

Let all hon. Members note that the time of the House is very precious, and that they are going to do one thing or the other which is very important. Merely because somebody has an apprehension, he need not bring up a matter here. I am sure that the advice given by Shri S. M. Banerjee will be taken into account by all hon. Members who want to bring up such matters.

**Shri Nagi Reddy (Anantapur):** It is certainly a matter of great public importance, because there are so many doubts being raised as to whether it is going to be taken up in the Third Five Year Plan at all.

**Mr. Speaker:** This particular calling attention notice has been admitted, and it will be answered.

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** With your permission, I would like to save the time of the House. Since the statement is a lengthy one, with your permission, I would like to lay a copy of the statement on the Table of the House. [See Appendix III, Annexure No. 33].

**An Hon. Member:** Let it be circulated also.

12.09 hrs.

DEMANDS FOR GRANTS—contd.

MINISTRY OF COMMERCE AND INDUSTRY  
—contd.

**Mr. Speaker:** The House will now take up further discussion and voting on the Demands for Grants under the control of the Ministry of Commerce and Industry. The hon. Minister.

श्री रज्जुनाथ सिंह (वाराणसी) : कमर्स और इंडस्ट्री मंत्रालय के लिये सिर्फ ६ बंटे दिये गये हैं। इस के लिये कम से कम एक बंटा और दिया जाय क्योंकि बहुत से माननीय सदस्य अपनी कॉन्स्टीट्यूंसीज के बारे में बीसना चाहते हैं, और स्पेय एक्ज्मीनिषय के बारे में भी कुछ कहना है।

**Shri Basappa (Tiptur):** Nobody has spoken from Mysore.

**Mr. Speaker:** This matter was considered yesterday, and, therefore, I extended the time, and I requested the hon. Minister to reply only today. We have no time now.

**Shri Basappa:** This is an important Ministry. At least ten minutes' time may be given to me. Nobody has spoken on these Demands, from Mysore State.

**Mr. Speaker:** I am sorry. Whatever remains may be spoken on the Finance Bill. Hon. Members may reserve those things for the Finance Bill.

**The Minister of Commerce and Industry (Shri Lal Bahadur Shastri):** The discussions which were held yesterday were throughout very constructive, and I would, therefore, like to express my gratefulness to the House for the same.

To begin with, I shall deal briefly with the points raised by some hon. Members. Perhaps, it would be better if I say a few words on what Shri P. K. Deo said about the Orissa Textiles.

I am sorry that what he said had created a somewhat wrong impression about the whole matter. This is an old case and it has been carefully looked into by the Department of Company Law Administration. It is true that an inquiry was held by an inspector and his report was submitted to the Department of Company Law Administration. The report of the inspector was sent to the Orissa Government when they asked for it.

**Shri Braj Raj Singh (Firozabad):** When was it sent?

**Shri Lal Bahadur Shastri:** When they asked for it, it was sent to them. Under the law, no such report is submitted to anybody unless it has been demanded by one or more shareholders.

**Shri Braj Raj Singh:** I wanted to know the time when it was sent to Orissa.

**Shri Lal Bahadur Shastri:** I shall tell him.

**Mr. Speaker:** Hon. Members will kindly note down any particular points on which they want clarification after the Minister concludes.

**Shri Lal Bahadur Shastri:** Under the law, we are not entitled to send the report to anyone else except to a shareholder subject to his demanding the same. If he does not, we are not bound to send it to him and we cannot send it to him. The letter from the Orissa Government was received in September, 1959 and the report was immediately sent. It is wrong to say that reminders were sent. The hon. Member, Shri P. K. Deo, mentioned that perhaps many reminders were sent. That is quite incorrect. No reminder was sent. On receipt of the first letter, the report was sent to the Orissa Government.

Secondly, there are two kinds of allegations or charges made against the Orissa Textiles. The first is about a breach of the company law. In so far as that is concerned, the Company Law Administration examined each and every one of the points referred to by the inspector. I might tell the House that before any action could be taken, the Orissa Textiles had rectified most of the mistakes that were pointed out in the report. I cannot go into each and every matter here. But the Company Law Administration does not generally want to take action before an opportunity is given to the concern to rectify their mistakes. If they do not do it, naturally action is taken against them or a suit is filed in court. But here there was no cause for action because the mistakes were rectified.

I shall merely point out as examples two charges. One is about advances to the directors of the company and to other companies in which the directors were interested, without disclosure of interest etc. A sum of Rs. 12,509 was outstanding from some persons as interest from debit balances. These

transactions amounted to a contravention of section 86D of the 1913 Act. But since the directors paid the amount of Rs. 12,509 before final action on the inspector's report was decided upon, it was felt that a prosecution for the technical breach of law would not be worthwhile.

Secondly, regarding the utilisation of the accumulation in the staff provident fund by the company, without going into details, I might merely inform the House that the balances to the credit of the staff provident fund on 31st March, 1955, were Rs. 1,08,960. The liability of the provident fund was cleared off by the company by making investments as required under the Trust Deed.

These were two clear examples which go to show that the mistakes or breaches were rectified and no action was called for. Now, there are other types of cases which attract civil liability. Generally, the Government of India in the Department of Company Law Administration do not consider it advisable to go in for civil cases. The main responsibility of filing a suit of a civil nature is that of the shareholders. I have not got much time because I have to deal with a number of other matters, but if the hon. Member will see the U.K. practice, he will find that the U.K. Government also do not encourage any kind of civil litigation in regard to such inquiries held there. It is left to the shareholders to take what action they deem fit.

In this case, the Orissa Government have got a larger number of shares in the Orissa Textiles and as one of the shareholders of that concern, they could, if they thought proper, have filed a civil suit against the Orissa Textiles. Even in that respect, I can quote some cases, but I would not like to take the time of the House.

In another matter not in connection with this case but for a different reason, the Company Law Administration took action against Shri B. Pattnaik

whose name was mentioned by the hon. Member. He gave the impression that some kind of protection was being given to Shri B. Patnaik. It is a wholly wrong idea. I might tell him that when this case was being examined, Shri Patnaik was actually prosecuted by the Company Law Administration for certain offences. It was a criminal case filed by the Company Law Administration against Shri Patnaik. So there is no question of giving any protection to Shri B. Patnaik.

**Shri Braj Raj Singh:** What is the amount involved in the case?

**Shri Surendranath Dwivedy** (Kendrapara): The Orissa Government are protecting him all right.

**Shri Lal Bahadur Shastri:** The Members of the Orissa Assembly, if they so desire, can take up that question in the Assembly with the Government. But I would like to tell Shri P. K. Deo, that even now I am prepared to look into the whole matter again. I have not dealt with that case. It has been dealt with at the Secretary's level. But even though I have not been able to go through the papers fully, from as much as I have seen, I am convinced that no action under the company law was called for. I have discussed with all my officers of standing—legal and judicial standing—who have told me only this morning that their review or their examination might be scrutinized by anybody. They are absolutely certain that under the company law, no action was called for. As for the civil suit—of course, it was for the shareholders to take action. Even in those matters, they hold certain views. I do not want to express them here. I am even prepared to invite Shri P. K. Deo to come and have a discussion with the officers of the Company Law Administration. I would only beg of him not to refer to such matters in such detail in the House unless he has had a discussion with us and has felt convinced that

the position is not satisfactory and the matter should be taken up in the House itself.

**Shri P. K. Deo** (Kalahandi): I rise on a point of order. This restriction may amount to a breach of privilege. This means that one cannot express one's views without first discussing the matter with the officers.

**Shri C. D. Pande** (Naini Tal): It is only an appeal. I think he has not understood the spirit in which it was said.

**Mr. Speaker:** Order, order. The hon. Minister will kindly resume his seat.

The other day, I believe, Shri Nagi Reddy raised this question. Shri Patnaik who was here wanted him to give the full name in order to avoid any confusion that it referred to him. Then, I observed that we have got the privilege. But if there be an impression created outside that we are abusing this privilege that would not add to the prestige of Parliament. I also referred to a rule so far as the public officials under the authority of the Ministers are concerned. There is a rule which says that if any hon. Member wants to raise any charge of corruption or otherwise against any such person he must send notice to me and I will forward it to the Minister so that when the matter is raised on the floor of the House, the Minister may be in possession of the facts to contradict or otherwise explain that matter. That rule is being observed.

But with respect to outsiders, on whose behalf and as whose agents we have come here, their respect and their prestige is as much our concern as our respect and privilege. Therefore, I said to Shri Nagi Reddy, while he was speaking, that only after all enquiries are made and they are satisfied on some authority which they can rely upon, they should make such statements. Once a statement is made on the floor of the House, it catches and the damage, if any, is done even if it is corrected later on. It is within this limit that

[Mr. Speaker]

there is freedom. There is nobody who is going to prevent an hon. Member even assuming that an hon. Member goes out of his way and uses his privilege; it is for me to pull him up. Of course, nobody can take exception to that. Of course, hon. Members will, certainly, place before the House without fear or favour any important thing, any matter of importance and they need not be afraid of anybody. But that ought not to allow them to make all sorts of allegations without proper limit. It is their responsibility. These are the limits. I cannot say more on this matter. Every hon. Member who wants to say something about any important person who is not before the House will weigh once, twice and thrice and also place himself in the position of the person outside, before doing so. Next time he may or may not be returned as a Member. Supposing some other Member makes such an allegation how would he like it?

Under these circumstances, these are the limits within which the hon. Members must exercise their privilege. They themselves must find out how far they can proceed. Of course, they are entitled to all the immunities that the Constitution has given them.

**Shri P. K. Deo:** I beg to submit that the observations I made are corroborated by facts from the reports and from the various documents. I never attributed any motive. I left it to the Chair to draw conclusions.

**Mr. Speaker:** I am not here to draw conclusions. I do not know the facts at all. I leave it to the hon. Members to decide for themselves whether they can make such statements or not. Every hon. Member is his own best judge. He is a representative of 8 lakhs of people. He holds a very responsible position. Merely because there is privilege and immunity, he ought not to utilise it. Of course, hon. Members could make statements which they would not be afraid to make

outside. That must be the norm. In exceptional cases, of course, the border line may be crossed. The hon. Minister.

**Shri Lal Bahadur Shastri:** I shall come now to another point. **Shri Nagi Reddy** said something about some of the important concerns in which we have got a minority shareholding and the foreigners are in a majority. I wanted to examine the figures; but I am sorry I have not been able to get them. But, if necessary, I can furnish that information to **Shri Nagi Reddy** separately. *(Interruptions.)* But even if the House wants, I have no objection because that is an open chapter, that is an open book. There is nothing secret about the participation or collaboration that takes place. But, generally, our policy is that we want that Indians should be the majority shareholders in any concern and the management should also be predominantly in Indian hands.

These are the important points which are borne in mind in coming to any agreement. But it cannot be done always and in each and every case. We have to make some modifications or we have to accept certain conditions in difficult cases. We cannot entirely prevent the development of industry in certain directions if we have not got the necessary foreign exchange or the necessary rupee finance. So, in those circumstances, some exceptions are made; and, I do not think it would be possible for me to give any categorical assurance that no such participation in which there is majority shareholding of foreigners will be possible. But, however, I do feel that, as a general principle, we accept what, perhaps, **Shri Nagi Reddy** wants; and we have been pursuing that policy throughout.

I was a bit surprised when he said that no Indian is able to design a steel plant. He said it would be impossible for any Indian or any Indian engineer to put up a steel plant. I was

amazed to hear that. I do not want to criticise anybody. But, anyhow, the collaborators and the participants in the three steel plants will be greatly blamed if that situation exists. (*Inter-ruption*).

**Shri Nagi Reddy** (Anantapur): It is not my intention to say that. I was referring to the private sector. I am sure that today designers have been produced in the country. My only contention was that during the 50 years of existence of the private sector, the HISCO and TISCO, we were not able to get that technical know-how which we are now getting through the public sector. That was my criticism. I am glad you have got it now.

**Shri Lal Bahadur Shastri**: That is all right. I had a slightly different impression. Anyhow, as the Steel Minister is sitting here I thought I might convey to the House what he feels about the matter. He was telling us that, in fact, a preliminary report has already been submitted for a fourth steel plant by an Indian engineer and a number of Indian consultants. The Steel Minister feels that it might be possible to put up the fourth steel plant with the help of Indian engineers. He feels that perhaps 80 per cent. of the officers at the top—he was not referring to the lower officers—about 80 or 70 per cent. of the officers at the top might be found—top engineers—from amongst our own countrymen. This is, I think, a big achievement; and I hope Shri Nagi Reddy will feel satisfied over this matter.

I shall now refer to what Shri B. C. Ghose and Dr. Krishnaswamy said about exports. I am sorry I am not prepared to share the pessimism of Shri B. C. Ghose in regard to the improvement of our exports. I was also a bit surprised when he said that during the last three years, or over three years, there has been a decline in our exports. But the figures tell otherwise. This year, in 1959, our exports have reached the figure of Rs. 623 crores.

**Shri Bimal Ghose** (Barrackpore): I said about 1956-57, 1957-58 and 1958-59.

**Shri Lal Bahadur Shastri**: In 1957 it was Rs. 610 crores; in 1958 it went down....

**Shri Bimal Ghose**: In 1957-58?

**Shri Lal Bahadur Shastri**: I am giving the figures for the calendar years 1957, 1958 and 1959. This Rs. 623 crores is for the last year, I mean 1959. It is the highest figure of exports for the last 10 years. However, I should agree with Shri B. C. Ghose that we will have to face enormous difficulties in the coming year. The world market is getting more and more competitive. Yet the world trade is on the increase and if it is expected to increase, the Indian trade should also expand. In that hope, I have a feeling that our exports would rather go up than go down. As I mentioned, we may have to face great difficulty in so far as the West European countries are concerned and the hon. Member is fully aware of the coming up of the European Common Market. That restrictive approach is there and I hope they will themselves realise that it will not ultimately help them. However, as far as we have been able to judge, these things have not affected our exports so far. However, we have to be very careful and we keep a close and constant watch. In fact we are also considering ways and means as to how to overcome the difficulties that we might have to face in case these restrictions have a bad effect on the trade of our own country. I may also tell him that it is our desire to increase our exports in a big way through the State Trading Corporation. The STC, it has often been said by the people outside, is going in for more imports and has not done enough towards exports. I fully realise the significance of these observations and for some-time we have been making efforts for the STC to take more and more interest in exports. It has been possible for the STC to export goods worth

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over Rs. 21 crores last year and I know that it is trying to double this amount in the current year, 1960.

As Dr. Krishnaswami said, it is true that if you want to export, greater production is absolutely necessary. I fully endorse his views. There are still many primary products which are exported and which have got a fairly good market. Items like oil seeds, chillies, onions, spices, cotton, raw jute, oil and oil-cakes, etc. have great export possibilities. It is true they are more or less in the agricultural sector; they are agricultural products. So, it is essential that the production of these items should be considerably increased. I do attach full importance to the increased production of foodgrains but I am sorry I do not hold the opinion that the cash crops cannot be simultaneously developed or their production cannot be increased, whether it is cotton or raw jute or oil seeds. All these items could also be developed simultaneously. Otherwise, if production does not increase, the prices go up. Some of these commodities are consumed in the country in large quantities. I feel somewhat amused but I am told that my friends from the south resent the export of chillies. The export of onions will be resented in Punjab, in Meerut and in other places. To some extent we will have to make some sacrifices. If we produce more, we can keep the price level as well as export the surplus that is made available for that purpose. I must say that our sister Ministries have to realise the urgency and importance of exports. They do so but perhaps a greater realisation is called for, as is called for in the case of the manufacturers outside and other mill-owners, etc. Similarly, the Government as a whole will have to move in this matter and take a bold step.

Dr. Krishnaswami said that special efforts should be made to promote trade with Africa and Middle-East. I do not want to claim any special credit but if Dr. Krishnaswami will see

my note on African countries and the efforts we are making for increasing the exports, he will perhaps be satisfied that the Ministry is already at the problem. He does not happen to be here but I would like to inform the House that we had a series of four Indian exhibitions in the recent past in East Africa—Mombasa, Dar-es-Salaam, Pemba and Nairobi. They were held during the period December, 1959—February, 1960. For 1960, two more exhibitions—one at Cairo and the other at Accra—have already been approved. We have already one show-room at Cairo which was established in 1957. For 1960, two more show-rooms, one at Beirut and the other at Nairobi have already been approved. These two new units will be started as early as practicable.

As regards South East Asia, we have already one small show-room at Jakarta and another at Bangkok. Similarly, show-rooms in the premises of our mission at Rangoon is now under consideration. We considered Singapore but it has recently been given up. Besides that the Federation of the Chambers of Commerce and Industry has set up regional councils consisting of exporters interested in a specific region to aim at concerted measures with the help of official and semi-official organisations to promote exports in particular regions.

It was also said that we should try to strengthen our commercial representative organisations abroad. At present we have 39 trade officers and we spend nearly Rs. 58.79 lakhs on them. From time to time, we have reviewed the staff position of our trade offices and have been considering the question of strengthening our commercial representation abroad. It has, however, not been possible to increase the staff in many places as the need for economy has been paramount. A committee has recently been constituted to review the staff position in the trade offices in our embassies abroad and it is reviewing the position, embassy-wise and it is attempting to find solutions

compatible both with economy and increasing efficiency. Although Dr. Krishnaswamy said that these incentives or export promotion schemes would not go too far to help our exports, I am sorry I do not agree with him and I do feel that we have to take various steps such as publicity, propaganda, strengthening of our commercial organisations abroad and greater production. But export promotion measures are absolutely necessary. I know that all those measures and similar measures have been taken in various countries who have been able to step up their exports, whether it is Japan or other countries. In fact, what we have done so far in order to boost up exports does not go very far.

I may take the example of refund to exporters. The refund to exporters is made with great difficulty. In fact, the exporter is put to a lot of inconvenience. There are taxes levied by State Governments, excise duties by the Government at the centre and other taxes also. I have been considering whether it would be possible for the reimbursement of the refund to the exporter from one place, and the Central Government and the State Governments can settle their accounts among themselves. If the exporter has to get his refund for sales tax from the State Government, for excise duties from the Central Government and, perhaps, some refund for levies by Local Boards, if we could collect all these things together and pay it back to him from one centre or one place, it would make his task very easy and, I think, it would give him a special encouragement. I am considering this matter whether we can do it, and we will have, naturally to consult the Economic Affairs Department.

While dealing with exports, I might also say a few words about imports. Although it may look incongruous, if we want to step up our exports we will have to an extent to liberalise our imports. There are many things, whether it is capital goods or otherwise. Naturally, for capital goods we will

have to import for replacement of machinery—tea machinery, coal machinery etc. They are all coming up for replacement of their old machinery. Unless we have got necessary funds we cannot give them licences for importing that kind of machinery. So we have to remember that for sometime to come we will have to import more and more.

The question of raw materials is undoubtedly most important and, in fact, our production could have been much better if we were in a position to supply enough raw materials to our manufacturers, whether it is steel or non-ferrous metals or rayon yarn or wool tops. Therefore, these two things go together.

Recently some transport workers of some transport organisations met me. They said it was false economy not to supply them spare parts; their vehicles go off the road for a number of days and they cannot function. We have to consider these matters and be very careful in so far as our restrictions on imports are concerned.

In fact, I am sorry that whereas for capital goods and machinery etc. we get foreign loans, for raw materials we do not get them. We have got some from Canada and some from the Development Loan Fund also. When the three experts of the U.N. were here, in fact, I told them that it was for them to devise ways and means how they can help our country to import raw materials from abroad in order to develop our industries. So I personally feel that whereas we may ask for help in respect of capital goods and other things, we should also, as far as possible, make full efforts to get sufficient loans for import of raw materials.

Well, in this connection, I might tell Shri Ghose that in spite of these restricted imports we have been able to increase our industrial production. In fact, if I mistake not, the figures that I

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have seen last night show that the increase is rather over 10 per cent. It has been possible to do so because we have been very discreet in fixing priorities to imports of various commodities. We have, naturally, given priority to machinery or to spare parts or to raw materials. So our discretion has paid, and in spite of restricted imports our production has gone up.

I might also inform the House that we propose to take important steps in order to minimise the difficulties of the importers. One of the important measures which we have taken is that of repeat licensing. In the cases of repeat licensing licences are issued across the counter within two to six days of the receipt of the application. We propose to continue with this measure. As a measure of further help, especially to the industry, it is our intention to bring in annual licensing for quite a large number of items of our imports for actual users and for some established importers very shortly. This will be a new and big step and will help a number of industries in the scheduled sector as also our small-scale industries. It is our expectation that besides being of help to importers who will be saved from making applications for import licences, it will also enable importers to enter into longer contracts with foreign suppliers, arrange for freight in advance and ensure uninterrupted supply of raw materials to indigenous industry on the basis of which they can draw up and implement a planned production programme. I might also express the hope that this will enable them to take advantage of the price situation in a manner that will maximise the quantum of imports for the same value of foreign exchange.

I shall now say a few words about textiles. This is undoubtedly one of the important consumer goods and also serves as a substantial exchange earner. The prices of cotton have recently gone up, and there is going to be a heavy bill on increase in wages, dearness allowances etc., in the light of recommendations of the Textile Wage

Board. But the biggest difficulty has been the shortage of cotton.

Our production of cotton on account of bad crops has considerably gone down from 51 lakh bales to about 42 lakh bales, and recently the Textile Commissioner has informed us that he apprehended a further reduction and he felt that it may not be possible to make cotton available for more than 38 lakh bales. So this has caused a serious situation both for us and for the industry. Further, cloth is an important matter on which we cannot take any risks; it comes next to food. Therefore, we have decided that we should import cotton from foreign countries.

Because the deficit will be about 12 lakh to 14 lakh bales, we have up till now, during the current season, permitted the import of a quantity of 8.8 lakh bales. We are making further efforts to import nearly four lakh bales under P.L. 480 as well as from other free sources in consultation with the Department of Economic Affairs. This will, I hope, help in bringing about considerable relief in so far as the supply of cotton is concerned. It is essential that the textile mills should fully maintain the production of cotton fabrics and I hope the prices should not rise in case the supply of cotton is adequate.

I might also mention a few words about the closed mills in the textile industry about which references have been made in this House during Question Hour. There are 39 mills closed. As I had said before, the Textile Commissioner's organisation had made enquiries into the case of the closed mills. The report has not been submitted, but it is hoped that by the end of next month, they will be able to submit their report. However, their preliminary reaction is, out of these 39 mills, about 19 mills are such which will have to be scrapped either because their machinery is completely outmoded or their management, financial position, etc., is extremely per-



lous. So, in these circumstances, the textile working group feels that only 19 mills will be left whose cases will have to be examined. They are looking into that matter. Hon. Members may say that if these 19 or 20 mills are scrapped, it might create a difficult situation for the workers who have been working there. I quite agree. But there are two points which I would like to mention in this regard. Firstly, it is good that these old, outmoded mills should not remain in production. They are already closed, because in the competitive world of today, these old mills with old machinery cannot function at all. It is good that they are scrapped and new mills come up, provided with automatic looms, and Government would be most willing to give fresh licences to parties to set up mills in the same place or roundabout or near-about that place, so that the workers who have been working there get continued employment. We are willing to do that.

Secondly, if these remaining 19 mills which are under examination by the textile working group could be revived, some of the steps we can take to revive them are : (1) appointment of an authorised controller under the Industries Act; (2) taking over the mill on lease from the Official Receiver by the State Government; (3) where defective management is at the root of the trouble, persuading the management to affect a voluntary change; (4) create conditions in which more finances would be forthcoming, particularly in cases where the closure was precipitated by financial difficulties; (5) grant of facilities for renovation and modernisation of machinery wherever necessary; and (6) addition of balancing equipment when the existing machinery is either unbalanced or uneconomic.

So, hon. Members will see that this matter has been receiving very careful attention of the Government, and we propose to take various steps in regard to the opening of mills and issuing

fresh licences for setting up of new mills.

I might also add that the question of modernisation of textile mills is very important, and if we want to continue to export our cotton fabrics, there is no way out but to gradually proceed with the modernisation of textile mills. I know the National Industrial Development Corporation has not got enough funds at its disposal because this modernisation will cost not in lakhs but in crores—may be Rs. 60 crores or Rs. 70 crores or Rs. 80 crores or even, say, Rs. 100 crores. So, this processing of modernisation will have to be carried out in a staggered way. I would suggest that the textile industry should not keep their hands and minds closed. In fact, the textile industry in a way has to be re-opened, and those engaged in it should be able to find funds from their own resources as from the public either through banks or by raising loans, to renovate their mills and bring about a radical change. The National Industrial Development Corporation or the Government can help them in guaranteeing loans or in helping them to get loans from banks or other similar institutions.

Shri Bimal Ghose and Shri A. C. Guha have referred to the jute industry. At the present moment, the jute industry is, I might say, in a stable position, and those engaged in it have considerably modernised the industry. That must be said to the credit of the industry. However, one thing is there. The jute industry should get enough of jute cuttings, which perhaps are used for mixing purposes, without which the quality of their fabric does not improve. So, in so far as jute cutting is concerned, we are going to import their needs and requirements from Pakistan. Recently, in our agreement with Pakistan, we have introduced a clause. Formerly, and last year also, we had imported some jute cuttings from Pakistan. So, if the needs of industry in so far as jute cutting is concerned are fully met, there should be no reason for any kind of dissatisfaction, dissatisfaction in the sense that

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our export of jute goods should not decline. That is my main interest.

It should also, however, be remembered that about ten per cent of the looms are still sealed. Formerly, it was 14 per cent. The industry has brought it down to ten per cent. So, they have moved in this direction. I have been telling them, and I would appeal to them again, that they should keep it constantly in mind and try to release, even if they can do it only gradually, their looms.

About tea, I shall not say much. But there is one aspect which has caused as some concern. Tea exports declined rather substantially last year. However, we think that it may be possible to make up that loss in the current year. Even if we may not be able to make up, I hope the export of tea will go up in this calendar year. In fact, we have taken a number of steps to increase the production. I do not want to go into the details. But in respect of Cachar and Tripura areas, especially, where the gardens are weak, we have given them subsidies in the matter of fertilisers, transport, etc. Recently we have introduced two schemes to give them machinery on hire-purchase basis. It was difficult to introduce this scheme in so far as the weak gardens are concerned, because they cannot provide the necessary security. Still, the Tea Board has provided funds for the same and this scheme is being implemented. About Rs. 75,000 per tea planter would be given in case of Cachar and Tripura. In so far as the other areas are concerned, larger funds had been allocated and a maximum of Rs. 2 lakhs would be given to each planter for this hire-purchase scheme and they can replace their old machinery. In fact, it is important that the old machines should be changed, so that the plantations can improve.

13 hrs.

As you are aware, the Finance Minister has stated in his speech that

in order to relieve the tea industry from the local levy of the Assam and West Bengal Government, an enabling provision has been made for raising the excise duty on tea, so that suitable compensation can be given to the State Governments for abolishing their levy. That has been a big problem with the tea plantations of Assam and Bengal. This step which the Finance Minister has taken will, I hope, after discussions with the State Government give a great relief to the planters.

As regards propaganda of Indian tea, I might merely mention that we have recently decided to carry on propaganda of Indian tea in U.K. But we felt that we should not completely rule out the general propaganda or come out from the Tea Council. General propaganda of tea also is desirable because it helps in the consumption of more tea in those areas where tea is not consumed much. So, we will be joining in general propaganda also of tea. But specially this step of propagating Indian tea in U.K. has recently been decided and a market analysis was carried out.

We have decided to post an office in the U.K. to look after the interests of Indian tea in that connection. Similarly we have selected an officer for the post of Tea Adviser in the Consulate General of India in New York. It will naturally be his duty to strive for the promotion of tea exports to the United States and Canada and to organise the necessary publicity and propaganda for this purpose. In regard to West Germany and other European countries, the deputation of an officer to maintain close relationship with the local tea trade is also under consideration.

As regards coffee, its exports are also limited only by our production. We would like to export more. We have now decided to increase our production and we hope it would be possible to double our production of coffee by the end of the third Plan period. This will, I hope, meet the internal need as well as the needs of export. We shall

try to achieve this increase in production not only by intensive cultivation in the areas already under cultivation, but also by taking up coffee-growing in new areas where conditions are suitable. Such areas will perhaps be found in the States of Andhra, Orissa and Assam.

I wanted to say a few words about rubber, but I shall not do so as there is hardly much time left. In the case of rubber also, we want to increase our production. We are greatly in short supply of rubber at the present moment. We are importing about 14,000 tons of rubber. So, we have a scheme for replanting 70,000 acres of our low-yielding rubber land. We are also giving subsidy to growers from Rs. 250 to Rs. 400 per acre. In fact, we are already considering whether this subsidy should be further increased. There is a great possibility of cultivation of rubber in Nicobar and Andaman islands. Nicobar is ideally suited for this purpose. In fact, we are carrying on a survey in these islands. When the survey report comes, we will consider as to what further steps have to be taken.

Shri Vinayak Rao made a reference yesterday about forward markets and forward contracts. In fact, he said that forward trading should be banned. It has both advantages and disadvantages; I shall not go into them. But I may merely tell him that during the last few years, we have also come to know that the members of the forward market associations have indulged in wrong practice. The powers available under the existing Act have been found to be insufficient to curb these activities and it is proposed to tighten up the regulation by such measures as registration of all associations in the country engaged in forward trading of one kind or another, rendering kerb trading and publication of kerb rates illegal, tightening up the penal provisions of the existing Act and such other measures. I propose to come before the House with a Bill to amend the existing Forward Contracts (Regulation) Act to provide for these matters.

I may also inform the House that the present Patents and Designs Act was enacted in 1911 and since then there have been vast changes in the political and economic conditions of the country. In 1957, the Government of India requested Shri Rajagopala Ayyangar, who was then a Judge of the Madras High Court, to advise them in regard to the revision of the patents law. Shri Ayyangar submitted his report, which is indeed very comprehensive. It deals in detail with all the important aspects of the patent system. After careful consideration of the relevant matters, Shri Ayyangar recommended that the existing patents law in India should be revised and improved, having regard to the specific economic, industrial and technological conditions of the country. He has proposed that there should be a special provision in the statute to minimise the abuse of patent monopoly and to ensure the compulsory working in this country of patents. His recommendations are under examination and it is hoped to introduce in Parliament during this year a comprehensive Bill on patents to take the place of the existing Patents Act. I must express my sincere appreciation for the great work that Shri Ayyangar has done in regard to these complicated problems. He has put in very hard work and his reports are voluminous and indeed make an invaluable contribution. It is with his assistance that we would be able to enact a satisfactory legislation on patents.

I might also inform the House that from 1st April, 1960—from tomorrow—we will be adopting the metric system in India.

We have consulted the State Governments and they have all agreed. As you all know, currency was to be decimalised and the prevailing weights and measures were to be replaced by the metric system. Now the currency reform is nearly complete and the reform of weights and measures is in progress. So, it would be possible to adopt this system from the 1st of April 1960.

[Shri Lal Bahadur Shastri]

Before I conclude, I shall refer to one or two important matters concerning the industry. My colleague, Shri Manubhai Shah, has dealt with heavy industries at great length. He has furnished the House with all the information in his possession as to what Government propose to do now and in the next Third Plan. The Plan is indeed sizeable and heavy industries will undoubtedly revolutionize the economy of our country.

Here I want to say a few words in so far as the dispersal of industries and employment are concerned. I have given thought to the matter as to how we can increase employment and give more employment to our people. Though I am saying nothing new, it is almost certain that, in so far as these heavy industries are concerned, unless we can develop the ancillary industries along with them there will be no dispersal of industries and there will never be greater or larger employment. Though we have been thinking about it we have not been able to take any definite steps. I think when licences are issued, or any agreement is arrived at, it will have to be carefully considered as to what are the ancillaries which should be set up outside the bigger project. For example, take motor car. Everyone knows that a large number of the parts, components and tools of a motor car could be made outside the assembly unit. At the present moment, it is true that some of these parts and components are made outside. My idea is that whether it is an aluminium factory, a factory manufacturing cars or other factories, before we issue licences we will have to settle about the setting up of ancillary industries through discussion. I am not thinking in terms of making any law. As I said the other day, in the United States the General Motors have about 20,000 sub-contractors with them. Imagine what a big number it is. That is so not only in motor cars. Even in the steel plants there, in the Steel Corpora-

tion of the United States, they have got 55,000 small industries or business which feed the requirements of the steel plants. So it is this kind of ancillary industries which we will also have to put up in our country, and we must take some positive steps in that regard. I have no doubt that we will be able to do it successfully and we will be able to have a concrete and positive scheme in so far as this matter is concerned.

There is another aspect. In fact, I have been thinking that our small-scale industries organisation will have to make a radical change in their present set-up. I personally feel that our small-scale industries organisation should have three clear-cut divisions. By 'clear-cut' I do not mean that there should be a very hard and fast line, but there should be a clear-cut division of work. One unit or division should deal only with ancillary industries. It will be for that organisation to demarcate, as I said, selected items which should be built up in the ancillary industries, to help the parties in getting the funds, if necessary, through banks or otherwise to get them raw materials etc. Even if foreign participation is called for, Government can lend its moral support to those parties so that they can get the necessary foreign exchange, because usually it is the bigger parties which can easily secure collaboration and participation with bigger concerns abroad. If the outside concerns know that Government has given their moral support to a particular party, they will easily get the necessary loans or participation from other countries. I know of one or two cases. As soon as it was mentioned by one of our officers to a foreign concern that "Why not you try to come to an understanding with some other party here? We can tell you definitely that no risk is involved", they immediately understood the implications and fully agreed with it. In fact, they are now in the process,

of discussing with the other smaller parties. So, I think that this unit should only look after the ancillaries.

There should be another unit or division which should give guidance in regard to the setting up of medium size industries. There is not much difference between the two, as ancillary industries may also be medium-size industries. But I am thinking of a few items which could be taken up as medium-size industries, to which a reference was made by Shri Manubhai Shah. For example, paper. We are in short-supply of paper and it has been estimated that by the year 1963 we will be short of writing and printing paper etc. by about 1,43,000 tons. At the present moment, we are importing paper. How to meet this gap? There can be 4, 5 or 6 big paper industries which might meet this gap. But, as Shri Manubhai Shah has stated, it would be desirable to set up smaller factories if they are economical. An investigation has been held by an expert in paper and Shri Manubhai Shah has passed on that report to me. I was looking into that and I found that it is stated that for a plant with the capacity of 3,600 tons Rs. 29 lakhs will have to be invested. It is also stated that it will give a return of 18 per cent. He has gone into great details and furnished every small information that is called for in this connection in that report. Of course, he has based his figures also on five tons per day. Then the number of factories will be much larger. But even if it is ten tons per day and an investment of Rs. 29 lakhs is made with a return of 18 per cent, what greater advantage or benefit can we expect? On that condition, we can set up about 50 factories instead of having five or six. Every member from every part of the country, is naturally anxious that he should have industries in his area. Now, if we have 50 paper factories, we can distribute 2, 3 or 4 factories in each State and the raw materials also for these small factories will not be so difficult. Shri Manubhai Shah says

that they have prepared schemes for 5 tons with an investment of Rs. 10 lakhs or two or three tons with an investment of Rs. 5 lakhs. I was referring to raw materials for bigger factories we want bamboo. Bamboo might be in short-supply and it might not be possible to supply bamboo in adequate quantities as raw material for these large paper industries. In the case of small industries, you can use waste paper, rags, straw or bagasse. These raw materials could be easily consumed by the medium-sized industries.

He has also said that even small paper pulp plants could be set up. Up till now the idea was that we can only have a pulp plant as a very big and a major industry. But he is of the opinion that pulp plants could also be set up as medium-sized industries. Further it will be much easier and cheaper to supply paper-making machinery to these smaller paper industries. We can make them here more easily and it would be cheaper also.

I shall mention another item, viz. machine tools. If we so desire we can certainly put up small factories for machine tools. In fact, during the war a large number of factories had come up which were making machine tools, but later on as the then Government did not take any interest they came to an end. But we have many technicians and others who can take up this work. For machine tools also an investigation has been made but it has to be further verified and finalised.

It may be possible to get Rs. 30 lakhs worth of machine tools from a unit in which Rs. 30 lakhs are invested. If Rs. 50 lakhs are invested, you can get Rs. 50 lakhs worth of machine tools. We will require machine tools in very large quantities. In fact, our requirement would be of the order of Rs. 30 crores. That is the minimum figure. It may go up to Rs. 50 crores. At the present moment perhaps we are importing about Rs. 15 crores worth of machine tools. Of course,

[Shri Lal Bahadur Shastri]

we should have for machine tools etc. bigger factories. We are going to double the Hindustan Machine Tools capacity. Another new factory is going to be set up. Besides that, if we take up this item as a medium-sized industry we can again disperse the industry and give employment to people living in different regions. I was therefore suggesting that there should be another unit which should be formed in the small-scale industries organisation in order to help and guide the new entrepreneurs. I am even thinking, and in fact I have suggested to some State Governments, that they should themselves, if others are not forthcoming, set up some industries. They do not require very big sums. If they do so it is all right. I would even suggest that the Central Government set an example by building a few such industries so that others can follow up if they so desire.

The third division or unit which I would mention at the end is the industrial estates and the small industries which do not cost more than Rs. 5 lakhs. I do not want to say much about it. Shri Manubhai Shah has already said enough on that. I do not entirely agree that these industrial estates should not be put up in cities. They have to be put up in cities because there also the question of employment is tremendous. But besides that, I made some enquiries from the Irrigation and Power Department and came to know that there are about 600 to 680 towns with a population ranging between 10,000 to 20,000. Out of these over 600 towns there are a little over 300 towns which are electrified. These towns are in fact the hub of the villages round about them. I feel that the electricity there should not be utilised only for lighting purposes but we should also utilise it for setting up small industries or these industrial estates. They should be rural industrial estates. If in those towns we can set up a large number of rural-industrial estates, we can have greater production as well as provide chances for larger employ-

ment.

I shall go a step further and suggest that we should think in terms of industries in sheds. Placed as we are, with our poverty and unemployment we cannot always think in a big way. In villages, of course, when we think of using machines we cannot think of it without power. There is not enough scope for power at the present moment in the villages particularly. However expansion of power is going on even today. There are not less than 6,000 villages where power is available and in another four to five years it is said that about 46,000 or 50,000 villages will be covered. In those villages we can even have small sheds. We can have training-cum-production centres there. We can utilise the local talent. We can make goods which may be needed for the villages themselves. Small agricultural implements, lanterns and so many things we can think of which could be made in those small sheds on which we may not spend much for buildings etc. There may be a modest effort. But it will undoubtedly be in the midst of the rural areas where people will be greatly benefited.

I have taken much of your time but in the end I would merely say that when I suggest these things about ancillary industries, medium-sized industries, small-scale industries or industries in sheds, our objective only is to industrialise the country physically as well as mentally. It is necessary that each and every citizen of our country should feel that if he is prepared to work with his hand he will get an opportunity for working or he will get employment. It is essential. I know it will take time but we have to proceed in that direction so that we can industrialise the country because with agriculture industries have to go and both have to be interspersed and give employment to people. But the essential objective behind these things in my mind is that it will lead to what we call decentralisation of wealth. Our real objective is to create a new social order. That new social order can only

come about when there is no concentration of wealth. In what I have said just now there is decentralisation of wealth. It can only be possible when we carry out our industrial programme on the lines I have just now suggested.

**Shri P. K. Deo:** I want clarification on one or two points.

**Mr. Speaker:** After such a long speech if the hon. Member is not convinced, when is he going to be convinced? We have got the hon. Home Minister waiting here.

**Shri P. K. Deo:** Just two points.

**Mr. Speaker:** It is not important. He will reserve it for the Finance Bill. Need I put any particular cut motion to the vote of the House?—No. Then I shall put all the cut motions to the vote of the House.

*All the cut motions were put and negatived.*

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

"That the respective sums not exceeding the amounts shown in the fourth column of the order paper, be granted to the President, to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1961, in respect of the heads of demands entered in the second column thereof against Demands Nos. 1 to 5 and 106 relating to the Ministry of Commerce and Industry."

*The motion was adopted.*

*[The motions of Demands for Grants which were adopted by the Lok Sabha are reproduced below—Ed.]*

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

"That a sum not exceeding Rs. 70,33,000 be granted to the

President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1961, in respect of 'Ministry of Commerce and Industry'".

#### DEMAND NO. 2—INDUSTRIES

"That a sum not exceeding Rs. 23,94,83,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1961, in respect of 'Industries.'"

#### DEMAND NO. 3—SALT

"That a sum not exceeding Rs. 48,04,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1961, in respect of 'Salt' "

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

"That a sum not exceeding Rs. 77,03,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1961, in respect of 'Commercial Intelligence and Statistics.' "

#### DEMAND NO. 5—MISCELLANEOUS DEPARTMENTS AND EXPENDITURE UNDER THE MINISTRY OF COMMERCE AND INDUSTRY

"That a sum not exceeding Rs. 2,25,77,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1961, in respect of 'Miscellaneous Departments and Expenditure under the

Ministry of Commerce and Industry'."

**DEMAND NO. 106—CAPITAL OUTLAY OF THE MINISTRY OF COMMERCE AND INDUSTRY**

"That a sum not exceeding Rs. 23,47,92,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1961, in respect of 'Capital Outlay of the Ministry of Commerce and Industry.'"

13.29½ hrs.

**SUSPENSION OF RULE**

**Mr. Speaker:** The House will now take up consideration of the motion to be moved by Shri G. B. Pant.

**The Minister of Home Affairs (Shri G. B. Pant):** Sir, I beg to move:

"That the first proviso to Rule 74 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motion for reference of the Bombay Reorganisation Bill, 1960, to a Joint Committee of the Houses be suspended."

I do not think that this motion calls for any speech or any remarks from me.

**Mr. Speaker:** The hon. Minister may explain why it should be suspended.

**Shri G. B. Pant:** Under the Rules of Procedure and Conduct of Business the rules relating to financial business require that the Select Committee in a way should consist only of the Members of this House unless the rule is suspended. We have to deal with an important measure and we

want also to expedite its passage through both the Houses as speedily as may be reasonably possible. So, in order to save time of the both Houses and also for having the advice of the representatives of this House and also of the other House I request that the proviso be suspended.

**Shri B. C. Kamble (Kopergaon):** On a point of order, Sir,....

**Mr. Speaker:** Does it contain any financial provisions?

**Shri G. B. Pant:** It does not contain any such provisions as could strictly be called as financial. But in all such Bills there are some references to matters relating to the distribution of assets and liabilities and so on which are of a different character altogether. I would remind the House that the whole matter was discussed fully before you when the States Reorganisation Bill was introduced. I had made a similar motion and the points were discussed thoroughly in the House and after that you were pleased to say that the motion should be accepted. Similar position was also taken, I think, when the Madras-Andhra Bill was adopted by the House.

**Shri B. C. Kamble:** On a point of order, Sir.

**Mr. Speaker:** What is the point of order?

**Shri B. C. Kamble:** My point of order is: if the motion of the hon. the Home Minister is accepted by this House, then it will amount to the suspension of Article 109 of the Constitution which prescribes a definite procedure so far as the Money Bills are concerned.

Now, what is it that the hon. the Home Minister wants to suspend? He wants to suspend the first proviso to Rule 74 of the Rules of Business. This proviso has a direct link with Article 110 which gives the definition of a Money Bill. Now, according to