

transport cost could be reduced, it becomes difficult for us to operate in the international market. All these questions are being looked into

**SHRI PRIYA RANJAN DAS MUNSI:** May I know from the hon Minister whether it is a fact or not that, consecutively for the last three years, heavy orders came from Poland, specially Poland, and other socialist countries for wagons. The orders were placed on the units which have been taken over by the Government recently and we could not fulfil the contract in time, as a result of which those countries, specially Poland, have refused to give any more orders. Secondly, is it not also a fact that the export commitment which we used to fulfil earlier in the private sector are not satisfactorily done now after we have taken them over under the public sector and the Ministry is thinking of stopping the manufacture in the public undertakings and send back the orders to the private sector units?

**SHRI T A PAI:** The first part that Poland has cancelled its orders because we have not been able to fulfil the orders is not correct. We have fulfilled the orders from Poland even by making some losses. In respect of the order from Yugoslavia we have found that the costs of escalation were so high that execution of those orders would have run us into losses and, therefore, we are still containing our negotiations with Yugoslavia for revision of prices. I think the problem of export is not so much our inability to fulfil. I think, after the reorganisation we shall be in a position to keep up all our commitments; in the new phase we would like to explore the possibility of getting into this business without making losses as in the past.

**श्री श्रीकार लाल बेरवा :** भरतपुर, राजस्थान में एक डिब्बा बनाने की फैक्ट्री है जिस की क्षमता का पूरा उपयोग नहीं हो

रहा है। साल में तीन महीने तक रा मैटोरियल न मिलने की वजह से वह बन्द पड़ी रहती है। उसको रा मैटोरियल न मिलने का क्या कारण है और साथ ही उसको काट्रेक्ट न देने के क्या कारण हैं ?

**SHRI T A PAI.** In the case of railway wagons when the Railways have given orders and when they have also undertaken to supply some of the basic components to the wagon industry and if as a result of some dislocation, something has happened in a factory, I think, it is a matter between the Railways and the particular factory concerned.

#### **Recession in industrial production**

\*125 **SHRI S R DAMANI**

**SHRI P M MEHTA**

Will the Minister of **INDUSTRY AND CIVIL SUPPLIES** be pleased to state

(a) whether in Government's view the stagnation in industrial production in 1973 through 1974 is a sign of the trend towards recession,

(b) the industries where stagnation is more pronounced and the reasons which have brought about this, and

(c) the major steps taken to stop it and to give a fresh start to save the country's economy as a whole?

**THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND CIVIL SUPPLIES (SHRI B P MAURYA)** (a) to (c) A statement is laid on the Table of the House

#### **Statement**

Data on the official CSO index of industrial production are available upto April, 1974 and indicate a growth rate of 12 per cent during January—April, 1974 over the corresponding period of 1973. A detailed analysis of the index by major

groups and sub-groups shows a revival in "electricity generated" (+101 per cent) and "mining and quarrying" (+7.7 per cent) and a marginal decline in the manufacturing group. Under the head manufacturing, the following groups have registered production declines during the period January—April, 1974, viz:—Manufacture of jute textiles (—30.7 per cent); Basic Metal industries (—11.3 per cent); Chemicals (—5.6 per cent); Footwear (—4.6 per cent); Transport equipment (—3.0 per cent); Metal products (—2.6 per cent) and Food (—1.8 per cent).

The decline in production of these industries can be attributed to a combination of factors such as power cuts, shortage of agriculture-based raw materials, energy crisis and transport bottlenecks.

During the same period the following groups have shown increasing rates of growth viz: Leather and Fur products (+24 per cent); Beverage and Tobacco (+21.7 per cent); Wood and cork manufacture (+16.5 per cent); Rubber products (+16.2 per cent); Petroleum refinery products (+13.3 per cent); Non-Metallic minerals (+6.3 per cent); Electrical machinery (+4.5 per cent) and Manufacture of Non-electrical machinery (+2.5 per cent). Although, for reasons mentioned above, growth in industrial production in 1973 and 1974 has not been satisfactory, recent trends in production do not show signs of recession. In order to achieve optimum production and in making

full use of existing capacities, the Government have recently announced a number of steps, such as:

- a further streamlining of the procedures for industrial licensing;
- encouragement of diversification in the machinery and machine tool industries within their existing licenced capacity;
- setting up of a special committee to examine the credit needs of different industries on a selective basis; and
- keeping a month-by-month watch on production trends in selected industries.

SHRI S. R. DAMANI: According to the statement, the increase in our industrial growth upto April, 1974 is only 1.2 per cent as against our estimate of 7 per cent. In this connection, it appears that many industries either in the public sector or in the private sector are running with idle capacity. Recently, there is a substantial shrinkage in the demand, not only for the consumer goods but also for fertilisers, tractors, cement, steel, etc. and there are accumulations and there are no buyers as a result of which many small units are already on the verge of closure. May I know whether the Government have examined as to what are the reasons for this shrinkage of demand and what action is being taken to revive the

demand so that the small and medium industries can get work and may not close down.

**THE MINISTER OF INDUSTRY AND CIVIL SUPPLIES AND SCIENCE AND TECHNOLOGY (SHRI T. A. PAI):** I may tell the hon. Member that it is not true that when the prices are high, the utilisation of the capacity in this country is also high. Now, if there is no demand, it is because the prices are fairly high which are beyond the reach of many of the people and they expect the prices to go down and are resisting the high prices and, if the industries are not willing to adjust themselves, I cannot help anything also to happen because we want to bring the prices down.

**SHRI S. R. DAMANI:** The hon. Minister said that there should be a fall in prices because the shrinkage of demand is due to high prices. Will the Minister kindly tell us what is the percentage of fall in prices in the last three months in the prices of consumer goods and other goods?

**SHRI T. A. PAI:** It varies from industry to industry. While the consumers are resisting to buy, the industries are also resisting to sell because they have an inventory at high prices. It appears that there has been a 40 per cent and 20 per cent fall and at the retail level it is not always reflected. The industrialists must also realise that just as they were making profits at a good time so also when the prices fall, it is inevitable that they should share the losses and the benefit of that must be passed on to the consumers.

**SHRI CHINTAMANI PANIGRAHI:** The statement which has been placed on the Table of the House does not represent the correct trend in industrial production in 1973-74 and it has taken only recognition of the latter part of the last 3-4 months and not the total year of 1973-74. Will the

Minister agree that in 1973-74 the total industrial production has gone down to 0.4 per cent and whether it is not a fact that in 1974-75 in spite of the great optimism of the hon. Minister that it will go upto 7 per cent, it is going down to 0.2 per cent and what immediate steps are being taken to set it right in 1974-75 so that it does not go below at least 5 per cent.

**SHRI T. A. PAI:** If industrial production as in the past has slackened on account of operational constraints like power shortage, shortage of raw materials and other things, it is our duty to see that these defects are removed as best as we can. But if industrial production has fallen because of either deliberate or restrictive practices which come in the way of production that is a policy which will have to be actively pursued to prevent it. When I said that 7 per cent growth is possible I was only pointing out that in the past the growth rate in industry has been achieved by better investment and creating new capacity but not utilising the capacity when things were normal, transport was normal, power was normal, etc. Therefore by utilising the existing capacity it is possible even in our economy in the short run to reach the 7 per cent growth which is not a miracle 'we are able to put our heart and soul together.

**SHRI CHINTAMANI PANIGRAHI:** Instead of 7 per cent this is 0.2 per cent in 1974-75. What steps are being taken to see that this does not come down? That is what I asked.

**SHRI T. A. PAI:** Industrial Development Ministry is responsible for issue of licences and creating industries etc. but Industries themselves are responsible for production. All that I can say is that we are trying to remove the constraints that come in the way and to see that if there

is no discipline in production what action is necessary to ensure production. And I must confess that we cannot have any negative growth. It is necessary to see that in regard to essential commodities greater emphasis should be laid down to utilise our capacity. We are taking steps to achieve this.

**SHRI B. K. DASCHOWDHURY:** In connection with the statement laid by the Minister it has become very much clear that certain categories of industries have been marked as production-declining industries and in that you find jute textile industry, which has registered production decline of —30.7 per cent. The reasons which are shown in second para of the statement shows that the decline in production can be attributed to a combination of factors such as power cuts, shortage of agriculture-based raw materials, energy crisis and transport bottlenecks.

**MR. SPEAKER:** Please don't go into all that. Ask a straight question.

**SHRI B. K. DASCHOWDHURY:** I am asking a question, Sir. So far as jute textile industry is concerned in the year 1973-74 in the first part, from January to April, this was the position. But previous to that year, there was a bumper crop of jute. So there was no shortage of raw materials. In view of these things.

**MR. SPEAKER:** Will you please come to the question?

**SHRI B. K. DASCHOWDHURY:** I would like to know from the Min-

ister what specific steps he has taken to improve this power position, the energy position in Calcutta, West Bengal, in particular, with a view to improve the position in regard to the jute textile industries.

**MR. SPEAKER:** Will you please look at the watch also or not?

**SHRI B. K. DASCHOWDHURY:** It is a simple question, Sir. I am just concluding. I wanted to know whether they will take specific steps and if so what are these specific steps to see that the jute textile industry is developed to the desired extent. This is a simple question.

**MR. SPEAKER:** I am talking from his point of view. He does not listen to me.

**SHRI B. P. MAURYA:** Sir, in this case, the decline in the manufacture of jute textile is 30.7 per cent. It is because of two reasons—one is seasonal and the other is that there have been long strike of 35 days in the months of December and January. This also had its affect. Because of these two reasons, the decline in production has been there.

**SHRI R. S. PANDEY:** Sir, I want to know the circumstances for this decline. The industry had minted money. That includes cement, textile and others. What is the situation prevailing at present about this recession? Will you explain it?

**SHRI B. P. MAURYA:** I do not agree with the hon. Member that the recession is there. Definitely there is low production under some categories. It is true. But, that does not show that 'there is any trend of recession.