we are going to have and we shall have in future. But the supporters of both these theses seem to forget that the problem that concerns us today is not a wearisome reiteration of well-known objectives, but a concrete formulation of the specific methods that will be adopted for realising them; not where we have made up our minds to go—because that is very clear—but how we propose to realise them and how we propose to reach them. I am sorry to feel and say that it is here that our thinking remains very fluid. And with all the talks of public sector and private sector going on, it has provided us with no guideposts to reach the goal. Therefore, when we are launching the Second Five Year Plan, when we are drawing a comprehensive picture of the coming industrial development, all that we can do now is to keep on guessing as best as we can as to what will be the coming shape of future development in India.

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Nobody needs to remind us that the doctrine of *laissez faire* has become quite outmoded in the modern world, and the concept of welfare society or Welfare State has taken deep roots since long in each and every country of the world. The *laissez faire* doctrine had long been given a decent burial in all the countries, including the United States of America, which is supposed to be the bulwark of modern capitalism, because of the fact that the ideology of the *daissez-faire* doctrine carried the doctrine of free enterprise too far. This free enterprise made the business too free, sometimes too wide and ultimately what happened was that the entrepreneur class often lacked not only the social consciousness but also that enlightened self-interest which was the pivot of the *laissez faire* doctrine. And as a result, the welfare of the society went frequently by default. But what I feel is that even if all this is true, it does not mean that we should leave the middle course that we adopted in 1948 and follow a blind extreme, because I feel that we have also to keep on reminding ourselves that if the State can do only a little, it can also attempt to do much and we can create a system of bureaucracy and nothing more if we go on thinking in these terms. So, the question is now this: what should be the optimum combination of the State and private enterprise in our country? There is no ready-made formula for that before us.

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In this connection, I would like to quote Burke who was a great exponent of State intervention. He said:

“One of the finest problems in legislation is, namely, to determine what the State ought to take upon itself to direct by public wisdom and what it ought to leave, with as little interference as possible, to individual exertion”.

We have not drawn out a conclusion on that as yet. I feel that life has become no doubt very complex since the day of Burke, because the functions of the modern State have increased, as you know, beyond recognition and also the State control and regulations has become more and more pressing than ever before. But the problem Burke posed has not yet lost its relevance. It persists in our own days, in every Government or country that respects individual rights or individual duties and cares for the substance of democracy. To solve it, we need

a balanced and careful objective study; and a careful and objective approach to our thinking also. All the dogmas, however alluring they may be, can lead us nowhere. I am sure about it.

I think that all this confused thinking about the private sector and the public sector is due to the fact that we still lack a clear perspective or a clear conception of social duties and social values and social functions of both these sectors. Defined in a broader sense, the private sector has to produce goods, essential goods, in adequate quantities to supply the growing needs and demands. It should produce those goods at the lowest cost with the lowest profit motive and to increase the productive capacity progressively so as to supply the increasing demands in the country. On the other hand, these are the very reasons for the State regulations to be imposed. I have no doubt about that. The State has to see whether the private enterprise does actually fulfil these functions efficiently conscientiously or not. The task of the State, in other words, is to see that the essentials are given priorities over the non-essentials; to encourage efficiency; to lower the cost of production of the different units and to secure a fair deal to the labour force. It should also secure a fair price to the consumer by preventing the growing up of different monopolies and keep enough competition in the field of industry and trade so that the growing demands do not create monopolistic concerns. Lastly, but the most important thing that the State has to see is that the job-creating potentialities, the tremendous potentialities that are lying dormant in the country are given full encouragement. I am sure that everybody will agree that in this matter we have to encourage all the resources at our disposal, either in the public sector or in the private sector, to create new jobs, because that is going to be the biggest problem in the second Five Year Plan.

So, the problem before us is, how far this quality of regulation should go and what should be the quality of regulation and what should be the specific measures to reach it? In regard to these principles, no modern society, no sensible individual, no enlightened individual, can have any objection. So far as the principle of State regulation goes, the State should see that for achieving the maximum social and economic progress in the country, they must have a balanced and objective outlook, because it is a question of why and how the State regulation

can turn the public and the private sectors to the maximum advantage of the country at present.

At the time of the general discussion of the budget—if I remember correctly—or at the time of the discussion on the Insurance Bill, Shri Tulsidas said that the private sector is being treated like untouchables. I think that was a little exaggerated remark on his part. But I certainly feel that some new converts of socialist doctrine are out to decry the private sector and they are decrying it out and out and thus contributing towards creating a thoroughly imbalanced and unscientific outlook in the country. There have been very responsible spokesmen, and they know that their words and their opinion carry a lot of weight but they are unfortunately contributing in creating a thoroughly imbalanced outlook and a little frustrated outlook also—if I may be pardoned for saying so—in the country. Sir, I suffer from no guilt, and I say boldly that this is a totally wrong approach. I think it will be suicidal for the country's future set-up if this atmosphere of mutual ill-will and mutual mistrust is allowed to be developed in the country. It should not be allowed to grow or be grown in the country. We have accepted the principle of mixed economy with a clear conscience. There is no doubt about it, because we feel that we have deep faith on the capacity of the individual to do good for the society. If his capacity is channelised properly, or if he develops social consciousness, he can do as much good to the society as the State or the Government can do. So, I have no hesitation in saying that the Government could follow these principles of mixed economy, with individual freedom and with an overall State control, in our industrial development.

I do not have any axe to grind for the big businessman. I am not at all thinking of the big businessmen of the country or the monopolistic concerns of the country, who are very, very big. I have no axe to grind for them. But what is the psychology, at present, of the lower middle-class businessman of India? He suffers from a sense of hazy guilt for being a businessman. That is his psychology at present. He lacks that exuberant self-confidence which makes or unmakes a man. I feel that it is very unfair on the part of any Government in the world to rob the self-confidence of the individual and thus ruin his capacity to work. They ought to be given opportunities

where they could do some work or service to the country. This sort of unbalanced approach, I think, is very harmful to the nation. Sir, there may be big businessmen like Tatas, Birlas, Dalmias—but there are so many ordinary businessmen also, holding a small unit—if we go and talk to the small ordinary businessmen, those small businessmen feel a hazy guilt for being in business. That is something funny that they are being looked down upon by modern intellectual society. Therefore, this out and out decrying of the private sector should not be encouraged. I would appeal to the hon. Minister that in spite of all the forces that are going on now, he must be bold and face these forces, and he must go forward and clear all these misunderstandings that have grown day-by-day.

Therefore, the task of the present Government becomes very delicate as well as very challenging. Government has to see that it can domesticate but it should not emasculate; it can harness but no oppress or repress; it can control but it should not constrict; it can direct and guide but it should not pull back or hold up the growing enterprises. I should not be misunderstood if I say that sufficient care must be devoted to the private sector. I do believe that in the coming future development, the State has a lot to do. The State will be playing a prominent part in the industrial development of the future. But it should act in a manner as to encourage all the economic limbs of society. An overall operation of the economic patient is needed. There is no doubt about it. But the State must act as a doctor who will operate on the patient for saving him and not killing him. He should not operate on the patient just to kill him. If the State does that, I think it will act as a ruination to society, because I believe that Government can only act as a guardian of society. If the Government wants to act as everything and monopolise every activity, I am afraid the Government will be creating an army of bureaucrats and it is a well-known fact that the size of bureaucracy affects the quality of democracy. That stage should never be allowed to come in this country.

I would now like to draw the attention of the hon. Minister to the promotion of research work in India. Some major industries in India have their own research establishments, but compared to the size of our industries, they are very few and far between. Generally speaking, Indian industries have not taken so far active interest in promoting research. It

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is not due to lack of awareness of the importance of that work, but only due to lack of means. Small-sized business units cannot afford to have these research associations. They have not been able to make much contribution in this regard. Therefore, I would like to submit that they can very well follow the British system and pool all their resources for the common benefit for opening common research associations. They can have co-operative research associations for common industries. Therefore, I would appeal to those engaged in the various industries to come forward and set up different research committees for different industries and also maintain research funds for sponsoring specific projects in national laboratories and university laboratories. I would submit to the Minister that he should make arrangements with the Ministry of Natural Resources and Scientific Research and also with the various State Governments, so that these research centres may have all opportunities of working in all the national laboratories and also in the various university laboratories. For that the Minister must earmark a certain sum annually to be paid to these research centres because if they are left alone, they cannot afford to have these research associations on their shoulders.

I now come to the automobile industry. I would like to say a few words on this. I would like to point out that in spite of all the efforts on the part of the automobile manufacturers and Government the demand for motor cars has not increased to the extent it should. In this fast-moving modern life, car is not a luxury but a necessity. But because of the high price of cars, even persons belonging to the higher middle-class cannot afford to have a car. It is very difficult to find a lump sum of Rs. 10,000 to have the pleasure of owning a Hindustan. But on the other hand it will be very easy to buy a car if there is the facility of the hire purchase system, so that a person can buy a car by paying Rs. 100 or Rs. 200 every month. For him, that will not be an unbearable burden. I would suggest here that some sort of a corporation should be established to advance loans to the car dealers who will fix a standard rate of interest by reducing it to a reasonable extent. At present the rate of interest charged by these car dealers is exorbitant; sometimes it goes to even 20 or 25 per cent. It is very unfair on the part of the automobile industry to oppress the consumer in that way. Unless and

until something is done in regard to this matter, I am sure that in spite of all the efforts, the demand will not increase. So I suggest that Government should come forward and fix a ceiling on the rate of interest and no automobile dealer should be allowed to charge more than that. If that is done, the potential demand for cars will increase very rapidly. The hon. Minister belongs to a very rich family and perhaps he has not had this difficulty. . . .

Shri A. M. Thomas (Ernakulam): Appearances are deceptive.

Shrimati Tarkeshwari Sinha: . . . but, for an ordinary person, even for a Member of Parliament, it is very difficult to possess a car, because of the high price. The Member of Parliament does not afford to invest Rs. 10,000 so that he can enjoy the pleasure of having a Hindustan. If Members of Parliament cannot afford to have a car, what about the middle-class people. If the hon. Minister is serious about increasing the potential demand of the cars, I would appeal to him to come forward and give a bit of his genius mind to this problem also.

Shri G. D. Somani (Nagaur-Pali): The report of the Commerce and Industry Ministry gives a cheerful account of the recent trend of production of several industries which are under their charge. It is really a very good augury for a more ambitious programme of development under the second Five Year Plan.

The Ministry performs the role of promoting and encouraging the establishment and development of industries on the one hand and exercising control over and regulating the functioning of the industries according to the policy of planned development on the other. So far as the policy of promoting and encouraging the development of industries is concerned, the present production itself bears ample testimony to the very efficient and creditable way in which the Ministry is trying to increase the production of various industries in the private sector. But so far as the function of regulation is concerned, I think the way in which the private sector's activities are being regulated calls for a certain amount of examination so as to ensure that the various units would be allowed to function efficiently. In this connection, I can very well refer to the hon. Minister's own remarks the other day, namely, that he was functioning as the superintendent of the jail in which the private sector was locked. I would appeal to

the hon. superintendent of the jail to function in a manner which will allow the prisoners to perform the role that has been assigned to them in an efficient and smooth way.

The only point to which I am drawing the attention of the Minister is this. While on the one hand the Ministry is trying so hard to encourage and promote the development of industries, on the other hand, some of the actions of the Ministry and the series of legislation introduced by the Finance Ministry are coming in the way of the smooth functioning of the private sector. At a time when the industries are expected to develop to a very great extent, the whole problem of regulation has got to be reviewed in a manner which will not come in the way of the smooth functioning of these industrial units. I am not at all opposed to the regulation of broad outlines of policy to suit the requirements of planned development, but when it goes to the extent of examining very minute details, it does cause a lot of unnecessary difficulties. I hope it will be possible for the Ministry to evolve a pattern of regulation which will suit the needs of the developing economy of our country.

I would like to say a few words about the revised policy which is going to be announced. In regard to the policy resolution for the industrial sector, a lot of speculation has already been made in the press. We have still to know authoritatively the exact nature of the revised industrial policy resolution which the Government have decided for the Second Five Year Plan. I am not in the least opposed to the expansion of the public sector. In fact, there are a very large number of industries of a basic type or from the point of the strategy, which the State alone can undertake and therefore, everything possible has got to be done to ensure the expansion of the public sector under the Second Five Year Plan. There is not much to be said about this. The only submission that I would like to make in this connection is that nothing should be done to curtail the activities of the private sector or impose any enforced idleness on the capacity of those who can do a lot in promoting and expanding various industries in the country. At a time when so much has to be done, when so much of the resources of the country is lying untapped and unexploited, it is really inconceivable to think in terms of restricting the activities of any sector, especially of a sector which has given a good account of itself

and which has shown by its achievement under the First Five Year Plan, that, provided the necessary scope and facilities are available, it is in a position to deliver the goods. I would like, therefore, to take this opportunity of appealing to the hon. Minister that when the final policy statement is made, everything possible should be done to ensure that the capacity of those who are in a position to develop industry, will not in any way be restricted so that the country's development may not suffer. I hope that the fears and doubts that have been aroused for some time in regard to the exact scope and nature of the industrial policy resolution will be clear and it will be better if the hon. Minister while replying could give a broad outline of the pattern of the revised policy which is going to be finalised very soon.

I would like to pay a tribute to the Ministry for what they are doing for the development of small-scale industries. There is a mistaken belief in certain quarters as if organised industry is opposed to the development of small-scale industries. Nothing could be farther from the truth. As early as when the Bombay Plan which is called the Tata-Birla Plan was formulated some ten years ago, that plan emphasised the need for developing small-scale industries in the country and they themselves had provided an ambitious programme of development of small-scale industries. There is absolutely no reason to say that organised industry is in any way opposed to the development of small-scale industries. I, therefore, welcome the many facilities and positive help that is being given by the Ministry in regard to the development of small-scale industries. We have got enough indication of these measures in the report of the Ministry, and the hon. Minister for Industries also gave a broad outline in his broadcast speech the other day about the nature of the facilities available for the various industries. In this connection, I would only like to draw the attention of the hon. Minister to do something for the development of these industries in Rajasthan. I am aware that, to some extent, as my hon. friend Shri Bansal pointed out, due to lack of organisation in the various States, they have not been able to take full advantage of the facilities that are made available. Indeed, there are facilities both for technical and financial help as also help in the marketing the products of these industries. What is, however, required is to see that a balanced development takes place and the requirements of the backward areas

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are given preferential treatment. Even in regard to the establishment of industrial estates, it is good that certain estates are already under construction in various States. As I was saying, I hope that the backward areas like the Rajasthan would get not only their proper share, but even preferential treatment in the matter of development of small-scale industries and in the matter of establishment of industrial estates so that their resources could be properly developed.

Now, coming to the question of industrial production under the Second Five Year Plan, I would only like to make a few remarks about the textile industry which is already under controversy and whose targets have still to be finalised. I need not say anything to plead the case of the industry because, so far as the industry is concerned, the present policy of the Government suits them very well. The policy of freezing the production of the textile industry will place the existing units in a more or less monopolistic conditions, and the consequent rise in cloth demand and the consequent shortage of cloth that may follow the present policy, could be taken full advantage of by the existing industrial units. I need not labour that point of view. But, there are certain vital and fundamental issues involved in the policy of fixing the targets of textile production. I am fully aware of the hon. Minister's own experience about this and the nature of the repercussions which this policy might have on our national economy. The first question is about the supply of cloth to the internal market. In view of the inflationary trends that are bound to follow the policy of deficit financing that we are following, there is already visible in the cloth market—and the signs are quite clear—that unless something is done immediately to expand the production of cloth in the mill sector, we might be faced with a situation which will cause a lot of complication and difficulty and the same methods of controlling cloth production and distribution that we had in the war and post-war period may again have to be resorted to. It is of very real urgent importance that the Planning Commission should deeply concern itself with the present position of rise of demand in cloth and take measures to ensure that no shortage is created.

Side by side, we have also to look to the repercussions which this policy may have on our export trade. The report released by the Export Promotion Coun-

cil recently shows that our exports in the last year were about 8 or 9 per cent lower than the exports in 1954. Looking to the present conditions when the internal cloth prices are rising, it is more than likely that our export trade may be adversely affected still further in the present year. In view of the very acute foreign exchange situation with which we are faced under the Second Five Year Plan, this question of the maintenance of the export markets is of real importance to our national economy. Unless remedial measures to expand the textile production in the mill sector are taken very immediately, it is a matter of genuine apprehension that our export trade may be adversely affected, and perhaps may be affected, permanently because once you lose a market in a particular variety or a particular country, it is very difficult to regain it in view of the growing competition from Japan and Lancashire. I would, therefore, like this question of exports to be properly reviewed by the Planning Commission so that, before we lose ground still more, we may take steps to ensure that our export markets will not only be maintained, but something will be done to see that the target of 1200 million yards for the Second Five Year Plan is realised.

I would also like to make a brief reference to the question of the supply of cotton. From what has appeared in the press, it is seen that the Ministry has followed a rather conflicting policy. On the one hand, they have allowed an import of 40,000 bales of low staple cotton, that is from 7/8 to 1-1/16 and on the other hand, I find some indication that the overall imports of cotton will be restricted to a maximum of 5½ lakh bales of cotton. That has created a lot of scare in the cotton market. I hope the hon. Minister will take the present opportunity of announcing the cotton policy so as to ensure that the cotton imports will not be fixed at a rigid minimum but that cotton will be allowed to be imported to an extent which will take proper care of the requirements of the textile industry. This announcement, an indication of which has recently come, about putting a maximum on the imports has really caused a very tight position in the cotton market and I hope the Minister will take the earliest opportunity of dispelling the doubts about the supply of cotton to the indigenous industry.

I would also like to say something about the jute industry. This again is an industry which plays a very vital role

in our export trade and in earning foreign exchange for our country. But I find the industry is not doing as well as has been made out in the report of the Ministry. I am aware of the valuable help that is being envisaged to be given by the Industrial Development Corporation for the rehabilitation and modernisation of the jute industry, but the many balance sheets of the jute mills that have appeared recently show a disquieting trend. Many of them have shown losses and they are unable to compete in the present international market in the export of jute textiles. Here is an industry against which competition is increasing from Pakistan. I think our Ministry will be well advised to keep a close watch upon the functioning of this key industry, so that we may not lose our export trade in jute textiles.

Shri L. N. Mishra (Darbhanga cum Bhagalpur): Any suggestion?

Shri G. D. Somani: A suggestion is that this help for modernisation should be expedited and the industry should be enabled to get its raw material, that is, jute, because the present difficulty has been created by the shortage of jute. The price of jute has risen considerably while the price of jute goods is low. Naturally it is in our interest to keep the price of jute goods as low as possible, but steps should be taken to encourage the production of jute so that supply may be ensured of the raw material at reasonable prices, and also to accelerate the pace of modernisation of the jute industry, so that the industry may be in a position to compete in the international field.

Then I would like to say a few words about the cement industry. Here, of course, complaints have been made both in the House and outside about the scarcity of cement. But I think the fact should be recognised that the production of cement was somewhere about 1.5 million tons in 1948 and it has risen to 4.5 million tons in 1955. There has thus been a three-fold increase in the production of cement and the industry, I think, has given a creditable account of itself. As the report of the Ministry shows, the licences issued for new units and for expansion of the present units show that the target of 12 million tons will be easily achieved by the industry during the Second Five Year Plan. Therefore, so far as cement manufacturers are concerned, I think they have contributed to the solution of this problem to their maximum capacity.

An Hon. Member: What about black-marketing?

Shri G. D. Somani: So far as this question of black-marketing is concerned, about which the hon. Member is reminding, I should like to remind the House that so far as the manufacturers are concerned, they are not free to distribute a single ton of cement without permit. Their entire production is distributed by the State Governments and according to the policy of the Central Government. If, therefore, there is any irregularity or black-marketing in cement, the cause has to be traced elsewhere. Certainly the Central Government should look to the distribution of cement in a manner which will do away with this black-marketing if it exists because so far as the manufacturers are concerned, they deliver each and every ton of cement according to the permits that are issued by the Government machinery.

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

Lastly, I would like to say a few words about State trading. We have been hearing about this for a long time, and the matter was also under examination. At last we have been given this decision in the report of the Ministry that a State Trading Corporation is being formed in the near future. Now that the decision has been taken, no useful purpose will be served by reminding the hon. Minister about our past experience in State trading and also about the experience of various other countries in the State trading line. I am, of course, confident that with the hon. Minister in charge of supervising the activities of this Corporation we are assured that whatever has happened like the Japanese cloth deal will not be allowed to be repeated. We are aware that the Ministry had imported a lot of Japanese cloth at a time when cloth was scarce and there was an acute shortage of cloth in the country, but still the Exchequer had to pay very dearly in disposing of that cloth. I have, of course, no doubt that such examples are not going to be repeated by this Corporation, but the risk remains. After all, trading, especially trading in exports and imports, is a very complex business and the experience and the resources of a private individual cannot easily be replaced by any such centralised body.

Another point I would like to stress in this connection is that when this body comes to function no unemployment should be caused by the operation of this Corporation. At present the import and export trade is handled by a

[Shri G. D. Somani]

series of business houses and I am, of course, in favour of decentralising that business. So far as the business of import, export and distribution is concerned, I think the Ministry should give every encouragement so that the sector of trading will be diversified and will be broad-based as far as possible, and the small section of the traders will get their full share. But here we are going towards over-centralisation. I hope that the apprehensions of the trading community that some of their activities will be replaced by this Corporation will not come true, because, after all, when we are considering this question from the point of view of employment it is of vital importance to us to see that the activities of the State Trading Corporation do not come into conflict with the normal business channels. In view of the resources and the very nature of the set-up of the Corporation, traders naturally will not be able to compete in the field where the State Trading Corporation will be trading. It is, therefore, very essential that this body should take up business only in certain specialised items and should not compete in a manner which will oust in any way the various small-scale traders and businessmen functioning in the import trade.

Dr. Rama Rao (Kakinada): May I know what items the hon. Member would recommend?

Shri G. D. Somani: I do not recommend any item. Personally I would like the entire field to be left to the private sector but in view of the Corporation being formed I am only asking for an assurance that so far as the existing normal trading channels are concerned, they will not be disturbed, or at least a formidable competition will not be created in a manner which will oust them from their normal trading activities. Secondly, as pointed out earlier, every possible precaution should be taken to ensure that the activities of this Corporation do not result in any loss to the Exchequer, because our past experience and the experience of State trading in other countries naturally give rise to genuine fears and apprehensions that the State might involve itself in losses and thereby our aim of adding resources to our Exchequer may not be realised, but on the other hand, the Corporation might entangle itself into losses which will be very harmful to our economy.

I hope the points that I have raised in the course of my observations will receive the attention of the hon. Minister.

So far as the private sector is concerned, I would only like to say at the end that they have shown by their results under the First Five Year Plan that they are capable of achieving the targets that might be laid down in the Second Five Year Plan. I hope, therefore, the revised industrial policy resolution will not in any way put any artificial checks on the scope of development of industries where the private sector is capable of making its contribution.

श्री काजरोलकर (बम्बई नगर-उत्तर-रक्षित-अनुसूचित जातियां) : उपाध्यक्ष महोदय, आप ने मुझे यहां पर बोलने का मौका दिया इस के लिये मैं आप का आभारी हूँ।

मैं देख रहा हूँ कि कॉमर्स और इंडस्ट्री मिनिस्ट्री (वाणिज्य और उद्योग मंत्रालय) ने चार साल में बहुत सी बातों में प्रगति की है, लेकिन साथ ही साथ मैं एक वाद के उपर ध्यान दिलाना चाहता हूँ कि कामर्स और इंडस्ट्री मिनिस्टर ने छः या सात बोर्ड बनाये हैं कान्ही बोर्ड, रबर बोर्ड, माल इंडिया हेडलूम बोर्ड, टी(चाय)बोर्ड, क्वायर(नारियलजटा) बोर्ड, स्माल स्केल इंडस्ट्रीज बोर्ड, वगैरह वगैरह। हिंदुस्तान के अन्दर धान्य और कपड़े का घंघा बड़ा होता है लेकिन उस के साथ साथ चमड़े का घंघा भी होता है, लेकिन हमारी मिनिस्ट्री इस घंघे की तरफ कुछ उदासीन है। यह लेदर इंडस्ट्री आज दो मिनिस्ट्रीज के हाथों में है, एक तो प्रॉडक्शन (उत्पादन) और दूसरी इंडस्ट्री और कामर्स चूकि दोनों ही मिनिस्ट्रीज में होने से काम ठीक से नहीं होता है इसलिये इस इंडस्ट्री की जितनी प्रगति होनी चाहिये। उतनी नहीं होती है।

आप को मालूम होना चाहिये कि हरिजनों के हाथों में जो सब से बड़ा घंघा है वह चमड़े का है, लेकिन सरकार के द्वारा सहायता स मिलने के कारण वह इस घंघे को ज्यादा बड़ा नहीं सकते हैं। इसका नतीजा यह होता है कि वह ज्यादा तर मजदूरी करने के लिये मजबूर हो जाते हैं। यह घंघा बड़े बड़े कैपिटलिस्टों (पूँजीपतियों)

के हाथों में चला गया है। आज भी यह धंधा ज्यादातर बाटा, फ्लक्श जैसे बड़े बड़े कैपिटलिस्टों के हाथों में है। इस कारण से छोटे धंधे करने वालों को इस काम के करने के लिये प्रोत्साहन नहीं मिलता है। बड़े बड़े चमड़े का धंधा करने वालों का खिलाफ मुझे कोई शिकायत नहीं है, लेकिन साथ ही साथ लंदर इंडस्ट्री में जो छोटे छोटे धंधा करने वाले लोग हैं उन को भी सहायता दी जानी चाहिये।

आप को यह भी मालूम होना चाहिये कि आज हमारे देश में चमड़े की सम्पत्ति का बहुत ज्यादा नाश हो रहा है। जब जानवर मरता है तो बहुत सी जगहों के हरिजन उन को उठाने नहीं जाते हैं और नाश होता है क्योंकि लोग कहते हैं कि यह हरिजन तो नीचा काम करते हैं। वह डरते हैं कि अगर वह इस तरह से मरे हुए जानवर उठाते रहेंगे तो लोग उन को हमेशा ही नीचा समझते रहेंगे। इस लिये सँ सरकार का ध्यान इस चमड़े की सम्पत्ति के नाश की तरफ दिलाना चाहता हूँ।

हरिजनों के लिये सविस्ज (सेवाओं) के बारे में या शिक्षा के बारे में तो सरकार ने कुछ प्रगति की है, लेकिन जहाँ तक धंधों का सवाल है जितनी सहायता इस व्यवसाय के लिये मिलनी चाहिये वह नहीं मिलती है। इम्पोर्ट और एक्सपोर्ट (आयात और निर्यात) के सवाल पर ही अगर सरकार ध्यान दे तो उसको मालूम होगा कि बहुत से हरिजन हैं जिनको लाइसेंस नहीं मिलता है। मैं ने एक बार मिनिस्टर साहब के सामने रिप्रेजेंट (आवेदन) भी किया था कि न्यू-कमर्स (नवागुन्तको) में हरिजनको प्रोत्साहन मिलना चाहिये। इस पर उन्होंने कहा कि अगर हरिजनों को लाइसेंस दे भी दिया गया तो वह उस का करेंगे क्या। यही तो कि वह लायसेंस बेचेंगे मैं पूछना चाहता हूँ कि आज जितने लोगों को लाइसेंस दिये जाते हैं क्या उन सँ से सेंट पर सेंट (शत प्रतिशत) व्यापार करते हैं? क्या उन के अन्दर ऐसे लोग नहीं हैं जो कि उन को

बेचते हैं अगर हरिजनों को यह लाइसेंस दिये जायें तो सबर्ण लोग भी उनसे मिलेंगे और उन के पार्टनर्स (भागीदार) होंगे जिस से कि हरिजनों की आर्थिक स्थिति भी अच्छी होगी। इस लिये मैं आप से प्रार्थना करूंगा कि न्यू-कमर्स में हरिजनों के लिये भी कुछ लाइसेंस देने की आप कृपा करें! जो लेदर गुड्स की अक्सेसरीज (Accessories) चीजें हैं जैसे सूट लाक्स और दूसरी चीजें उन के लाइसेंस भी हरिजन व्यापारियों को नहीं मिलते हैं। और उन को इन चीजों की दुगुनी और तिगुनी कीमत देनी पड़ती है।

मेरे मित्र श्री बंसल ने ट्रेड कमिशनर (व्यापार आयुक्त) के आफिस के बारे में जो कुछ कहा उस सँ मैं पूरी तरह सहमत हूँ। मुझे भी जापान जाने का मौका मिला था। जब सँ ट्रेड कमिशनर के आफिस में गया तो जिस कुर्सी पर मुझे बैठने को कहा गया उस की हालत बड़ी खराब थी। जब मैंने उस के बारे में वहाँ के लोगों से पूछा तो उन्होंने कहा कि हम शिकायत तो कर नहीं सकते, लेकिन आप जा कर मिनिस्टर साहब से कहियेगा कि जो हमारा ट्रेड कमिशनर का आफिस है, जिस के अन्दर सभी विदेशी आते हैं, तो वह जब उस को देखते हैं तो कहते हैं कि जब हिंदुस्तान के लोग ठीक फर्निचर रखना भी नहीं जानते तो वह अच्छा ट्रेड कैसे कर सकेंगे? इस पर भी आप को पूरी तरह से ध्यान देना चाहिये।

एक्सपोर्ट इम्पोर्ट लाइसेंस के बारे में मैं एक बात जरूर कह देना चाहता हूँ। दो तीन साल पहले की दिककत अब नहीं रही। पहले जो लोग बम्बई, कसकता और मद्रास से आते थे उन को २,०००, ५,००० और १०,००० रुपये के लाइसेंस के लिये दो दो हजार रुपये खर्च करने पड़ते थे और महीनों लाइसेंस पाने में लगते थे। लेकिन अब सरकार की पालिसी ऐसी है कि ऐप्लिकेशन (आवेदन पत्र) आने के कुछ दिन के अन्दर लाइसेंस मिल जाता है

(श्री काजरोलकर)

इस के लिये मैं आप को बधाई देता हूँ और यह प्रार्थना करता हूँ कि आप लेदर गुड्स के लिये ऐसा नहीं समझे कि यह कोई मामूली चीज है। चूँकि यह चमड़ा है इस लिये इस को किसी सहायता की जरूरत नहीं है। अगर आप स्माल स्केल इंडस्ट्रीज (छोटे पैमाने के उद्योगों) के भले का काम करना चाहते हैं तो आपको जो चमड़े की स्माल स्केल इंडस्ट्री है उस पर अधिक ध्यान देना चाहिये। बोर्ड की नियुक्ति होना आवश्यक है और इस के बोर्ड के अंदर जो लोग धंधे वाले हैं और एक्सपोर्ट (विशेषज्ञ) हैं उन को लेना चाहिये।

The Minister of Commerce (Shri Karmarkar): In the course of a few observations at this stage of the debate, I propose to give myself the indulgence of dealing with a few points which have arisen in respect of foreign trade. Before I proceed to do so, I should like briefly to deal with a point on internal trade, which is as much interesting to me as to any citizen in India, namely the hire-purchase-system, the plea for which was made by hon. friend Shrimati Tarkeshwari Sinha.

Anyone who has visited foreign countries is rather impressed with the way in which the hire-purchase-system is made use of to promote the sale of goods. My hon. friend was tempted to make some observation about my esteemed colleague. I do not know, because I have not gone into that matter. But I am certainly sure that my hon. friend who has raised this point is not in any handicap regarding funds for a car for a ready purchase.

Shrimati Tarkeshwari Sinha: I am.

Shri Karmarkar: If I might be permitted to take a little further liberty, I am quite sure that she will never find any handicap regarding any journey in any car, so far as Delhi is concerned. But I understood her to make these observations just as any public worker would do in the interests of the general public. And belonging as I do to the public, I take a deep interest in that. The hire-purchase-system does involve a little greater payment. The more such a system comes into habit, surely there will be a greater and more rapid development of internal trade. A few merchants have been making experiments in that direc-

tion. It is a question relating to the liabilities, and the capacity of the customer to pay back in instalments the price of the particular commodity. But that is certainly an interesting suggestion, which those concerned may take up very seriously.

With regard to the foreign trade problems also, I should gently like to deal with the important points as they have emerged from the debate. Before I do so, I must express appreciation and gratitude on behalf of the Ministry for the words of, may I say, justified appreciation, which some hon. Members have shown in respect of the mechanism of foreign trade control.

Years ago, when the thing was new, there was a lot of shortcomings. I join hon. Members, not so much in a spirit of complacency—because as my esteemed colleague said the other day, we cannot afford to be in any mood of complacency in any stage of our work—when I say that I should be tempted to agree that there have been far fewer complaints—I had almost said, nil—regarding the mechanism of our import and export controls.

In fact, we have gone to the length of issuing weekly bulletins—these are quite long, they are about 300 pages each—showing the details of every licence issued, so that the public may have an opportunity of scrutinising the mechanism of our import control and thus we make sure that publications like that do serve a purpose which goes in a healthy direction. Our officers are feeling fairly encouraged by the appreciation of this House, than which appreciation there could not be any other appreciation, and unless they overcome the shortcomings, they will not relax in their efforts. They will try to improve their efficiency and achieve greater success than they have achieved. In fact, if I may be permitted to share a little pleasure with this House, I was myself very happy to have a few letters from our mofussil centres giving expression to satisfaction being given by our import control officers. But any way, vigilance is always necessary. We look forward to the vigilance of this House, greater and greater vigilance, as we go further and further, so that we might achieve as near an approximation to success as possible, in respect of the mechanism of our control.

My hon. friend, Shri Bansal, allowed himself to say that there was some difficulty in interviewing our officers. I

should be quite frank with the House and say that two or three years back, we almost banned interviews because our officers were more disturbed than absolutely necessary for the purpose. But I am quite sure that any reason for complaint is long past, and I thought he was certain about the position that whenever any member of the public on reasonable grounds wanted an interview with a responsible officer, there could be no difficulty about it.

My hon. friend, Shri A. M. Thomas, had something to say about long-range planning of foreign trade. Situated as we are, if there is any sector of economy where long-range planning is likely to be futile it is this sector of foreign trade. The hon. Member knows the broad features of our foreign trade; during the last six or seven or ten years after freedom, there was an item of food imports devouring a sizable portion of our foreign exchange earnings, almost one-third, and a little more than one-third in one year. Happily for us, that stage is past. We have now to devote our attention to the import of machinery and raw-materials. After satisfying the country's needs in respect of these essential items of our exports, then only we could give ourselves the indulgence of any luxury imports. Happily, partly because the need for importing essential commodities like food and cotton, for instance, has decreased—this also applies to some smaller items—we have had some progress in certain sectors owing to a rise in production inside the country, as for example, in the case of bicycles. We are also not increasing the capacity of internal production in respect of internal requirements like sewing machines, but we are exporting them to a larger extent than before. There has been a progressive increase in the exports.

In view of these favourable factors, the House will be happy to know that the burden on our foreign exchange resources has lessened, and it is expected to be more steady and more balanced.

In respect of regulation of our import control, we have released a larger number of items from control. We have put a large number of items under general licence. Now, as I said our broad objectives continue to be the same as before, namely, to ensure through our trading policies that foreign commerce furnishes to the country's economy all the help that it needs, all the resources that it requires for attaining the objectives set out in the Five Year Plan.

By and large, I am sure the House will agree that so far as the First Five Year Plan is concerned, we have not had to stint in respect of our essential requirements, in respect of food, machinery and raw materials. We have always to give these the high priority which they need. We have also been helped in this by favourable terms of trade. The 1952-53 level continued over 1953-54; over the same period, the terms of trade were reasonably favourable, partly as a result of good prices obtained for our tea. Nevertheless, it is a matter of some satisfaction that the aggregate trade deficit has been only of the order of Rs. 450 crores over the Plan period as a whole, and this includes also the amount of foreign exchange that we have had to spend for meeting our deficits in food.

Our import of machinery during the First Five Year Plan has been to the tune of Rs. 450 crores. Now, the preliminary estimate for the Second Five Year Plan, as hon. Members are doubtless aware, is of the order of Rs. 1,350 crores, and this is in spite of the fact that machinery production has been expanding in the country—we hope that by 1960-61, we will be making more machines and in much larger quantities. Now, even on a conservative estimate, our foreign exchange requirements for the import of machinery are likely to be more than double. So that shows the size and nature of the problem. In the past, we had to stint in respect of our imports largely on account of factors beyond our control. In the future also, our deficit of foreign exchange, as we have been able to envisage—as my hon. colleague told the House the other day—is of the order of Rs. 1000 crores or so. But in respect of this, what we have to do, as was rightly observed by an hon. Member, is to coax up our exports. As the House is already aware, in the past our export possibilities have been limited to a few important commodities like cotton textiles, tea and jute, and to a minor extent, oils etc.

Sir, there is nothing surprising, nothing distressing, nothing discouraging, in the fact that, by and large, our pattern has continued to be the same—I repeat the words, 'by and large'. But we have to enlarge the sphere of our export possibilities. As I mentioned earlier, it may be in respect of small items, like sewing machines. Then, we have been exporting to some extent other items like cutlery, electric fans, photographic instruments, surgical instruments, diesel engines and so on.

[Shri Karmarkar]

Much has been said about exhibitions. My hon. friend, Shri S. V. Ramaswamy, spoke of running a train. I wish it is possible for us to do that, namely, to exhibit small-scale industry products. But here there is always a limiting factor, that of finance. Ultimately, we have to limit our exhibitions to the extent our finance takes us.

In respect of foreign exhibitions, during recent years we have almost doubled our budget, and I am happy to be able to tell the House that more and more our participation in foreign exhibitions has been a success. The House will be happy to learn that in the Lusanne (Switzerland) exhibition last year, our participation was such a success that even at the closing hours some thousands of people were found waiting outside. Then again, our exhibition in Cairo has been a good success. Some orders were booked on the spot. The House will be glad to learn that more and more of these foreign exhibitions have been a success, and they are demanded in various countries.

Another aspect, of which hon. Members are aware, is about our Export Promotion Councils. For instance, we have Export Promotion Councils in respect of some items. Six of these have already been formed, for instance, textiles, silk, piecegoods, engineering goods, cashew and paper, tobacco and plastic goods. These Councils, as the House is aware, are composed of representatives of the trade, and they are administered mostly by these representatives from the trade. Thus representatives of trade intimately connected with these commodities are associated with these Councils. The Export Promotion Council for textiles, for instance, has already justified the confidence reposed by Government in it. It is our earnest hope that other Councils will also justify our confidence, and make their contribution to our foreign exchange resources.

There have been limitations also in respect of export availabilities in regard to certain items. Consumption at home, for instance, is one of the material factors, governing our policy in respect of exports. In the case of textiles, for example, we had first to look after the demand at home and then venture into the export market. It is true that products of new industries—I mentioned a few earlier—will in due course help to contribute substantially to our foreign exchange. But in the main, we will continue to rely on our traditional items.

That brings us to another point. We have to see that though the quantities available for export do not diminish, we should also be particular about the quality to be exported. I am sure that the House will appreciate the standard work that is being done by the Indian Standards Institution in setting up standards. There is nothing so difficult as to persuade a manufacturer to adopt the standard. I am happy that all this is being done and the industry is also realising the importance of accepting the standards so that there may be no difficulty in making exports of these products.

1 P.M.

A word was said about State trading. Some months back, I had occasion to make a few observations about State trading. I shall not venture now to answer all the points made by my friend Shri Somani about State trading. We won't complain from this side whenever private enterprise is very touchy and is very nervous about the State entering into these fields and I think it might be too premature to indicate the items—as some hon. friend asked me a few days back in a supplementary question. But, I am afraid that my friend Shri Somani has to see that sometime in the future, the State comes into these fields also, to a larger extent. As to what that extent will be today or in the near future, we shall take the House into confidence, and place all the facts in due time. But, I am quite sure that in that field also he is watching, perhaps, the interests of a large number of private interests involved. It is always good also to anticipate the coming crisis and try to stem back the effects of whatever may be coming from now on. When a sober-looking friend like Shri Somani—he is most sober and sober-looking—when he makes an observation, it may be a caution for us to proceed slowly. But, I should like to say that we have been rather too over-cautious and perhaps

Shri L. N. Mishra: You are too cautious.

Shri Karmarkar: My hon. friend, probably, wanted to say ultra-cautious.

We have been rather too over-cautious about it because we have been thinking of this question for years now and three committees have been involved in considering what items to take. If I have taken caution, it is with a view to take a sure step whenever the step becomes relevant and now the matters are almost

ripe—as this House was informed some-time ago—for a State Trading Corporation to come into existence. What its precise field will be will also be before the House in a short time.

My hon. friend Dr. Rama Rao was very much interested in State trading. I thought he was unsuccessful in his effort to draw out Shri Somani. He thought that as a matter of mercy at least, Shri Somani would concede this in some fields, though innocuous. I think the House already knows that there was a row, outside Parliament, created about two items whose imports we tried to regulate and there were questions in this House also and a number of supplementary questions and keen interest shown as if we were trying to trespass more and more into a field which was not justified. I am afraid that the State will have to step into fields with a view to see that a sufficient volume of the required commodity comes in. Not only that it comes in, but that it is distributed at average and fair prices. When our friend Dr. Rama Rao put in a plea for State trading, I suppose it was not only in respect of particular countries.

In respect of certain concessions for certain commodities in State trading and trading in certain countries, we have repeated, times without number, that so far as our foreign trade is concerned, it is not discrimination. So far as export licences are concerned, they are issued irrespective of the countries to which the item is exportable and so far as import licences are concerned, a broad division has been made. We have got certain commodities from soft currency areas and we have got certain others from hard currency areas. Apart from that, we do not put in any difficulty in the way of an importer and even the country from which he imports. It is for those countries, for instance, to come in the field here and make our importers use the particular article. Dr. Rama Rao knows actually that, even in those countries which he has in mind particularly, our efforts have been there. I am quite sure that though public memory is considered to be very short, my friend Dr. Rama Rao's memory is not so short as two or three months, and he doubtless knows the particular efforts that we are making not only in respect of the countries like Soviet Russia but in respect of all countries. In fact, one of the items in our programme, as my hon. colleague said in a public utterance sometime back,

is to diversify our trade and the diversification has to come not so much by curtailing our present sources of imports or the present nature of imports but by seeing to it that new trade is bound to develop. The estimate is that it may develop to the extent of 40 per cent by having competitive foreign trade. On the whole, the attempt is to diversify our trade. Diversification is one of the healthy foundations for development of foreign trade. In fact, even economy can be more and more healthy to the extent to which our economic relations become also diversified. I am quite sure Dr. Rama Rao has no apprehension about our policy in that matter. There is always one thing, 'Lest we forget'. I, therefore, take this observations as a warning, 'lest we forget'.

Then, I come to my hon. friend Shri Bansal. As I had the misfortune of being absent when he made his observations, I should not like to risk any counter observations on that matter because my friend is normally precise and he would like to have a precise answer.

An Hon. Member: He is shy.

Shri Karmarkar: In any case, he has never been shy with me and I am quite sure that whatever his shyness may be, he has never been in need of any other advocate to bolster up his shyness.

An Hon. Member: Except from Shri Karmarkar.

Shri Karmarkar: Certain persons who are not shy always take pleasure to advocate other people's causes.

Then, he mentioned another point which might be left unmentioned perhaps—the double pricing and all that. It is a sort of complicated subject on which I would not venture to make any remarks in the absence of definite tangible basis.

A word was said about the Trade Commissioners' offices abroad. That brings me to what Shri Kajrolkar said. He has made two points, one, for instance, about licences to Harijans. I am afraid we are not able to accept any sort of preferential treatment on the ground of community in respect of import or export licences. That would involve a new factor in the situation and it is a question which would have its own bristling difficulties when once it creeps into our affairs. Four years back, a vigorous plea was made from certain people about the grant of licences to Harijans. I had

[Shri Karmarkar]

occasion to consult our Prime Minister on that matter and it was thought that it would not be a very safe ground to tread on. That is also beyond the purview of the Ministry of Commerce and as such I should like the hon. Member to visualise the difficulties that will follow when we make a certain field of foreign trade available to a particular community. If Harijans are to be given, what about the Scheduled Tribes and things like that? How to divide the licences and if they are not able to give the trade, what to do? My hon. friend said that they can sell the licences as many other licences are sold. That is rather hazardous line of argument to take; because many people are transgressing into the purview of the Penal Code, allowing a larger number to trespass is no argument worth dealing. I am afraid, taking all these into consideration, of accepting that suggestion.

There was also a small point regarding ancillary requirements and the setting up of independent industries like clock and others. The best way is to establish co-operative societies for particular industries which are in need of these licences and if a stable co-operative society makes an effort in this direction, I think, we shall favourably consider this matter.

Lastly, about the Trade Commissioners abroad. Hon. Members are aware of the efforts that we are trying to make. I have mentioned exhibitions. In addition to exhibitions, we are now running as much as 14 showrooms and this is with a view to develop our exports. We are thinking in terms of trade centres and I hardly need emphasise the fact that we need to strengthen our trade organisations abroad. If hon. Members have watched the expansion of our activities in this matter, they would have seen that we are taking more and more steps to cover as much area as possible.

There was one small point made about furniture. I should see that every hon. Member of this Parliament whenever he goes abroad he should be given at least a good comfortable chair, if not an easy chair. But, all these matters are matters of detail depending largely upon the finances and the more we are enabled to equip our Trade Commissioners' offices abroad, the more we will be able to serve our trade better and the happier will we be. But, so far as my information goes, our representative abroad, whosoever it may be, whether on the diplomatic side or on the trade side, is doing

his best to discharge his duties as well and as conscientiously as he can. If there are any suggestions either in that respect or in respect of any other aspect of the working of our foreign trade as in several other sectors, we shall be only too happy to consider those matters on merits.

Shri Gadlingana Gowd (Kurnool): Mr. Deputy-Speaker, one of the saints of the Eleventh century, called Basawa, who believed in pre-historic *veerasaiva* philosophy, has said as follows:

*"Ditava Nudivudu nudidante
Naidivadu husiya navaedu
Thappu prapanohaya nolla
Kudala sangama deva."*

The gist of this is: "Speaker the truth and act up to the truth. God will not approve of the persons who speak untruth". Sir, I am sorry to say that the statements of the hon. Minister have always been incorrect. I submit that the industrial textile licensing policy of this Ministry is being changed every now and then with a view to help its favourites. I am hearing certain instances about this. About a couple of months back, some gentleman—whose name I do not know—circulated among all the Members of the Parliament a huge list of items of such favouritism. I do not want to mention any of them, because I will not be cent per cent correct in what I say.

Sir, I was elected to this House in June 1953. One merchant who belonged to my own home town came to me a couple of months after my election and represented to me that the Government had refused the grant of licence for which he had applied in 1951, before the Industrial Act came into force. I saw the details of his representation and I was convinced that there was some injustice done to him.

Because I was new to this House, I did not know what to do when I came here. I first tabled a question. The hon. Speaker disallowed my question, but I was informed by the Speaker, from the information furnished by the Ministry, that it was the policy of the Government not to grant any licence till they considered the Report of the Kanungo Committee. When it was the policy of the Government, I thought the Minister cannot do anything. Therefore, I wrote immediately to the merchant concerned saying that he will have to wait till decisions were taken on the report of the Kanungo Committee or the Government revised its policy. So, that was an end of the matter.

After one year, the merchant wrote to me again saying that some licences had been granted to others. So I asked another question. That question, unfortunately, was converted into an Unstarred Question and a reply was given to me. I will read the question and the reply:

"Unstarred Question No. 475 of 4th May, 1954.

(a) Will the Minister of Commerce and Industry be pleased to state the number of licences granted to instal power looms in the country State-wise, during 1953 and 1954 (up-to-date) ?

(b) What is the procedure for granting the licences ?

(c) How many applications for licences were received from the Andhra State in 1953 and 1954 ?

(d) How many were granted ?

(e) How many were rejected and for what reasons ?"

The reply of the hon. Minister was as follows:

"(a) Andhra 1953—1, Madras 1954—2, Bombay 1954—2 and West Bengal 1954—1.

(b) The procedure for granting licences to industrial undertakings is laid down in rules 10 to 13 and 15 of the Registration and Licensing of Industrial Undertakings Rules, 1952 (copy of the Rules available in the Library of the House.)

(c) 1953—2; 1954—Nil.

(d) 1953—1; 1954—Nil.

(e) 1953—1. Pending investigation by the Cotton Textile Enquiry Committee into all aspects of the Cotton Textiles Industry, the Government of India are not allowing any increase in the loomage, except where previous commitments exist."

I want to stress on the last words of the reply. As the hon. Speaker has been every now and then advising us to approach the Minister for clarification before we seek any information inside the House, I wrote a D. O. letter to the hon. Minister, Shri T. T. Krishnamachari. He wrote back to me confirming what had been said in reply to my Unstarred Question.

After a few months, it appears the hon. Minister changed his policy to help some of his friends, and probably thought that the changed policy might also apply

to the case represented by me. So he wrote me a letter. This is the letter I received from him:

"Dear Shri Gadilingana Gowd:

With reference to what you told me the other day regarding grant of permission to powerlooms to be worked on cotton yarn, I am to say that instructions have been issued to the Textile Commissioner, Bombay, to re-examine all cases and grant necessary permission for the working of such looms in deserving circumstances."

I went and contacted the Textile Commissioner. He told me that the Government had not changed its policy and no licences would be granted till the decisions are taken by the Government on the report of the Textile Enquiry Committee. I told him that I had received a communication from the hon. Minister and only on the strength of that I approached him. Then he told me that he was instructed to grant licences to those who had already installed powerlooms without permission of the Government. In regard to the man about whom I represented he told me that he had not installed anything and was only asking for permission to instal with the result he was not entitled for any licence. I was really surprised. It is really wonderful. How can this man, who is more law-abiding and is asking for permission to instal be refused permission whereas others who have already installed powerlooms without any sanction and in anticipation of permission be granted licences ? Is it fair ? Therefore, I wrote another D.O. letter to the hon. Minister. There was no reply, because, probably, he could not give me any satisfactory reason.

I was a member of the Select Committee on the Coffee Board Bill. I met the hon. Minister and told him that such and such a thing had happened. He asked me to meet him. I met him with all the concerned records. He went through the records and assured me that it was a deserving case and that he would treat it as a special case and orders would be passed soon. He also asked me to meet him after a month. Accordingly I went and saw him after a month when I was told to see him after two months. I again went to him after two months because I was interested in seeing that the injustice done to a merchant was redressed. Therefore, I went and saw him twice, thrice, and whenever he asked me to do so. Though

[Shri Gadilingana Gowd]

I was feeling about my own self-respect, because of the injustice done to the merchant I went and saw the Minister.

Mr. Deputy-Speaker: I would advise the hon. Member not to go into minor details and proceed with his points.

Shri Gadilingana Gowd: In the end he frankly told me that he would not be in a position to pass any order till the Government had taken a decision on the report of the Textil Enquiry Committee.

Sir, in my political life of 30 years I have come across only two hon. Ministers who promised something definitely and then went back on their words. I have had occasion to represent to several high officials. I have got reply from them saying that they will look into the matter. I have never come across—except two—hon. Ministers or officials who definitely promised something and then went back. As regards the other hon. Minister I will mention if I am able to catch your eye during the debate on the Finance Bill.

I, therefore, request to you, Sir, to see that such real grievances will not happen in future.

As regards the handloom relief schemes, the Government have been spending about Rs. 10 crores to Rs. 20 crores on them. I see from the report that Rs. 10 crores have been sanctioned and then about Rs. 6 crores have already been spent on several schemes in this respect. But these schemes are in no way benefiting the weaver. I come from an area where there are a large number of weavers. In a village called Gudi Kal I myself have tried to get this 'share capital' loan which is much advertised in the report. It took two and a half years for me to get a sum of Rs. 2,000 sanctioned for the society. If this sort of delay and difficulty occurs with respect to me, you will understand how difficult it would be for others, the ordinary societies, to get relief. As a matter of fact, even in such cases, the societies which are in close touch with the Ministry can get help. I remember that in 1954 the hon. Minister visited my hometown called Yemmiganur. There is a weavers' co-operative society there. I remember he told at a public meeting there that he would see to the grant of large amounts for the houses already constructed about five years ago. When I asked a question here, in the House, I was informed that he did not promise

any amount. I see from the report that Rs. 50,000 has already been sanctioned as a first instalment for that colony. I am, as a matter of fact, very glad, because the amount is given to my hometown. But I want that all weavers should be treated impartially and on a uniform basis.

I now come to the working of the Nahan Foundry. It is situated in Himachal Pradesh. I had an opportunity of visiting that place. I think the foundry is situated on a level of about 4,000 feet, and is about 60 miles away from the nearest railway. It is situated in such a place where you can get neither iron ore nor coke which are essential for working this foundry. If rains were to come, God alone must save those people. Under such difficulties, we crossed the river there, to reach the foundry.

The articles manufactured in that foundry are costing the Government nearly one and a half times the normal cost of production in any other industry. Therefore, Government should see that this foundry is wound up as early as possible. If the Government want to give some help to those labourers I have no objection, of giving cash doles instead of the making them work in the Foundry and incur losses also in addition of their salaries.

I can give you another piece of interesting news in this regard. The investment in this foundry was only Rs. 36 lakhs in 1951. This concern belonged both to the Government and a half-share to the Raja of Sirmur. In the normal course, the Government, if they were anxious to purchase the half-share ought to have paid Rs. 18 lakhs. But the Government have paid Rs. 33 lakhs for purchasing the half or 50 per cent share. In other words, the Government have paid Rs. 15 lakhs extra or in excess of the actual amount due. Within one or two years, they have spend about Rs. 2 lakhs on experiments over the Sarovar pumps and other new implements. I therefore urge on the Government to see that severe action is taken on those who are responsible for leading the Government to pay such huge amounts out of public money.

Incorrect statements are being made on the floor of the House. On the 28th March of this year, to an unstarred question of mine—No. 544—the hon Minister has replied that no co-operative institution has so far applied for sole dealership for selling the articles of the Nahan,

Foundry. I have got records in my possession to show that the Adoni Co-operative Marketing Society has applied for such dealership, and the Nahan Foundry has also replied to the application made by the society. In spite of this, I do not know why such deliberate mis-statements are made on the floor of the House. The Co-operative Society has applied for the sole dealership and the correspondence is going on. It has not yet been finalised. The application is dated 17th November, 1955. The Nahan Foundry has acknowledged it on the 27th February, 1956. The hon. Minister replied to me on the 28th March, 1956, saying that no application from any society has been received. So, I request you to see that the Government do not make such correct statements.

Shri Jhunjhunwala (Bhagalpur Central): I have gone through the report of the Ministry of Commerce and Industry. So far as the production and distribution side are concerned, I feel happy that we are producing more and giving more goods to the people both through the public and the private sectors. In the public sector we are producing the basic articles and the private sector is engaged mostly on the production of consumer goods. In both cases, the production has gone up.

I am examining, the working of the Ministry of Commerce and Industry vis a vis our Government's industrial policy from the angle of our policy of a socialistic pattern of economy. Viewed in that light, we should be able to know to what extent we have been able to achieve our target towards a socialist pattern of society. In other words, we must see to what extent we have been able to decentralise our industries.

I have been hearing from the labour side that if a particular industry is rationalised; we should see that there is no curtailment of labour at the same time, and the labour which gets unemployed should find a place in other schemes. Just now, my friend Shri Somani who is not here now, was alarmed at the suggestion of having a State trading organisation for certain articles which the Government are thinking of and taking up on themselves. But I would like to know from the Ministry and the Government as to whether they are thinking on this line, namely, the position of the people who have been displaced who were carrying on small industries in villages and towns

as a result of big and large-scale industries as to what steps they contemplate to employ and or engage in alternative industries. Mr. Somani said that he was horrified that if Government resorted to State trading, those engaged in the trade might be displaced. But, has he ever thought how many small traders and distributors have been displaced by the monopolistic tendency of the big industrialists of having centralised capital in their own hands?

The portfolio of village industries, I understand, has been taken by the Production Ministry. All that is related to the production side should be in the hands of one Ministry. They are all correlated with one another. Because of the imperialistic tendency of the British Government who were dumping their own so-called cheap and quality goods in the villages, the village people who were producing goods to meet all their requirements have been deprived of their professions. Our Government is in power for the last ten years and I would like to know whether any statistics have been taken as to how many of the village people have been given employment. What steps have been taken to restore and revive the industries in the villages which had been so ruthlessly killed by the imperialistic policy of the British Government? I do not want to dilate on this point much, but I would like the Commerce and Industry Minister to introspect on this line. It is very good that production of materials goods has increased, but where is the purchasing power of the people? What are they going to buy from? Just as food and clothing are necessary for a man, work also is of great necessity. So far as the villages are concerned, I would like the Commerce and Industry Ministry to be in touch with the Production Ministry which is in charge of village industries and find out how that side has development. If we go on dumping goods of large-scale industries in villages and do not allow their small industries to go, and if we are not in a position to give alternative employment or work, what will be their future? How are they going to prosper?

Leaving aside the villages, I come to the small industries in towns and other places. Of course, much organisational work has been done by our Government; but, have they taken the elementary things into consideration? We want produce goods which will be competitive ultimately, if not in the beginning.

[Shri Jhunjhunwala]

What steps are the Government taking to see that those people who are engaged in small industries get the same facilities as the big industrialists? Do they get cheap money as easily as the big industrialists get? I was reading his book and I found that the National Small Industries Corporation has been given money at a minimum interest of 1 per cent. The big industrialists get money from banks at 3 or 3½ per cent.

Shri T. T. Krishnamachari: Nowhere can they get money at 1½ per cent.

Shri Jhunjhunwala: I stand corrected. I am just asking whether the Government is giving the same facilities to the small industries as to the big industries. Secondly, wherever there are big industries, the Government goes to their help and gives them subsidy and all other kinds of protection. But, in the first place, the small industries cannot even approach the Government. It is difficult for them to approach because of their incapacity to approach. Here is also the question as to how far they are entertained.

Shri T. T. Krishnamachari: We are approaching the small industries.

Shri Jhunjhunwala: The moment you begin to approach the small industries, you will find that they will make good progress. If you go to Calcutta, you will find in every street people working with the lathe or one drilling machine; and they are also producing small capital goods but they are inefficient. They have no capital. I do not find anything in the report of the Commerce and Industry Ministry to show how the Government has been able to decentralise any particular industry and also how many small industries have been started. That is what I would have liked to know. As I was saying, big industries are having so many advantages, whereas the small people cannot reach the Government. I am glad that now the Government is reaching them. During the course of the discussion on nationalisation of banks and the State Bank, my hon. friend, Shri Asoka Mehta pointed out that in America it was not the small people who went to the banks, but the banks used to find out who were the capable people and whom they could assist with money for the purpose of industrialisation of the country on a small scale or big scale. In our country, if one wants money, one has to show that he possesses so much wealth and one has to get so much guarantee to give; whatever

his capacity and honesty might be, the banks will not care for him. In order to get money from the bank, one must have sufficient money with him. Only monetary credit is respected, not honesty and other technical capacities. I would suggest that it should be the policy of the Government to approach capable persons in the villages. There are many technical people in the villages and other places, who have got a great initiative and technical commonsense and who can do better work as an engineer having academic qualifications.

Shri K. C. Sodhia (Sagar): How could Government approach them? It is for them to approach Government.

Shri Jhunjhunwala: That is what the hon. Minister says. He says Government is approaching them and I am glad about it. I know also that they are doing that, but till now that has been negligible.

Shri K. C. Sodhia: I have heard of people approaching Government, but not Government approaching small industries.

Shri Jhunjhunwala: Hon. Members should tell Government as to which are the parties which are likely to be interested in these industries.

Mr. Deputy-Speaker: The point may no doubt be answered but there should not be constant conversation between two hon. Members.

Shri Jhunjhunwala: I am sorry.

What the artisans of our towns and villages require most at the present time is technical help. Big industrialists can afford to employ an engineer for Rs. 2,000, or even Rs. 4,000, with the result that they get the best expert advice. I know of many people who start small industries in good faith. But they do not get good technical advice. They cannot afford to engage an engineer on a fat salary. In such cases Government should arrange to give technical advice. They should approach people and find out who are interested in small industries in the products of which our country is vitally interested. Their difficulties and handicaps should be ascertained and they should be given help in several ways, by financial aid, by way of subsidy and by technical advice.

If Government is particular that small industries should prosper, they should be shown some consideration in the matter of excise duty. I do not mean

to say that they should for ever be in such a state as not to be in a position to compete with big industries. But in the beginning it is very necessary that there should be a differential excise duty and in order that their goods may be consumed, there should be some sort of arrangement by which cheap goods of the machines may not be dumped in a place where the requirements of a village or town can be produced in that village or town and the same is disposed of.

Then there are certain sectors which are going to be taken by the State. There the basic things should be rationalised. But there are cases where rationalisation may be harmful from the point of view of small industries. There are many big industries which are springing up today. Take the case of the cement industry. If a proper investigation were to be made into the cement industry, it would be found that it is not at all necessary to centralise the industry in particular places by erecting huge plants. It can be split up and located in different places.

Dr. Jaisoorya (Medak): What will be the minimum capacity?

Shri Jhunjunwala: That we have to ascertain.

Mr. Deputy-Speaker: The hon. Member's time is up; so, he need not answer private questions.

Shri Jhunjunwala: I say that an economic plant can be put up even on a smaller scale. Government should, therefore, make investigation with a view to seeing whether such type of industries cannot be decentralised, on a smaller basis, even if the cost of production is a bit high. That will be compensated by the saving effected in transport charges, and extending the employment potential.

Shri Bhagwat Jha Azad (Purnea cum Santal Parganas): Mr. Deputy-Speaker, Sir, by now we have heard quite a good number of different views. From my left I heard Mr. Bansal, the conservative, from my front I have heard Mrs. Sinha, the ultra modern and from the far distant to my right, Shri Somani, the ultra conservative. I have heard also one neutral, the Minister. Of course, he has got neutral colour as so many others. I felt that all of them were pulling in each direction with different motives: one trying to defend his citadel, another a new convert from the public sector to the private sector.

Mr. Deputy-Speaker: Different objectives, or different motives?

Shri Bhagwat Jha Azad: Standing at the threshold of the Second Five Year Plan, I feel that all these remarks from hon. Members of this House were most confusing to others as well as to themselves.

So far as we are concerned, we feel that the atmosphere in the country is quite clear now. The pattern has been laid; the ways are clearly indicated, for the socialist society. The line of demarcation between the public and the private sectors has been clearly laid down and those who are confused, may confine it to themselves and need not confuse others. The Commerce and Industry Ministry can look with pride to the first Five Year Plan, the success and achievement of which has been done due to the sustained and continued efforts of the Ministry. There is no doubt that especially in the last year, there is an unmistakable upward trend in the industrial production of the country, and the general index is a clear indication of our achievements. All industries have certainly contributed to this general rise and I need not mention all of them, but I would certainly like to mention a few about which cries of scarcity are being raised now.

We see that the production of mill cloth which rose to 5087 million yards in 1955 was 89 million yards more than in 1954 and to our great satisfaction it is 387 million yards ahead of the target that we have laid in the first Five Year Plan. Side by side the production of handloom cloth has increased, which is a proud achievement. Cement and jute goods and also sugar registered an increase. So, there was all round improvement in the industrial production of the country, especially in the year 1955. It is to the credit of the Commerce and Industry Ministry that they have met the increasing demand for consumer goods in the country due to the increase of purchasing power during the First Plan period. Wherever there was scarcity in some materials, it was because of the fact that there was no expanding capacity in those industries, for example cement and iron and steel. They could be made good by importing from outside. The year 1955 was important not merely because it was the final year of the First Five Year Plan, but because it was the beginning of the Second Five Year Plan. We are laying the sound foundation for the implementation of the Plan through

[Shri Bhagwat Jha Azad]

greater industrialisation of the country. In this national development, the Industrial Development Corporation which was set up in 1954, has to its credit the establishment of heavy foundries, forges and structural fabrication which will go a great way in the manufacture of heavy plants and machinery in the country.

Likewise, we find that in the small-scale industries field also, much has been done by way of technical assistance, and financial assistance. Though the amount spent during the whole of the First Five Year Plan was to the tune of Rs. 5.2 crores on these small-scale industries, which is not enough, I console myself because in the Second Five Year Plan, the amount provided is Rs. 64 crores. I am pointing out these facts for those friends who have vested interests, who are now crying for scarcity and shortages in the Second Five Year Plan period and especially in the immediate future. I say that these small-scale industries are very important from their employment potentiality. I am not among those who shut their eyes to the technological developments that are going on in the country. No first-rate country in the world can afford to do that. Ours being an agricultural country with a large population, and having so much of unemployment in the country, it has been proclaimed from all corners of the country that from the point of employment, small-scale industries have a great role to play in the economic life of the country. It is with this view that the Planning Commission set up a Planning Sub-Committee to find out ways and means of increasing the production capacity of the small-scale industries, to meet the consumer goods demand that would arise on account of the increasing purchasing power placed in the hands of the people by the successful implementation of the Second Five Year Plan. By now, their report is before us. We feel that there will be an increased demand and we must develop small-scale industries to produce the consumer goods that we like.

In this connection, I would like to take up the Ambar Charkha to which my hon. friend Shri C. D. Pande referred during the Question-hour and my hon. friend Shri Bansal and the ultra-conservative Shri G. D. Somani said that, you must be careful because there may be scarcity in the country if this Ambar Charkha scheme is implemented. Of course, immediately some of them rushed to correct their own statements

and they said, "We are in perfect agreement that it should be tried, but we feel that the disease is deep which is not seen by us." The Ambar Charkha has a definite importance and a definite role to play in the country. From the point of view of employment, we have to give it a fair trial. We are not dogmatic like those who are definitely opposing it and trying to create a psychology in the country by saying that there will be a scarcity in the coming years, 1958 or 1957 or in the Plan period, in the field of cloth. If at all it comes, it will be Somanimade.

Shri Velayudhan: How many thousands will take to it?

Shri Bhagwat Jha Azad: My hon. friend was not in the House. I have been here. He is a new entrant to this debate. Let him be patient.

Shri Velayudhan: I am sorry to hear all this irresponsible, childish talk.

Shri Bhagwat Jha Azad: I know my hon. friend who has been changing colours. By calling others child, he shows his ignorance.

I was saying that the Commerce and Industry Ministry should not submit to these tactics. It has a great achievement to its credit under the First Five Year Plan. I am sure, in the Second Five Year Plan, it will be able to cater to the increasing demands in the field of cloth, in the field of cement and in the field of consumer goods which will arise out of the increasing purchasing power.

For this purpose, it is very essential that there should be a clear statement of the industrial policy. It is time now that the Commerce and Industry Minister comes with a new industrial policy statement. The basic principle of the industrial policy, as set out on the 6th April, 1948 needs a clear change. It should be modified. Obviously, the public sector had a very small responsibility, much less than the private sector. Now, our goal has been established as a socialist society. We have to spend Rs. 48,00 crores in the public sector during the Second Five Year Plan. We must re-define, modify and re-indicate our industrial policy to show what would be the responsibility of the State Governments *vis-a-vis* the Union Government, what would be the exclusive responsibility of the two Governments, and also to show what would be the relations between the senior and junior partner, the public sector and private sector. The private sector, in my opinion, can never be an

equal sharer; they can never be co-partners. One must submit to the guidance of the elder partner, the senior partner, the public sector.

We have been told by our friends here that there is much of regulation by way of enactment and other rule-making powers, of the development of the private sector. On a previous occasion, when we were discussing the economic policy in this House, I had shown in detail how they are trying to oppose legislation, how they are trying to deprive labour of their due share, and how they produce, on a profiteering basis, things which might, in the priority list, go down very much. If you require cement, they will produce toys because profit is the sole motive. I for one representing lakhs and lakhs of consumers and commoners in this country can never cast my lot into the hands of a handful of these people who have got profit as their motive and not the social good. It is therefore essential that the industrial policy should define what role they will play. They must submit themselves to the public sector. They must be told what they will produce. They should not have the option of producing whatever they like. Because, producing whatever they like. Because, profit being the motive, they can suck every drop and then present that sucked out industry in a silver casket to the Government and say, look here, for the public good, for the nation's good, we are surrendering an industry to the Government which will be golden later. I hope the Government will come out with a new policy in which all these things will be clearly defined.

I would like to say one word about our steel industry. It was very heartening to hear the hon. Minister on the Iron and Steel debate. He has started almost from scratch and he is going very fast. I wish him all success in his new enterprise. But these plants which are going to be erected will not meet our demands, and therefore let the fourth one come up early, I will say at Bokharo, but I will say let it be at that place for it is the most suitable place.

2 P.M.

Shri L. N. Mishra: It has come already.

Shri Bhagwat Jha Azad: It is for them to say.

Lastly, in the field of small-scale industries sufficient amounts have been set apart in the Second Five Year Plan, and some of them should go not to Calcutta

as Shri Jhunjhunwala said. He said in Calcutta, there are small persons. What is the idea of small-scale industries? They are all big industries in Bombay, Calcutta and Madras.

Shri B. S. Murthy (Eluru): No, no. Not Madras.

Mr. Deputy-Speaker: No interruptions. Hon. Members should see that the speaker goes on undisturbed. Now there is very little time.

Shri Bhagwat Jha Azad: Sometimes I take delight when hon. Members provoke me.

Mr. Deputy-Speaker: But the Chair has to see that the time is up.

Shri Bhagwat Jha Azad: I am also up in my points.

I was saying in the field of small-scale industries the hon. Minister should see that some of them should be in the tribal areas like Santhal Parganas. When others press their claims in this House, I always support them in getting as much share as they can get from the Government, but so far as the tribal areas are concerned, the hon. Minister should see that some of the industries are started there, because they have no idea what industries are. They do not know how to begin. You have to start almost from the beginning in places like Santhal Parganas. We shall be glad if he would consider this suggestion.

With these words, I support all the Demands of the Commerce and Industry Ministry.

Shri K. C. Sodhia: I have studied the report of the Ministry. I am not one of the industrialists, neither am I a small-scale manufacturer. I am a man of the countryside and from that point of view I am going to put some of my observations for the attention of the hon. Minister.

I must at the outset congratulate the Minister for the very able report that he has presented to us. I find that initiative and drive are written large in every page of that report. I am sure, with the momentum that we are gaining in our industrial production, the country, before long, will cease to be described as an under-developed country. Only eight years ago when the British were just withdrawing from this country, what was our condition in the matter of industrial development? With the advance of technological progress in the world, if we

[Shri K. C. Sodhia]

want that we should become an industrial country of the first rank in the world, it will take a very long period of time to achieve that, but whatever has been done is very much more than what we could expect. We are at one with the policy followed by the Ministry, but the field of industrialisation is so diversified and so great that there are bound to be differences of opinion as regards the details.

I looked into the export and import figures of our country for the year 1954-55. I find that for exports we are still mostly relying on our agricultural produce. If you look into the export figures you will find that in the export of two commodities alone, namely tea and pepper, we have lost a big sum of more than Rs. 20 crores.

Similarly, we are still exporting lots of oils like groundnut oil, cocoanut oil etc. We are crushing them here but we are exporting them to different countries. I would like the Minister to arrange things in such a way that this huge quantity of oil that we are exporting today is turned into more profitable things, manufactured things, and then those manufactured things might be used in the country or exported if they are exportable.

Then I would like to draw the attention of the hon. Minister to the export of oilcakes. The whole world knows that India is an agricultural country. India has got a very large number of cattle to feed, and the condition of our cattle is so bad that anybody who looks at them just steps back in horror. And still we are exporting oilcakes. I should like to know to what use this oilcake is put by the countries that are importing it from us. I should like that immediately a ban should be put on the export of oilcakes, in the interests of the cattle wealth and the agriculture of the country. If we do not do that we shall be the laughing stock of the whole world. I am quite sure about it.

Now I come to industries. As I already told you, there are many things in which the technical know-how is not at all known to us, and for that purpose we are inviting foreign experts who come here and work in collaboration with either the Government or the private sector. My submission in this matter to the hon. Minister is that whatever the arrangement he makes with the foreign companies, they may not be of a long-term character. In the case of our oil

refineries we have given contracts running to 30 years. In the case of other companies we have put down a time-limit of a fairly long period. In these days when things are changing so rapidly, it is not advisable for any Government to bind the country for long periods of years. Therefore, my submission to the Minister is that whenever such long-term arrangements are made with foreign companies, this House may kindly be taken into confidence and the plans might be laid before the House. Let this House judge about it. But what the Government is now doing is to come before the House with a *fait accompli*. When they have done the whole thing and signed the contracts, they come and put them before the House. Do they expect that the House will let them down at that stage? Certainly we have to say: "Yes, Sir, whatever you have done is quite good." But that is not the way in which this House has to be consulted.

Now I come to the Tariff Commission. I have studied the reports of the Tariff Commission and I say that the Tariff Commission has done a great lot of good to this country and to its industries. But what struck me was the procedure that they had adopted for arriving at the cost of production. Their system of calculating the cost of production appears to be rather crude. They just accept what the Tatas say in regard to the cost of iron or steel.

Shri T. T. Krishnamachari: They do not, because there is a cost accountant who works there.

Shri K. C. Sodhia: I have seen that, and I say that in the procedure adopted, there are defects and defects. If the Minister wants to have a list of those defects for his study, I can place it before him.

I would suggest to the Minister that he may draw the attention of the Tariff Commission to the fact that they should not allow extraneous things to come in the cost of production. At present, there are so many extraneous things which find place in the cost accounts. The Tatas run very very huge cities, and they are providing various amenities in those cities. The cost of all these things is also included in the cost accounts, and the Tariff Commission accept them.

After a good deal of study, I have found several defects in the system of cost accounting, and I can put before the Minister several instances which will go

to prove what I am stating. I would request the Minister to pay some attention to this aspect of the matter.

I must congratulate the Ministry on the excellent publication *Udyog Vyapar Patrika* which they are publishing. I think that is the best publication that has been published so far by any Ministry. The Education Ministry is the worst in this matter.

Shri L. N. Mishra: We agree.

Shri K. C. Sodhia: I have read that journal a number of times, and I feel that it has a very great future if the industrialisation of the country

Mr. Deputy-Speaker: Comparisons may not be made, but we may discuss this matter.

Shri K. C. Sodhia: Yes. I simply mentioned it by the way.

Mr. Deputy-Speaker: The mention has been made now. The hon. Member may proceed with his points.

Shri K. C. Sodhia: I know that Government are going to develop the trade of our country. I am one of those who are very keen on export, and I feel that Government also should be keen on exports, for, if we do not balance our imports and exports but import into our country much more than what we export, then we shall be losers, and only the other countries will become richer thereby. So, export trade is an important matter, and for promoting export trade, I have one suggestion to make.

In these days, when we are not actuated at all by any imperialistic designs and we want to be friendly with the other countries and particularly our neighbours, I endorse the policy of Government to find out markets for Indian goods in the Asian countries and also our African neighbours. I would suggest that we should send trade delegations to these countries, and also invite trade delegations from them, for it is only the trade delegations that will be able to study the conditions properly in the other countries.

A good deal has been said about our trade commissioner. And suggestions have been made that the trade commissioner should be recruited from the ranks of the businessmen. I would request the Minister to pay his attention to this suggestion, because it is only businessmen who have got that acumen, that can find out what things are likely to be sold, and what things could be bought.

Shri L. N. Mishra: They have got their vested interests.

Shri K. C. Sodhia: Not vested interests. They will become servants of the State, and they will act at the initiative of Government; and they will be giving very valuable reports. So, I would request the Minister to consider this suggestion in all seriousness.

[SHRIMATI RENU CHAKRAVARTY in the Chair]

I would like to make a few observations now in regard to the distribution of iron and steel and cement and other controlled commodities. I have gone through the figures, and I am sorry to say that the countryside does not get even a twentieth portion of these. Government, the industrialists, and the Government-controlled corporations and others cater to the needs of only a few people, whereas the 30 crores of people who are living in the countryside have to beg for even a piece of steel or a bag of cement, and there is a regular *chor-bazar* in these commodities.

Shri D. C. Sharma (Hoshiarpur): What about backward areas?

Shri K. C. Sodhia: The same things is true of the backward areas also. Therefore, my submission to the Minister is that so long as there is scarcity of these goods in the country, at least a sizable proportion of these goods, looking to the needs of these vast millions, should be distributed to them, so that they may have the satisfaction that they are also getting something at least. You people are living here in big houses, and you are also constructing big multi-storeyed houses. But the people in the countryside are just content with their thatched houses. So, I would suggest that they should also get some portion of cement and iron and steel.

These are some of the suggestions that I wanted to make, and I hope the Minister will pay some attention to them.

The Minister of Industries (Shri Kanungo): Barring one discordant note, the discussion on the Demands so far has been almost a shower of bouquets on the Ministry. Therefore, my task has been made much easier. I have listened with interest to the many helpful suggestions which have been made, particularly with regard to the scope and future of the small-scale industries. I must say that some of them show us the way in which they will help us in our endeavours.

[Shri Kanungo]

In the course of the year, it is gratifying to note that our industrial production, especially in a number of consumer items, has increased substantially over the last few years. Our cloth position in 1955 was nearly 5,100 million yards, compared to the First Five Year Plan target of 4,800 million yards. The production of foot-wear was nearly 90 million pairs, showing an increase of 5 million pairs over the figures of 1951-52. A greater part of this expansion has taken place in the small-scales industries sector.

Here, I would like to point out that we hope that in the very near future, as a result of the introduction of improved techniques through the craftsmen, the increase in the quantity of production and in the lowering of the cost of production would be significant. In fact, it is very gratifying how the craftsmen are anxious and eager to take up improved processes, whenever they have an opportunity to do so. We are only sorry that we have not got adequate personnel or adequate organisation to serve them.

There has been a considerable increase in production in the case of a number of engineering items like electric lights, electric fans, electric lamps, house service meters, radio receivers hurricane lanterns and the like. With the increasing demand, I am afraid that our targets have got constantly to be under review. The production of sewing machines was more than 101,000 compared to a target of 91,500. This is one of those items in which we have already developed a good export market. The production of bicycles, the common man's transport, has increased in a most marked manner. Our target under the First Five Year Plan was only 500,000. In the organised sector, the number of units has increased from 6 to 10 during the last one year and the production in 1955 went up by 32 per cent., being more than 490,000. In addition, there is an appreciable number of units in the small scale sector of this industry manufacturing parts and components. We are thinking of a target of 1.5 million by 1960-61, for which we have already an installed capacity of 1 million. This is another field where we are hoping to build a good export market.

Unfortunately, Shri Jhunjunwala is not here. But talking of the countryside, I would invite him or any Member of Parliament to just go and have a look at Ludhiana, how small-scale industry can rapidly increase production with a

little help. If more adequate help is provided, the progress will be much more rapid.

Shri G. P. Sinha (Palamau *cum* Hazaribagh *cum* Ranchi): What has been the Government's contribution?

Shri Kanungo: I would invite the hon. Member to go and watch what has been the Government's contribution. The organisation has come in only about a year ago. Those who go and see what has been done will find the answer.

It is not always easy to distinguish some of these light industries from what are termed small-scale industries. The difference is usually one of size, and standards as to size can vary. The small unit requires less capital investment and provides larger employment opportunities. They can be more widely dispersed and avoid the evils of concentration. In their use of machinery and power and in their range of markets, they cover, however the same field as many large units. It is only recently that we have taken up the development of such industries through the medium of the Small-scale Industries Board which started functioning in January 1955.

There are two aspects to the problem, one of which may be briefly referred to as a negative aspect, namely, restrictions on the large-scale sector. In various industries, like leather footwear, matches, cutlery, sports goods, agricultural implements and the like, we have imposed restrictions on expansion in the large-scale sector. But these are only temporary expedients and cannot be of lasting value. The real emphasis is on the positive aspect, namely, improvement in technical efficiency; provision of credit facilities and the organisation of these industries on a basis of co-operation.

In this connection, we are heartened that some Members like Shri Jhunjunwala have agreed that this negative expedient should be temporary and the ultimate objective should be that the competitive value of the products should be equal to everything else. Our technical assistance programme has been provided through the medium of four regional service institutes with extension centres attached, set up during this year. It has not been an easy task to find suitable technical personnel. But we have a corps of about 130 technical officers and the number is increasing almost daily. Our experience has already shown that there is a very keen demand for such an agency. As a

matter of fact, in one of the institutes during the short period, something like 700 enquiries were attended to, and judging by the rate at which enquiries—both personal and by correspondence—are pouring in, I think we will have to increase our establishments much more than we anticipate today.

As my hon. friend, Shri S. V. Ramaswamy rightly remarked, our artisans are only too anxious to take to the use of machines. They are also anxious to utilise power where available. However, such machines have to be suited to our conditions. Shri S. V. Ramaswamy has referred to a number of such machines that are being used in Japan. I am sorry to disillusion him. We are not quite ignorant of this subject. Sometime ago, the Government of India imported 60 such small machines from Japan and installed them in a workshop in Harduaganj, near Delhi. But the experiment was almost a total failure. These machines had to be disposed of at a loss. What we are trying to do now is to get our artisans, first, acquainted with the use of machines and find out those which are best suited to our country. This is being done. For instance, at our institutes, the mobile workshops have proved very successful. There are 8 of them and we are putting 16 more on the road immediately. In addition, we are securing the services of foreign technical experts, where required, on such machines. There are 6 such experts who are working in our extension centres on items like footwear, locks, surgical instruments and others, and they are training our craftsmen on the type of machines which can be easily used by the latter. A special cell has also been set up in our Small-scale industries organisations for which we have secured the services of three technical experts from West Germany who are specialists in machine-designing for small industries.

Here I might mention that the machines have got to be modified and remodelled according to our requirements in a number of cases. They would have to be suited to the existing method of manufacture. That we will be able to do in the course of time to the needs and requirements of our craftsmen. Here I would also mention that the whole purpose of the extension scheme, as the name implies, is to have an agency of Government to go out to the people, and not that we should sit back and expect

people to come to us. The results so far are very encouraging.

As a follow-up of this training and demonstration, we have introduced a system of supply of machines on a hire purchase system on easy terms. The first few machines under the scheme have been delivered to the purchasers. In the coming year, we propose to set up five more such institutes and a large number of extension centres. We are recruiting 30 specialist technicians and are also arranging for a number of artisans to be trained in small industries in other countries. We propose to constitute a fund of Rs. 3 crores for supply of machinery on hire purchase.

Constitutionally, the development of small industries falls within the sphere of State Governments. But our endeavour has been to make this a joint effort, as far as possible. On major requirements the provision of money on easy terms. We provided about Rs. 2 crores to the State Governments for this purpose. Admittedly, disbursements have been slow—and this is a point to which Shri Bansal referred. The State Governments have to amend their State Aid to Industries Act. It is a legislative procedure in order to provide loans quickly and liberally. But the tempo of such assistance has increased and our final figures show that disbursements have come to Rs. 1½ crores. Loans are given up to 75 per cent of the value of the security offered including assets created out of loan, and are offered both for capital expenditure and for working capital. The rate of interest is only 3 per cent. and as a special concession to industrial co-operatives, it is only 2½ per cent. I beg to submit that nowhere else in the world will you find such a low rate of interest for industrial enterprises. This also applies to the easy terms of credit. To help small men, loans up to Rs. 5000 are given only on a bond of one or more surety and up to Rs. 1000 on a personal bonds alone. Admittedly, the tempo will increase as the momentum increases, and it requires that the administration at the Centre, and particularly in the States should go in step. We are doing our best in the sense that we are having regional officers who will help the State Governments in formulating their schemes and implementing them. By and large, the different State Governments are also aware of the responsibilities and are working to that end. In fact, the Central Government has offered to bear a part of the cost of the staff which will be required to

[Shri Kanungo]

expedite the schemes and their execution and financing of these schemes. At present, credit requirements are being met largely from government sources. But the State Bank of India are launching new pilot projects to provide credit to small-scale industries. These pilot projects would examine and recommend how best the provision of such credit by the various agencies concerned, the State Bank, the State Finance Corporation, the co-operative societies and the Government, can be made and co-ordinated. With the help of the experience of the pilot projects, it is ultimately expected that the normal banking services would be able to extend credit facilities and Government will gradually have to take less and less direct part. That means that the whole structure will be self-operating and the Government's help will be needed less and less.

An important feature in the development of industries on a decentralised basis is the establishment of industrial colonies and estates. Ten such estates have been sanctioned so far, totalling more than Rs. 4.4 crores and the entire expenditure is being met by the Centre. The land has been acquired, and, in some of these industrial estates, constructional work has already been started. In one of them near Rajkot, the first building has already been let out to small industries.

Shri Thomas referred to the lack of assistance given to Travancore-Cochin. If he will look up the pamphlet, he will see that one of these industrial estates is in Quilon in Travancore-Cochin. It is expected to cost about Rs. 45 lakhs and we propose also to start a similar industrial colony in the State in the coming year. A branch unit of the Small Industries Institute has been opened in Travancore-Cochin and it is now to be converted into a full-fledged institute. The question of limitation is the capacity of the State administration to absorb the development projects which are envisaged and the limitation is also the availability of the right type of technical personnel.

Shri A. M. Thomas (Ernakulam): That is my complaint too.

Shri Kanungo: Shri Thomas also referred to the coir industry in Travancore-Cochin. The coir development scheme initiated sometime back envisaged a total outlay of Rs. 64 lakhs, shared equally between the Centre and the State. As compared to an expenditure of Rs. 9

lakhs last year, there has been a very considerable improvement in 1955-56. One hundred and twenty primary co-operative societies which was almost the target, 22 housing co-operative societies and 2 central coir marketing societies have been organised so far and a sum of Rs. 58 lakhs has been disbursed as loans and grants to these societies. The handloom industry in Travancore-Cochin has also received larger measure of assistance than is ordinary, Rs. 36 lakhs against Rs. 30 lakhs which is the State's maximum allocation under the Handloom Cess Fund. Our approach to the problem of the handloom industry has been the same as in the case of other small enterprise. My own experience, as Chairman of the Textile Enquiry Committee, has been that reservation can only be of limited value. The emphasis has to be on positive measures of assistance to organise the handloom weaver on a co-operative basis, the provision of common service facilities and supply of improved technical appliances and of credit on easy terms. We may claim to have achieved some measure of success in our efforts. The production of handloom cloth has risen from 1100 million yards in 1952 to 1450 millions yards in 1955. The average monthly supplies of free yarn rose to 93,000 bales in 1955 as compared to only 73,000 bales in 1953. The sales of handloom cloth in our biggest apex co-operative societies of Madras, Andhra, Hyderabad and the U.P. in the quarter ending September, 1955 were 29 million yards as compared to 13 million yards in the corresponding quarter of the previous year, an increase of more than 120 per cent. The number of looms in the co-operative field are now about 10 lakhs as against 6.8 lakhs in September, 1953. A very large number of sales depots, emporia, dye houses and pattern-making factories have been set up. During the year under review, 5 more housing colonies for weavers at a cost of about Rs. 15 lakhs have been initiated. Another special feature this year has been our assistance to silk handloom weavers and 22 societies with a total membership of more than 3500 have been formed in two centres, Kancheepuram and Banaras and we have opened dye houses and pattern-making factories for these silk weavers.

In the matter of housing colonies, it is imperative that these should multiply because they bring craftsmen together and afford opportunities of providing common service facilities which it is difficult in dispersed populations residing

at long distances. The average income of the weaver has increased in varying degrees all over the country, though it is difficult to justify this assertion by accurate statistical data. However, a limited random survey in respect of it has shown that the increase is of the order of 15 to 30 per cent. A special effort was made to stimulate export marketing and an exhibition was held sometime ago in New York which aroused a good deal of interest in the American market and this work is being followed up by the trade centre that we have opened in New York. Recently we took part in the Leipzig Exhibition which was very successful. We managed to sell practically all the items exhibited. In order to organise our own production to meet the export demand, 5 design centres with show-rooms have been planned and the first of these has already been started in Bombay.

In the progressive improvement of the production of textiles, both in the mills and handlooms, there is a disquieting apprehension that adequate supply of the right quality of yarn may not be available after a period of time,—maybe in a short period of time. The increased off-take both of cloth and yarn from mills has resulted in the stock of cloth being reduced to 2 to 3 weeks' production in the mills. As an example, I may mention that the July stock, which is usually the highest, in 1953 was 279,847 bales; in 1954, it was 3,01,212 bales; in 1955, it was only 1,99,682 bales. In January 1955, it was 2,63,340; in 1956, it was only 1,57,626. In February 1955, it was 2,55,663 bales; in 1956, it was 1,13,154 bales. The biggest handloom societies show very small quantities of unsold stock and this may be taken as an indication of handloom cloth all over the country. Unless adequate steps are taken in time to augment the supply of yarn, the hardest hit person will be the handloom weaver in the country.

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

In the Second Five Year Plan, a tentative provision of Rs. 66 crores has been made for this industry. In a large measure, the programme would be for expansion on existing lines. It is true that there are certain questions on which a decision has yet to be taken, chief among them being the gradual changeover to power. The use of power appears to be an inevitable step for the technical improvement but, obviously, such change-over would have to be planned carefully.

It has to be regulated so as not to cause dislocation of labour. In this field as in the field of most small industries, the moneys sanctioned by the Central Government have shown a rapid and progressive increase. In 1953-54, it was about Rs. 3.2 crores; in 1954-55, it was Rs. 5 crores and in 1955-56 it was nearly Rs. 8 crores. The rate of disbursement has been comparatively slow in the earlier stages. The greater part of the work is done through the medium of State Governments. The administrative machinery had to be geared to this task. There was the problem of securing suitable officers, especially on the technical side. However, progress has been speeded up of late. In December, 1954, the rate of expenditure was only about 20 per cent. for the handloom industry. In December, 1955 it was 54 per cent. and, we expect, by this time it would be considerably higher.

The Small-scale Industries Board had a much later start. Here too, the latest figures show considerable improvement in the disbursement of loans to small industries. But we realise that a very considerable organisational effort, both by the Centre and the State Governments, is necessary and this will be our major pre-occupation in future.

One word more. The Small-Scale Industries Board has functioned for barely a much later start. Here too, the latest gained during this time is so encouraging that, provided the organisational bottlenecks can be cleared and the necessary technical knowledge can be absorbed, there is an immense future for it. We hope by next year we will be able to give you a much more buoyant report than it has been possible to do now.

Shri N. Rachiah (Mysore—Reserved—Sch. Castes): Mr. Deputy-Speaker, I rise to support the Demands of the Commerce and Industry Ministry.

We are in a socialist pattern of society and our Government have pledged themselves to realise that objective in the best interests of the masses of India. To realise this objective the Ministry of Commerce and Industry has to play a very important role. Of course, for the past four years this Ministry has really worked very well and the production in the various fields is also encouraging, particularly with regard to the Ministry of Industries. But I am very sorry that the way in which the distribution of the products of the different fields or the wealth created by this Ministry is done, has not been satisfactory.

[Shri N. Rachiah]

For instance, take the case of steel and iron and cement. In all parts of the country, more than the private people who construct their houses and other tenements, the Government have undertaken construction of large governmental buildings, particularly in Delhi. For this work they are getting large quantities of iron and cement. While doing so, they have also given a lot of cement and steel for consumption by the private people, that is the public. But, in Mysore, my experience is that the distribution of steel and cement is not being done according to the terms of the control imposed by the Central Government. About three months back, when I wanted to do some improvement to my building, I went to a licensee and asked for steel. Actually that man who was in receipt of cement and steel from the Government could not find even a bag of cement or a cwt. of steel for me, but that could be found by his neighbour who was not a licensee. That shows the licence-holders are not actually complying with the terms of the control and these goods are sold in the black-market. That is my personal experience and that has been the difficulty experienced by the public, particularly the common man. Therefore, I urge upon the Ministry to see that this anomaly in the policy of distribution of very important commodities like cement and steel is removed in the best interests of the country.

According to the report brought forward by the Ministry it is seen that there was an acute scarcity of steel and cement and efforts were directed towards importing them to tide over the shortage till our own schemes of expansion and new production get into stride. That shows, actually there is a dearth of cement, steel and iron.

Now, in the entire South India, the Bhadravati Iron and Steel Factory in the Mysore State is the only factory. That factory is owned by the State Government. The State Government has submitted a lot of schemes for the expansion of this factory. According to the report produced by the Ministry of Iron and Steel 0.01 million tons is the existing production and in the next Five Year Plan they expect an increase of only 0.1 million tons from the iron and steel works in the Mysore State. When the Government are giving more importance and more assistance financially to private agencies like the Tatas, I ask, why should not Government give more assistance and encouragement to a State-owned industry, particularly the iron and steel industry

in the Mysore State? Therefore, I urge that special attention and protection should be given to Mysore Iron and Steel Works.

Moreover, the Government are starting three major iron and steel plants in the north. I do not grudge it. But in South India we have got a lot of iron ore, according to the report of the Geological Survey of India produced by the Ministry of Natural Resources and Scientific Research. They have said that we have got plenty of iron ore in South India, particularly Madras, Andhra and Mysore. I say that such resources should be exploited for the benefit of the country. Even from the point of view solving the unemployment problem in South India, at least another steel plant in South India, particularly in Mysore or Madras, would be beneficial. That would satisfy the cry of the unemployed. Therefore, I hope, the hon. Minister, instead of being influenced by the powerful States like Uttar Pradesh, Bombay and Bihar, while dealing with such things, will see that equity and justice is done and such important industries are also established in South India.

With regard to small-scale industries I want to say a few words. First of all, I would like to deal with the powerloom industry. Last year there was a deputation from the owners of this powerloom industry in Bangalore. They met the Minister and sought relief. According to the recent statement by the Minister for Planning, our Government are introducing the popular Ambar Charkha. Also, according to that statement, within about three years all handlooms in the entire country will be converted into powerlooms. That means there would not be any handloom industry at all within a course of some years after the introduction of the Ambar Charkha. The Ministry was approached for giving exemption to powerlooms as they have given exemption to the silk industry where exemption is given up to twenty-four looms. So, in the silk industry the Government have given exemption to cases where there are twenty-four looms working. But with regard to textile powerloom industry they have not raised that exemption limit up to 24 with the result that the powerloom industry has been hit hard and the people, particularly people engaged in powerloom industries in Bangalore and also in other parts of Mysore, have closed their factories for months together. The industry is now facing an actual crisis. Myself and my colleague Shri Keshavaengar went on deputation to the Minister and

informed him that the industry was hard hit and that it should be protected. So also many representations, memoranda and resolutions were sent to him. Very important industrialists also made an appeal to the Government. Apart from that, the State Government also made very strong recommendations in favour of giving exemption to the extent that was given to the silk industry. After all, though the silk industry is almost a poor man's industry, it is only the rich man that could wear the silk. When such industries have been given so much help, concessions and encouragements; the textile industry which is also a poor man's industry, because the cheap cloth is essential for the poor man, has not been given exemption in this regard. From all these points of view, I would request the Minister to be liberal in his policy and to give protection and encouragement and also the required exemption to the handloom industry as has been requested by the people engaged in the handloom industry.

I would next come to the leather industry. It is an industry which is very important only next to khadi. I do not think any Member of this august House will deny the fact, that any citizen in the country will deny the fact, that leather is not only used for footwear but for all practical purposes and for very important purposes in our industry. But I am very sorry that the Minister has given least attention to this industry in spite of our repeated requests. They have constituted many Boards: for coir, for tea, for rubber, etc. After all, they are all very small industries.

Shri B. S. Murthy: On leather depends the very existence of the poor people.

Shri N. Rachiah: Yes; but such small industries as I mentioned just now have been given so much of encouragement. Separate Boards have been constituted for those industries—whether small-scale or big-scale. Take, for instance, the village leather industry. The village leather industry has, from June, 1955 onwards, been transferred to the Production Ministry, while the small-scale industries have been retained with the Ministry of Commerce and Industry. So, there is a confusion in the minds of the public as to which Ministry has to be approached for protection and encouragement in regard to certain industries. I want that all the industries must be under one Ministry.

As I said, the leather industry is a very important industry and I very strongly appeal to the Minister concerned to constitute a Leather Board and give special attention to it. There must be schemes, there must be definite plans and a definite objective with a view to giving encouragement to the leather industry. Hides and skins worth crores of rupees are exported to other countries. But within the country, it is the poor man, particularly the poor Harijan who is engaged in the leather industry. The capitalists particularly in the South who are all non-Hindus—I do not grudge them—have been sucking the blood of these poor people and the condition of the leather workers is worse than that of the handloom workers. The Government have given very special and very strong protection to the handloom industry and also khadi. I am very happy about it, but at the same time, I am very sorry to note—and I want to bring this to the notice of the Minister—that they have given only a step-motherly treatment to the leather industry which is a very important industry. I urge upon the Minister to see that conditions of the workers of leather industry are improved. I urge upon him to investigate the matter and peacefully consider it and see that a Leather Board consisting of experienced people in the line is constituted.

In the constitution of the Boards, the Ministry is not impartial. Generally, the right selection is not made. Generally, a wrong selection is made. I very boldly say that a wrong selection is made, either through regionalism or regional interests or through some personal interests. That attitude should go, and in the larger interests of the country all people should be given an equal opportunity to serve on the Boards. The Minister has constituted hundreds of Boards and Committees, and not even one Scheduled Caste member is found on any of these Boards or Committees. Why should that step-motherly treatment or attitude be shown? We all want to learn the work and serve the country and have greater opportunities. The Ministry wants our co-operation and all that. While we give it, they have got their own way of tackling things. That should end. We know—and they all say—that the Minister is popular. But what is the use if he is not impartial?

Mr. Deputy-Speaker: Please do not compel me to be partial? Your time is up.

Shri N. Rachiah: I have finished, Sir.

Mr. Deputy-Speaker: I shall call upon Shri Punnoose now. At 3 o'clock, we have to start non-official business. The hon. Member wanted to go away owing to the shortness of time. He can have three or four minutes beyond 3 o'clock even, so as to finish.

Shri Punnoose (Alleppey): Thank you, Sir.

The hon. Minister received many bouquets, and I am always glad to see him receiving bouquets. But I for myself would prefer to wait to decide, whether I can give him one. There are certain aspects in which progress has been made. Production has improved and certain organisations have been set up. But I would put two questions: firstly, whether the Ministry has succeeded or is succeeding in building up a free national economy, and secondly, whether the progress registered in production has been reflected in the welfare of our people, that is, the people who take part in the production. The Minister of Industries, in answer to an observation from Shri A. M. Thomas, said that some progress has been registered in the coir industry as a result of the help given by the Ministry and also because of the activities of the Coir Board. Here are the figures. In 1955, till November we were able to export 68,029 tons of coir goods as compared to 67,440 tons in the previous year. It would appear that some progress has been made though not very big. But facts speak otherwise. Looking at the detailed figures given by the Coir Board in its report, we find that in 1954—the figure given for the latest period—we exported 4,40,000 cwt. of finished goods in the shape of mats and matting, while we exported 1,083,030 cwt. of raw materials.

The coir industry has got two phases one is the cottage industry side and the other is the organised industry side. Thus, there are two divisions. What has happened is that even after the Coir Board came into existence and after all the good service that has been rendered by the Ministry, our raw products have gone more and more outside India, and our organised industry has declined. An industry which used to employ 30,000 workers cannot now give full employment to 10,000 workers. Still, the Ministry believes and makes us believe that some improvement has been made. There is very great danger in allowing such conditions to exist. I know it is not an easy thing to set it right. I know the answers

that are going to be given by the Minister. He will say that there are factors which are beyond our control. Nevertheless, if we allow our raw materials to be consumed by factories established in Europe, that would mean that we will continue to be dependent and we will be perpetuating our dependence on others.

Shri A. M. Thomas: Will there not be suffering and distress if the yarn is not exported?

Shri Punnoose: I do not want that yarn should be banned now. What I say is, our organised industry is in a primitive condition today. For example, from Holland you get things which can defeat their counterparts here in respect of quality and durability, etc.. Therefore; let us modernise our coir industry; let us reorganise the industry. That is what I want. So, what is printed on paper here is not a fact. We have to make greater efforts to make our position better. The record of the Coir Board is not very creditable. It is time that the Minister looks into the performance of that Board. He will have to find out whether the various Boards which are set up today are really effective and useful.

3 P.M.

We have got our cocoanut oil industry. Time and again, we have demanded that the import duty on Ceylon copra should be raised, but nothing has been done. On the other hand, conditions have been made easier for the Ceylon copra to come in. I am glad that the Finance Minister also is here. He is proposing to impose an excise duty on cocoanut oil. The result is that cocoanut oil becomes more costly, but, at the same time, the cocoanut cultivator does not get any benefit, because though the excise duty comes at the stage when it goes out of the mill, the mills will simply shift this duty on the cultivator and the cultivator does not get any thing but additional burden. On the other hand, if we can restrict the import from Ceylon by enhancing the import duty, then the cocoanut cultivator would have a better price and his purchasing capacity would improve and the cocoanut oil market would not be affected. I believe that both the Ministers who are here will look into this matter which is perturbing the public mind in that part of the country.

I now come to plantations. India is supposed to have—to quote a round figure—Rs. 20 crores by way of profit from plantations, mostly owned by

foreign capital. Now that the industrial policy is on the anvil, may I ask the Minister what they are going to decide? Are we thinking of nationalising plantations? If not, why not? There is no case stronger than that of plantations to be taken over by the Government. Plantations have developed, because they got very cheap land in our country. 230 square miles of land were purchased about a hundred years ago for Rs. 5,000 by a company and that company is called the Kannan Devan Company today. They employ very cheap labour and derive huge profits, which should really go to the national coffer. Because these plantations have been developed for the benefit of the metropolitan country, there is foreign grip over them at every stage. Therefore, it is high time that we think of nationalising this industry.

I now pass on to something which may not be very creditable to the Ministry and the officers in it. We have got the Rubber Board. We have too many Boards and it is one. The Rubber Board submitted a plan for replanting 70,000 acres of rubber within the next ten years at the rate of 7,000 acres per year.

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

Shri Punnoose: I will just conclude. Planting has to be done in June and they sent up the plan in December. The plan is somewhere here and the wise men in the Ministry are discussing and discussing. Seasons do not wait for the Ministers to conclude their discussions. The rains will come and go and the replanting of 7,000 acres this year and the big scheme placed before the country is going to be a fiasco, for which the inefficiency, the incompetence and the unimaginative procedure of the Ministry is responsible.

Mr. Deputy-Speaker: The hon. Minister will reply day after tomorrow.

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COMMITTEE ON PRIVATE
MEMBERS' BILL AND RESOLUTIONS

Shri Altekar (North Satara): I beg to move:

"That this House agrees with the Forty-ninth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 11th April, 1956."

This report is in connection with the allotment of time. Out of the 3½ hours allotted to the first Resolution of Shri G. D. Somani, 1 hour and 6 minutes have already been taken up and 2 hours and 24 minutes are left. The next Resolution is that of Shri M. S. Gurupadaswamy on nationalisation of banks for which 2½ hours are allotted. There are other Resolutions also for which the time has been stated in the Report. Five minutes are already over and I would request you, Sir, to extend the time by five minutes, so that Shri Gurupadaswamy may be on his legs to move his Resolution.

Mr. Deputy-Speaker: The question is:

"That this House agrees with the Forty-ninth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 11th April, 1956."

The motion was adopted.

RESOLUTION RE. APPOINTMENT
OF A COMMITTEE ON INDUSTRIAL
AND COMMERCIAL STATE
UNDERTAKINGS

Mr. Deputy-Speaker: The House will now resume further discussion of the Resolution moved by Shri G. D. Somani on the 31st March, 1956 regarding Appointment of a Committee on industrial and commercial State undertakings.

Out of 3½ hours allotted for the discussion of the Resolution, 1 hour and 6 minutes have already been taken up and 2 hours and 24 minutes are left for its further discussion today.

Shri K. P. Tripathi may continue his speech.

Shri K. P. Tripathi (Darrang): The other day I had just started. The question in my mind was, what was the intention with which this Resolution has been moved.

Mr. Deputy-Speaker: The hon. Member will excuse me for one second. There are a large number of hon. Members who want to participate in the debate on this Resolution, because it is an important one covering a very wide field. If the hon. Members so feel, they might put on themselves some time limit.

Shri Feroze Gandhi (Pratapgarh Distt.—West cum Rae Bareli Distt.—East): This is an important Resolution and the time may be extended.