

and the industrial installations of the Defence Ministry on the other. He will also keep in touch with the All India Defence Employees Federation.

I may mention here that Government have been keeping the All India Defence Employees Federation informed of these developments and have held discussions with the representatives of the Federation with a view to finding a satisfactory solution to this difficult problem. Every attempt has been made to explain to the Federation why this retrenchment of a large number of workers has become absolutely unavoidable.

Initially, it had been considered that the retrenchment of the surplus workers should be done at the end of the last financial year, *i.e.*, at the end of last March. But in order that a further effort may be made to locate alternative appointments for as many surplus workers as possible, the retrenchment had been postponed. The recently appointed Liaison Officer will be given time to contact the employing Ministries, in order to ensure that the number of persons who must after all be unavoidably retrenched may be reduced as much as possible. This interval, I hope, will prove useful in obtaining offers of alternative employment from other Central Government undertakings for at least a fair number of the surplus employees. But those persons for whom such employment cannot even then be found will, I am afraid, have to be retrenched, as they cannot be retained in service as idle labour indefinitely. But even after their retrenchment, efforts will continue to be made to find re-employment for them as early as possible. In this connection, there is however one point I should like to make clear. If any surplus worker to whom an alternative appointment is offered does not accept it, he will be retrenched forthwith. Obviously Government cannot agree to pay idle-time wages to a surplus worker who has been offered an alternative employment and has refused to take it.

In conclusion, may I add that we are fully alive to the importance of this problem and have endeavoured to do the best we can to help the surplus labour whose services are no longer required.

Shri Nambiar: May I seek a clarification? What further steps have Government taken to avoid retrenchment and the strike, notice of which has been served on the Government by the Defence Employees' Federation?

Dr. Katju: So far as I know, no notices of retrenchment have been served so far anywhere.

Shri Nambiar: I refer to the strike notice served on the Government by the Federation to start on May 21st.

Dr. Katju: I do not think; I would ask my hon. friend to put any specific question if he wants.

Some Hon. Members rose—

Mr. Speaker: No questions on a statement.

STATEMENT ON INDUSTRIAL POLICY OF GOVERNMENT

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Sir, I beg leave to place before the House a Resolution of the Government of India in regard to industrial policy. I understand that copies of this Resolution will be available to the Members of the House through the Lok Sabha Secretariat.

The Government of India set out in their resolution dated the 6th April, 1948, the policy which they proposed to pursue in the industrial field. The Resolution emphasised the importance to the economy of securing a continuous increase in production and its equitable distribution, and pointed out that the State must play a progressively active role in the development of industries. It laid down that besides arms and ammunition, atomic energy and railway transport, which would be the monopoly of the Central Government, the State would be exclusively responsible for the establishment of new undertakings in six basic industries—except where, in the national interest, the State itself found it necessary to secure the co-operation of private enterprise. The rest of the industrial field was left open to private enterprise though it was made clear that the State would also progressively participate in this field.

2. Eight years have passed since this declaration on industrial policy. These eight years have witnessed many important changes and developments in India. The Constitution of India has been enacted, guaranteeing certain Fundamental Rights and enunciating Directive Principles of State Policy. Planning has proceeded on an organised basis, and the first Five Year Plan has recently

[Shri Jawaharlal Nehru]

been completed. Parliament has accepted the socialist pattern of society as the objective of social and economic policy. These important developments necessitate a fresh statement of industrial policy, more particularly as the Second Five Year Plan will soon be placed before the country. This policy must be governed by the principles laid down in the Constitution, the objective of socialism, and the experience gained during these years.

3. The Constitution of India, in its preamble has declared that it aims at securing for all its citizens—

“JUSTICE, Social, economic and political;

LIBERTY of thought, expression, belief, faith and worship;

EQUALITY of status and of opportunity; and to promote among them all

FRATERNITY assuring the dignity of the individual and the unity of the Nation.”

In its Directive Principles of State Policy, it is stated that—

“The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice—social, economic and political—shall inform all the institutions of the national life”.

Further that—

“The State shall, in particular, direct its policy towards securing—

(a) that the citizens, men and women equally, have the right to an adequate means of livelihood;

(b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;

(c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;

(d) that there is equal pay for equal work for both men and women;

(e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;

(f) that childhood and youth are protected against exploitation and against moral and material abandonment.”

4. These basic and general principles were given a more precise direction when Parliament accepted in December, 1954, the socialist pattern of society as the objective of social and economic policy. Industrial policy, as other policies, must therefore be governed by these principles and directions.

5. In order to realise this objective, it is essential to accelerate the rate of economic growth and to speed up industrialisation and, in particular, to develop heavy industries and machine making industries, to expand the public sector, and to build up a large and growing co-operative sector. These provide the economic foundations for increasing opportunities for gainful employment and improving living standards and working conditions for the mass of the people. Equally, it is urgent, to reduce disparities in income and wealth which exist today; to prevent private monopolies and the concentration of economic power in different fields in the hands of small numbers of individuals. Accordingly, the State will progressively assume a predominant and direct responsibility for setting up new industrial undertakings and for developing transport facilities. It will also undertake State trading on an increasing scale. At the same time, as an agency for planned national development, in the context of the country's expanding economy, the private sector will have the opportunity to develop and expand. The principle of co-operation should be applied wherever possible and a steadily increasing proportion of the activities of the private sector developed along co-operative lines.

6. The adoption of the socialist pattern of society as the national objective, as well as the need for planned and rapid development, require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries which are essential and require investment on a scale which only the State, in present circumstances, could provide, have also to be in the public sector. The State has therefore to assume direct responsibility for the future development of industries over a wider area. Nevertheless, there are limiting factors which make it necessary at this stage for the State to define the field in which it

will undertake sole responsibility for further development, and to make a selection of industries in the development of which it will play a dominant role. After considering all aspects of the problem, in consultation with the Planning Commission, the Government of India have decided to classify industries into three categories, having regard to the part which the State would play in each of them. These categories will inevitably overlap to some extent and too great a rigidity might defeat the purpose in view. But the basic principles and objectives have always to be kept in view and the general directions hereafter referred to followed. It should also be remembered that it is always open to the State to undertake any type of industrial production.

7. In the first category will be industries the future development of which will be the exclusive responsibility of the State. The second category will consist of industries, which will be progressively State-owned and in which the State will therefore generally take the initiative in establishing new undertakings, but in which private enterprise will also be expected to supplement the effort of the State. The third category will include all the remaining industries, and their future development will, in general, be left to the initiative and enterprise of the private sector.

8. Industries in the first category have been listed in Schedule A of this Resolution. All new units in these industries, save where their establishment in the private sector has already been approved will be set up only by the State. This does not preclude the expansion of the existing privately owned units, or the possibility of the State securing the co-operation of private enterprise in the establishment of new units when the national interests so require. Railways and air transport, arms and ammunition and atomic energy will, however, be developed as Central Government monopolies. Whenever co-operation with private enterprise is necessary, the State will ensure, either through majority participation in the capital or otherwise, that it has the requisite powers to guide the policy and control the operations of the undertaking.

9. Industries in the second category will be those listed in Schedule B. With a view to accelerating their future development, the State will increasingly establish new undertakings in these industries. At the same time private enter-

prise will also have the opportunity to develop in this field, either on its own or with State participation.

10. All the remaining industries will fall in the third category, and it is expected that their development will be undertaken ordinarily through the initiative and enterprise of the private sector, though it will be open to the State to start any industry even in this category. It will be the policy of the State to facilitate and encourage the development of these industries in the private sector, in accordance with the programmes formulated in successive Five Year Plans, by ensuring the development of transport, power and other services, and by appropriate fiscal and other measures. The State will continue to foster institutions to provide financial aid to these industries, and special assistance will be given to enterprises organised on co-operative lines for industrial and agricultural purposes. In suitable cases, the State may also grant financial assistance to the private sector. Such assistance, especially when the amount involved is substantial, will preferably be in the form of participation in equity capital, though it may also be in part in the form of debenture capital.

11. Industrial undertakings in the private sector have necessarily to fit into the framework of the social and economic policy of the State and will be subject to control and regulation in terms of the Industries (Development and Regulation) Act and other relevant legislation. The Government of India, however, recognise that it would, in general, be desirable to allow such undertakings to develop with as much freedom as possible, consistent with the targets and objectives of the national plan. When there exist in the same industry both privately and publicly owned units, it would continue to be the policy of the State to give fair and non-discriminatory treatment to both of them.

12. The division of industries into separate categories does not imply that they are being placed in water-tight compartments. Inevitably, there will not only be an area of overlapping but also a great deal of dovetailing between industries in the private and the public sectors. It will be open to the State to start any industry not included in Schedule A and Schedule B when the needs of planning so require or there are other important reasons for it. In appropriate cases, privately owned units may be permitted

[Shri Jawaharlal Nehru]

to produce an item falling within Schedule A for meeting their own requirements or as by-products. There will be ordinarily no bar to small privately owned units undertaking production, such as the making of launches and other light-craft, generation of power for local needs and small scale mining. Further, heavy industries in the public sector may obtain some of their requirements of lighter components from the private sector, while the private sector in turn would rely for many of its needs on the public sector. The same principle would apply with even greater force to the relationship between large scale and small scale industries.

13. The Government of India would, in this context, stress the role of cottage and village and small scale industries in the development of the national economy. In relation to some of the problems that need urgent solutions, they offer some distinct advantages. They provide immediate large scale employment; they offer a method of ensuring a more equitable distribution of the national income and they facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised. Some of the problems that unplanned urbanisation tends to create will be avoided by the establishment of small centres of industrial production all over the country.

14. The State has been following a policy of supporting cottage and village and small scale industries by restricting the volume of production in the large scale sector, by differential taxation, or by direct subsidies. While such measures will continue to be taken, whenever necessary, the aim of the State policy will be to ensure that the decentralised sector acquires sufficient vitality to be self-supporting and its development is integrated with that of large scale industry. The State will, therefore, concentrate on measures designed to improve the competitive strength of the small scale producer. For this it is essential that the technique of production should be constantly improved and modernised, the pace of transformation being regulated so as to avoid, as far as possible, technological unemployment. Lack of technical and financial assistance, of suitable working accommodation and inadequacy of facilities for repairs and maintenance are among the serious handicaps of small scale producers. A start has been made with the establishment of industrial estates and rural community workshops to

make good these deficiencies. The extension of rural electrification and the availability of power at prices which the workers can afford will also be of considerable help. Many of the activities relating to small scale production will be greatly helped by the organisation of industrial co-operatives. Such co-operatives should be encouraged in every way and the State should give constant attention to the development of cottage and village and small scale industry.

15. In order that industrialisation may benefit the economy of the country as a whole, it is important that disparities in levels of development between different regions should be progressively reduced. The lack of industries in different parts of the country is very often determined by factors such as the availability of the necessary raw materials or other natural resources. A concentration of industries in certain areas has also been due to the ready availability of power, water supply and transport facilities which have been developed there. It is one of the aims of national planning to ensure that these facilities are steadily made available to areas which are at present lagging behind industrially or where there is greater need for providing opportunities for employment, provided the location is otherwise suitable. Only by securing a balanced and co-ordinated development of the industrial and the agricultural economy in each region, can the entire country attain higher standards of living.

16. This programme of industrial development will make large demands on the country's resources of technical and managerial personnel. To meet these rapidly growing needs for the expansion of the public sector and for the development of village and small scale industries, proper managerial and technical cadres in the public services are being established. Steps are also being taken to meet shortages at supervisory levels, to organise apprenticeship schemes of training on a large scale both in public and in private enterprises, and to extend training facilities in business management in universities and other institutions.

17. It is necessary that proper amenities and incentives should be provided for all those engaged in industry. The living and working condition of workers should be improved and their standard of efficiency raised. The maintenance of industrial peace is one of the prime requisites of industrial progress. In a socialist democracy labour is a partner in the common task of development and

should participate in it with enthusiasm. Some laws governing industrial relations have been enacted and a broad common approach has developed with the growing recognition of the obligations of both management and labour. There should be joint consultation and workers and technicians should, wherever possible, be associated progressively in management. Enterprises in the public sector have to set an example in this respect.

18. With the growing participation of the State in industry and trade, the manner in which these activities should be conducted and managed assumes considerable importance. Speedy decisions and a willingness to assume responsibility are essential if these enterprises are to succeed. For this, wherever possible, there should be decentralisation of authority and their management should be along business lines. It is to be expected that public enterprises will augment the revenues of the State and provide resources for further development in fresh fields. But such enterprises may sometimes incur losses. Public enterprises have to be judged by their total results and in their working they should have the largest possible measure of freedom.

19. The Industrial Policy Resolution of 1948 dealt with a number of other subjects which have since been covered by suitable legislation or by authoritative statements of policy. The division of responsibility between the Central Government and the State Governments in regard to industries has been set out in the Industries (Development and Regulation) Act. The Prime Minister, in his statement in Parliament on the 6th April 1949, has enunciated the policy of the State in regard to foreign capital. It is, therefore, not necessary to deal with these subjects in this resolution.

20. The Government of India trust that this restatement of their Industrial Policy will receive the support of all sections of the people and promote the rapid industrialisation of the country.

SCHEDULE A

1. Arms and ammunition and allied items of defence equipment.
2. Atomic energy.
3. Iron and steel.
4. Heavy castings and forgings of iron and steel.

5. Heavy plant and machinery required for iron and steel production, for mining, for machine tool manufacture and for such other basic industries as may be specified by the Central Government.

6. Heavy electrical plant including large hydraulic and steam turbines.

7. Coal and lignite.

8. Mineral oils.

9. Mining of iron ore, manganese ore, chrome ore, gypsum, sulphur, gold and diamond.

10. Mining and processing of copper, lead, zinc, tin, molybdenum and wolfram.

11. Minerals specified in the Schedule to the Atomic Energy (Control of Production and Use) Order, 1953.

12. Aircraft.

13. Air transport.

14. Railway transport.

15. Shipbuilding.

16. Telephones and telephone cables, telegraph and wireless apparatus (excluding radio receiving sets).

17. Generation and distribution of electricity.

SCHEDULE B

1. All other minerals except "minor minerals" as defined in Section 3 of the Minerals Concession Rules, 1949.

2. Aluminium and other non-ferrous metals not included in Schedule 'A'.

3. Machine tools.

4. Ferro alloys and tool steels.

5. Basic and intermediate products required by chemical industries such as the manufacture of drugs, dyestuffs and plastics.

6. Antibiotics and other essential drugs.

7. Fertilizers.

8. Synthetic rubber.

9. Carbonisation of coal.

10. Chemical pulp.

11. Road transport.

12. Sea transport.

Shri Sadhan Gupta: (Calcutta South-East): May I make a suggestion?

Shri Jawaharlal Nehru: I have not read out the schedules, because we are distributing all these papers to every

[Shri Jawaharlal Nehru]

hon. Member, and he can consider it more carefully then.

Shri Sadhan Gupta: Since we are shortly to have a debate on planning, and this policy statement is obviously going to loom large in the debate, and since it will also have to be considered in the light of the previous statement on industrial policy and the previous statement on foreign capital, may I suggest that all these statements may be circulated to us, because many of us were not here in 1948 or 1949, and we do not have the advantage of having these copies ready with us?

Shri Jawaharlal Nehru: I have already stated that the resolution that I have just read out is immediately available to all Members of the House. As for the previous statements, there are two mentioned here, the industrial policy resolution of 1948 and the statement I made in April 1949 about foreign capital. I suppose the Lok Sabha Secretariat could make them available too to Members.

Mr. Speaker: I shall make the copies of the other statements available to hon. Members sufficiently in time, and immediately after the House rises or even earlier; hon. Members may go to the Notice Office and take copies of this statement which are available there.

BUSINESS OF THE HOUSE

HALF-AN-HOUR DISCUSSION

Mr. Speaker: The House will now take up further consideration . . .

Shri Bansal (Jhajjar-Rewari): Before you take up the next item, with your permission, I want to refer to the Order Paper of today wherein item No. 6 says that a half-an-hour discussion will be allowed at 5-30 P.M. on cement.

I beg to submit that the subject-matter of the discussion is a very important one, on which more than one or two members may like to speak. As the subject is really very important, and covers the production of cement, the distribution of cement and the price policy, may I suggest that some more time may be given to this?

There is another point on which I would like to seek your clarification. The other day, the Deputy-Speaker was good enough to read out the rule and point out that when a half-an-hour discussion

is allowed, the Member who raises the discussion has his say, and then the Minister replies. Now, this takes up all the time, and none of the other Members can participate. In fact, the ruling of the Deputy-Speaker was that if any time is left over, and if any other Member wants to speak, he can only speak after the reply of the Minister, and the other Members, if at all, can only put questions.

May I suggest that in your goodness, you may waive this rule, as far as this discussion is concerned, and allow some other Members also to speak, so that the Minister can speak at the end of the debate?

श्री रघुनाथ सिंह : (जिला बनारस मध्य)
इसके लिये कम से कम एक घंटा होना चाहिये ।

Mr. Speaker: Hon. Members are aware that a half-an-hour discussion arises out of answers given to certain specific questions. The Member who has tabled the question starts with a statement; then, other Members who have given notice of their intention to participate in the discussion are given five minutes each. In advance, it is ascertained how long the Minister will take for his reply. So, what the Deputy-Speaker meant was that the person who raises the discussion will have some time, and ultimately the Minister will answer; in between, if there is any time left, after ascertaining what time is available or necessary for both the Member who raises the discussion and the Minister, that time is allotted to the other Members.

So far as the suggestion made by Shri Bansal is concerned, it is always open to any hon. Member, in view of any important matter arising in the House, to ask for a discussion for one hour, one and a half hours, or even two hours. So far as this discussion is concerned, it is confined particularly to the answers that have been given on specific questions on which some more supplementaries might have been asked but could not be asked owing to want of time. I would therefore allow this discussion to stand as it is on the Order Paper and restrict it to half an hour. If any hon. Member wants to seek any particular clarification, he may give notice in advance saying that he wants to participate, and I shall allow him up to five minutes, of course, subject to sufficient time being made available both to the questioner and also to the Minister. If any hon.