

5167 Motion no: BHADRA 7, 1961 (S.A.K.A.) Report of National Small Industries Corporation Private Limited 5168

Mr. Deputy-Speaker: Has the hon. Member the leave of the House to withdraw the motion?

The motion was, by leave, withdrawn.

15.00 hrs.

MOTION RE: REPORT OF NATIONAL SMALL INDUSTRIES CORPORATION PRIVATE LIMITED

Shri Harish Chandra Mathur (Pali): I beg to move:

"That this House takes note of the Third Annual Report of the National Small Industries Corporation Private Limited for the year 1957-58, laid on the Table of the House on the 27th April 1959".

Shri Nanshir Bharucha (East Khandesh). Is this motion also going to be withdrawn?

Shri Harish Chandra Mathur: I am not going to withdraw it—he may rest assured—because there is nothing to withdraw.

I ventured to ask for the valuable time of this House not only because I wanted to refer only to a few figures given in this Report or to make a reference to the achievements or failures of the Corporation during the period under review, but I have asked for the valuable time of the House by moving this motion for a much larger purpose as it has already been indicated to an extent in the points I have stated for discussion

I have clearly stated that I want this House, while discussing this Report, to focus the attention of the Government on particularly these five points

The need to strengthen the Organisation;

The effective working of the subsidiary corporations;

The need to avoid procedural delays;

Hindrances in procuring raw material and in marketing;

New Demands of the industry and how to meet them.

That is a big question which poses itself before the entire country today.

Now, Mr. Deputy-Speaker, if we look at this Report, we find that this Corporation, during this year, has done pretty good work. As a matter of fact, this Corporation was set up only in 1955 with a very limited purpose, only to procure Government orders for the small-scale industry, with a pitiful amount of Rs. 10 lakhs as the authorised capital. But, subsequently, the authorised capital was raised to Rs. 50 lakhs and it has been functioning as such since then.

But the functions of the Corporation have been enlarged and it has undergone an almost complete transformation beyond recognition. The Purposes which have not been assigned to the Corporation are these, and I wish we make a note of them. Instead of only obtaining Government orders for the small-scale industry, the Corporation's main functions are these.

Assistance to small-scale units in securing Government orders;

Development of small-scale units as ancillaries to large-scale units;

Marketing assistance including export promotion;

Distribution of components to small-scale units;

Supply of machinery under hire-purchase scheme;

Construction of two industrial units, one each at Kotla and Nainai;

Setting up and running of two technical training centres one each at Delhi and Rajkot.

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Now, so far as the procurement of orders is concerned, during the first year, the Corporation obtained orders worth about Rs. 10 lakhs for the small-scale industry. Next year for the quantum of the orders was of the order of about Rs. 60 lakhs. But a year later, that is after this Report, it has gone up and it is much to the credit of the Corporation that it is about Rs. 256 lakhs. That is, orders to the extent of Rs. 256 lakhs have been obtained for the small-scale industry from the Government by this Corporation. We can certainly pay an ungrudging compliment to the Corporation for doing a good job on this item.

Regarding the Hire-Purchase division, which is another very important division, it is doing exceedingly important work. During the first year, the Corporation made available about 191 machines valued at Rs. 10 lakhs. During 1957-58, it was about Rs. 64 lakhs and I think in the subsequent year it is more than a crore of rupees. While I comment favourably on this development and growth of the work of hire-purchase, I have no hesitation also in saying that I am not at all satisfied with the work of hire-purchase for various reasons.

When we say that the hire-purchase has increased from Rs. 10 lakhs in the first year, to Rs. 64 lakhs in the second year and to Rs. 1 crore and a little more in the third year, let us not forget that 5439 machines have yet to be supplied to the various applicants and the total value of the machines would be more than Rs. 4½ crores. It shows what a back-log is there. It has not been able to discharge its duties. It should have been able to supply at a much speedier rate. It should be obvious from this how the small-scale industry is coming up in this country and that this Corporation is not in a position to meet the demands of that industry.

Again, so far as this hire-purchase is concerned, though I have no hesi-

tation in saying that there are certain officers in the Corporation as well as in the Development Commissioner's Office who call for appreciation and a good word from us—and I do not wish to say anything which would demoralise these good workers—let us also face facts. I make these observations because I want to convey through you our sense of gratification and appreciation both of the Corporation and its officers. I have mentioned the figures which are complimentary to the Corporation; but I also feel duty bound to mention what is against the Corporation.

What is the state of affairs regarding hire-purchase? Even from the date the application is accepted—the application is made; it goes through a certain process and then it is accepted—even after its acceptance, it takes not less than 6 months for the actual delivery of the machinery. Unfortunately, what further happens now is that there are certain subsidiary corporations and the inter-communication between the subsidiary corporation and the residuary corporation is so much that a man who applies for a machinery is driven from pillar to post. Sometimes the papers are not traceable. And, these subsidiary corporations, instead of being at all of any help, have become a sort of hindrance and delay. That is another weakness to which I want to pin-point the attention of the House.

Another thing about the business is this. There is no commercial attitude at all in the Corporation. Our friends in the small-scale industry are giving all sorts of management training. But, I would suggest to the hon. Minister that the first training should be given to the officials of the corporation in management. They must not behave in a bureaucratic manner. It is none of their fault because all the people are drawn from this service or that service—even the clerks are drawn from the Secretariat or here and there—and

they go on jolly well in the same way as they have been doing all along. But that attitude is entirely different; it is not at all conducive to the growth of small-scale industry. They have got to bring about a commercial approach; they must completely re-orientate their outlook in dealing with these matters. So, I would suggest strongly that whatever business management training has been set up, every member of the Corporation right down to the clerk, must get it. I attach greater importance to the mental attitude and approach and outlook of the officials of the Corporation right from the lowest bottom. They must undergo a complete change and they must also try to learn how to behave in dealing with the customers. I do not know if any official of the Corporation has ever paid visits to the industries concerned for the purpose of hire-purchase transactions. I was really surprised that when the managing director of one of the biggest commercial houses in England happened to visit Delhi—he had certain queries from a small concern—he had not the least hesitation in going to that small concern and in trying to understand their difficulties and in trying to expedite things.

I think the same approach will have to be made by the officials of the Corporation. Let them not think that they are doing any favour or giving any patronage or that everyone has got to go to their office. They must adopt the same attitude as is being adopted by all commercial houses in dealing with people and they should make themselves felt as the real friends of the people and that they are going to do business.

I once again repeat strongly that there are certain people who are exceptionally nice and very helpful. I know of a particular officer who was posted somewhere in Punjab. I have never seen that man but I have heard about him. He used to be such a great friend of small-scale industry that on his transfer there was a re-

presentation. If he goes to a particular place and comes back, the representation is that that particular officer should be sent back to that place. I do not want to name the officer here. I wish that such officers are appreciated.

Passing on to the projects division, I have very great pleasure here again in paying a great compliment to the Corporation for putting up this magnificent industrial estate at Okhla. They have done an exceedingly nice job. Anybody who is not carried away by superficial observations, who goes and sees things will find that it is a really good job. If it has been left to the Delhi Administration or the Delhi Directorate, I am sure this would have never come up. I express my deep gratitude to the Corporation for having set up this exceedingly nice industrial estate. Then the German prototype is added on, I hope it would almost be a show-piece. Then it would have done a remarkable service to the country.

I now come to the marketing side. I am not at all happy with its marketing division. It has not done well at all. I will not devote much time to the mobile vans. I must make a passing reference, though my friend may laugh, because I have been putting questions about it and whenever I had an opportunity I have said that they should not be carried away by these ideas from foreign experts who know nothing about the context here. They started these mobile vans and unnecessarily wasted a good bit of Government money. I am glad that they have now come to the conclusion to stop this. But I was a little amused to read from this report that there was another American consultant who had to give them certain advice on marketing. They have promised in this report to give consideration to it and do something to improve the marketing on the basis of his suggestions. I hope the hon. Minister will be able to tell us something about it now because this report is more than a year old and by

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this time the foreign consultant must have given his report. So, what is now the new idea and how should marketing be conducted by this Corporation? Let us not suffer from any inferiority. We know our country, our people and our conditions very well. I have much greater faith in the hon. Minister sitting here who is always giving very intelligent answers and I think he can evolve a much better marketing policy. Let him do something in this matter. Let us not go by these foreign consultants so much. I think he has not fully realised the importance of this division at the present moment because by and large industrial enterprises do not find very great difficulty. But I warn this Government and this Corporation to take serious note of the situation that if they do not immediately give serious thought to this matter, very soon they will come to an end. The marketing division will be exceedingly helpful in giving a new direction to the industry, in improving the quality of the products, in giving certain incentives to really good people. It will not be long before this marketing division will have to play a much more important role than any other division. So, I definitely feel that a cell should be established to do something regarding the marketing division.

I would make a passing reference to the small losses incurred during this year—Rs. 9 lakhs. I fully appreciate and I know that this Corporation is a promotional body and in its activities it is very likely to incur such small losses but I would rather like the hon. Minister to explain whether the losses on some of these items are not avoidable. I know that Rs. 3 lakhs at least are an avoidable loss because they were spent on the vans. That idea is gone now. In the previous year they had made a profit of Rs. 3 lakhs but this year there is a loss of Rs. 9 lakhs. This calls for some explanation.

Having dealt with the activities of the Corporation, I would now come to the more important aspect of the whole case. I feel that this Corporation should be entirely reconstituted. When I say this I talk in a certain context which I visualise in the future. The first reconstitution of the Corporation will have to be in respect of its personnel. The small-scale industry was never represented on this Corporation for a long time or at least so far as this report goes, it does not indicate that. But from the very beginning, it has got the Secretary-General of the Federation of the Indian Chambers of Commerce and Industry. It is unfortunate because of certain reasons. The gentleman who holds that position is personally known to me; I have absolutely nothing against that person; he is a lovable, likable person. But I do not want him to be there in his capacity as the Secretary-General of that organisation. If he was there in his individual capacity, I would not mind. From the very outset, the large-scale industry has got strong representation on this small-scale industries Corporation while the small-scale industry has got no representation. I hope the large-scale industry will have to realise sooner than later that it will have to completely change its attitude in this matter; it must know that the small-scale industry is going to play an increasingly important role in the development of our country's economy. If we are going to democratise the economic power of this country, decentralise it and stop the exodus from the villages to the urban areas, if we are to fulfil any of our social aims and objectives, the small-scale industry will have to play an increasingly important role. It has got a momentum; it is going up and it will definitely take its own place. We talk of Japan and other places. What is the position in Japan? Japan, at this stage when the industry is developed, does a thousand times more than what our Government is doing for promotional purposes; it does a hundred times

more than what our Government is doing on the credit side. So, I am strongly of the view that this Corporation is going to play the key role.

The Corporation will have to be strengthened in its personnel. I do not grudge a place to the representative of the large-scale industry but he must find his own place and there should be a predominant place for the small-scale industry.

Another big change that I ask for and which should be given effect to immediately is its financial pattern. This is a Corporation to develop the small-scale industries spread all over this country. I cannot understand how it can function with a ridiculously low sum of authorised capital—Rs 50 lakhs. At the present rate of supply, even one of its functions—hire-purchase of machinery—requires that it must have a capital of Rs. 2 crores. Even at this rate of supply, the Corporation is unable to meet it. There is a much greater demand, and that demand is going to grow and grow every year and every day. How is this poor Corporation going to meet that demand. We call these corporations autonomous bodies. But this Corporation has always to be at the mercy of the Development Commissioner or my hon. friend for a loan, otherwise it would cease to function. It is a huge joke to call this Corporation an autonomous body with an authorised capital of only Rs. 50 lakhs, when only one section of this Corporation requires Rs. 2 crores at the present developmental stage to function properly. We must realise the situation. As I said, the importance of small-scale industry is increasingly realised everywhere. If those duties are to be discharged and fulfilled, if this Corporation has to do anything, its authorised capital will have to be about Rs. 10 crores. You are having the International Corporation, the Development Corporation for large-scale industries and all that where you give Rs. 10

crores. But the functions and responsibilities of this Corporation are ten times more than those of the other corporations. Therefore, I say it is time now, if the momentum is not to be retarded and if the progress is to continue, that the authorised capital of the Corporation must be about Rs. 10 crores straightaway. I do not talk in uncertain terms. It is no use saying that because it is only Rs. 50 lakhs now let it be Rs. 2 crores in the first instance. Why? Let us face facts, whether this Corporation can function properly or not. Therefore, Sir, I would strongly urge on the point of the re-constitution of the Corporation.

Now, this Corporation has got to have branches in each State. These subsidiary corporations should be washed away straightaway; they serve no useful purpose. Each State must have a branch. I am not for increasing the expenditure. They have a representative in each State, a Director of the service institute. Another gentleman could be the Director of Industries of that State. Then, one or two more persons could form into a small Board and every State can have a branch of the Corporation. They should be given independent powers to function there and to distribute machinery and do everything. Otherwise, Sir, it would be absolutely impossible for the Corporation to discharge its functions properly; only it will be able to cater to the people from Delhi, Calcutta, Bombay, Jaipur, Jodhpur and other places, and it will not be able to serve the country-side at all. No smaller towns and no rural areas could be served by the Corporation sitting here in Delhi. How could it function? You want to develop small-scale industry in rural areas particularly. If the Corporation is to function effectively and if we are really earnest about development of smaller towns and rural areas in respect of the growth of small-scale industry, then we must have a Branch of this

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Corporation in every State with independent powers to function there.

Sir, while I am talking about this, I particularly want to make one observation. When I am talking about the rural areas, more particularly, and about the development and growth of our industry, I want to point out that there is a myth that India has always been an agricultural country. This myth must be exploded. It is absolutely wrong to say that India has always been an agricultural country. India has always been an industrial agricultural country. We had industries in all our rural areas. We had our shipping developed long long before the British came. What were we sending? We were not sending wheat, jowar or bajra. We had no cities like Bombay, Calcutta or Madras. The entire country was industrialised and it was manufacturing important items. The handicrafts were there and the small-scale industries were there. We used to send our goods outside. It is only during the British regime over a period of 200 years that our industry has been destroyed. We must revive our industry, and if we are to revive our industry let it be clearly understood by the rural areas, let it be understood by the Planning Commission, let it be understood by the Minister in charge of small-scale industries, that this myth has got to be exploded. If it has to be exploded, my hon friend's task becomes hundred times more important and he will have to play a much greater role. There comes, again, this Corporation. It has to discharge its functions and responsibilities in respect of all these rural areas.

Sir, while I speak so emphatically and enthusiastically about small-scale industry, I do not want to forget one thing. I do want, again, here to give a warning to the Government and to the small-scale industry itself. I do

not want our small-scale industry to grow in a haphazard manner. I do not want that our small-scale industry is pampered by the Government. I want the small-scale industry to grow on scientific lines, and whatever it produces is marketable. Otherwise, Sir, after another ten years of haphazard growth we will see that the industry will be producing so many things which will not be marketable. So from the very outset let us not be encouraged or carried away by old fads. Let us have an absolutely scientific approach. The products of the small-scale industry should definitely be seen and the Corporation should only encourage such industries whose products have a place in the market. We must not permit our funds to be frittered away just to carry out certain old fads in this country.

I have raised this discussion today on the floor of this House. When I have done so, I am absolutely alive to the position that small-scale industry is the responsibility of State Governments. The Central Government has played more than its part. I have not the least hesitation to say that. I am very happy about it. The enthusiasm, the drive and the initiative which should have been with the States is not there. The initiative has now been provided by the Centre and the Centre definitely deserves the gratitude of this country and deserves our congratulations. I do not hesitate in paying the utmost compliment to the Minister for Industry for taking all the initiative and a dynamic interest in the growth and development of the small-scale industry by setting up so many institutions. But it should be obvious to our hon. friend and also to the States that this cannot go on for ever. If the real growth of small-scale industry has to come about, then increasingly the State Governments must take the responsibility which really belongs to them. The Central has taken the initiative

and it has set up the institutions. I do not say that the Centre must withdraw now. The Centre should activate and energise the States. They must see that the State Directorates are properly manned. In most of the States you will find that in every six months there is a change—some I.A.S. Officer is appointed here or there. They are absolutely poorly manned. So far as the Directorates are concerned, I think, the Centre, when giving all this assistance, has to see that the States, during this course of the time, have a proper organisation in their own places with their industrial directors. They must also see that the Directorates are properly manned and, particularly, the technical side of it is fully looked after.

If we are to do justice, if we are not again to face the same catastrophe which we faced during the Second Five Year Plan, we have got to take these steps. Our greatest failure is in the sphere of employment. We have not been able to discharge our responsibility in this respect, and this is the most difficult affair. If the Education Ministry is faced with a crisis, it is simply because there is no outlet for the boys. They do not know what to do. The only outlet, the possibility for a potential employment, is only through the small-scale industry and handicrafts. If we have to discharge that responsibility, if we have to see that fuller employment is provided in the Third Five Year plan or even from now, then a real scheme will have to be drawn up for the small-scale industry and the Corporation which is, again I repeat, in a key position to cater to the needs of the country and to promote small-scale industry should be properly geared up from now so that it may be able to cater to the needs of the country.

Now I will deal with my last point, which I have already submitted earlier. So far as credit is concerned, our banks are absolutely hopeless—I must say it. It has been a very sad experience of mine and I have expressed

my views as strongly as possible that the complete mental outlook of these banks should be changed. The hon. Minister smiles, because he knows my views and how strongly I express them. They bring about the same attitude which the usurious *banrya* brings about in the village life, viz, how to exploit the people. Who are the people who are in charge of these banks? They are all very big industrialists.

So far as making credit available to the small-scale industries is concerned, I think our Government will have to work 10 times or even 100 times more, even if they take the example of Japan. But still it is the commercial banks and the central banks which will have to play an increasingly important role. I am very glad that this view which I have been expressing all the time has now to some extent found the support of the Government. The hon. Finance Minister also, speaking the other day, mentioned how the banks should come forward and do their duty so far as credit is concerned.

The Governor of the Reserve Bank also referred to this matter last week. He was talking to the bankers and he felt called upon to make a reference to this point. He has in one paragraph summed up in an exceedingly nice manner the importance of small-scale industries and the role of the banks. Mr Iengar said that there was growing emphasis on the small-scale industries as part of the planned development. Mark the words—

“They afford the fullest scope for private initiative and strengthen the economic base of democracy. They also promote greater economic quality and foster robust and vigorous economic growth.”

He added,

“The Reserve Bank of India had no doubt that participation by commercial banks in the financing

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of small-scale industries should be of high dimensions."

Nobody could have put forth more strongly the importance of the small-scale industries and the responsibilities of the banks. I hope the hon. Minister will, in consultation with the Reserve Bank and the State Bank devise ways and methods as to how to derive better credit facilities from these banks for these growing small-scale industries.

Mr. Deputy-Speaker: Motion moved.

"That this House takes note of the Third Annual Report of the National Small Industries Corporation Private Limited for the year 1957-58, laid on the Table of the House on the 27th April, 1959."

The hon Member has taken 32 minutes now. Will he require about 10 minutes for the reply?

Shri Harish Chandra Mathur: I will not take more than 5 minutes, unless some controversial points are raised, because I hope I will get outright support.

Mr. Deputy-Speaker: I hope the same time—about 35 minutes—will be required by the Minister also. So, out of 2 hours, 50 minutes remain. May I have an indication of the number of Members who want to speak? There are five or six hon. Members. So, I will give 10 minutes to each hon. Member.

Shri Panigrahi (Puri): Mr. Deputy-Speaker, Sir, my friend, Shri Mathur, has appreciated so much the efforts of the Small Industries Corporation that I think I need not refer to that point. The major problems which the small-scale industries are facing in this country are three: lack of finance, lack of proper management and lack of organised sales and marketing of their produce. The National

Small Industries Corporation wants to meet these three problems and to help the small-scale industries to develop. Mainly because the Planning Commission considered that in enlarging the scope of employment, the small-scale industries have a prominent place to play in the nation's economy. More emphasis was given also to the problem of providing employment to a large number of people in the villages and the countryside. Let us see how far they have been able to solve all these problems.

With regard to the supply of machines to small-scale industrial units, the Corporation has its hire purchase division. I was looking into the number of applications received by the Corporation, the number of machines which the industries required and the number of machines which have been actually delivered in the year 1957-58. The number of machines asked for comes to 4,175 and the actual number of machines delivered comes to 978.

One of the main objectives of the Planning Commission was to encourage small-scale industries in those places which are neglected, because large-scale industries are concentrated in large towns and cities like Calcutta, Madras, Bombay and Delhi. So far as small industries are concerned, the Planning Commission had in its view the providing of opportunities in the villages, so that the small industries may spread in the countryside. The Corporation divided the whole country into 5 or 6 regions and the machines have been distributed in the following ratio. Out of 978 machines actually delivered, the Madras region got 240, Bombay 247, Calcutta 215 and Delhi 276. You will find that in States which are really neglected like Assam, Tripura, Orissa, Bihar and Manipur, not many of the small-scale industries have been supplied with the machines they asked for. Naturally, the very purpose of the Planning Commission, etc.

spreading small-scale industries in the countryside, has been defeated, because many small industries working around Calcutta, Madras, Bombay and Delhi cities only have been given all these machines.

With regard to the estimates of employment, through the development of small-scale industries, the Planning Commission made a rough estimate to provide employment to nearly 8 million people in the villages. I would like to know from the hon. Minister the actual number of people who have been provided with employment in small-scale industries.

The Minister of Industry (Shri Manubhai Shah): Are we discussing the employment problem or the report of the Corporation?

Mr. Deputy-Speaker: The report and those points that have been highlighted in the report.

Shri Pasigrahi: I refer only to the Small Industries Corporation, which has as its object encouraging small industries and providing employment. What is the actual employment provided by them?

Then I come to the question of encouraging export promotion. From the Report I find that so far as shoes are concerned, they have been exported to certain countries, USSR, Poland and one or two more countries. Then there are handloom goods. But the Small scale Industries Corporation had also in their view the development and export of other small industrial products. Now, besides shoes, I should like to know what other small industrial products which had really been exported to other countries and the export earnings that we have made by exporting the small-scale industry products to those countries. No such figures have been given in the Report and so it does not cover that aspect. Only the export of shoes and some handloom goods have been mentioned.

With regard to the degree of dependence of small-scale industries on heavy and large-scale industries, we were given to understand that the Small-scale Industries Corporation is going to encourage ancillary industries around big industries functioning in different States. How far and in which sector of industries these ancillary industries have been encouraged which will feed the large-scale and heavy industries functioning, say, like Tatas and heavy industries in Calcutta and other places? That is also, not mentioned in the Report. So, we would like to know from the Minister as to what has been done to that effect.

The Corporation, as far as the report goes, has selected only the following items of small-scale industrial products for export promotion, namely, footwear, leather goods, cotton, hosiery, sports goods, glass bangles, hardware, tinned fruits and paints. They come to about 8 products. Has the Small scale Industries Corporation confined itself only to these 8 products or they want to enlarge their scope of activities so that they can cover more of small-scale industrial products in this country?

Now the hon. Minister will say that the Small scale Industries Corporation has played an important role in promoting small-scale industries. But from my own experience, I can say that even so far as the Hire Purchase Division is concerned, its work is lagging behind. The demand of the small-scale industries is growing fast but the Corporation is lagging behind and is not in a position to meet the demands.

With regard to the marketing division of the Corporation, all the products are not being sold and they are not in a position to dispose of whatever is being manufactured. Then, coming to industrial estates, though there are four industrial estates in Orissa in many of them even the sheds have

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not been constructed. And where sheds have been constructed, no industries have been shifted to those sheds and so they are not functioning well. Therefore, whatever orders are being placed with the small-scale industries so as to help them, I think, are being placed only with the small-scale industries which are working either in Calcutta, which has a regional office there or in Delhi, Madras or Bombay but not in the distant areas like Orissa, Andhra or Assam or Manipur, which are backward States. When orders are being placed, the regional service institutes are taking into consideration only those factories which are nearer to them and which are easily approachable. I think it needs improvement. So far as placing of orders on Government contracts with the small scale industries is concerned, it also needs improvement.

One point more and I have done. So far as Government contracts are concerned, out of a total value of Rs 62 lakhs in 1957-58, the small-scale industries functioning in West Bengal alone got orders worth Rs. 4,80,627. The orders have mostly been divided between West Bengal, Bombay, Punjab, U.P. and Delhi and a small portion is left to Madras. The Government contracts are not fairly distributed among the different small-scale industrial units functioning in all the parts of India.

So, we find that the Small-scale Industries Corporation has not been able to fulfil the objectives for which it was established and it has not been able to provide maximum employment to those people who are engaged in the small-scale industrial units. So, its objective has really not been fulfilled.

Shri Heda (Nizamabad): When I look at the past, present and future of the Corporation, I get different reactions in my mind. When we look at its past, what do we find? Look at the name: National Small Industries

Corporation. Its first and last word, "National" and "Corporation" would give us an idea that something big is coming. But what we find is that a corporation is coming with only Rs. 10 lakhs as capital, out of which only Rs. 2 lakhs is paid up. So, it is with a small beginning that they started. Then I was doubting whether it was "national" or whether it was worth the name "National Corporation". Probably, they were taken away by the second word that is, "Small".

However, if you look at its present, the present seems to be satisfactory because of the very poor start. Today there is not only one main corporation but it has four regional corporations, and their capital comes to about Rs 40 lakhs to 50 lakhs. But when we look at its future, I think it has to discharge a very heavy responsibility. As Shri Panigrahi has stated, if we want to solve, or think of solving, the unemployment problem, and as Shri Mathur stated, if we want to solve even the headache of the Education Ministry, that is, indiscipline among the students, the Corporation will have to create greater opportunities for the young men and women, so that they may become usefully occupied and they will look on the future with cheer and hope.

Shri Panigrahi devoted most of his time to the regional imbalance. I am one with him. He comes from Orissa. I come from Andhra. I think both of our States are equally backward. So is the case with a few other States also. Therefore, it is really surprising that when there are four regional corporations set up, they should be set up in highly industrial places. I am not talking of the States. Bombay as a whole may not be very forward, but certain parts are certainly very much developed industrially. So, when it is set up in Bombay city or Madras city or Calcutta or Delhi, the immediate impact is going to be only developing the area which is already developed. I have no grouse against

that. But should we not try to change the regional imbalance? Now so much has been said in our planning that Government will make a conscious effort to improve, to develop industrially backward areas and bring them to the extent of developed areas and thereby the imbalance would be resolved. But that we do not find

16 hrs.

Another thing in this regard is that in such a big country as ours, in population as well as in area, these four offices are not enough. I would like to make a plea that at least there should be a regional corporation for an area with a population of about a crore of people which means that we should have about 35 to 40 corporations. Instead of that if we think of big corporations in charge of 3 or 4 crores of population area the corporation again will not be solving the regional imbalance problem. Therefore let us concentrate on a small area and instead of building every regional corporation into a giant one, let us have a greater number of corporations so that every corporation will be able to cater to the needs and develop industrially the area, say, with a population of about a crore of people.

Shri Mathur had mentioned the Okhla Estate. I had the fortune to visit it. Of course, it was a sort of an bird's eye-view with the hon. Minister. I was very much enamoured by it. Then I went with a friend and when I went into little details, really a sense of appreciation grew in me. It is a big thing. It is a very great thing that has been achieved. It was more than a year ago. During the last session I again went there and went into little details. It was a little surprise to me that the production of each unit in the sum total of all units is not increasing according to schedule or according to our expectations. Then I went into some details of those units which are not successful, which are either closed

or are almost closed. Then I found that it is due not to any defect in our planning or due to the Small Industries Corporation but due to a new trend that has cropped up in our society.

So far, what was happening was that a man with financial resources was coming forward and was trying to set up a factory. It was all right. So far as technical know-how was concerned he would hire the services of a technical person and go ahead. Then a new development came where the technical know-how person—an engineer, a skilled person who knows the job or who has done the job somewhere—would come up and would like to start a factory. He would go to some financier, get his assistance and start a factory. This was the second development. Now a third development has come. Out of a good thing sometimes an evil thing comes. The third development is the outcome of a good thing that we started. The good thing that we have started is that Government has started giving financial assistance on a generous or liberal scale. Therefore the new trend is that a man who can have some pull in the Ministry or who has some political pull somewhere or other comes forward. On the one hand he assures a financier, "I will get so much loan, you do not bother" and on the other to a man of technical know-how he says, "You do not worry, I will get the loan and the scheme passed". Thus he comes forward without any constructive contribution to the industry either in financial terms or in the terms of actual working or in management or in anything. Because of his manoeuvrability he is able to get a lion's share not only in starting it but also in the profits. But then what happens? The man who has put in his finances does not get satisfied in course of time because he might have given more expectations of the financial assistance that he would be getting from the Government and that assistance is not forthcoming. The result is that then there is a break-up in the partnership

[Shri Heda]

Already, generally partnerships are not very successful. Partnerships between a man with finances and a man who has skill or know-how sometimes carry on, but when there is a triangular partnership there are more chances of a break-up. Then a stalemate may arise.

I found out that the units that are not so successful or are not able to carry out our expected targets due to this new trend. I hope that the officers and the Ministry concerned will take note of this new trend and try to curb this tendency and that they will not allow anybody to figure prominently unless he has got substantial finances of his own or experience or skill or know-how to his credit.

Then there is another thing to which some reference was made by Shri Mathur. I agree with him. In the industrial world also, that is happening. Wherever we see, we see the biggest men. The result is, only the big people are getting representation. Even in the industrial sector, the small people are not getting representation that they should get. Take this case. I am not in favour of one organisation or another organisation. But, I think there are certain organisations which represent big industries and there are other organisations like the All India Manufacturers' Organisation, which represent small industrial men. Therefore, in this Corporation at least, representation should be given to or association should be obtained of men in smaller positions.

My last word is about the role of the States. Shri Harish Chandra Mathur has already made a complaint that while the Centre is playing a magnificent role, the States are not up to the mark. He is very right. Another difficulty with the States is, they are very amenable to various pulls or of different parties. Of course, that does not come in here. Sometimes, I have found that small industrial estates with 5 or 6 or 12

units have come out in remote places where there is no scope for industries whereas towns with ample scope are lagging behind. My plea is that this matter along with the other work that we have taken up, small-scale industries servicing institutes may be combined. It should be the function of the Centre. This Corporation should have better powers and greater resources so that, without any interference from or reliance on the State Governments, we will be able to develop small-scale industries. With these words, I add my word of appreciation to the work done by this Corporation.

Shri Ajit Singh Sarhadi (Ludhiana): Mr. Deputy-Speaker, it is gratifying to note that this Corporation has enlarged its activities in order to cater better to the needs of the small-scale industries. But, there are certain tests by which we have got to see the achievements of this Corporation. These are, how far it has been able to deal with the hardships and handicaps from which the small industrialists suffer. I know how the small industrialist suffers. He has got some handicaps. He lacks the right type of material. He lacks the technical know-how. He lacks proper equipment even. He lacks facilities for marketing. He lacks finances. It will be very difficult for me to deal with all these subjects each of which is very wide and varied. I will take a few salient features.

At the very outset, I must say that it is unfortunate that despite the efforts of the hon. Minister and despite the appreciation that prevails that small-scale industries are more important today in the developing economy than any other, the position is what it was before. Not only do they give increasing opportunities of employment, but they also contribute substantially to consumer goods for which there is the increasing demand. Yet, I am afraid, the treatment that the Planning Commission has given

to these small-scale industries is not proper. Sufficient funds have not been sanctioned. They have given Rs. 200 crores. That has already been exhausted. The hon. Minister does not know how to go ahead. I quite see his difficulties. You will appreciate, Sir, in that connection, that he has tried to do his best. When I see the Corporation,—this subject has already been dealt with by the hon. speakers who have preceded me—that such an important thing of vital importance to the developing economy of the country, should be dealt with by such a corporation with small finances, is very unfortunate.

But, more unfortunate is this. I quite see that the Corporation has tried to divide itself into different regions and entrusted functions to each. They have also created subsidiary corporations and given marketing and Hire-purchasing to them. For that purpose, in the northern region, they have one. I was really surprised to see that the one we have got, the National Small-scale Industries Corporation, Delhi (Private) Ltd., controls all the States of U.P., Punjab, Jammu and Kashmir, Rajasthan, Himachal Pradesh and Delhi. You can imagine how wide it is. Punjab has got the largest concentration of small-scale industries minus handloom. Delhi is also developing in this sector to a great extent. We have got West German co-operation and we are developing that. Such a huge area being controlled by one corporation passes my comprehension. Therefore, I entirely support the argument of the hon. Members who have preceded me, and particularly the sponsor of this motion, that each State should either have a branch of the main corporation or should have a subsidiary corporation for the State itself that would look to the interest of the State itself. If Punjab has got the largest concentration of small-scale industries, there is no reason why it should not have a branch of its own or a subsidiary corporation or a branch of the main

corporation with its centre at Ludhiana. How can a corporation with its headquarters at Delhi look after the interests of Punjab? That is my first point.

Here I may also submit to the hon. House and to the hon. Minister through you that looking at the representation on the Corporation I am further surprised. I have got nothing to say against the members. Each one is the best in his own line. But what do I find? We have got a representative of the Federation of Chambers of Commerce. Let him be there, but have we got any representation for Punjab as such? I find the name of a Punjabi is there certainly, but he represents a certain concern at Delhi. The Ministry is centralising the small-scale industries in Delhi, and on this point I join issue with the policy of the Government.

Another object of small-scale industries is this, that we have got to remove the regional disparities that prevail in the matter of the industrial development of the country. The hon. Minister knows that out of Rs. 720 crores invested in heavy industries, the *per capita* investment in Punjab is only Rs. 13 whereas it is Rs. 98 or Rs. 104 in Bihar and Bengal. So, this is another object of the small-scale industries to see that these regional disparities are lessened to some extent. Looked at from that aspect too, I would certainly say that Punjab is entitled to have a separate corporation at the hands of the hon. Minister, and with all his appreciation for the Punjabi, his traits and his technical know-how, I am sure he will see that the Punjabi gets his share at least in this sector if not anywhere else. He suffers because he has not got the raw materials for heavy industries.

Shri D. C. Sharma (Gurdaspur):
 He will praise the Punjabi, but will not give him a corporation.

Shri Ajit Singh Sarhadi: I am sure he will give it provided the point is stressed by him and me and all others together.

Now I will come to the other points since there is very little time left. The first point that I take is about raw materials. I had the honour to bring to the notice of the hon. Minister in 1958 about the scarcity of raw materials, and I believe something has been done, but sufficient has not been done. Punjab has got a total quota of about 5,560 tons of steel quarterly, and there are 500 registered concerns on the State list, which means it comes to 11 tons per quarter to each concern. It is running short, and the industries in Punjab are simply starving because of lack of raw materials.

Besides, another important thing is about Government purchases. I am glad that the achievements of this Corporation have been creditable. The figure has gone up to more than Rs. 2 crores, and I am sure they have been distributed to the small industrialists, but that is not sufficient. When this Corporation is also concerned with Government purchases, let us see the needs of the entire Army and other Government offices in the matter of bicycles and hosiery. It will run into many crores. I believe these are the two small-scale industries amongst others which prevail in Punjab and other places. If the entire order is taken over somehow and it is given to the small-scale industries,—co-operatives can be formed— I am sure the economic condition of the State can be very much bettered. In this connection I may also submit that I quite see that it is necessary that there should be standardisation of goods. So that the people who need them may be able to purchase them. But here too it is a function of the corporation.

In this connection, I want also to submit that I am afraid that in the matter of hire purchase, there are several complaints; as the hon. Mover has been pleased to say, there are lots

of complaints that they are not being properly dealt with. I need not dilate on that, because that has already been dealt with by the hon. Mover.

The most important thing that I would deal with is the question of finance. Now, Punjab Government has started a financial corporation with a subscribed capital of one crore of rupees. They have already gone into the market for borrowing another crore of rupees. The demand, on the other hand, is more than Rs. 2 crores, out of which they have already allocated about Rs. 1.50 crores. Finance is the one thing for want of which the small-scale industries in Punjab suffer, and I believe, equally the industries in other States. This is one thing to which the hon. Minister must give his attention, and also the Government of India must give their attention. It is very necessary that the necessary finances should be provided either through the corporation or by some other method. But I believe that if the corporation is entrusted with this work, if its capital is enlarged, and as the hon. Mover has been pleased to state, if a corporation with Rs. 10 crores capital is established in each State and entrusted with all these functions, then I think we can go a great deal and contribute much to the betterment of the small-scale industries.

श्री सुमनसुबाला (भागलपुर) -उपाध्यक्ष
महोदय, इस प्रस्ताव के मूवर साहब ने कुछ बातें कारपोरेशन के सम्बन्ध में बतलाई हैं। दूसरे बक्ताओं ने भी आप के सम्मुख अपनी बातें कही हैं। इसलिये इस सम्बन्ध में आप का विशेष कोई समय नहीं लेना चाहता। मैं तो नयी चीजों को गवर्नमेंट की ही सज्जता हूँ, यह कारपोरेशन हो या काइनेस कारपोरेशन हो या कोई और चीज हो। नीति तो हमारी गवर्नमेंट की ही चलती है। इस दृष्टि से मैं दो बार सुनाव आप लोगों के सामने रखना चाहता हूँ। मुझे यह पता नहीं है कि वे चीजें इस कारपोरेशन के अन्दर आती हैं या नहीं,

लेकिन अगर नहीं आती है तो मंत्री महोदय मुझे बताना देंगे कि उन का यहाँ रखना ठीक नहीं है और मैं बैठ जाऊंगा। लेकिन इतना अवश्य कहूंगा कि अगर वे इस के अन्तर्गत नहीं आती हैं तो आनी चाहियें।

हमारे बाणिज्य और उद्योग मंत्री जी ने बजट की स्पीच के बाद या किसी और समय यह कहा था कि हम बहुत शीघ्र ही इस प्रकार की चीज तय करना चाहते हैं कि फला फला चीजों को स्माल स्केल इंडस्ट्रीज बनायेंगी और फलां फलां चीजों को जो लोग बड़े उद्योग धंधे करते हैं वे बनायेंगे। पता नहीं अभी तक इस डिपार्टमेंट ने इस के बारे में कुछ किया है या नहीं, परन्तु मैं यह सुझाव देता हूँ कि हमारे यहाँ बहुत सी छोटी छोटी चीजें हैं जो कि इम्पोर्ट की जाती हैं और बड़ी इंडस्ट्रीज के काम में आती हैं। इस के प्रतिरिक्त बहुत से पार्ट्स हैं जिन को हम लोग बाहर से इम्पोर्ट करते हैं, जैसे कि मोटर पार्ट्स हैं जिन का हम लोग हुन बड़ी मात्रा में बाहर से मगाने हैं। कई लोगों ने हम में घा कर कहा कि यह जा पार्ट्स हैं वे बहुत आसानी से बन सकते हैं। यदि कोई छोटी सी मशीन ले कर बैठ जाय ना यह पार्ट्स बन सकते हैं और हमारे काम में आ सकते हैं इसी प्रकार से हमारे यहाँ टेक्स्टाइल मशीनरीज है, जूट इंडस्ट्री की मशीनरीज है, अन्य बहुत सी मशीनरीज है, जिन के बहुत से पार्ट्स को छोटे छोटे उद्योग वाले बिना किसी दिक्कत के बना सकते हैं। इन सब चीजों की लिस्ट तो मैं नहीं दे सकता परन्तु मंत्री महोदय को यह सुझाव देना चाहता हूँ कि वे इन सब चीजों के फिगर्स कलेक्ट करे और उन को जो लोग लघु उद्योगों में लगे हुए हैं उन के पास भेंजे, साथ ही उन को बनाने की तरकीबें भी उन में बतायें कि इस तरह से वे बनाये जा सकते हैं। मैं समझता हूँ कि इस तरह से आप का करोड़ों रुपया फोरन एक्सचेंज का बर्षेगा, छोटे लोगों को बना मिलेगा और जो चीजें अभी लोग

बाहर के मंगते हैं वे यहाँ पर बनने लग जायेंगी तो उन सब चीजों में प्राहिस्ता प्राहिस्ता हमारा देश आत्म निर्भर हो जायेगा। हमारे पाणिबन्दी साहब ने पांच, सात चीजों के लिये बताया कि यह कारपोरेशन का काम है.

श्री हरिवन्धन आच्युर: यह भी कारपोरेशन का काम है, आप जो कह रहे हैं बिलकुल ठीक कह रहे हैं।

श्री मनुमनबाला : यदि यह उस का काम है तो ठीक है, परन्तु हमें पता नहीं कि गवर्नमेंट कुछ करती है या नहीं, यहाँ से बंडल के बडल इतने कागजात इश्यू होते हैं, हो सकता है उन में हमारी नजर में वह न आया हो।

श्री मनुभाई झाह : १८० कितानें पब्लिश की गई हैं।

श्री मनुमनबाला : ऐन्सिलरीज पर हैं और बहुत बड़ी बड़ी कितानें हैं परन्तु मैं मंत्री महोदय का ध्यान धर आकर्षित करना चाहता हूँ कि क्या वह ऐन्सिलरीज यहाँ पर बन सकती है या नहीं और उस के लिये टैक्नीकल नालेज कैसी है? आज छोटी इंडस्ट्रीज वालों को सब से ज्यादा दिक्कत यह आती है एक जरा सी टैक्नीकल गाइडेंस के न होने की वजह से उन का काम रुक जाता है। बड़ी इंडस्ट्रीज वाले तो काफी रुपये इस के बास्ते खर्च कर सकते हैं और सब चीजों का इन्तजाम कर सकते हैं परन्तु छोटी इंडस्ट्रीज वाले तो उतना नहीं कर सकते हैं। अतएव मैं गवर्नमेंट से यह अपील करूंगा कि जैसे आप ने कहा कि ऐन्सिलरीज के बास्ते बड़ी बड़ी कितानें हैं और उन का बोझ बहुत बने भी देखा है, उन के साथ साथ हाक हू हू इट, इस में कितना खर्च होगा, ऐसी चीजों के बारे में कई पौन पड़े सिधे लोगों के सामने वह रखे ताकि उन कलेक्ट कर वे अपने काम में लग जायें।

[श्रीं झुनझुनवाला]

दूसरे जैसे हमारा प्रस्ताव के मूवर साहब न बतलाया कि जितने एप्लिकेशन्स हायर पंचेज के लिये आई, उनमें से बहुत कम लोगों के लिये वह अंजूर हुई और मशीनरी की सप्लाई बहुत कम हो गई। इस के ऊपर भी मंत्री महोदय को ध्यान देना चाहिये। बड़ी बड़ी मशीनरीज के लिये तो लोग गवर्नमेंट की हाथेस्ट जगह कत एप्रोव कर लेते हैं क्योंकि उन के पास रुपया है, आदमी है कि हर तरफ वे अपनी पैरवी कर सकते हैं, लेकिन अगर आप छोटी इंडस्ट्रीज को डेवलप करना चाहते हैं तो आप को उन के घर जा कर उन को इस के लिये उत्साहित करना होगा, हां, अगर नहीं चाहते तो दूसरी बात है। आप को उन्हें उत्साहित करना होगा फाइनेन्श्ल हैल्प से भी और टेक्नीकल ऐडवाइस से भी। जैसा मैं ने अर्ज किया बड़े उद्योग वालों के पास पैसा बहुत है और उन का जो खर्च होती है उस खर्च में ऐडवाइस लेने का खर्च भी निभ जाता है लेकिन छोटे उद्योग धंधों से वह खर्च नहीं निभ सकता।

एक बात जो बहुत जरूरी है वह यह है कि हमारे बिग इंडस्ट्री वाले जो लोग हैं उन की यह मनोवृत्ति होनी चाहिये कि उन को देश की ही बनी हुई, लघु उद्योगों में बनी हुई चीजों को लेना चाहिये और इस तरह से उन को उत्साहित करना चाहिये। मैं अपने माथुर साहब की बात से पूर्णतया सहमत हूँ जिन लघु उद्योगों की बवालिटि अच्छी न हो, जिन के प्रोडक्शन की बवालिटि अच्छी न हो, उन को मत उत्साहित कीजिये, बल्कि मैं तो कहता हूँ कि आप उन का डिस्करेज कीजिये, परन्तु आरम्भ में यदि कुछ चीजें ऐसी बनें जो एक दम से १०० प्रतिशत अच्छी न हो फिर भी काम में लेने में ज्यादा दिक्कत न हो तो ऐसी चीजों को भी उत्साहित करना चाहिये क्योंकि शुरू में लघु उद्योग वालों को फोरेन इम्पोर्ट वाली चीजों को बनाने में कुछ दिक्कत होगी। आहिस्ता आहिस्ता से वे उन को बना

सकेंगे। इस ओर मैं सब से ज्यादा मंत्रिमंडल का ध्यान आकर्षित करना चाहता हूँ। जो हमारे बड़े उद्योग वाले हैं उन की सहानुभूति छोटे उद्योगों के साथ नहीं है, उन को उत्साहित करना तो दूर रहा, वे लोग उन को अनुत्साहित करते हैं। अच्छी चीज के लिये भी कह देते हैं कि जाओ, जाओ, यह चीज अच्छी नहीं है। सरकार भी बेचारी क्या करे? जब लोग सरकार के सामने आते हैं तो वह कहती है कि हम क्या करें। आप जा कर बड़े उद्योग वालों को समझाइये कि यह चीज अच्छी है। ठीक है, उन को जा कर समझाना चाहिये, परन्तु यदि वे लोग उन के रास्ते में नाजायज अड़चन डालते हैं तब तो यह सरकार का काम हो जाता है कि वह बड़े उद्योग वालों से कहे कि वे जो बीच में अड़चन डालते हैं यह बड़ी गलत बात है।

मैं विशेष और कुछ ज्यादा नहीं कहना चाहता, इस सम्बन्ध में जो ४ या ५ सुझाव दिये हैं, आशा है कि हमारा मंत्रिमंडल उन पर ध्यान देगा।

Shri Damani (Jalore): Mr. Deputy-Speaker, Sir, this Corporation was set up in the early part of 1955 and it was formed to assist the growth of small-scale industries in the country. From that time the Corporation has taken many steps to assist small-scale industries. I want to mention mainly the procurement of orders from Government, the exploring of markets for the products of the small-scale industries and the most important, the giving of plant and machinery to small-scale industries on hire-purchase system. This is the most important work which I feel the Corporation has done.

In the first two years, the activities of the Corporation were not encouraging. But in 1957-58 and 1958-59 the activities are very encouraging and they are doing excellent work. They are assisting the small-scale industries to grow in strength.

Generally speaking, the working of any Corporation or company can be judged from the balance-sheet. But this is not a concern where we are concerned with profits and losses. This is a concern to assist the small-scale industries. Therefore, we have to judge how far this Corporation has been successful in achieving this aim; how far it has assisted the growth of small-scale industries. According to me, it is doing all right; and, I think, in the years to come it will be very helpful to the small-scale industries in the country.

Regarding procurement of Government orders, I have to say that in 1958-59 due to the efforts of the Corporation Government orders to the tune of Rs. 2½ crores had been obtained whereas in 1957-58 the Government orders were to the tune of Rs. 62 lakhs. That is, in 1957-58 the percentage of Government orders received through the efforts of the Corporation was only 0.4 whereas in 1958-59 the percentage of orders received from Government is 2.5 per cent of their total business. So, this is a substantial increase. But still there is much to be achieved because Government is a purchaser to the tune of more than Rs. 100 crores. The business secured amounts to about Rs. 2.5 crores. I hope in future years they will be able to secure more business from the Government.

I want to congratulate the Corporation that it was able to persuade the Government to reserve certain items exclusively to be produced by the small-scale industries. It has undertaken to give a guarantee about the quality of these products and in this way it has been made easy for the Government to purchase more and more of these products.

Regarding the hire-purchase scheme, previously the earnest money to be paid was 30—40 per cent of the total and the repayment period varied from three to eight years. Recently these have been revised. The earnest money required is 20 per cent and the repay-

ment period is seven years, which the public can afford as these are easier terms.

We have to develop more small-scale industries in the country and for that it is essential that more funds should be provided to the Corporation. I agree with Shri Harish Chandra Mathur in this respect. At present the capital is about Rs. 50 lakhs but the demand from the public for payment of the value of the machinery come to the tune of Rs. 3—4 crores every year and the repayment period is seven years. At this rate they would require about Rs. 25 crores worth of machinery and plant. They must have at least half the amount as capital. Otherwise, there are delays and difficulties in securing loans. I support the suggestion made by Shri Harish Chandra Mathur to increase the capital to Rs. 10 crores. There is one advantage at present. The Central Government is giving about Rs. 200 lakhs as subsidy to this Corporation. If the capital is increased, it will not require this subsidy; it will stand on its own footing and then it can meet the demand. There are some chances of the development of the small-scale industries in the country because the terms are easy. It is very helpful. Any man with a small capital can approach it and start a small unit. This will help to a great extent in expanding this sector and I think this will be beneficial to the country.

I want to make two suggestions. The time is short and so I do not want to touch the other matters. It is essential for the expansion of the small-scale industries that certain things should be done. At present these small units are in big cities; they are not in the rural areas. Therefore, something should be done so that the small units are opened in the rural areas. The tariff should be regularised in such a way that the prices of raw materials and finished goods are the same in every part of the country. That will be very helpful. It is very essential that some action is taken in this regard.

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The second suggestion is that in order to develop these industries in the rural areas, some other concessions should be given. I want to suggest that some tax holiday should be provided for such industries for a small period of three or four years. Then the public will have more attraction and they will go to rural areas. The industry will also develop. That in turn will help in the decentralisation of industries, which is the Government's policy. Therefore, this aspect of the matter should be considered for the growth of small-scale industry in this country.

Regarding supply of raw materials I want to make one suggestion I have visited many small units. They are satisfied with the supply of raw material, but their only complaint is about the irregular supply of raw materials. In some cases the permits are issued but they do not get the actual supply and they have to purchase the raw material from other sources. This should be checked and a proper supply of raw material should be made available to them.

Shri Mulchand Dube (Farrukhabad): Sir, there is only one point that I want to bring to the notice of the hon Minister and this House. In the ultimate analysis, Sir, it is only the small industries that are going to solve the problem of the country. At the same time, it has to be borne in mind that unless we can send the products of our small industries to foreign countries we shall not be able to develop small industries to the extent that we wish. We have a population of about 40 crores. If most of them are employed in small-scale industries we will have to find a market for the products of those industries.

Markets can be had only in foreign countries. The question is, how to do it? In the first place, as far as I have been able to see from the report, orders for shoes to the extent of Rs. 2½ crores have been received from

Russia. It is a matter of very great satisfaction to all of us that this has been done. But, Sir, other markets and other countries should be tapped. We have got embassies and legations in most of the countries. We have also Commercial Attache attached to these legations and embassies. The question is, why should they not be asked to study the markets in those countries and see what things are required in those countries. Then we can see whether those things can be produced more cheaply in our country or not. So far as labour is concerned we have a plethora of it, that too cheap labour.

Therefore, my submission is that if we could tap those sources and find out markets for our goods in other countries, there would be a possibility for our developing our small industries, so that we shall not only be able to earn a great deal of foreign exchange but we shall also be able to provide employment to our countrymen. I hope the Government will take this suggestion into consideration.

Shri Manubhai Shah: Sir, I am very grateful to my hon friend, Shri Mathur, for having brought up this motion before the House, because I do feel that looking to the importance of the small-scale industries in the national economy it is but proper that an annual survey should be taken by the House in the form of such a motion.

Regarding the different aspects of small-scale industries, I hope the House will excuse me if I do not take their time in going over the entire orbit of development of small-scale industries for which the Planning Commission, the Government of India and the State Governments, as the House is aware, are taking innumerable steps in different directions.

But coming to the specific points raised by many of the hon. Members, the first point which perhaps, most of

the Members touched was about the structure of the Corporation and its constitution and personnel. I can assure the hon. House that the share capital of Rs. 50 lakhs, of which Rs. 40 lakhs have been subscribed, is no handicap to the Corporation at all, if I may say so. Out of all the reasons for the lack or more of development of small-scale industries in this country, the least important one is the corpus of the capital and equity shares held by this Corporation. As the House is aware, all the banking institutions, to which category this National Small Industries Corporation belongs, have a very low equity capital. A normal scheduled commercial bank does not have equity capital of more than a crore of rupees or so. But it has a turnover, including deposits and advances, of more than Rs. 100 crores. We have our own State Trading Corporation, where we are doing foreign trade with different countries of the world, which is a much more selective thing than internal commerce, to the tune of Rs. 45 crores to Rs. 50 crores. But we have got its equity capital of about two crores of rupees. So, I want to assure the House that whatever be the other drawbacks and weaknesses for which we need the strength and support of this House, the raising of equity is not of much importance. We are thinking of even then putting in another Rs. 50 lakhs and make it Rs. 1 crore. But the Government have always been helping us by arranging funds that we need, whether it is Rs. 10 crores or Rs. 20 crores. On not a single occasion has the Corporation or the Ministry felt lack of finance as any hindrance, as far as the working of this Corporation is concerned. As Shri Sarhadi rightly said, we are not satisfied with Rs. 200 crores provided for the Development of Small Scale Industries; we want more for the over-all development. But that does not prevent us from raising the corpus of the Corporation, if we really feel that by putting more equity, we can strengthen

it. We are strengthening it a little more, but really speaking, equity is not so much of a problem or a necessity.

Regarding the composition of the Board of Directors, the representative to whom my hon. friend referred is not there on behalf of the Federation. The policy of the Government in regard to committees, boards and corporations is that we do not give any functional or organisational or institutional representation at all. He is there because of his practical experience, apart from his being attached to the Federation. I must add my personal note of appreciation of that gentleman, who was a Member of this House in the last Parliament. He has been rendering yeoman service and along with his practical common sense and business experience, he has great sympathy for the cause of the small man and for straightening out their difficulties. I can assure the House that he is not there as a representative of the Federation.

We have another gentleman who represents the small industries directly. He is a local gentleman, who is running a small dye-stuff factory—Sardar Santokh Singh. He is also rendering useful service. It is not the association of one or two representatives from such a vast continental country like ours that really comes in the way of the functioning of this Corporation.

Regarding the hire purchase system, for which fortunately there was unanimous appreciation from hon. Members including Shri Panigrahi, I can say this that the Corporation has been doing much more than what at one stage we expected it to do in this direction. More than 10,000 machines have been asked for from the Corporation. More than 3000 have been physically delivered. In the nature of things, as matters stand today, either for foreign supply or local supply, each engineering shop or manufacturer takes not less than 12 months before the machines are delivered. My friend, Shri Mathur, was prepared to tolerate

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a gap of six months for the consideration of applications.....

Shri Harish Chandra Mathur: I was referring to the delay in the Corporation in the disposal of applications.

Shri Manubhai Shah: I am coming to that. So, the time lag which some hon. Members pointed out between the orders being placed and the actual machinery being delivered is more due to this fact that the manufacturer takes not less than 12 months.

Regarding the time lag between the receipt of applications and their disposal also, I have the figures. About 3,000 applications were received, out of which 2642 have been disposed of and entrepreneurs asked to go forward. 358 is the balance. Presently we are receiving applications at the rate of 150 to 200 a month. This is not a very big number, but 80 per cent of the orders are not booked just because the entrepreneur has not put the earnest money, which he is required to do. I hope that the House will agree with me that unless a Corporation of this type gets at least earnest money from the entrepreneur it will not be in the interest of the Corporation nor will it fructify if we place an order in advance of receiving the earnest money. Actually speaking, the backlog on account of administrative difficulties or bottlenecks are not too many. I know there are many and I would not like to minimise the delay on account of the bureaucratic structure of any Government, much less of the Government of India or the State Governments in this country, where the standard of social efficiency and administrative efficiency are not very high. The bottlenecks do exist and we in this Corporation have been trying to remove them. And here I must add my sense of appreciation for their work in spite of our having many drawbacks and weaknesses in the Ministry; the various corporations with which I am associated, this Corporation has shown less of red-tapist or bureaucratic tendency than many

other bodies that we are handling, from the administrative point of view.

There was also a point that the under-developed areas are not being given proper representation in the purchase of products for export. I must make it quite clear that this is a drawback to which I had occasion myself to draw the attention of the House several times. We have been trying to urge not only on the State Governments of the different States concerned but also on the entrepreneurs everywhere. This Corporation is at their service. But this Corporation which supplies them machinery,—cannot also produce those products on their behalf. Unless and until we get from the hon. Members of this House, from the citizens of this country, from the various entrepreneurial class, support for this particular corporation to promote or initiate orders from the different areas, it will not be able to function. I can assure my hon. friend from Orissa that if he and the local government and the entrepreneurs there place orders on this Corporation,—I am prepared to give a categorical assurance—we will certainly develop the small industries of those areas, even if we fall short of money—and I do not think the Government will fall short of money in this Corporation—and we will assist those industries in the States from which orders are coming. Now in the matter of development we are not taking States as such but districts; we are taking a district as a unit. The more backward in industrialisation a State is, if more orders are forthcoming, the more we will go out of our way to help it in developing. Actually, we are seeking orders, canvassing orders. We are trying through this Corporation, of sponsoring orders from the under-developed areas.

Shri Panigrahi: So far as Orissa is concerned, 24 applications were made.

Shri Manubhai Shah: I had answered that point in reply to a question

by my hon. friend. Out of these 24 people, 12 people have written even personal letters. But earnest money is not forthcoming from them. If the hon. Member writes to them and if they deposit 20 per cent, we can consider those applications. As Shri Damani has rightly pointed out, we have already reduced it from 40 to 20 per cent. And I was going to say that we have a scheme under consideration where even out of this 20 per cent, if the State Government is prepared to extend a guarantee to the particular entrepreneur, we are prepared to tick off 15 per cent of this 20 per cent, and the Corporation is prepared to give machinery to those enterprises which pay only 5 per cent of the earnest money. I do not think the House will expect us to be more liberal or more generous in this matter. As a matter of fact, when we told this to the Japanese team, they were rather surprised and were of the view that perhaps we are over-doing the liberalisation, if it can be called by that term.

Then, my hon. friends, Shri Sarhadi and Shri Mathur rightly pointed out the great need for marketing assistance from this Corporation. That is absolutely one of the most important aspects of this Corporation's work. If what they have done so far is less than what they should have done, it is not due to lack of efforts. Though a real probe into the marketing problem has not arisen, I must say that in spite of the fact that there does exist an impression that marketing at the moment is one of the most important tasks which the Corporation should really undertake, if we analyse everywhere the conditions in India today, most of the industries are booked for 18 to 24 months, as far as the mechanical industries are concerned. I am not talking of the handicrafts or cottage industries or the handloom sector which are purely normal consumer items, but I am referring to those items which go to build up the national economy in the real technological sense and lay foundation for the industrial structure.

Even so, we are not minimising the importance of marketing. My hon. friend, Shri Mathur, knows that in the last standing committee meeting we took a decision that every State should sponsor a corporation of its own, not for the hire-purchase which will remain with the Apex corporation but for marketing, for running the industrial establishment, for opening the raw material depot and for doing wholesale work in as many trades and industries as possible. Two States have already come forward. Uttar Pradesh has already instituted a corporation. West Bengal has promised that it will float the corporation very soon. We received a proposal from the Kerala Government also for sponsoring a corporation. I do hope that by the end of this Plan period every State will have at our request and instance a marketing corporation at the State level as was the desire expressed by Shri Sarhadi and various other hon. friends who mentioned this matter in this debate.

Then, on the question of participating in Government purchases, even though I should express my satisfaction at what the Corporation has done, there is much room for this type of activity. I may also like to clear certain misapprehensions due to inadequate information. Out of the total Central purchases of about Rs. 150 to Rs. 200 crores which for the various ministries the Director General of Supplies purchases and which the Defence Ministry also purchases outside this scheme of this Corporation, goods worth several crores are being purchased by them through direct tendering from small-scale industries sources. We are trying to get a proper analysis done. We have not yet been able to have the analysis because the goods move through so many hands. The man who tenders to the D.G. Supply may not be actually the man who produces it but is the intermediate agent. But from some sample survey that we carried out we find that more than 5 to 10 per cent of the purchases of the Government, the

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Centre particularly and to a lower extent of the States, are being made from the small-scale industries. We would not like to compel them to come to the Corporation every time. We are not going to undertake that work of an unnecessary nature when there is a direct connection between the producer and the Government of India. As such, it is not necessary for the NSIC to show its work and create work and butt into it. But I can say that the price preference policy of the Central Government by which 15 per cent extra premium is given to the products of the small-scale industry has greatly contributed to the purchase of goods of the small-scale industries by the Centre. We are encouraging more and more the State corporations to come in and the NSIC itself to try to open a wholesale depot in each State for items like hosiery in Ludhiana or items like bicycle parts in some other part of the country and some specifically major developed industries in the small-scale sector. I have no doubt that the marketing assistance that will be offered by this Corporation will also be very valuable.

Then regarding the standardisation of products to which there was unanimous support from all hon. Members of the House—I was very glad—we are now launching upon and would have to concentrate on the production of high standard goods from the small-scale industries. There have been very rightful complaints of sub-standard goods being produced by the small entrepreneurs. This is quite natural. I would not like to say that anybody is particularly blameworthy. In a country that is trying to industrialise itself it has to industrialise itself in the modern way and not in the classical sense. My hon. friend, Shri Mathur, pointed out that at one time we were trading across the seven seas in various commodities like mulmul or Dacca cloth. This itself is worth remembering, but beyond giving a little inspiration of a glorious past through which this country has passed

it does not help us. What we face today is a new stage of underdevelopment and technologically high degree of backwardness both in science and applied science as such. Therefore this problem of standardisation of goods and of production of quality goods is one to which we want to give the utmost attention.

I was glad that Shri Jhunjhunwala pointed out the need of placing before the entrepreneurs some model schemes with as much detail as could be given. Of course, this is a high degree of spoon-feeding but we are doing it. I may place those facts here by informing the House, as most of the hon. Members already know, that we are overdoing sometimes the spoon-feeding. We have prepared more than 186 schemes which are very practical. I would always like to be corrected on that, that is, if any scheme is defective we will try to bring it up-to-date and make it as modern as possible. But you can take a horse to the trough, you cannot make it drink. If anybody thinks and believes that industrialisation can be done by all the States sponsoring at every stage, I can say with all humility that it will be putting the clock back. If entrepreneurship means that we sow the seed, we also grow the plant, harvest the finished products and also make the dough ready to be put in somebody's mouth, such a helpless state of affairs will never bring industrialisation. It can only come through the real strength of the two shoulders of man, self-respecting man, as an Indian is trying to be.

But, with all these warnings that we are going that way, we are trying to do as much as possible in preparing schemes, and giving technical assistance through the network of the small-scale industries servicing institutes. In one single year, more than 12,000 advices and guidance have been registered at the various servicing institutes.

Also, my hon. friend Shri Harish Chandra Mehta mentioned about the losses which the Corporation had sustained. I can assure him that the profit which was shown in their trade is not profit. It was the excess of grant granted by the Central Government to the Corporation to meet its losses, which had to be adjusted in the next year. If any credit is attached to the previous year's performance or the showing of profit of Rs. 3 lakhs, it is not so. Losses are continuing. As the other hon. Members rightly pointed out, they do not expect, the country does not expect, and the Government does not expect, that a promotional corporation of this nature really should be able to make any profit as such.

I can assure hon. Members that in spite of whatever I have said in defence or in appreciation of the very good work done by this Corporation, nobody is more conscious of the tremendous number of shortfalls and weaknesses from which the entire organisation of small-scale industries, not only the mechanised one, but also handicrafts, handloom, coir, silk, cottage and village industries,—within the entire orbit, gamut of Rs. 200 crores—from time to time is suffering in this country. We are trying to get out of the woods. Today, our most acute problem is shortage of raw materials. Many hon. Members pointed this out in a passing way. But, I can say this. If another Rs. 20 crores worth of steel were available to this country, with the small-scale industries as they are standing today, we can lay at the door of the country in the service of the common man goods worth more than 60 or 80 crores. It is not the man who is failing, it is not the organisation that is failing, not the internal resources. What we are desperately short of is foreign exchange—external money and trade. From every platform that we get an opportunity to speak from, I have been urging that the most important necessity of current demand of our national economy is more and more foreign trade, more and more export trade from which current revenues for 198 LSD—8.

financing on the side of balance of payment can be made. It is not possible to run a deficit account with foreign assistance. Foreign assistance is a means to an end. It cannot be an end in itself. Therefore, it is trade promoted through the small-scale industries, promoted through the traditional items, promoted through large-scale industries with foreign countries which alone, in the ultimate analysis, will be a solvent of many of our national problems.

With these words, I hope....

Shri D. C. Sharma: What about giving assistance to backward States like the Punjab—backward in the industrial sense? What preference are you giving?

Shri Manubhai Shah: About backward States, I have mentioned. At that time, my hon. friend Shri D. C. Sharma was not here. I can assure him....

Shri D. C. Sharma: I was here. You said some vague things. I wanted a definite promise.

Shri Manubhai Shah: As far as backwardness in Punjab is concerned, I do not share the opinion of my respected friend. Actually, Punjab is the most vital State. It has got the greatest vigour today in small-scale industries. This is a matter of pride. That does not mean that Punjab does not need development. There are many other areas, I can assure him, which require greater attention in the matter of industrialisation than the State from which he has the honour to come and the State I have been serving during the most important years of my life, both before I joined the Government and after. What I am saying is that all efforts are being concentrated to develop the under-developed areas, whether by way of loans, or by way of providing industrial estates, or whether by way of starting various other types of industrial programmes, or giving loan assistance. At every stage our effort is there. It is not as if we have succeeded cent per cent. Then the whole picture of the country would have been quite different, but

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the policy of the Central Government is what my hon. friend Sharma has been stressing here, and all of us have been agreed on it.

Shri Harish Chandra Mathur: I will not detain the House long, but will make short observations on two or three points in about a couple of minutes.

I hope the hon. Minister will agree that this House has been more than fair in its criticism of the Corporation, and all the Members who have participated have paid ungrudging compliment where it was due, but we do hope that the Corporation will also appreciate that there is a great scope for improvement and that that improvement will be effected.

While the hon. Minister mentioned about delays, particularly in hire purchases, I think he did not get me correctly. What I stated was that from the date of the acceptance of the application to the date of placing of the order for the machinery it takes six months. There is no excuse for it. It is not at all complimentary to any department if you accept my application to supply a particular machinery and then you go on with certain further procedures and it takes you six months to place the order. I can understand that availability is not in the hands of the Corporation, it depends upon the manufacturers and so many other factors. So, it would have been absolutely unfair on my part to tie the responsibility of the manufacturer on to the Corporation. What I mentioned was the delays in the Corporation and the inter-communication between the subsidiary corporation and main Corporation.

Shri Kasthwal (Kotah): There are no subsidiary corporations now.

Shri Harish Chandra Mathur: My hon. friend may talk. On paper it may not be there, but they were continuing till yesterday. They are winding it up, but that is another matter. That

definitely is the position today. Maybe there will be no subsidiary corporations in future. We have been asking them to be wound up, but I wish these delays are definitely cut out, and there certainly is necessity for a change in the mental outlook. There can be no compromise on this point, and I wish that instead of only taking these compliments on other matters, they would rather try to change the outlook in this particular aspect.

Again, regarding the constitution, I would submit that it does make a difference if there is a real advocate of the small-scale industry on the Corporation, one who knows where the shoe pinches, one who knows the difficulties of the small-scale industry. These friends who are on the Corporation may have a broad outlook, but they do not have the experience of knowing what it actually means. I think it will do the Corporation itself good if they have real advocates of the small-scale industry, particularly those who know the particular working of it.

If the Corporation is not feeling any difficulty regarding finances, it is all right, but it is obvious that it has got to look up to the Government all the time. There can be no other way for the Corporation but to look to the Government for more and more finances. If the ordinary responsibilities of the Corporation are to be discharged, the finances must come from somewhere, and when they come from the Government, it takes away the autonomy of the Corporation, and I therefore think that the Corporation must be financially strengthened also. If non-interest bearing funds are made available to the Corporation, there will be no necessity for the subsidy, and then we will know how the Corporation is functioning. It must work on a no-profit no-loss basis; otherwise, this element of subsidy does not give us a real picture of the working of the Corporation.

17 hrs.

I have nothing else to say, because there is almost general agreement on all points I only wish to point out that the hon Minister did not refer to a very important point which was made by my hon friend Shri Jhunjhunwala, who expressed doubt as to whether it was within the scope of the Corporation to induce the large-scale industries to take certain components and parts from the ancillary and small-scale industries. As a matter of fact, this is one of the important functions of the Corporation. We have in our hands a small pamphlet circulated by the Corporation called "Collaboration between Heavy Industries and Small-Scale Industrial Units". Here again, the performance of the Corporation has been exceedingly poor, but I do not blame the Corporation for it. That is why I particularly did not refer to it, but it is a matter to which I think the hon Minister will have to pay particular attention. It is the attitude of the large-scale industries which is responsible for this unfortunate state of affairs, that we are not having success in setting up small units which would be ancillary. Again, I say that wherever we are setting up small-scale industries, we are going in a wrong direction. I do not want that the small-scale industries should be set up in such a way that they would be under the thumb of the large-scale industries, the small-scale industries and the ancillary industries should be set up in such a manner that they cover a vast ground and they make a big base for the large-scale industry as a whole and do not remain

under the umbrella of one particular industry

When the hon Minister of Commerce and Industry was speaking on the Demands for Grants, he made a reference to it. I put this very question to him 'Is it your policy and plan?' He said, 'No, it is not my policy that they should be set up in such a manner'. I hope the Corporation will take note of the observation made by the hon Minister of Commerce and Industry on the floor of this House and proceed in that direction accordingly.

In conclusion, I express my deep gratitude to you for having allowed time for this discussion; I would also express my gratitude to all those Members who have given such support to this motion, and spotlighted the attention of the nation on the importance of the small-scale industries and the role which this Corporation has to play.

Mr. Deputy-Speaker: The question is.

"That this House takes note of the Third Annual Report of the National Small Industries Corporation Private Limited for the year 1957-58, laid on the Table of the House on the 27th April, 1959."

The motion was adopted.

17.07 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, August 31, 1959|Bhadra 9, 1951 (Saka).