

arriving in the country from this month. Arrangements are also being made for distribution of this yarn to the actual users speedily. This is expected to generally ease the position.

Engineering Industry

*1610. **Shri Madhu Limaye:**
Shri S. M. Banerjee:
Shri George Fernandes:
Dr. Ram Manohar Lohia:
Shri Indrajit Gupta:
Shri Kanwar Lal Gupta:

Will the Minister of **Industrial Development and Company Affairs** be pleased to state:

(a) whether it is a fact that an excess capacity had been created in the Engineering Industry in the country;

(b) if so, in what branches;

(c) the steps taken by Government to help these industries push their exports; and

(d) the measures contemplated by Government to bring the installed capacity, production and demand (internal and external) in conformity with one another?

The Minister of Industrial Development and Company Affairs (Shri F. A. Ahmed): (a) to (c). Capacities in various industries are created to measure upto the targets fixed in the successive Five Year Plans. As such there can be no question of any wilful creation of excess capacities in any sector of industry. It is, however, a fact that certain capacities, especially in the Engineering industry, have remained unutilised mainly due to the pruning down of expenditure on development programmes which in turn is largely attributable to two successive droughts.

2. The existence of unutilised capacity is somewhat acute in the following industries:

(i) Fabricated steel structurals.

- (ii) Railway Wagons.
- (iii) Grey iron castings.
- (iv) Steel castings.
- (v) Steel pipes and tubes.
- (vi) Steel wire ropes.
- (vii) Machine tools.
- (viii) Electric cables and conductors.

In so far as mobilising exports of these items for obviating *inter alia* the idle capacity is concerned, the Government is doing all that is possible to make known to the manufacturers of these items the opportunities which exist abroad for marketing their products. In addition, the following assistance is also being provided by the Government:

- (a) Cash assistance ranging from 10 to 20 per cent of the f.o.b. value of export;
- (b) Priority supply of indigenous pig iron and steel at international prices wherever these materials are required for export fabrication;
- (c) Import replenishment of imported raw materials and components (entering into export production) from the most competitive international sources;
- (d) Relieving the exported products of all Central customs and excise duty incidence on the product as well as duty paid raw materials which are used for their manufacture.

3. As creation and sustenance of foreign markets for Indian engineering products has necessarily to be a slow process particularly because of entrenched foreign competition in those markets, it is not possible to hope for the utilisation of idle capacity through exports alone and this too within a short time.