

DEMAND No. 59—ANDAMAN AND NICOBAR ISLANDS

"That a sum not exceeding Rs. 1,59,99,000 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, 1958, in respect of 'Andaman and Nicobar Islands'".

DEMAND No. 60—MANIPUR

"That a sum not exceeding Rs. 86,06,000 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, 1958, in respect of 'Manipur'".

DEMAND No. 61—TRIPURA

"That a sum not exceeding Rs. 1,39,39,000 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, 1958, in respect of 'Tripura'".

DEMAND No. 62—LACCADIVE, MINICOIY AND AMINDIVI ISLANDS

"That a sum not exceeding Rs. 8,55,000 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, 1958, in respect of 'Laccadive, Minicoy and Amindivi Islands'".

DEMAND No. 63—MISCELLANEOUS DEPARTMENT AND EXPENDITURE UNDER THE MINISTRY OF HOME AFFAIRS

"That a sum not exceeding Rs. 6,61,64,000 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, 1958, in respect of 'Miscellaneous Department and Expenditure under the Ministry of Home Affairs'".

DEMAND No. 120—CAPITAL OUTLAY OF THE MINISTRY OF HOME AFFAIRS

"That a sum not exceeding Rs. 1,30,02,000 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, 1958, in respect of 'Capital Outlay of the Ministry of Home Affairs'".

Ministry of Commerce and Industry

Mr. Speaker: The House will now take up discussion of the Demands for Grants Nos. 1, 2, 3, 4, 5 and 104 relating to the Ministry of Commerce and Industry. As the House is aware, six hours have been allotted for the Demands of this Ministry.

There are a number of cut motions to these Demands. Hon. Members may hand over at the Table within 15 minutes, the numbers of the selected cut motions which they propose to move. I shall treat them as moved, if the Members in whose names those cut motions stand are present in the House and the motions are otherwise in order.

The time-limit for speeches will, as usual, be 15 minutes for the Members including movers of cut motions, and 20 to 30 minutes if necessary for leaders of Groups.

DEMAND No. 1—MINISTRY OF COMMERCE AND INDUSTRY

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 50,51,000 including the sums already voted on account for the relevant services be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1958, in respect of 'Ministry of Commerce and Industry'".

DEMAND No. 2—INDUSTRIES

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 24,68,86,000 including the sum already voted on account for the relevant services be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1958, in respect of 'Industries'."

DEMAND No. 3—SALT

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 1,49,17,000 including the sums already voted on account for the relevant services be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1958, in respect of 'Salt'."

DEMAND No. 4—COMMERCIAL INTELLIGENCE AND STATISTICS

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 48,31,000 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, 1958, in respect of 'Commercial Intelligence and statistics'."

DEMAND No. 5—MISCELLANEOUS DEPARTMENT AND EXPENDITURE UNDER THE MINISTRY OF COMMERCE AND INDUSTRY

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 1,43,68,000 including the sums already voted on account for the relevant services be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1958, in respect of 'Miscellaneous Departments and expenditure under the Ministry of Commerce and Industry'."

DEMAND No. 104—CAPITAL OUTLAY OF THE MINISTRY OF COMMERCE AND INDUSTRY

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 14,19,01,000 including the sums already voted on account for the relevant services be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1958, in respect of 'Capital Outlay of the Ministry of Commerce and Industry'."

Shri V. P. Nayar (Quilon): Sir, from the very wide range of subjects covered by this Ministry, I shall take up only a few to focus the attention of the House.

First, I would like to deal with the question of our foreign trade. As a result of our foreign trade in the past, last year ended with a deficit of Rs. 2925 crores and a draft for Rs. 219 crores on our foreign exchange reserves. The reason attributed by the Government as well as the Reserve Bank is that this is due to greater activity and unanticipated rise in our imports. I do not quite agree with this proposition, because, on an analysis of our foreign trade for the last few years, I am inclined to think that this has been brought about by the acts and omissions of the Government.

Our trade policy has been following a particular pattern. We were talking about diversification of trade. But, we were not really doing anything in that direction worth the name. An analysis of our export and imports since the commencement of the First Plan has given me the following figures. I am giving certain figures relating to our exports and imports to the dollar areas, sterling areas and also the O.E.E.C. countries. I concede that in respect of the O.E.E.C. countries, there has, of late, been some increase. But, by and large, the area taken together has almost been the same during the last five or six years.

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The figures are as follows. Out of all our imports, this area accounted for: 84.3.

84.3	per cent in	1951-52,
86.8	„	1952-53,
89.1	„	1953-54,
84.8	„	1954-55,
85.4	„	1955-56.

In exports also, almost the same pattern is seen. Exports to the sterling areas, O.E.E.C. countries and dollar areas together accounted for:

88.3	per cent in	1951-52,
85.3	„	1952-53,
84.0	„	1953-54,
86.1	„	1954-55,
81.9	„	1955-56,
82.3	„	1956-57.

Even among these areas, our exports and imports in so far as the sterling areas are concerned, have almost remained the same. If I am permitted to quote the figures for the sterling areas, of all our imports, it was:

54.5	per cent in	1951-52,
50.8	„	1952-53,
53.9	„	1953-54,
56.9	„	1954-55,
51.6	„	1955-56,
52.3	„	1956-57.

Notwithstanding all talks of diversification of trade, and notwithstanding the fact that there is today a State Organisation for export trade, you will find that the pattern of trade ever since the commencement of the First Plan has remained unchanged, except, perhaps a change of a marginal character. This is all the more reason why I say that our policy in foreign trade has been continued without any reference to the country's growing requirements in a context when all the developmental activities have been planned and no proper care was taken to conserve our foreign exchange resources. One or two examples will

show this. Certain countries which send us goods have in the past years taken far less by exports from us than they have to us. I will take the example of one or two countries. I have no time to exhaust all the countries. Italy, for example, imports from India goods to the tune of Rs. 4.77 crores while we are taking from Italy goods worth about Rs. 21.83 crores. Switzerland take our exports only to the value of Rs. 0.66 crores while they sent us goods worth Rs. 12.58 crores. Belgium, France, West Germany, Netherlands Sweden, U.S.A., Canada and U.K. have all taken much less than what we have taken from them. This is the trend.

Mr. Speaker: Any particular article?

Shri V. P. Nayar: These are taken from the analysis made in the Reserve Bank Report on Currency and Finance and some other Government publications. These figures are not mine at all.

All these countries in the past years have taken less from us than what we have taken from them. Then there are countries outside the area. As you know, in respect of these countries, whether they are dollar countries or sterling or O.E.E.C. countries, we are bound to pay them in foreign exchange which we are very short of. On the other hand, there are countries outside the orbit of their influence which accept payment in Indian rupees. Of course, our trade has increased with those countries, but by and large the pattern of trade has not changed whether it is export or import, and this has resulted in very serious consequence to our economy itself. I do not know what specific reason there is for the neglect of these countries. I also do not know what specific reason there is for confining our trade to a set pattern i.e., doing trade only with these areas, and almost in the same proportion as we started in 1951-52.

I wish to refer in this connection to the State Trade Corporation, an organisation which has been primarily set

up for extending and diversifying the trade. What is the S. T. C. doing now? The S. T. C. functioning in some respects as a commission agent. Whenever importers find that they do not have enough funds, the S. T. C. will step in and tell the importers: "Look here, we will import the goods on our account. It is easier for us to get the licences and all that. We will charge you one to one and a half per cent. commission." My hon. friend is smiling. But I happened to get a letter addressed by the S. T. C. to a firm and it is not advisable for me, in the interest of the firm, to disclose it here. But if the hon. Minister wants, I can pass it on to him. In the matter of exports also the S. T. C. is functioning in the same way.

As you know, the State of Andhra has plenty of tobacco to offer to other countries and there has been a recent offer for the purchase of tobacco from the Soviet Union. Thanks to the secrecy maintained by the S. T. C., this information leaked to a particular firm. I do not wish to refer to the name of the firm though I have got it here. This particular firm cornered all the stocks in Andhra. The Andhra peasant got less than what he got last year and last year for the export to other countries the private trade quoted lower rates than the S. T. C. has quoted now. I am not at all against getting more money for our exports—there is no mistake about it—whether it is from the Soviet Union or U.S.A. or U.K. We must get more money by exporting certain commodities. But I am equally keen that the benefit of it should not go to the intermediaries and the brokers, but it should go to the cultivator. Has this been done? Is it the only duty of the S.T.C. to function as a channel for the distribution of some articles, buying it locally from hoarders and profiteers, and allow them to take the cream of profits? I want an answer from the Minister about the policies which guide the activities of the S. T. C.

Shri B. K. Gaikwad: There is no quorum in the House.

Mr. Speaker: It is the duty of party spokesmen to ensure that at least their own members are present. The bell may be rung. Now there is quorum. The hon. Member may proceed.

Shri V. P. Nayar: I know that of late they have imposed very serious restrictions on imports. I also know that the O. G. L. has been dispensed with. It is an act, done not on the eleventh hour, but on the thirteenth hour. What have we done with our imports all these years? We have just allowed money, hard-earned foreign exchange to be frittered away and to be used on the whims and caprices of certain monopolists, whether they are Indian monopolists or foreign monopolists, I don't mind. But this has been done. Sir, if you go through the shaping of policies, time and again we have criticised Government. We have told them of the danger of liberalising import. We have also warned them that in future we may not get enough foreign resources. All these criticisms were just brushed aside by the hon. Minister who claims all wisdom in such matters to himself. Consequently, what we had anticipated two-three years ago have come true. It is in this context that it becomes absolutely necessary that we view the situation as it obtained two-three years before. What has been our import policy? Go to Connaught Place or Bombay or Calcutta. You will find that there is a glut of imported articles in the market. And what are these articles? Do the common men and women of India require them? If you go there, you will find Rauson's cigarette lighters costing Rs. 40, to 50. You will find American sun glasses. You will find Johnson's crockery. You will find all other articles which none of us ordinarily use. There will be Lavender's or Coty's perfumes and Max Factor's lipsticks. All these would be there. I could have certainly understood if all these imports were allowed at a time when the import policy was ultimately decided upon by a person who had some reputation as a businessman, who had

[Shri V. P. Nayar]

some experience in the line of import, who was a race-goer, who are known throughout the South for his betting on horses. I certainly do not understand how the policy continues as it was under the leadership of a person whom, his party considers to be a paragon of puritanic virtue. This is not the way we expected him to function.

In almost the whole country we are having prohibition. But what do you think the figures will be for the import of liquor? They are mounting up year by year. The import of foreign liquor is increasing. It has increased. Is foreign liquor taken by poor people? I do not know who takes it. But this is the position.

Then, if we analyse our foreign exchange position, we find that the hard-earned foreign exchange is being frittered away like this because there was no planning at all in the matter. There was no perspective as regards the plan and its requirements which are today staring at us. It has come to such a stage that the critics of the plan get up and say that the Plan has to be pruned.

I do not propose to refer to that. But I find that from April to September, 1956, the imports in Government's accounts are rising. The explanation given is that there has been a very large investment insofar as capital goods are concerned. That is not quite true. In the last year, from April to September 1956, imports on Government's account have increased only by Rs. 22.5 crores and that is probably mostly accounted for by the import of food. On private account imports were higher than the corresponding period by a very large sum of Rs. 121.5 crores. Of this huge import on private account, capital goods by any calculation has not accounted for more than Rs. 70 crores. We know that the import of industrial raw materials has not recorded any appreciable increase. Then what is this balance due to?

According to my calculation—I am speaking subject to correction by the hon. Minister—which has been made from the report of the Reserve Bank and also the pamphlet circulated by the Ministry, the balance of about Rs. 52.8 crores must have been spent on non-essential consumer goods. I have also calculated that the unanticipated rise in import of capital goods is only to the extent of Rs. 10.7 or Rs. 10.8 crores.

So, while the Government are so generous in the matter of allowing import of luxury articles we find that we have necessarily to cut our imports of very essential articles, for example nylon which is used not for garment-making, but for nets of fishermen, diesel engines which are used both for marine fishing and agricultural operations.

Your policy of the last year has landed you in such a position that, having frittered away the foreign exchange, you are now constrained to cut down import of essential articles. What is all this due to?

I want to put a straight question. We are not going to sit idle on this because it has led our country to a crisis in respect of foreign exchange position. I would suggest for very serious consideration that the whole policy of the past be reviewed; a committee be appointed and guilt apportioned to the various persons responsible. They should be hauled up before a commission and the most condign punishment meted out to them because this is nothing short of a diabolical crime on the economy of our poor country. We are not going to allow this sort of thing to continue.

We could have understood if there was some anticipation of the future requirements under the Plan because as the Plan was formulated we knew the special bias which we had to give to the industrialisation of the country. We knew that imports had to come from countries in

which we were judge only by the availability of our foreign exchange resources. All this was not taken into consideration because it was the favourite whim of the person concerned—may be he is the Minister or the Secretary, I do not know—to encourage as much import as possible of luxury goods, to allow speculative trading in others, and also to see that ultimately when we were landed in difficulties without getting our requirements of the Plan from foreign countries, we were left in a position of running into a deficit of Rs. 250 to Rs. 300 crores. Even then they are not prepared to trade with other countries which do not want foreign exchange either of Sterling or Dollars. There are countries with thousands of millions of people prepared to trade with us and accept payment in rupees

I want the hon. Minister also to consider whether it is not time for his Ministry to negotiate with all countries, not with one or two countries. The rupee has some credit now in other countries. Why is it not possible for them to negotiate with all countries to accept payment in rupees? Why is it not possible for him to take concrete steps to see that other countries, countries in the dollar area, in the sterling area, in the OEEC area and other areas get into agreements with us whereby it will be possible for us to have an idea of the price both of our imports and exports on a long-term basis. I want the hon. Minister to consider whether it is possible.

I can give any number of instances of the Government having, in the near past, frittered away foreign exchange which was very hard won, but I will cite only one or two cases. Maybe it is not strictly pertaining to this Ministry, but I cite this case because it is of such importance. There has been an instance recently of a transfer of leasehold rights of a company with sterling capital, known as the Magnesite Syndicate Ltd. Their lease was to expire in about 18 months. At that time they trans-

ferred it to another company in Calcutta, Burn & Co., for a consideration which I understand was 100,000 pounds sterling to be paid in London. That happened in March last; it is not in the very distant past. On a representation sent by some Members of Parliament and by other members of the Public—I have a copy of the representation here—this is what the Madras Government writes to the petitioners, this is a copy of the letter:

“With reference to the memorandum . . . I am directed to say that the Government have decided not to permit the Magnesite Syndicate Limited to transfer their leasehold for mining magnesite in certain areas.”

But ultimately what has happened? The lease is transferred. The Government of India interferes. I know for certain that the decision of the Madras Government was a Cabinet decision. But how do we know that the Government of India have taken steps to override the decision of the Madras Government?—because there is a statutory appeal and when the appeal is filed it becomes a public document. In the statutory appeal against the decision of the Madras Government preferred by the Magnesite Syndicate, they produced a letter in which Shri Boothalingam, ICS—I do not know who he is—writes to Sir Biren Mukerjee that he has directed the Government of Madras to reverse their orders and transfer the areas to Burn & Co. I am not worried whether Burn & Co., or A, B or C takes hold of the lease, but I am very much worried how in this context we can spare payment of £100,000 sterling, and that too in London. Among other transactions . . .

The Minister of Commerce and Industry (Shri Morarji Desai): May I say that this does not relate to this Ministry at all? We are wasting time on other things.

Shri V. P. Nayar: I have been here for five years and I could well anticipate you. I am asking you whether

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It is a matter of which the Commerce Ministry had any knowledge. Because it is overriding the decision of a Cabinet of a State Government, I thought it was not left to the Secretary alone, but the whole Cabinet would have gone into it, in which case Shri Morarji Desai would also have known it. If he says it is known, it is all right. Let him look into it and find out.

Shri Morarji Desai: I have no knowledge of it.

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

Shri V. P. Nayar: Two or three minutes.

There is also another practical difficulty with regard to the diversification of our trade. What is the position of our shipping? From the moment we came here we have been pointing out the difficulties in respect of shipping. That again, he will say, belongs to the Transport Ministry. I am not concerned about the Ministry to which it belongs, I am only concerned that the shipping as it operates today is very prejudicial to the development of our foreign trade and also detrimental to the diversification of our trade, because in the last five years we find that from Rs 75 crores a year we are now paying about Rs 14 crores on account of overseas shipping.

Mr. Speaker: Hon. Members had an opportunity to talk about shipping. All this was said then. We are losing so much money etc.

Shri V. P. Nayar: I am only referring to the foreign exchange aspect, and how it is bound to affect our imports and exports. Because if a particular trader places an order on East Germany, Czechoslovakia or any other country from where there is no shipping here, he is not going to charter a ship for a single consignment. Ships follow a particular channel, and countries happen to be in that. Personally I would have given a prefer-

ence of investment in shipping rather than in iron and steel.

Mr. Speaker: Anything can be related to commerce. We can say there are no cars, railways and then we can go into railways also.

Shri V. P. Nayar: Now that you have referred to cars, I shall come to the automobile industry, because it is something in which we had very great hopes. In fact, a very large extent of the Second Plan will depend upon how we are able to provide facilities for transport of goods from place to place through motor transport.

What is the position of the industry? It is an industry enjoying protection from 1923. It is fortunate you have not put it in reverse gear. It is not in front gear, but it is in neutral gear now, but certain abnoxious agreements under the old tie-ups of Indian collaborators with foreign manufacturers have given the latter all the terms they wanted. You have only to read the Tariff Commission's report on the industry.

The Minister of Industry (Shri Manubhai Shah): I do not want to interrupt. I would only remind the hon. Member that the production of automobiles last year has gone up by 40 per cent over the previous year.

Shri V. P. Nayar: It is not a question of the production going up by 40 per cent, but what are you producing? Most of the shops are only machining material imported, except perhaps in the case of Landmasters and Hindustan Motors. The targets set for the production of the various components have not been attained. That is what the Tariff Commission says. I shall be very glad to be corrected by Shri Manubhai Shah.

An Hon. Member: What is happening in Leyland?

Shri V. P. Nayar: What about diesel? What is the capacity of the automobile producers or their principals in the foreign countries? We have

only a right for 2,500 Diesels. Will it meet the demand?

Take again the example of the cycle industry. I find the report of the Ministry paying special attention to it. There is a chance for exporting cycles to Uganda, to East African countries. But we know for certain that under the agreements between the Raleigh group and the Sen group here, the Raleigh-Sen cycles shall not be sold in any country outside India, except Pakistan and Nepal. So far as the Hercules cycles, that is, the T. I. Cycles are concerned, under their contract, they are not allowed to sell their products to any country outside India except Pakistan and Afghanistan. Do we not know that Afghanistan or Pakistan or Nepal will not be able, in their present economy, to take so many cycles? Is it not a fact that even in the manufacture of cycles, our agreements have these clauses which restrict even the scope of exports? What have Government done about it?

I want only to refer to two or three suggestions, not points because I am sure you will not give me the time for that. I want to suggest to Government that they must give up this habit of allowing private trade to control the entire operation in respect of foreign exchange. They must make the State Trading Corporation give up its role as a post office or merely as an agent for collection and distribution. They must enlarge the scope of its functions; they must allow the Corporation to trade with other countries. They must also see that the State Trading Corporation gets into business direct and ensures the maximum money to the producers.

Then, I would also urge the Minister to put more austerity in imports and to negotiate, at the same time, for long-term commodity agreements. We have been going with a begging bowl. The other day, I saw in a paper that we are in a global begging campaign. I do not want that to be done. We can discuss with any other country. Now that the rupee has some credit, why do you not do it? If you depend

upon sterling balances or our resources in dollars, I must tell you that we shall not be in a very happy position, and it will give room for the critics of the Plan to cry and cry over and over again, as they have started doing now that the Plan cannot be worked in view of the difficulties of foreign exchange. I want the Minister to consider these proposals.

16.53 hrs.

Mr. Speaker: Now, Shri Ramakrishna.

Shri Ramakrishnan (Pollachi): I shall speak tomorrow, if you would permit.

Mr. Speaker: If all the hon. Members want to speak tomorrow, I shall not allow anyone to speak.

Shri Sankarapandian (Tenkasi): I shall speak today.

Mr. Speaker: Yes.

Shri Sankarapandian: Up till recently, our foreign exchange position had been very satisfactory, and Government issued licences for imports of all sorts of goods to all sorts of persons. In this connection, mention may be made of the import of sugar to the tune of Rs. 70 crores by the Ministry of Food and Agriculture. As a result of this indiscriminate import policy, we find that our foreign exchange resources have dwindled considerably reaching almost the danger point. We have consequently been driven to resort to all sorts of austerity measures at all levels. And many hon. Members of this House have asked for many enquiries into the different aspects of administration. I want a thorough enquiry to be made regarding the foreign exchange position, to fix the responsibility on the persons who have brought about this state of affairs.

It is certainly a good sign of the times that Government are taking keen interest in the economic activities of this country. The scope of the public sector has been widened. But it is very vital that our public undertakings should be managed on more efficient lines. For this, they should combine the efficiency of the

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private sector and the vigilance of the Government Departments. In fact, the very idea of forming independent corporations is to manage our affairs on a more commercial and economic basis and not to get involved in the red-tapism of Government.

The small-scale industries play an important part in the economy of our country. The small-scale industrial organisation is not of recent origin, since it dates back to some seventy or eighty years. This industry has spread its tentacles all over the country, and it manufactures articles according to the local requirements and needs. It has also created a great employment potential.

In an under-developed country like India, there is ample scope for employment opportunities in the small-scale industries. It is not necessary that large units alone should produce all the accessories and component parts. A certain percentage of the components and accessories can be produced by the smaller units at more economical costs. It is worth the while observing that Japan has reached perfection in the process of manufacturing components and accessories in smaller units. So, development of small-scale units could provide larger employment opportunities in our country.

It is natural, therefore, that our Government have provided ample scope for the development of small-scale industries in the Second Five Year Plan. They have earmarked nearly Rs 55 crores in the Second Five Year Plan as against Rs 5 crores in the First Five Year Plan.

When the tempo of development of small-scale industries increases, the demand for money will be felt more and more. So, the plan for financing small-scale industries should be made more flexible to meet the increasing demands. In the public sector, Government have planned to invest nearly Rs 1500 crores, and in the private sector, the investment is about Rs.

2500 crores. As against these huge amounts a mere sum of Rs 55 crores for small-scale industries looks very meagre. There must be a proportion and parity among these two sectors of industrial development.

Without proper financing and credit facilities, nothing can be done for the development of small-scale industries. The present difficulties of the small business units are so acute that they are not able to secure modern machinery and equipments to utilise the vast man-power. It becomes, necessary, therefore, that a sound system of instalment credit be considered, chiefly to encourage the purchasing of modern machinery and equipment; and the credit co-operative banks should expand their function in the industrial field also. Government should be liberal in granting loans for the purchase of modern equipment and machinery. At present, Government are restricting loans to 60 per cent, for the purchase of certain machinery such as electric furnaces etc. This percentage should be raised up to 90 per cent.

Then, again, Government are charging interest at the rate of 6 per cent for loans utilised for the purchase of certain machinery costing over Rs 15,000. Such a high rate of interest would certainly hamper the development of industries. But Government charge only 2½ per cent in the case of the shipping companies. The period of repayment of the loan should be extended to ten years, and the first instalment should start one year after the factory starts production.

I am told that in the Delhi industrial estate, Government are charging ten per cent as rent on the cost of the factory building. I would submit that the profit motive should not be the chief criterion for giving loans. In all industrial estates the rental charges should not exceed 4 per cent.

The present arrangement for the supply of raw materials to the small entrepreneurs is not at all sufficient.

to meet their normal production requirements. If this situation continues, then the very purpose of our Plan will be defeated. They should have the guarantee of having a continuous supply of raw materials, and they should be allowed to have a smooth working of their factory.

Finally, I would like to submit that the Small-Scale Industries Board is nothing but a board of officials. It is completely official-ridden. Out of 44 members we find that only five are non-officials. Of course officials are necessary to defend government policies and programmes, but such a huge army of officials is not required for that purpose. I would request that some more experienced non-officials may be included in the Small Scale Industries Board.

17 hrs.

The Government is also unwise in either restricting or totally prohibiting certain items of imports which are very essential to the development of our country. As an example, I would cite the import of electric motors for agricultural purposes. The Madras Government has repeatedly urged the Centre to give it nearly 15,000 motors. That is what the State requires. But in spite of this, the Central Government has given that Government licence to import only 700 motors, and that too through two foreign concerns.

It is also not clear why the Government, while allowing the import of motors, has not allowed the import of main accessories like starters and switch gears. Without these equipments the motor is incomplete. As a result of this, the poor agriculturists are resorting to black market to purchase their needs.

Shri Gajendra Prasad Sinha (Palamau): This is the first time that we are not having the same type of criticism from the Opposition against the Commerce and Industry Ministry as we used to get. We remember that even during question hour some of

our friends from the Congress Bench-ches also used to criticise Government in laying stress on a liberalised policy as far as foreign investment is concerned and as far as foreign experts are concerned, meaning that we are more and more relying on foreign experts and foreign aid. But as a matter of fact, any under-developed country has to do that.

I am not one of those who always look down upon the five year plans of Russia or China. If I remember aright, even in those days of their first plan in Russia, they had to invite thousands and thousands of experts from Germany. More than 8000 engineers were invited from Germany when the first phase of Russia's national development was going on. Not only engineers, but even financial aid was provided by Germany. Above all, even a trade delegation was invited by Russia to come for sightseeing. With their help, Russia at that time was able to get finance from Germany.

Of course, our policy of non-alignment has given a better opportunity to us in that we are getting financial and technical aid not only from one bloc, not only from America or other highly industrialised countries of the West, but also from Russia, Czechoslovakia and other countries. In fact, from the latter source, there has been some response, though the response is not so encouraging. Our policy is that we are prepared to accept help from both sides. As time goes on, we would like to get greater and greater help from Russia.

Just now my hon. friend, Shri V. P. Nayar, said that there had been no change in the pattern of our export-import trade. But I wholly disagree with him. We have always said that we are prepared to trade with Russia as well as other industrialised nations. We have always welcomed any external help provided it is not given with any condition. That is our open policy and we hope that Government will try to maintain the same attitude and

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try to give better facilities to foreign investors so that our pace of industrialisation may be rapid.

There has been some criticism by some friends that the public sector has been given undue importance and it is allowed to expand at the cost of the private sector. The policy was first laid down in our Industrial Policy Resolution of 1948. Even in the Resolution of 1956, there was not much deviation from the original policy. Even in the Resolution of 1956, though it has been accepted that the public sector will have greater say in expansion, the rate of expansion was never mentioned. Not only that. Even in the Schedule A, where industries in the public sector were fixed, it was also mentioned that the cooperation of private industry would be sought. In spite of all this, we always hear through literature distributed by organisations supporting private industrialists that the public sector is being unnecessarily expanded at the cost of the private sector.

Even if the public sector is not expanded, let us ask if the private sector is capable of coping with the effort needed to attain the targets fixed in our Plan. Have they got sufficient resources? Have they got sufficient financial backing with them? What do we see today? Even to maintain the progress in the private sector, the State has to come to their help. The State has to guarantee import of materials by big industrialists. Not only that. For their housing scheme, the State has to come to help. There are many ways by which State aid is needed in the private sector. In this view, if the private sector is left without restriction, is it possible that our industrial progress will be rapid? I do not think so; as a matter of fact, we will then not be able to attain our targets of production or investment.

We would have liked that far from restricting sphere of the public sector, it should have expanded. As a matter of fact, some more industries

—say further expansion of the cement industry—might have come under the purview of the public sector. I say this because today the public sector has to deal with those industries which do not give us immediate return. 7

Sometimes, in the House we have to face criticism that we are not getting sufficient return from the public sector. I think it is not possible when we look into the items which have been undertaken by the public sector. The private sector is mostly interested in the production of those articles in which they have more profit. Naturally, the entire energy of private industrialists is diverted towards securing producing units which can easily give high and immediate return.

It has been said that the public sector should improve and that they have no proper hands to manage industries. That difficulty is there and it is not possible to create within a short time the administrative cadre necessary especially when the pace of industrialisation in the public sector is so rapid. It is not possible to have a managerial staff; they have to get the necessary training. But, I would only request the Government to give proper attention to the creation of an industrial cadre. As far as possible, it should avoid the ICS and IAS officers. We have seen some of the public sector industries like the Chittaranjan and the Hindustan Aircraft being managed by technical hands and they are doing quite well. So, why not create an industrial cadre especially of people taken from the technical side, who may be given opportunities to visit foreign countries, those countries where the industries are being run in the public sector? We should try to send some people to Russia and China to get proper training for running industries in the public sector.

Another criticism against industries in the public sector is that the cost of production is very high. That is a

general defect which seems to be common even in other countries where planning has been done and where things have been taken over by the public sector. In that respect also, I would suggest that for the present, as in the Railways they have given up the high building construction, in most of the industries proper care should be taken to see that large amounts are not locked up because we are financing them through foreign investment, foreign loan and foreign aid which we will have to repay. If we are not able to run them successfully, if the cost of production in the public sector is not brought down, if there is no economy in administration, it might be that after some time when we will have to start repayment of the loans, we might be put to difficulties.

I would like to say a few words about the place where I come from Chota Nagpur. Though it is very rich in minerals, the general conditions of the people there, the standard of living is most miserable. That area is one of the poorest areas in the country. I am glad that recently our hon. Minister is doing his best to have a heavy machinery plant at Ranchi. We would also request him to realise that greater and greater industrial development of the country is possible only when in the beginning of our Plan we give up the idea of regional distribution of industries, especially when the question of heavy industries comes in.

We fully agree that every region should be given a fair chance but not at the cost of economy. Coal, steel and most of the other raw materials are there available; and it is proper that some of the heavy industries should be located there if it is economical to do so.

We were trying our best to have a steel plant for Bihar. Unfortunately, when we could not get it, the then Industry Minister, Shri T. T. Krishnamachari promised that the fourth steel plant will be located somewhere in Chota Nagpur near the Damodar Valley project. I do not know what

progress has till now been made. But, there should be no deviation from the declared policy of having another steel plant in Chota Nagpur.

I would also like to say a few words about small-scale industries. If further investment is made in agriculture, other areas in Bihar may have more agricultural production but it is not possible to have agricultural development here in this area. So, if we want to raise the economic condition of the people in those areas, we have to provide them with small-scale industries.

I am also thankful to the Commerce and Industry Minister, because I have read in some paper that at Ranchi they are going to have an industrial estate. Today the greatest difficulty in the matter of having rapid progress of small-scale industries is field work has been neglected to some extent and to many industries have been opened. As far as field work is concerned, proper finance should be provided to small-scale industries. But, finance alone will not solve the problem. The small-scale industries have to face competition with most of the big and large-scale industries. Unless a demarcation is made of the field of small-scale and large-scale industries it is not possible for the small-scale industries to develop.

During the war period the small-scale industries developed not only in Chota Nagpur but in many parts of the country and production went up. In Punjab, the cycle accessories, surgical instruments and the manufacture of many other articles developed because of the shortage of machinery and import. Similarly, today we are faced with a shortage of foreign exchange. Why not we give a greater fillip to the small-scale industries now? They can only thrive when there is a clear demarcation of the field between small-scale and large-scale industries.

In the shoe-making and leather industry, there is good scope and we have a very good market in Russia and China. We can be able to solve some of our unemployment problems

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by diverting small resources towards the development of leather goods, household utensils and most of the accessories or component parts of the automobile industry. All these things are possible only when we make a clear demarcation and we do not allow the big units to produce the articles reserved for the small-scale industries.

Shri Basappa (Tiptur): The Second Plan lays very great emphasis on the industrial development of the country as against the First Plan's emphasis on the agricultural sector. Hence, the responsibility of this Ministry has increased—I may say—hundred fold. The Ministry is expanding and that is a good sign of the progress.

When we look at these things, the first thing that strikes us is the agitation that is going on in the country between the private sector and the public sector. The advocates of the private sector know full well the industrial policy explained in 1956. They say that the public sector is encroaching on them though there is great scope for them to develop. It neither benefits the public sector nor the country.

When we wanted a socialist pattern of society, it is natural that the public sector should take up more and more of the activities. Though some credit may be given to the private sector's work in the past, it has not proved equal to the task before us. So, it is but natural that the public sector should take more and more of the responsibility so that this country may be industrialised quickly. The Government has taken on hand a number of public undertakings. There is not enough technical personnel. The dividend declared by the public undertakings is not commensurate with the investment. But, there is no reason why we should not go ahead if we correct our mistakes.

In the private sector, there may be able persons to handle the industries. But when so much capital is invested in public undertakings, they should be

run properly. You yourself know, Sir, when we visited Bharat Electronics Ltd. that there was some idle capacity there. In public undertakings, these idle capacities should be fully utilised.

Then there is this question of large-scale versus small-scale industries; there is this agitation. This country requires both. Large-scale industries require a lot of money but to meet large-scale demands of consumer goods, we should have them. But, as the biggest problem in our country is the problem of unemployment, we cannot solve it by machine-making industries alone and so we should have small-scale industries also. So, there should be co-ordination between them. We should make greater allotments for this purpose. Some States do not take advantage of these grants—we should know why. Rs. 10 lakhs was sanctioned to Mysore Government but they did not come in right time to take advantage of it; at the last minute they came but were unable to get it. The hon. Minister was pleased to tell us that this would be included in the next allocation. It is a great encouragement for us. The impact of these small scale industries is not felt in the country and that is why even with a large army of unemployed people in the rural areas and a number of regions, we are not going forward. The hon. Minister should see that there is proper implementation of the small-scale industries programmes in the country.

There is another conflict as to whether the *ambar charikha* is going to produce all the textile needs of ours. There is another agitation about it. We have not given a proper chance to it, only after doing that we can decide upon that question. The manufacture of *ambar charikha* should be given encouragement by allotting more money than now. Of course, the Finance Minister may not see eye to eye with the Commerce Minister or the Commerce Minister may not see eye to eye with the Planning Minister. All these things are there. But, a good

experiment must be made to find out whether all our requirements can be met by *ambur chercha* and handlooms.

Then there are other questions. When we discuss this, the regional disparities come up and we should stress this point so that backward areas will be developed. New units must be allocated to those areas so that there may not be discontent in the minds of the people. I can understand the technical and financial and other implications with regard to basic industries. But, so far as consumer goods industries are concerned, they can be located in various places so that the whole country may be industrialised properly. There are so many other questions also—about foreign exchange position, our friends have already told. There are a number of things in which we can save foreign exchange and earn also. We have got our import restrictions. In my constituency, we can expand coffee production and send to countries which demand. We are not increasing the area in spite of our best efforts and we have not taken a decision on the Plantation Enquiry Committee's report. Then it becomes too late. So, Government should pay more attention to this. Large areas in Malnad are kept idle, they can be converted into coffee plantations. People will feel that backward areas are developed and we can earn lot of foreign exchange. Coming nearer home, in my constituency, we have got a number of industries like Coconut Industry and arecanut industry. It relates to Agriculture Ministry. But there are Committees for these things in Commerce Ministry. They make valuable recommendations and the Government should implement them. There are certain diseases for crops like these, large number of families live on these industries. Some loans will have to be granted. All these schemes will make industries self-sufficient.

There is so much shortage of cement and black-market also. There are large quantities of lime-stones in my constituency near my native place Chikanaikempalli. It was also found that a cement factory could be started

there. I request the hon. Minister to look into the papers from the Mysore Government and see that the cement industry is located there. There is also the question of starting co-operative sugar mills. But, I know the value of the time of the House and I do not want to take up much of that time. There is enough scope for development in all these directions. Mysore silk is very well known. The mulberry growers should be given sufficient help in loans and other things. Nearly 70,000 families will be benefited.

Once we were assured that a stainless steel factory would be established there. A small plant at the side of the Badravati is very well suited. I do not know why it has been given up. Anyhow, the Government should see that a stainless steel factory is established as it was originally thought of. Of course, to do all this the local State Government must come forward. It is really in a mood to help all these industries, but it is lacking in financial resources. Therefore, they have come to the Centre, and the Central Government has assured them to give Rs. 20 crores in all. Now they have reduced it to Rs. 14 crores, and they have said that if the Mysore Government is going to raise its revenue they will come forward with Rs. 20 crores. The Mysore Government has now submitted its proposal for raising the revenue. I hope the Government of India will now give the full quota of Rs. 20 crores as promised before to make the Second Five Year Plan and industrial development of not only Mysore but of the whole country a success.

Shri N. E. Munisamy (Vellore) Mr Speaker, Sir, the prosperity of the country is very well gauged by the industry and the trade.

Mr Speaker: I think the hon. Member has much to say. He may continue tomorrow.

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The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, the 21st August, 1957.