

(e) Cumulative loss incurred upto 30.3.1970 was Rs. 83.54 crores.

(f) The Plant is expected to break-even production reaching about 90% of the rated capacity, if the industrial unrest in the Durgapur area is controlled. With this improvement, the rated production is expected to be achieved by 1973-74.

**Under-Utilisation of Installed Capacity in
Capital Goods and Engineering
Industries**

29. DR. KARNI SINGH : Will the Minister of INDUSTRIAL DEVELOPMENT be pleased to state :

(a) whether it is a fact that there is under-utilisation of installed capacity in the capital goods and engineering industries ;

(b) if so, the extent thereof and the reasons therefor ; and

(c) the steps taken to ensure the working of the industrial units to their rated capacity ?

THE MINISTER OF INDUSTRIAL DEVELOPMENT (SHRI MOINUL HAQUE CHOUDHURY) : (a) to (c). While the nature of capital-goods and engineering industries is such that utilisation of 100% capacity or near abouts may not be feasible for all the units over an indefinite period, a substantial measures of under-utilisation had developed in many of the capital-goods manufacturing units during the period from 1966 to 1968 following serious recessionary trends in the economy during this period. However, with the considerable revival of industrial activity during 1969 and the last year, the utilisation of capacity in various engineering industries has improved considerably. While this trend of revival has occurred in various machine-building units, there continue to be certain sectors which, with reference to the production figures for 1968, 1969 and the first half of 1970, have about or less than 50% utilisation. These industries include wood-working machines, cement mill machinery, vehicular-type diesel-engines, road-rollers, structurals, cranes, railway wagons, transmission towers, water meters, lead and lead sheets, brass sheets, steel castings and C.I. pipes.

2. The reasons for under-utilisation can be broadly related to inadequate demand,

shortage of raw materials and labour-management problems. Metals constitute the most important single raw material in short supply, and shortage of steel in particular has had a critical bearing on the output of the entire engineering industries. Government has been keenly alive to the need for provision of sufficient raw materials to sustain existing capacities and to meet new ones. Out of the total import requirements of the economy estimated at Rs. 9730 crores for the Fourth Plan period, Rs. 7840 crores would be for maintenance imports or imports of raw materials, components and spares needed for sustaining and accelerating the growth of industrial production. The import policy places growing recognition on the need for imported raw materials, particularly for the priority industries, export industries and the small scale sector. Liberal imports of steel have been allowed to meet the existing shortage.

3. Government has always been laying stress on maximisation of production with reference to available capacity. In the wake of recession, Government also announced the policy of diversification which meant that undertakings licensed for any particular article can also manufacture a new article to the extent of 25% of the value of the licensed capacity without a license so long as there was no addition to capital and machinery (except for marginal balancing equipment). A number of industries, particularly on the engineering side, have availed of the benefit of this measure. This benefit is continued under the new licensing policy with such changes as have been necessary.

**Issue of Licences to Birla, Tata and
Sahu Jain Group of Concerns**

30. SHRI SOMCHAND SOLANKI : Will the Minister of INDUSTRIAL DEVELOPMENT be pleased to state :

(a) the number of new Licences issued to big and small industrialists during the year 1969-70 and the number out of them of those issued to Birla, Tata and Sahu Jain group of concerns ;

(b) what is the basic principle of the Government of India to issue such licences to particular companies repeatedly ; and

(c) how many companies have started working for which the licences were issued during the year 1969-70 ?